

Declassified E.O. 12356 Section 3.3/NND No. 785015

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10000/100/939

62 pp.

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MONTHLY REPORTS, FILE NO. 101
OCT. 1943 - JAN. 1944

62 pp.

HEADQUARTERS
UNITED STATES GOVERNMENT
APO 394

Ref/AMG/101.

AMG/AMG/101
25 January 1946

SUBJECT: Reports

To : Chief Legal Officer, Region I

1. In accordance with request from his office, enclosed is copy of report of Chief Legal Officer, AMST, dated November 15, 1943, without exhibits.

CHARLES E. S. GORDON
Colonel, C.S.C.
U.S.C.A.C., AMG, R.I.

3567

HEADQUARTERS
ALLIED MILITARY GOVERNMENT

IG/oa

24 January 1944

PA
Director 107
TO: Executive Officers
Col. Spofford
G-1

1. I have discussed the Economic Section with Mr. Grady. He will let the Executive Officers or me have his plan quickly.
2. Briefly, he proposes to have under him:
 - a. Civil Advisory Group
 - b. Chief of Staff and Staff Officers controlling his sub-commissions
 - c. Food Executive consisting mainly of officers from sub-commissions.
3. He will say what additional military staff he requires.
4. He proposes to amalgamate war factories in Industry & Commerce and would like Lt. Col. Vanning, British, R.E.M.E. to deal with war factories. I do not know what Col. Vanning's present assignment is, but it seems a good opportunity to move him now straight away to Mr. Grady's Section. G-1 to take this up.
5. The Economic Director will disappear.
6. It is possible that internal transportation and shipping will be grouped under Mr. Grady, and the Communications Section will disappear.

Carleton

E. GUTTERBOCK
Brigadier

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 512

AMG/319.1

12 January 1944

SUBJECT: Monthly Report for October 1943 on AMG Administration

TO : Military Government Section, AFHQ

1. Inclosed are twenty-five (25) copies of the October report of AMG Administration and Regions I and II. The delay in transmitting this report is regreted.

CHARLES M. SPOFFORD
Colonel, G.S.C.
D.C.C.A.O., AMG HQ

Incls - 25

Monthly Report for October 1943 on AMG Administration

3565

(101)

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 512

AMG/319.1

12 January 1944

SUBJECT: Monthly Report for October 1943 on AMG Administration

TO : General Officer Commanding-in-Chief, 15th Army Group

1. Inclosed are two (2) copies of the October report of AMG Administration and Regions I and II. The delay in transmitting this report is regreted.

CHARLES M. SPOFFORD
Colonel, G.S.C.
D.C.C.A.O., AMG HQ

Incls - 2
Monthly Report for October 1943 on AMG Administration

3564

CONFIDENTIAL

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 512

AMG/319.1

SUBJECT: Monthly Report for October 1943 on AMG Administration

TO : Military Government Section, AMHQ
General Officer Commanding-in-Chief, 15th Army Group

(1) Herewith is the report on AMG administration during the month of October as conducted from AMG HQ in Palermo. The report covers Region I (Sicily) and Region II (Calabria and Lucania). It does not cover Region III (Campania) which was detached from AMG HQ, Palermo, on October 18 and attached to AMG 15th Army Group. It is understood that the AMG Administration in Region III for the month of October is being covered separately in a report of the R.C.O.O. Region III.

ADMINISTRATION

3083

(2) There was virtually a complete administrative reorganization during the month. On October 1, AMG HQ at Palermo was responsible for the administration of Allied Military Government in Sicily and the following provinces of Italy: Reggio, Catanzaro, Cosenza, Potenza and Matera. Salerno, Foggia, Naples, Avellino, and Benevento provinces had been occupied either partially or wholly and AMG HQ was in a measure responsible for these areas, although the AMG officers in them were subject to the orders of the military commanders to whose forces they were attached. The four lower provinces of Apulia were never occupied and were being administered by the Badoglio Government under the supervision of the Allied Military Mission headed by Lieut. General Mason MacFarlane at Brindisi.

(3) Early in October the Allied Control Commission was formed in North Africa to supervise the Italian administration of such territory as was handed over to the Italian Government. It was expected that considerable territory would shortly be so transferred. Accordingly, much personnel and equipment were sent from Tizi Ouzou to Palermo to establish a consolidated AMG/ACC HQ at Palermo which would then be ready to operate as an Allied Control Commission as soon as the territory was handed over. This personnel began to arrive about the middle of the month and continued to arrive thereafter.

(4) The Allied Control Commission was to be organized in four sections: Military, Political, Economic and Administrative, and Communications. Each section was to be placed under a Vice President and was to comprise a number of Subcommissions, which were as follows:

I Military Section (with 5 Subcommissions)

II Political Section (with 3 Subcommissions including one on Foreign Internees and Displaced Persons and another on Information, Press and Censorship).

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I Military Section (with 5 Subcommissions)

II Political Section (with 3 Subcommissions including one on Foreign Interests and Displaced Persons and another on Information, Press and Censorship).

III Economic and Administrative Section

(a) Economic Subsection

Subcommissions:

Finance
Foreign Trade
Fuel
Industry and Commerce
Public Works & Utilities
Agriculture, Forests and Fisheries
Labor

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(b) Administrative Subsection:

Subcommissions:

Interior
Legal
Public Safety
Public Health
Property Control
Education
Monuments, Fine Arts and Archives

IV Communications Section

Subcommissions:

Internal Transport
Shipping
Telecommunications and Postal

AMG HQ reorganized its structure to include all the above-mentioned subcommissions except those of the Military and Political Sections which were not organized as such in AMG HQ.

(5) At the same time, on October 18, AMG HQ was split. The HQ at Palermo under the D.C.C.A.O. continued to be charged with the administration of Military Government in Sicily (Region I) and the provinces of Cosenza, Reggio, Catanzaro, Matera and Potenza in Italy (Region II). The administration of Military Government in Region III (Compartment of Campania), the Province of Foggia and the forward areas back of the 5th and 8th Armies was handed over to AMG, 15th Army Group with headquarters at Bari. The C.C.A.O. and a portion of the headquarters staff then at Palermo proceeded to Bari to discharge this responsibility.

(6) On October 26, Region I was formally created under AMG HQ at Palermo. Lt. Col. Charles Peletti was appointed R.C.A.O. At the same time Lt. Col. George McGaffry, previously S.C.A.O. Agrigento Province, Sicily, took the assignment of R.C.A.O. Region II, relieving Lt. Col. Harvey Garry who proceeded to AMG, 15th Army Group at Bari. The provinces comprising Region II had been organized on a regional basis since the time of their original occupation.

(7) The AMG HQ at Palermo began, as soon as the first arrivals from Tizi Ouzou made their appearance, to reorganize itself to fit in with the Subcommission form of organization established by A.C.C. so that at the time of the transfer of territory to the Badoglio Government (which it was thought at the time would occur in November) there would be one consolidated

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REGION I - SICILY

Political Developments

(8) The ban on political activity continued in effect, although representations were made to the Allied officials that it should be suspended by representatives of certain of the political groups or parties. These groups had been meeting clandestinely and desired to formulate their programs and put them before the public in the form of manifestos. It was also suggested that each party be given a certain amount of newspaper space to discuss its principles and programs. These suggestions were not accepted - the policy on the suspension of political activity still remaining in effect.

(9) With the deterioration in the food position (discussed below) the general morale of the population suffered a decline. It is fair to say

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that the general feeling spread during the month that the Allied Forces were not assuring an adequate ration to the civil population. There was some evidence that the food position was being used by Fascist agitators in the Island. The Rome and Berlin radio, of course, played up the food shortage. In Trapani a group of young Fascists posted pro-Fascist handbills. They were arrested and sent to Palermo for trial.

(10) Although there were continued reports of Mafia activity there were no definite indications during the month that pointed to reorganization of the Mafia on a large scale.

(11) The replacement of such Fascist officials as were left in prominent positions continued during the month. The "Schedas" or questionnaires on political background and activity were required to be filled out and filed with the provincial SCAs and the screening of the "Schedas" got under way. On the basis of information furnished in the "Schedas" political prisoners in Palermo were reclassified and some released. School teachers and university officials were also examined on the basis of their questionnaires and a number dismissed.

(12) There continued to be little evidence of support for the Badoglio regime and real indications of lack of support for the King were seen. Liberals and anti-Fascists, many of whom held office under AMG, were the leaders of this school of thought. Many officials expressed apprehension as to conditions if the Island should be turned over soon to the Badoglio Government, because of its lack of general support or popularity. Some extreme views were that there would be considerable disorder and active opposition. The best estimate was that conditions would not deteriorate to this extent and that no serious difficulty would be encountered if the food situation could be improved. It cannot be too strongly emphasized that the entire political situation was affected by the food situation.

Public Safety and Law Enforcement

(13) The crimes reported went up slightly during the month, particularly in the provinces of Trapani and Caltanissetta. This was undoubtedly in part due to the food shortage. The crimes were generally violations of the Italian penal code and not violations of Allied Proclamations or orders. There were four murders and 21 armed robberies in Trapani, and one murder, two cases of cattle stealing and several armed robberies in Caltanissetta. There were also two cases of bomb throwing at Riesi in the latter province.

(14) The trial of the defendants in the Mistretta case arising out of the events of September 8 and 9 took place during the month. Ten of the 28 defendants were convicted, some of them receiving substantial jail sentences.

(15) Crime against the Military Government continued to consist

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(15) Crime against the Military Government continued to consist in large part of small cases of theft, black market violations and the illegal possession of firearms.

(16) All civilian internees were investigated and as many were released as could be in the light of the political and security situation. Those who were to be detained further were placed in P.O.W. camps or in special camps for such internees.

(17) A very marked improvement in the bearing and morale of the CC.RR. was noticeable, in spite of the fact that no action had yet been taken in the direction of advancing the pay and rations for this group.

(18) The provision of supplies and equipment for the civilian police continued to be a very difficult problem.

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- (19) A meeting of Questori was held on October 5 and 6. As a result of the meeting a central committee of three Questori was set up to examine crime problems in Sicily.
- (20) Inspections of all prisons throughout the Island were completed and the total of 17 Central Prisons, 98 Mandamentals or Local Prisons, 2 Reformatories and 1 Criminal Lunatic Asylum can now be accepted as correct.
- (21) Instructions were issued for the closure of prisons within Provinces not considered suitable for long confinements. It should be explained that these small local prisons technically under the control of the State are actually prisons managed by the Town Council and the Custodian, a local man appointed by the Council, very often illiterate and altogether unfitted to have prisoners of any description in his care. The local Judge was responsible for the cleanliness but this duty was frequently neglected, thus leaving to the Custodian the task of cleaning, feeding and guarding of prisoners. With the cooperation of officers in the field, aided by the Italian Directors, it has been possible to make very considerable improvements in this direction.
- (22) During the month visits were made by the Senior Fire Officer (Italian) accompanied by officers of that Section, to Trapani, Caltanissetta, Enna, Agrigento, Gela and Licata. As a result of the unsatisfactory state of affairs at Trapani and of previous trouble there the Commandante of that Fire Brigade was dismissed and another officer appointed in his place. At Catania, following urgent representations from the O.C. Base Sub-Area concerned, it was agreed that the civilian Fire Brigade in the town should be placed under the operational control of the military P.A.D. officer of the Port, and the S.C.A.O. was advised accordingly on 17 October.
- (23) During the month the Registration and Licensing Section was chiefly concerned with the publication and implementation of General Order No. 9, and associated matters. The order is intended to restrict the circulation of motor vehicles, and only those which are licensed in accordance with existing Italian law, and in respect of which a permit has been issued by the S.C.A.O., will be permitted to operate. It was agreed with Economics and Supply Division that motor vehicle permits would only be issued in those cases in which that Division was prepared to issue fuel rations, and S.C.A.O.s were instructed accordingly.
- (24) Steps were pushed forward to reestablish R.A.C.I. (Automobile Association) throughout the Island.
- (25) A scheme was prepared for the issue by the Public Safety Division of identification cards to persons of non-Italian nationality who lacked these documents, but whose identity had been established, e.g., Yugoslav patriots who have been released from Italian internment camps.

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(26) On 12 October the Division was called upon to provide guards for the movement of supplies of flour and sugar being distributed by the Agriculture Division. On 15 October, reports reached the D.C.C.A.O. that trouble had been encountered in the movement of supplies from docks to warehouses. This was provided for by securing a small detail of U.S. Troops and detailing a sufficient number of C.O.R.R. to cover adequately all movements from dockyard gate to point of ultimate delivery to the retailers. This included detachments of C.O.R.R. on all supply trains, vessels and trucks carrying AMG supplies. Guards were also provided for duty in railway yards and at warehouses where loading, day or night, was in progress. By arrangement with the R.T.C. Palermo, no train carrying supplies left the yard until cleared as guarded by the Supt. Civil Police. No further losses in any quantity have been reported to date either in transit or at destination. At the end of October, approximately 40 C.O.R.R. were employed daily in assuring the safe movement of supplies.

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(27) At a conference of S.C.A.P.O.s held on 6 October, it was agreed that the security value of circulation passes was so small in relation to the tremendous amount of labor involved in their checking and preparation that the abolition of such passes in Sicily was highly desirable. The recommendation was endorsed by HQ and, on being referred to the military commanders, received their consent, subject to a temporary proviso regarding the province of Palermo.

(28) Considerable difficulty was encountered in arranging for the disposal of land mines in country districts and, in some cases, of sea mines which had broken loose. The military authorities contended that it is not the business of their troops to deal with the former unless they constitute a danger to military security. The matter was of considerable importance to the Agricultural Division as the sowing of grain crops was being impeded by the non-clearance of the affected areas. Similarly, sea mines affect fishing and the fish supply.

(29) A plan was devised whereby special personnel would be engaged and given special training, and would then operate all over the Island under the direction of the Carabinieri, through whom they were to be recruited. Tentative arrangements were made with Seventh Army for the release of 83 prisoners of war who had been previously selected by the Carabinieri, but at the last moment, following the recognition of the Italians as co-belligerents, the release could not be effected.

(30) Satisfactory arrangements have been concluded with the respective naval authorities regarding the sea mines, but the other pressing problem was at the end of the month unsettled.

(31) In late September the D.C.C.A.O. directed attention to the situation which would arise when guards on V.P.s supplied by the Seventh Army were withdrawn. On 2 October both I.B.S. and D.T.C.U. asked for Civil Guards on certain hydro-electric plants in view of impending withdrawal of military personnel. It was decided on 10 October that IMG would undertake the temporary guarding of V.P.s other than dumps or other installations of a strictly military nature. The employment of special police for the purpose as needed was authorized and the necessary directions and authority given Supt. of Civil Police. These were provided by the employment of special police by the S.C.A.F.O.s of the provinces concerned. The CC.NR were instructed to select the necessary personnel.

Legal

(32) The major portion of the work of the C.L.O. and his staff during the month of October had to do with general matters of a legal nature, such as the drafting of various documents, the giving of opinions and directing the legal and judicial work in the Regions, including the preparation of additional instructions.

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Legal

(32) The major portion of the work of the C.L.O. and his staff during the month of October had to do with general matters of a legal nature, such as the drafting of various documents, the giving of opinions and directing the legal and judicial work in the Regions, including the preparation of additional instructions helpful to legal officers in the Regions. With the arrival of additional officers the review of cases has become current and it is now expected that all reviews can be kept current. Italian Codes, laws and decrees are undergoing thorough examination to determine which should be repealed or modified.

(33) The Italian Courts were functioning throughout the Island but in varying degrees of efficiency. In those parts of Sicily, first occupied, where stabilized conditions exist, the courts were more nearly approaching normal. In the eastern part of the Island, particularly in Messina, the progress was slower. The courts in Messina province were not yet transferred to the City of Messina because of lack of transportation and very little real progress had been made towards normal functioning.

(34) Nominations to fill necessary judicial vacancies were submitted in all provinces but Catania.

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(35) Certain temporary amendments were made to the Italian code of civil and penal procedure, the most important of which include:

- (a) The procuratore del Re can order any accused before the court for further investigation and is not bound by the provisions in Article 502 relating to legal delays.
- (b) The course of prescription in connection with certain rights was suspended until normal judicial activities were restored.
- (c) The method of getting old civil cases on the court calendar was adjusted to meet the emergency needs of the moment.
- (d) Alterations were made in the requirements relating to service of papers because of the transportation problems.
- (e) Special provision was made to protect the legal interests of absentees.

(36) Under General Order No. 12 the Italian Bar Association in Sicily, previously organized under the auspices of the Fascist Party, was reorganized. New regulations relating to examinations for avvocati and procuratori were promulgated, as well as rules and regulations on the subject of honoraria and fees.

(37) The volume of business transacted by Allied Military Courts continued to increase and a total of 3,125 cases were tried and submitted to the Headquarters Region I during the period of this report. The work of these courts is shown in the following charts.

Breakdown by Province of all Cases Reported

Provinces	General Courts		Superior Courts		Summary Courts		Totals	
	G	NG	G	NG	G	NG	Oct. 1 Oct. 31	July 12 Oct. 31
PALERMO	0	0	27	7	900	275	1209	2067
CATANIA	0	0	39	1	504	109	653	863
MESSINA	3	0	15	2	34	2	56	99
AGRIGENTO	4	0	49	6	641	22	722	1138
TRAPANI	0	0	12	0	202	31	245	405
SIRACUSA	1	0	10	1	115	5	132	362

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(37) The volume of business transacted by Allied Military Courts continued to increase and a total of 3,123 cases were tried and submitted to the Headquarters Region I during the period of this report. The work of these courts is shown in the following charts.

Breakdown by Province of all Cases Reported

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AGRIGENTO	4	0	49	6	641	22	722	1138
TRAPANI	0	0	12	0	202	31	245	405
SIRACUSA	1	0	10	1	115	5	132	362
RAGUSA	0	0	0	0	35	9	44	187
CALTANISSETTA	0	0	18	2	37	1	58	99
ENNA	0	0	1	0	1	2	4	12
TOTALS:	8	0	171	19	2469	456	3123	5311

Cases reported from Oct. 1, 1943 to Oct. 31, 1943 inclusive with total cases reported since the occupation in right hand column.

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Convictions 1 Oct. 1943 to 31 Oct. 1943

Provinces	Black Market	Thefts, and Poss. of Mil- itary Property	Curfew Blackout Circula- tion	Posses- sion of fire arms	Wire cut- ting others	Totals
PALERMO	203	122	324	32	0	927
CATANIA	134	104	221	15	9	543
MESSINA	19	18	3	2	0	52
AGRIGENTO	158	82	313	21	0	694
TRAPANI	71	23	96	10	0	214
SIRACUSA	41	40	20	2	1	126
RAGUSA	3	14	14	1	1	35
CALTANISSETTA	0	57	1	11	1	55
ENNA	0	2	0	0	0	2
TOTALS:	629	442	992	94	12	2648

Finance

(38) The Finance Division submitted a full report, copy of which is annexed as Exhibit B. The most important points raised in this full report are repeated herein.

(39) During October the Finance Division made further progress toward the reestablishment of the normal functioning of the financial machinery of Sicily. Measures were adopted to make increasingly effective the control of governmental expenditures. The banks were restored to unrestricted operations. The Postal Savings Section of the Post Office was reopened. Social Insurance Institutions were put in a position to carry on their benefit payments. A number of other unsettled problems were studied.

(40) Improvement continued in the collection of revenues. Reports by Finance Officers indicated that the inflow of taxes in the various provinces increased to a range of from 20% to normal in Messina Province to 80% in Ragusa Province. In Agrigento communal taxes were covering expenditures, and no further advances were being made to communes in the province. The low rate of

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TRAPANI	71	23	96	10	0	14	214
SIRACUSA	41	40	20	2	1	22	126
RAGUSA	3	14	14	1	1	2	35
CALTANISSETTA	0	37	1	11	1	5	55
ENNA	0	2	0	0	0	0	2
TOTALS:	629	442	992	94	12	479	2648

Finance

(38) The Finance Division submitted a full report, copy of which is annexed as Exhibit B. The most important points raised in this full report are repeated herein.

(39) During October the Finance Division made further progress toward the reestablishment of the normal functioning of the financial machinery of Sicily. Measures were adopted to make increasingly effective the control of governmental expenditures. The banks were restored to unrestricted operations. The Postal Savings Section of the Post Office was reopened. Social Insurance Institutions were put in a position to carry on their benefit payments. A number of other unsettled problems were studied.

(40) Improvement continued in the collection of revenues. Reports by Finance Officers indicated that the inflow of taxes in the various provinces increased to a range of from 20% to normal in Messina Province to 80% in Ragusa Province. In Agrigento communal taxes were covering expenditures, and no further advances were being made to communes in the province. The low rate of collections in Messina, the last province to be occupied, was due to heavy damage and the slowness with which refugees were returning to their homes. Postponements to taxpayers (tolleranza) had still to be granted in many places. During the month, with the removal of restrictions on bank payments, banks were authorized to pay their assigned circolari and vaglia bancari, thus rendering liquid much paper of this kind in the hands of taxpayers and enabling them to pay taxes. The reopening of the banks and Postal Savings Offices should also increase the means of payment of taxpayers.

(41) The Revenue Section had discussions with Army and Navy authorities leading to the resumption of control by the Italian Customs organization of ports released by Allied Forces. The schedules of import duties in force under Italian law will be enforced.

(42) Pre-occupation bills of communes, other than salaries, were held in suspense, and because of the difficulties involved in considering long past due bills for supplies, rent, and the like, of the communes, the policy of not advancing funds to communes for these purposes was maintained.

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(43) The matter of raising salaries of government employees became increasingly urgent, as petitions for such increases, to meet the high cost of living, flowed to headquarters in larger and larger volume. This question had been entrusted to the Labor Division for study and report. A project for such raises was submitted by that Division at the end of October. The Finance Division, after discussing the question fully with the Labor Division, agreed that although this was a step toward growing inflation, circumstances demanded action to put through the raises proposed.

(44) An important development during the month in the banking field was the issuance of General Order No. 10, effective Oct. 12. By this order the provisions of Proclamation No. 5 closing banks and other financial institutions were rescinded, and such banks and institutions were permitted to resume their normal functions without any restrictions as to deposit withdrawals and other obligations to customers, except in the case of the Bank of Italy. The latter was permitted to engage only in (a) Royal Treasury operations, (b) transfers from free credit balances at the request of individuals or persons, (c) payment of its *vaglia cambiari*. The issuance of this order resulted in an improvement in general business morale. There were no serious runs on the reopened banks.

(45) The credits made available to the banks by AMFA still continued outstanding. Not only was no increase in these credit lines necessary, but on the contrary the use of AMFA credit was only a small percentage of the total available. Of total credits of 1,700,000,000 lire, the banks were using at the end of the month only 380,000,000 lire.

(46) Credit facilities up to a maximum of 200,000,000 lire were established by AMFA for the use of the Postal Savings organization. The amount used at the end of October by the offices in Palermo City, was only 8,000,000 lire. Reports indicate that deposits are coming into the offices in excess of withdrawals.

(47) In the Social Insurance branch of the CFI's section, marked progress was made during the month by the facilitating of the resumption of operations of the Istituto di Previdenza Sociale, the largest of the social insurance institutions. For the institution's island-wide organization, it was agreed that the amount of 86,899,000 lire was needed to cover its requirements for payment of benefits for the three months ended September. These amounts were advanced to the Istituto by AMFA.

(48) Istituto Nazionale delle Assicurazioni, by Italian law, handles an indemnity fund built up by contributions of employers, consisting of one-twelfth of the salaries paid to employees. This fund is used to pay termination-of-employment allowances to employees who are dismissed. In view of the social nature of this phase of the Istituto's operations, authority was granted to it to resume this activity.

(49) A branch of AMFA for Region 3 was established at Naples on

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(49) A branch of AMFA for Region 3 was established at Naples on Oct. 22, which provided a sum of 600 million to enable the banks in that Region to open. Steps were being taken to open a branch in Region II; meanwhile AMFA had already provided 577 million lire including two sums of 100 million each, deposited with the Bank of Italy branches at Caserta and Potenza for use in that Region.

(50) The development of postal delivery inter-communication services was pushed forward considerably, but with varied success. In Palermo province practically all the post offices were handling the mails, deliveries being by AMG courier, train, bus, horse cart and on foot. In four of the other provinces deliveries were proceeding satisfactorily. In the remaining four provinces the development was not yet satisfactory, due apparently to the negligence on the part of the senior officials of the Post Offices. Steps were taken to replace them. Mail contact was established with Lipari, Lampedusa, Linosa, Pantelleria and Ustica and AM stamps were put on sale on these islands.

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(51) Some 60 sacks of prisoner-of-war mail were sent forward during the month and 70 received. The latter included a large amount of correspondence for Italy, which was held.

(52) During the month Brigadier R. A. Hamlyn, arrived in Palermo to act as Chief Finance Officer. He had been studying many of the problems confronting the Finance Subcommission while he was in North Africa, particularly the question of controlling inflation.

(53) At the close of the month the Division consisted of 46 officers in Sicily, of whom one was the Deputy Chief Finance Officer; 11 were in the Revenue, Banking, Insurance and Postal Sections, 7 were in AMFA, 13 were in the Accounting Section, and 15 were in the Provinces. Former officers of the Division assigned to other areas as of the end of the month were as follows: 7 in Region II; 2 in Region III and 2 in AMS, 15th Army Group Headquarters. During the month 4 officers were sent from Tizi Ouzou to AMFA, Palermo, for training.

Property Control

(54) A detailed report of the Property Controller for the month is attached hereto as Exhibit ...

(55) No further properties were sequestrated in any provinces during the month, except Palermo, Messina and Catania. In these three provinces 206 out of a total of 211 sequestrated Allied properties are located.

(56) In Palermo all properties of which the Bank of Sicily was sequestrator were taken into custody. Their administration has been left in the hands of the bank, subject to the control of the Property Controller. Almost all the other Allied properties in the province were inspected and most of them had been or were in course of being taken into custody. In Catania province the Bronte estate continued to be managed by Signor Modica, the agent appointed by the Controller of Property. In Messina province there were 161 Allied properties, 22 of which were being administered by the Bank of Sicily, including the more valuable villas in Taormina owned by English and American nationals.

(57) In cases where property was being administered under a valid power of attorney executed by the owner, the attorney, if found satisfactory, was left in possession.

(58) When Italy became a co-belligerent it was decided that the responsibility for state properties should be left in the hands of appropriate Italian Government officials and institutions, subject to the approval of the Property Controller. Instructions were issued to the appropriate Italian officials to furnish a list of property belonging to enemy States and their nationals in order that the control of these properties could be assumed by the Property Controller when his staff had available time to undertake this

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(59) A.G.I.P. was being operated as a central unit under the direction of the Economics and Supply Division. In order to secure proper coordination it was decided to form a Board for A.G.I.P. at HQ consisting of the Property Controller and representatives of the Legal, Finance and Economics and Supply Divisions. Formal custody was taken of the two British owned asphalt companies in Ragusa as well as the British interests in a third company. The cinemas owned by E.N.I.C. (Italian State Properties) in Catania and Palermo were either operated under the direction of the Property Controller or rented out to the Armed Forces.

(60) Various other industrial establishments belonging to Allied nationals and various Italian State properties (both industrial and non-industrial) continued to be handled by the Property Controller as stated in his annexed report.

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(61) Lt. Col. C. R. Harris remained Property Controller under the new administrative arrangement.

Public Health

(62) General health remained good during the month. No serious outbreaks of communicable diseases were reported. Typhoid fever incidence showed a decline. Although there was no evidence of starvation in the masses of people, there were many on relief who were at the dangerous border of malnutrition.

(63) The housing problem was generally being met. Marsala was still the most crowded community but the house repair which is in progress should alleviate the problem in this city somewhat as the winter progresses.

(64) The problem of caring for friendly nationals was turned over completely during the month to the Displaced Persons Subcommittee.

(65) The reorganization of the Italian Red Cross in Sicily was completed. It is financed by AMG on an island-wide basis and is charged with providing assistance in the following fields:

- (a) The operation of the Italian Red Cross hospitals.
- (b) Malarial control.
- (c) The operation of first aid stations.
- (d) The operation of free and pay ambulance service.
- (e) The operation of P.O.W. information exchange.
- (f) The reestablishment of disaster relief service.
- (g) Establishment of visiting nurses service and cooperation with existing exchanges in general health education.

(66) Fifteen American and British Red Cross workers arrived to participate in the AMG welfare program outlined in the last report. Several of these workers were attached to Messina, Trapani, Catania and Siracusa provincial staffs and others were sent to Region II.

(67) One hundred and ten lunatics were moved from Noto to Agrigento to alleviate overcrowding. They were part of a group of 600 previously moved from Siracusa to make room for a military hospital.

(68) Twenty tons of medical supplies were sent to Region III to meet an emergency in Naples. Medical supplies, particularly for malarial control, and ambulances are running short.

(69) Sanitation improved with the October rains.

(70) Further progress was made in developing a more effective assistance administration and a more complete control of relief grants in the provinces where public welfare and assistance agencies already existed. (Palermo).

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(70) Further progress was made in developing a more effective assistance administration and a more complete control of relief grants in the provinces where public welfare and assistance agencies already existed. (Palermo, Trapani, Catania, Messina and Enna.) Three additional welfare officers were assigned to the section during the month from Tizi Ouzou and provincial welfare organizations were reestablished in the provinces of Ragusa, Siracusa, Caltanissetta and Agrigento.

(71) A study was made of existing price levels and their relationship to the amount of relief paid in Palermo province. The survey resulted from personal interviews with over eighty families in Palermo. The data obtained from all interviews was approximately the same. The results established that, owing to the black market and the rise in prices, the relief grants were inadequate to support the recipients on the basis of minimum needs unless supplemented from the outside.

(72) The survey established that in Palermo the relationship between the fixed price and the present lowest black market price was in accordance with the following table:

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Price of Black Market Articles Compared with the Fixed Prices

3538

PRESENT FIXED PRICEBLACK MARKET PRICE

Bread 3.60 lire a kilo
(Only partially obtainable)
Olive oil 22 lire a litre
(Unobtainable)
Pasta 4.20 lire a kilo
(Unobtainable)
Milk 7 lire a litre
Sugar 8.75 lire a kilo
(Unobtainable)
Soap 15 lire a kilo
(Unobtainable)
Horse beans 7 lire a kilo
(Unobtainable)
Potatoes 5 lire a kilo
(Unobtainable)
Cheese 33 lire a kilo
(Unobtainable)

36 lire a kilo
120 lire a litre
50 lire a kilo
50 lire a litre
70 lire a kilo
40 lire a kilo
20 lire a kilo
10 lire a kilo
70 lire a kilo

(73) A revised procedure was established for the handling of investigations of juvenile offenders before they were sentenced by Allied Military Courts. A special section for juveniles was established in the Palermo prison. The institution in which delinquent girls were housed was damaged by bombing. Another location has been provided and is now functioning. Five hundred children normally housed in institutions in Palermo were moved back to Palermo from places in the country to which they had been moved during the bombardments.

(74) The Lento di Riaduzione was closed in Palermo because of the military use of the building. The 134 delinquent boys held there were transferred to a similar institution at San Cataldo, in the province of Caltanissetta.

(75) The program for the registration, classification, recording and care of persons placed in civilian internec camps by the Italians progressed. There were during the month seventy-eight men and two women (including sixty-six Yugoslavs) in the camp at Palermo. A considerable amount of detailed work was done in the interest of non-Italian nationals found in Sicily and Italy to provide for their physical care and mental peace of mind.

(76) Considerable time was spent in working out the Prisoner-of-War problem. Many of the officers and men were urgently needed for the rehabilitation of Sicily. Every effort was made to secure the release of as many of them as was consistent with military needs for the labor and other battalions which

Sugar 8.75 lire a kilo
(Unobtainable)
Sheep 15 lire a kilo
(Unobtainable)
Horse beans 7 lire a kilo
(Unobtainable)
Potatoes 5 lire a kilo
(Unobtainable)
Cheese 33 lire a kilo
(Unobtainable)

70 lire a kilo
40 lire a kilo
10 lire a kilo
10 lire a kilo
70 lire a kilo

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(77) Captured enemy food stocks and G.I.L. property were distributed by the Public Welfare officers to various needy institutions, including the Yugoslav camp in Palermo and the camp at Ferramonti.

(78) Reports received from provincial Health Officers on the existence of communicable diseases within their provinces is consolidated as shown on the chart reproduced below. These figures supplement those in the October 11 AMG report of the Director of Public Health.

Provinces in Sicily	Dates	No. of Committees	Committee Reporting	Chicken Pox	Typhoid	Pure Typhoid	Unlabeled Fever	Kol. Azar and Dysentery	Whooping Cough	Pol. Tub.	Pol. Mol. Itis	Measles	Leprosy	Ph. Choma	Anthrax
Agirigento	1-10 Oct	41	10	27	11	12	12	3	3	3	2	141			
	25-30 Sep											121			
Caltanissetta															
Catania	1-10 Oct	33	20			59	0	1				1			
Erma	1 July to 20 Aug	20	10			10	4	4				29			
	18 Aug														
	24 Sep to 30 Oct	20	8			(28)	1		7	3	1	12			
M. ssina	1-30 Sep	89	37			92	12	3	2	3		612			
	1-10 Oct		12			26						92			
	10-20 Oct		17			49	11	1		6		52			
Palermo	1-10 Jul	76	26			18	6			5		19			1
	11-20 Jul		6			14						5			
	21-31 Jul		8			29				22		13			
	1-10 Aug		18			37	5			19		32			
	11-20 Aug		25			69	2		8	2		69			
	21-31 Aug		20			50	9			26		630			
	1-10 Sep		26			70				28		95			
	11-20 Sep		29			99			6	22		69			
	21-30 Sep		41			65	12			5		41			
Ragusa	5-12 Sep	12	10			13	2			2		55			
	13-19 Sep		10			15	2			2		51			
	21-30 Sep		4			11	1			2		33			
Siracusa	1-10 Oct	9	9			37	5			3		38			
	1-10 Oct	19	8			32	1	1		2	1	10			
	20-30 Sep		11			49	6	1		5		18			
Trapani	15-25 Sep	20	18			75				350		131		5	
	26 Sep to 2 Oct														
	3-12 Oct		16			121	1	20	3	5		183		104	
			18			191			2	5		202		16	

(79) On October 1 eight new American officers arrived at Palermo and were attached to Provincial AMG Public Health offices after a brief period at Headquarters. Two were ultimately assigned to Region II and three to Region III. Colonel D. Gordon Cheyna, C.B.E. (R), Director of Public Health, AMG, took up a new assignment with 15th Army Group on October 14. On October 22, Lt. Col. W. C. Williams (A) and Lt. Col. Shields (B) arrived from Tizi Ouzou. On October 27 Brigadier G. S. Parkinson, D.S.O. (B) was appointed Director of Public Health.

Port	1 July to 5 Sep	6-10	10-14	14-18	18-22	22-26	26-30	30-3	3-7	7-11	11-15	15-19	19-23	23-27	27-31	Total
Messina	15 Aug 24 Sep. to 30 Sep	20 8	(28)	1	7	2	3	1	12	612	92	52	19	5	13	202
Palermo	1-30 Sep 1-10 Oct 10-20 Oct	89 13 17	92 28 49	12 7 11	1	6	5	22	19	32	69	630	95	69	41	1
Ragusa	1-10 Jul 11-20 Jul 21-31 Jul 1-10 Aug 11-20 Aug 21-31 Aug 1-10 Sep 11-20 Sep 21-30 Sep	76 6 8 18 23 20 26 29 41	28 14 29 37 69 50 70 99 65	6 14 23 32 9	1	8	6	5	2	2	2	3	10	15	11	1
Siracusa	5-12 Sep 13-19 Sep 21-30 Sep 1-10 Oct 1-10 Oct 20-30 Sep	12 10 4 9 6 11	13 15 11 37 32 49	2 2 1 5 1 6	1	1	1	1	1	1	1	1	1	1	1	1
Trapani	18-25 Sep 26 Sep to 2 Oct 3-12 Oct	20 18 18	18 216 191	1 20 91	1	5	412	26	183	202	104	16	5	1	1	1

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Economics and Supply

(80) When Region I Headquarters was formed to administer Sicily on October 26 and AMG 15th Army Group was formed on the mainland to administer AMG 5th and 3th Armies, the Economics and Supply Division transferred its activities to:

- (a) Region I - all matters domestic to Sicily;
- (b) Fuel Subcommittee, HQ AMG - solid and liquid fuel;
- (c) Interior Subcommittee, HQ AMG - price control, rationing;
- (d) Industry and Commerce Subcommittee, HQ AMG - exports, requirements and imports, industry and mining.

The actual handing over of these activities took place on 26 October 1943, though assistance in officers, clerks, and advice was made available to Region I and Fuel Subcommission for some time afterwards.

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(81) In September the three "surplus" grain-producing provinces realized that their production would not carry their own population through to the next harvest, and so cut down their supplies to the deficiency provinces. Problems arose in consequence in Trapani, Siracusa, and Catania. This had been foreseen early in September and imports bid forward, but the bulk of these did not arrive; and a general reduction in the bread ration resulted, in most cases to 200 grams, in two or three towns to 150 grams.

(82) Toward the end of October wheat supplies in official channels were all but exhausted in six provinces, while the remaining three important wheat producing provinces, Agrigento, Caltanissetta, and Enna had supplies sufficient to enable them to carry on at their existing rations to the end of the year.

(83) The non-arrival of promised imports gave cause for anxiety to the military commander, who foresaw a potential source of civil unrest in the total lack of food reserved, combined with the growing difficulty of transport by road owing to the diversions around blown bridges, which became impassable when the streams filled up. Civilians employed by the armies on dock work, etc., were moreover not capable of sustained effort on the low rations available. An approach was eventually made direct to AFHQ for a high priority to be given to overdue shipments, and in this state the problem was handed over to HQ AMG.

(84) It was not possible for SCAGOs to follow the instruction that estimates of stocks must be submitted to HQ; "amassing" of grain was on a hand-to-mouth basis, even in surplus provinces, so that by the time such returns were collected, consolidated and forwarded they would have been out of date. A system of weekly returns was instituted in which the total amount of grain amassed during the week was reported, as well as the amount milled and the stock in hand. This supplemented the requirements mentioned in para 96 hereof.

(85) Consideration was given in September and October to measures which would enable the Island to provide its own bread ration for as long as possible. In addition to attacks on the black market and action for the discovery of farmers' hoards, it was deemed advisable to reduce the Island's maximum ration fixed by General Order No. 3 at 500 grs. bread and 40 grs. pasta per day. Only the three main wheat producing provinces were in fact obtaining the maximum ration. Messina was getting a bare 100 grs. of bread only per day and the average ration for all provinces in mid October was only 165 grs. bread and 15 grs. pasta. The reduction was also contemplated in the quantity of wheat which could be legally retained by farmers for their families. If this were reduced to 200 kg. it would still leave them enough to provide a daily ration of approximately 600 grs. of bread per day per head. At the date of this report, effect had been given to these ideas and instructions had been issued for farmers to hand in the 50 kg. The Island's maximum ration had also been reduced to 200 grs. bread per day while pasta was eliminated entirely.

(86) If the collections from the farmers were completely successful, it would provide for a ration of 200 grs. of bread for the Island for about 3 months. The attack on the black market and action for the discovery of hoards

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(85) Consideration was given in September and October to measures which would enable the Island to provide its own bread ration for as long as possible. In addition to attacks on the black market and action for the discovery of farmers' hoards, it was deemed advisable to reduce the Island's maximum ration fixed by General Order No. 3 at 500 grs. bread and 40 grs. pasta per day. Only the three main wheat producing provinces were in fact obtaining the maximum ration. Messina was getting a bare 100 grs. of bread only per day and the average ration for all provinces in mid October was only 165 grs. bread and 15 grs. pasta. The reduction was also contemplated in the quantity of wheat which could be legally retained by farmers for their families. If this were reduced to 200 kg. it would still leave them enough to provide a daily ration of approximately 600 grs. of bread per day per head. At the date of this report, effect had been given to these ideas and instructions had been issued for farmers to hand in the 50 kg. The Island's maximum ration had also been reduced to 200 grs. bread per day while pasta was eliminated entirely.

(86) If the collections from the farmers were completely successful, it would provide for a ration of 200 grs. of bread for the Island for about 3 months. The attack on the black market and action for the discovery of hoards should produce enough to extend the period of sufficiency for another month at least.

(87) A new ration card was devised for the ration period No. 1943 - February 1944, and it was distributed in time for all to use it on 1 November, existing stocks of paper being collected together in Palermo and Catania and used for the purpose. This card reduced rationed foodstuffs to four: bread, pasta, oil and sugar. It also made provision for rationing soap and clothing. Later, a new and simpler card was devised as a model for the ration period March - June 1944; this card will use only 60% of the paper needed for the November - February card. Paper for this March - June issue was demanded in the long-term requirements for Region I to arrive before January.

(88) In mid-September the anticipated worsening of the food position had made it necessary to bid forward (out of the 52,000 tons reserve flour stockpile) 2,000 tons flour to arrive by 25 September and 15,000 tons to arrive

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by 15 October. In spite of the fact that normal convoys still called in Sicily, and that at the end of September a large part of the Italian merchant navy had become available to the Allies, only a small proportion of the amounts so bid were received up to the end of October. In fact, 3,600 tons flour arrived at Palermo on 10 October, and 2,000 tons more on 30 October, this latter shipment having been scheduled for Catania; it was therefore necessary to transport over half of these two shipments across the Island to Messina, Catania and Siracusa. Fortunately some use of the railways was permitted for civilian needs about this time, and the transfer was effected by rail.

(89) Resources Boards were set up to decide priorities among such resources as there were, and also to deal with the many questions which called for official consultation between AMG and army services such as labor, repair of roads, allocation of fuel, power, etc. At first at Eastern (British) Resources Board was set up at Siracusa, later moving to Catania when No. 1 District was established there; a little later the Western Resources Board was set up at Palermo to work with IBS and 7th Army; finally an Island Resources Board was instituted and held its first meeting in October under the chairmanship of the CCAO. It was apparent from the start that these boards could, and would, serve a very useful purpose, and the cooperation received from army services, especially from No. 1 District, was most encouraging.

(90) In accordance with instructions, imported goods were sold to civilian wholesalers at the highest prevailing local price; some times, however, prices had to be fixed by Economics and Supply Division on other criteria. For instance, the price at which imported flour was sold to wholesalers was dependent on the fixed price of bread established by General Order No. 3, and this naturally varied with the cost of transport, or of fuel for the bakers and millers. Since bread was sold at 3.60 lire per kilogram, it was possible to charge, for example, a flour wholesaler in Palermo 3.45 lire per kg. for flour while a similar wholesaler in Messina paid 3.25 lire.

(91) After discussion with the Chief Revenue Officer, it was established by the Executive Council that imported AMG supplies were military imports and therefore not subject to customs duties, even though they were subsequently sold to civilians.

(92) Surveys were made and estimates of exports forwarded to AFHQ. By October, when a MWT representative came to Sicily to work closely with the Division, it seemed that shipping might be provided, and a start was made to purchase and warehouse at Palermo and Catania non-perishable exports such as almonds and pumice (from the Lipari Islands - brought to Palermo by the CCAO's supply schooner when it came to pick up flour). It was decided to have such stocks ready at the port, so that while they were being loaded fresh citrus fruits could be packed and transported to the ship's side. At the same time, with the release to AMG in October of railway space, sulphur was stockpiled at Porto Empedocle and Licata ready for shipment. The procedure was for AFHQ to arrange shipping in accordance with allocations of exports, which were made by Combined Chiefs of Staff in respect of war materials (silk, mustard seed, citric acid, etc.). The difficulty arose in shipping citrus fruits was the provision of containers, but efforts were made to obtain the necessary timber from Calabria.

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(93) A small exchange trade with Malta was begun following a request from the Lt. Governor of that island; this dealt mainly with lemons, nuts, baskets, and carob beans, and was carried out on a coasting schooner provided by Malta.

(94) By the end of October coal shipments were becoming normal, and it was suggested by AFHQ that AMG should take over the estimation of requirements and allocation of receipts of coal for the whole island; a fixed amount of 22,600 tons a month was to be imported, of which 5,000 tons were tentatively allocated to essential industry. A group of the principal importers and distributors was therefore formed to take over all coal at the docks, transport, store, and sell it under AMG instructions to industries and utilities; a contract was drawn up with this group and was in the hands of the Legal Division at the end of Oct.

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(95) The only requirements for Civil Defence put in by this Division was for 10,000 litres of unprocessed liquorice needed for making foam, fire extinguisher; Middle East were trying to obtain this from Syria at the end of October.

(96) General Order No. 5 called for a declaration of stocks over a specified minimum of grain, oil, sugar, vehicles, tires, fuel, building materials, etc., and trafficking in the commodities specified in the order was forbidden. Declarations had to be made to CMOs by 15 October, so that it was not possible to consider the results at HQ by the end of the month; it was pointed out by all SCMOs, however, that they had neither the staff nor the time to examine these declarations in any detail.

(97) During the period 10-19 October, when two ships were unloaded at Palermo with 3,600 tons flour and 5,000 tons sugar on board respectively, the shortage of operating personnel was keenly felt. Every officer of the Division, except one who dealt with all correspondence, was required to assist in unloading these ships; either at the docks, or at the warehouses, or at the railway yards where some of the cargo was taken for immediate transport to Provinces. This work went on day and night for ten days; at the peak period 1,100 civilians or prisoners and 400 military personnel were engaged on duties directly controlled by the Economics and Supply Division.

(98) The wine industry of Trapani was not started up because of the lack of electric power and fuel and of sulphurous onhydride which was needed for the Marsala wine. It was therefore recommended to the industry to make table wine and to make alcohol later when fuel and power became available. The entire raisin crop of Pantelleria, about 1,400 tons, was bought by the Army supply Services. An inquiry was instituted into the possibility of reviving the silk industry in Messina and on the mainland. This inquiry was in progress at the end of the month. A cotton industry of minor importance has been established in Agrigento Province. Since the allies have a surplus of cotton, the cotton was not purchased and further growing was not encouraged.

(99) In spite of the fact that the sulphur mines could not be opened there was 40,000 tons of sulphur available for export at the mines and during October a start was made in moving this tonnage to ports. A thousand tons were awaiting shipment at the end of the month. One hundred eighty tons of refined sulphur were shipped to Tunisia during the month.

(100) In October military personnel handed the asphalt mines over to AMG, and since they were of considerable importance and partly British owned, they were taken over by the Property Controller. At the same time some asphalt became available for sale to civilian firms under contract to repair roads; this naturally raised the question of prices, which was complicated by the fact of British part ownership. It was not known if allowance should be made for royalties to be claimed eventually by the British Company, and if so how much the royalties should be. This subject was not yet decided when HQ AMG took over.

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(101) In October a small lignite mine in Messina was put into production, the initial output being about five tons a day. The physical weakness of the miners and lack of pitprops and mechanical equipment prevented a higher rate of output. It was hoped later to open up other seams in the district and thus care at least for the needs of Messina Province.

(102) Deposits of rock salt in central Sicily were not exploited owing to transport and lack of demand. Forty tons of pumice were brought from the Lipari Islands and were used in Palermo during October. Certain other minerals, including strontium and potash, could be produced in the Island but no effort was made in the direction of starting these industries because of the small amounts available.

(103) The Division did considerable salvage work. Three thousand tons of coal were raised from Palermo harbor. A ship containing four hundred pairs of boots and 2,000 tons of coal were salvaged in Trapani. A contract was made with a civilian firm to buy and clear 350 tons of scrap steel from the Palermo docks and efforts were made to recover military petrol drums from civilians who had picked them up from over the countryside.

(104) The cement and citric acid industries have still not started to operate owing to the existence of certain cement stocks on hand and the necessity of supplying fuel to run the plants.

(105) Soap continued to be short and none was received during the month. None could be manufactured because of lack of caustic soda which had to come from the United States.

Agriculture

(106) The critical grain situation, which was partly handled by the Economics and Supply Division and partly by the Agriculture Division, has been described under the former heading in this report.

(107) The olive crop was estimated to be average or above average this season. It was expected to be sufficient to provide a ration of half a litre per person per month, and arrangements were made to commence issues on this basis in November. Olive oil prices were fixed in October for the present season at L.22 to L.24 per litre according to quality. These figures represent an increase of approximately 10% on last years prices. There were this season certain factors which would interfere with the maximum production of oil from the olive crop. The availability of power to olive crushers was limited although given a high priority. Crushing required the use of a type of mat known as fiscala. The mats were made from coconut fibre and importations of this fibre ceased when Italy entered the war. Stocks of fibre had run out and the short supply of mats is likely to be a limiting factor. Assistance was provided in various ways to overcome this difficulty but success in this direction could only be marginal. It was therefore possible that for these reasons the estimate of about 25,000 tons which was the basis for the ration might be an optimistic one.

(108) Crops of fruit and vegetables generally were satisfactory in spite of the drought although the citrus yield will be seriously affected. Crops of grapes, nuts, carrots and beans were estimated as about average.

(109) During October imports of 5,200 tons of sugar were received and with the exception of a small reserve held at Palermo it was distributed to the provinces to provide a ration for 5 months at 200 grs. per person per month commencing November.

Transportation, Communication & Utilities

(110) The railroads in the eastern part of the island continued to be operated by the military. Those in the west were operated by the military.

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Transportation, Communication & Utilities

(110) The railroads in the eastern part of the island continued to be operated by the military. Those in the western part of the Island were operated by civilians under military supervision. The great bulk of the traffic continued to be military, but during the month for the first time a considerable quantity of civilian foods were moved also. AMG assumed the responsibility of securing local supplies for the railroads and IBS procured the fuel. Almost all important points were connected by rail during the month except Marsala and Messina. Priorities were established for opening the Palermo-Messina line. Headquarters continued to arrange for the payment of the approximately 13,000 railroad employees at the rate of almost 23,000,000 lire per month.

(111) Reconstruction of a demolished tunnel near Comitini which will reopen the standard gauge line between Agrigento and Roccapalumba was commenced.

(112) It was necessary to curtail certain passenger travel on the railroads during the month because of fuel shortages. Some commuter trains were run on those parts of the lines capable of operating into Palermo (9 round trips), Messina, Catania, Ragusa, and Siracusa.

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(113) Road transport, except for the established bus line, was continued under provincial control. INT (the rail-bus service operated by the State Railways) was established in only a few provinces because most of the transport consisted of captured enemy equipment which was ultimately under the control of the Allied Forces. The INT equipment was largely immobilized for lack of parts, particularly tires and batteries. Such equipment as was available was used for hauling civilian supplies. There was only such intra-provincial bus service as each provincial AMG HQ could provide.

(114) Three garages were requisitioned by AMG for INT and a captured enemy ordnance machine shop was procured to enable repair work to motor transport to be done. It was not possible to continue to operate the electric tramway lines in and about Palermo because of the shortage of current. It is hoped that with the rains current may become available for this purpose.

(115) All Italian shipping of 500 tons and under was placed under the Shipping Subcommission toward the end of the month, which Subcommission began to operate at that time. Progress was made in reorganizing the Italian Merchant Marine and in reestablishing Italian Port Control. Strict control of cargoes was maintained by AMG HQ to prevent black market operations.

(116) Telephone exchanges in all provincial capitals except Caltanissetta and Messina had been placed in operation by the end of the month.

(117) The following additional communication facilities were released to AMG in October:

- (a) The telephone exchange and all local lines and cables in the City of Palermo except 160 cable pairs to various underground terminals, including 130 telephones on the local S.E.T. dial system, which were being used by the 7th Army.
- (b) The long distance state underground cable from Palermo to Caltanissetta.
- (c) Telephone exchanges with associated local facilities in Caltanissetta, Licata and Porto Empedocle except for lone forty line switchboards which were in use by the 7th Army in each of these towns.
- (d) Telegraph terminals were released to AMG by the military authorities for reconstruction and repair. No telegraph lines have yet been released.
- (e) All radio stations remained under military control.

(118) Nine main long distance lines remained under Army control. These connected Palermo, Trapani, San Stefano, Caltanissetta, Agrigento, Licata, and Castelvetro. Critical shortages of solder, sterine, cotton or paper sleeves and dry cell batteries made the restoration of signal communication services difficult. Employees of the state-owned telegraph system were paid through regular Italian Government channels in order to preserve the organizations.

(119) Arrangements were made with IBS and No. 1 district so that CC, HR officials at AMG provincial HQ could make scheduled report calls over

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(119) Arrangements were made with IBS and No. 1 district so that CO. RR officials at AMG provincial HQ could make scheduled report calls over military long distance circuits. The Catania-Siracusa 40 K.U. line was completed, thereby alleviating a threatened shortage of power in the provinces of Siracusa and Ragusa. Olive oil electric requirements were met with off-peak service from the steam plants at Palermo and Porto Empedocle. Two sulphur mines have been released from the production of electricity and plans were made for closing down all other diesels as soon as possible.

(120) Only five cities had gas facilities. Due to war damage and shortage of coal, none of the gas units have been placed in operation as yet.

(121) Road and bridge repairs, where needed to insure distribution of foods and other necessities, were originally made under contracts let and supervised by the S.C.A.O.s. This job was done under an Island-wide system of priorities for necessary materials. During October these contracts were turned over to the A.A.S.S. (Italian State Highway Department), and no further contracts were made directly by AMG. All new contracts were checked for price and work authorized.

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Labor

(122) During the month an established uniform wage scale for all civilians employed by the Allied armed forces was agreed upon and put into effect in Sicily. This wage scale in many instances reduced the amounts currently being paid to the civilian employees of the armed forces, both in order to keep these rates more in line with those paid civilians in other fields and in order to aid in the program for checking inflation.

(123) The study which had been made of the Italian wage structure and system of payments was finally completed. It was submitted with recommendations for certain revision and adjustments which were subsequently adopted in part.

(124) Cost of living studies which had been in the course of completion for some months were finished.

(125) A study of the Italian cooperatives, workman's compensation schemes and public health systems was initiated insofar as they affect employees and wage earners.

(126) The program for the procurement and supply of labor to the branches of the Allied Armed Forces was consolidated and made uniform.

(127) The new Regional Labor Office for Sicily consolidated such previous Fascist functions as were found to be of benefit to the workers and the public after eliminating all of those to which there was objection.

(128) Machinery for the present and future determination of labor disputes and the negotiation of labor contracts was established.

(129) A recommendation was submitted to higher headquarters for authority to permit and foster the formation of labor organizations among industrial and other workers. It was felt that such authority was necessary because of the current ban on political activity into which field any labor organization might tend to drift. No such final authority had been received by the end of the month.

(130) Various conferences were held with the new Italian Regional and Provincial Labor Officials in an effort to work out a fair and equitable wage scale for the various workers on the Island, particularly those holding public positions.

(131) Ispettorato Corporativo, a state organization heretofore subject to the direct jurisdiction to the Ministry of Corporations in Rome, was transferred together with all its functions to the Regional Labor Office and its name was changed to Ispettorato Lavoro.

Monuments, Fine Arts & Archives

(132) On October 22 Major P. K. Bailee-Reynolds (B) took up his duties as Acting Director of the Subcommittee on Monuments, Fine Arts and Archives. Various inspection trips were made by this Subcommittee during the

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(133) Considerable essential repair work was done to monuments during the month, including the following:

- (a) Inara - A barbed wire fence was constructed round the Temple of Victory.
- (b) Selinunte - Work was done to repair of roof and window frames of the Administrative Offices, damaged by machine gun fire. Removal to the storehouse at Selinunte was completed of what remains of a portable railway which had been requisitioned by the Italian Military authorities and later abandoned.
- (c) Solunto - The repair of Roman floor mosaics and the filling up of holes caused by a bomb which did damage on the 13th December 1942 was carried out.

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(d) Museo Nazionale, Palermo - Repair of buildings and removal of rubble from building adjacent to the Museum was carried out. 3554
Certain windows and doors of the offices were completely renewed. This work was started in September and has not yet been fully completed.

(e) Palermo - Repair of roofs and vaults, etc. was done to the Churches of Santa Maria del Pisirio detta degli Angelini, Santa Maria di Valverde, Reale Maggiore, Santa Maria delle Pietre, and Santa Maria della Catena. Considerable progress was made in this latter church, a fine example of 15th century architecture.

(f) Two baroque churches of the 17th century in Trapani, Santa Maria della Luce and San Michele were completely destroyed. The damage done to others, of which the most important is Santa Maria di Gesu, can be repaired and was started.

(134) Appropriations approved up to date for the conservation of monuments, works of art and archives in Sicily included substantial repairs to the following:

The Cathedral in Caltanissetta
S. Benedetto and Castel Ursino in Catania
The Church of Santa Maria in Randazzo
The Church of San Giuseppe in Patti
The Palazzo Reale and the Palazzo of the Archbishop in Palermo
The Church of Santa Maria at Ispica

In addition, appropriations were made for work in connection with churches and monuments in all of the large cities which had suffered from the operations. The total requests for appropriations amounted to 20,544,412 lire; of these, appropriations amounting to 7,617,270 lire were approved. It is believed that the ultimate cost of the immediately needed conservation of Sicilian art objects will approach twenty million lire.

Education

(135) During the month very considerable progress was made in cleaning out the Fascist leaders in the field of Education. The Provveditore for each province was removed and action was being taken in each case to secure an adequate replacement.

(136) Committees were established by the S.C.I.C.O. of each province, composed of at least fifty per centum of persons from the field of education, to report on the following subjects:

(a) Number and condition of available school buildings.
(b) The cost of repairing such buildings as were damaged.

(f) Two baroque churches of the 17th century in Trapani, Santa Maria della Luce and San Michele were completely destroyed. The damage done to others, of which the most important is Santa Maria di Gesu, can be repaired and was started.

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- (a) Number and condition of available school buildings.
 - (b) The cost of repairing such buildings as were damaged.
 - (c) Number of pupils available in the various classifications.
 - (d) Subjects to be taught.
- (i) In elementary schools - Here the three Rs were to be first, to be followed by handicrafts and sciences. History and geography were to be taught in such a way as to avoid the perpetuation of authoritarian principles.
 - (ii) Higher Schools - Here the basic subjects will be mathematics, Italian language, modern and classical languages, and the sciences and their application. Careful study was to be given to the teaching of history, philosophy, anthropology, civics and political geography before these subjects were placed in the curriculum.
 - (iii) Colleges and Universities - Here subjects likely to raise controversial political issues were not to be taught for the present.

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- (e) Number and quality of teachers available. All teachers would have to be vetted by the Political Intelligence Section.
- (f) Text Book Revision - In the elementary schools all books contain Fascist propaganda. In the first grade by the removal of several pages a usable text book might be secured. The majority of the other books were so permeated with Fascist doctrine as to be wholly valueless. Secondary school books were in most cases innocuous. All text books must be approved at AMG Headquarters before they may be used. Whenever possible objectionable parts were removed and the text books redistributed for early use. Otherwise, mimeographed sheets will have to be prepared until new books can be printed.

(137) The Provincial Education Committees assisted in setting up small groups of teachers to begin the consideration of lasting changes in program and curriculum, and the preparation of more permanent text books. Liaison was maintained with the Fascist Government on the proposed changes. The Provveditore in each province was given the responsibility of carrying out AMG policy in his territory.

(138) It became evident at an early stage that the normal state of the school buildings and equipment in Sicily was admissible by any Anglo-Saxon standard. Particularly in the country districts, the school physical equipment was wholly inadequate. Classes were too large and the quality of the teachers, chiefly due to the low salary paid and the entrance of politics into the field, was lamentable. The training given to the teachers was poor. The time spent by the student in school was only 4 1/2 hours per day. Moreover, under the influence of Fascism and in an effort to stultify individual free thinking relatively too much time was devoted to practical subjects of a handicraft nature and too little time to purely educational subjects.

(139) It is planned to open as many schools as possible on December 1. Six text books were already rendered usable as the result of the removal of certain of their pages. Drafts of others were worked on and instructions given the teachers on how they are to operate in the absence of text books upon which they have become so dependent in the past twenty years. In the universities and colleges few radical changes needed to be made in the program and curriculum. Some chairs such as "The History and Doctrine of Fascism" and "The Corporative State," must be abolished or converted into other chairs. It is planned to open the faculties in the practical sciences as soon as possible.

(140) It is thought at the moment that the Scuole Media should be retained even though it was considerably elaborated under Fascism, because it has opened the way to a more modern educational system. This matter will be taken up with the new Italian Minister of Education.

(141) Lt. Col. Gayre (B) became acting Chief of the Subcommission on Education.

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Press and Public Relations

(142) During the month numerous parties of correspondents and photographers were escorted about the island and shown various phases of current AMG activity. The Advisor on Fine Arts prepared a release on Sicilian Arts and Monuments in wartime which had been requested by the London Times.

(143) Preparation was made for the forthcoming visit of a British film unit which is making a motion picture of Sicily under AMG, sponsored by ARHQ. Full cooperation was given to the Public Opinion Poll which was being conducted in the Island by FSW.

(144) With the arrival of the Information Subcommission all relations with the Italian press and liaison with FSW were handled by that Subcommission, while relations with the Allied Press Correspondents were handled by the PFO. Capt. Charles Poore (A) remained as PFO. Major Desmond (A) became acting Chief of the Information Subcommission.

NOTES ON THE PROVINCES INDIVIDUALLY

Palermo

(145) Major Robert Gorman (A) became S.C.A.O. of the province on October 26 when Lt. Col. Charles Poletti was appointed R.C.A.O. Region I. At the same time there were a large number of shifts in personnel as Regional Headquarters was staffed from Palermo province as well as AMG Headquarters. The City and Province were gradually returning to normalcy. The program for repaving damaged streets and repairing damaged structures was very successful. The Sicilians did an excellent job in this field.

(146) The number of breaks in the gas mains made it impossible to open the gas works. Otherwise the public utilities of the province were almost back to normal.

Trapani

(147) The wine and olive industries furnished considerable employment. There was some electricity for private use. There was a very considerable increase in the crime rate during the month, including four murders and twenty-one armed robberies.

(148) The task of returning the government to Marsala and Trapani, whence they had fled during the bombings, was finally completed during the month. This province had a surplus of wine and salt. It needed charcoal and food. The olive crop generally produces a large surplus but this year the forecasts indicated that the surplus would be small.

Caltanissetta

(149) The Sindaco of Riesi was removed for inefficiency and the Sindaco of Mazzara for corruption. Crime was more prevalent than in the preceding month. There were two bomb throwings in the Riesi district, one or two cases of cattle stealing, several armed robberies, one murder and a serious fire at Ceta (Oct. 18, 1943).

(150) Twenty-five hundred and sixty-one tons of sugar were delivered to the Prefect. There were 700 tons of almonds ready for shipment out of the province.

(151) The water systems were almost back to normal and the electricity supply was greater. "Health weeks" were inaugurated to promote cleanliness and were at least partially successful. Nine blown bridges were placed under contract for repair.

(152) The grain supply was growing very short at the end of the month owing to the shipments made to Ragusa and Siracusa and the relatively small quantity assessed.

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Ragusa

(153) The narrow-gauge railroad between Siracusa and Ragusa was running satisfactorily, and demands were being made to have the service extended to Palermo. There was still no regular telephone service, however, between Siracusa and Ragusa.

(154) Seven thousand quintals of wheat were brought in from Caltanissetta during the month as well as a train load of sugar and powdered milk. The wine harvest turned out very well. The olive crop was good, but electricity was short. There was a large surplus of almonds and carubba and some cotton and tobacco. The asphalt mines were made ready to start, and were stockpiling during the month. The soap factory needed caustic soda and solvents in order to operate. The relief program was centralized in the prefettura and the communes were instructed to put those on relief to work.

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Siracusa

(155) Several high officials were removed for incompetency and one Sindaco resigned. The only crimes of any account in this province were those arising out of the black market. A substantial acreage of arable land could not be ploughed because it was being occupied by troops. It is difficult to determine what effect, if any, taking such land out of cultivation will have on next season's crop. There was a record surplus of oranges, tangerines, lemons and almonds. A wastage was threatened unless transport could be found for them. There were some exported to Malta and one cargo to U.K. During the month Lt. Col. French, S.C.A.O., became S.C.A.O. Catania and Major Giles became S.C.A.O. Siracusa.

Catania

(156) The Sindaco of Catania City resigned but has been persuaded to remain in office until his successor is chosen. There was no unemployment in the province except in the area surrounding Caltagirone.

(157) The medical side of the University of Catania was opened; but the rest of the University and most of the schools could not be opened owing partly to the occupation of many of the buildings by troops. The efforts to enforce the black market laws in the province were ineffective, because it seemed to be used and supported by all elements of the population.

(158) There was probably as much evidence of political activity and criticism of existing Italian officials in this province as in any other. This may be in part due to the fact that AMG officers have conducted indirect government in spite of the fact that the province was far from self-sufficient in its production of grain.

Messina

(159) This province was still far behind the others, largely due to the physical destruction to which it was subjected. There was still some direct control exercised by AMG officials, which will be stopped when the Italian agencies in the province have more fully recovered.

(160) The City of Messina was gradually being cleaned and shops were opening. However, no encouragement was given to refugees to return to the city for the military reason that they cause congestion on the main roads and for the further reason that food, water and shelter were scarce in the city.

(161) There were a large number of troops bivouached in the province. Several air fields were being constructed. These circumstances have necessarily retarded the return to normalcy of the affected portions of the province. For instance in Messina itself approximately eighty buildings are requisitioned for billeting purposes by the troops, including all the large ones sufficiently

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(162) The water was on for four hours per day. The quality of the supply was good. There were several hundred breaks in the distribution mains, of which approximately one-third had been repaired by the end of the month. No gas was available, and only a very limited quantity of electricity, all of which was hydroelectric generated.

(163) The city's modern sewage system was badly damaged. The main trunk sewers were given first attention and breaks were repaired starting from the outfall and working backward to the household laterals. The sewage which escaped was absorbed by the dry ground. It is hoped that the main breaks can be repaired before the rains cause the sewage to back up.

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(164) Contracts for the repair of public buildings have been let to contractors on a cost plus 12% basis. Work was started on the City Hall, the Court House, the Finance Building, the Provincial Office Building, and the Prefettura. Tile for roofs is very scarce and power is not available to enable the tile factories to operate. All other building materials are scarce to a greater or lesser degree.

(165) This province and Trapani probably suffered the most from the shortage of grain and bread. The difficulty of transporting the small available stocks of grain contributed to the low ration of 70 grs. per day per capita which was all that was received in Messina during the month.

AgriENTO

(166) During the month Lt. Col. George McCaffrey (A), the S.C.A.O., became R.C.A.O. Region II and Major Ray Ashworth (A), the S.C.A.F.O., became S.C.A.O.

(167) The political activity in this province emanating from the Free Sicily and Communist Groups was on the increase. The crime rate per capita continued to be the highest in this province. There were several cases of cattle stealing and armed robbery during the month.

(168) All building material except stone and a small residue of cement were exhausted. The amassing of wheat was not bad, but the surplus was very small due to the quantities moved out of the area. The shortage of power and fuel indicated that the amassing of olive oil would be less successful.

(169) Wages paid by private employers and prices continued to move upward at a considerable rate.

(170) The majority of sulphur miners and fishermen remained unemployed for lack of power and fuel respectively.

(171) The Provveditore Agli Studi, DiCristofaro, was removed and has been replaced by G. V. Daniani.

Enna

(172) The Italian officials, many of whom have very limited education, seemed to be even slower in Enna than elsewhere to assume the responsibilities of their offices. The continued to lean heavily on AMG officers and showed few signs of initiative. The Consorzio Agrario was completely reorganized to facilitate the collection and distribution of the hoarded grain in the province.

(173) Cement was badly needed to complete the construction of the many blown bridges which required reconstruction in the province. Three have already been repaired and forty-nine others are under contract for repair.

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(174) Tax collections in this province were slower than in most of the others and the people refused to grasp the fact that the war was not over and they still had to work for a living. No local or provincial giuntas have yet been established in the province but advisory bodies exist in some communes. The Sindacato of Regalbuto and Agria were forced out of office.

(175) The reduction of the ration from 500 to 200 grams per day resulted in a few disorders. Three hundred civilians raided Leonforte and destroyed all the records and furniture of the local Alimentation office and threatened the officials. The fact that a great deal of grain was being shipped out of the province and that apparently nothing was being brought in in return seemed to increase the number of complaints. It is possible that the planting in the next season may be reduced on this account.

(176) Here as elsewhere the opening of the banks had a very healthy effect on the morale.

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Lampedusa and Pantelleria

(177) These islands were put under the administrative guidance of one C.A.O. during the month. A boat was acquired and direct communication was maintained between the Islands and Sicily.

REGION II

ADMINISTRATION

(178) Group Capt. Benson, who was in command of the AMG personnel accompanying the 8th Army in the invasion of southern Italy, left Lt. Col. Harvey S. Gerry in charge of the rear area on September 15, and thereafter confined his activities to the combat zone. Headquarters of the embryonic Region II were opened at Corigliano, in an ancient castle, on September 20. The official order establishing Region II was signed by General Alexander on October 3.

(179) Major General Lord Russell early in October directed the establishment of Regional Headquarters at Potenza, but diligent reconnaissance of this city and the neighborhood revealed no place fit and adequate to accommodate the headquarters. Further reconnaissance showed that reasonably adequate accommodations could be found in Matera, and Col. Gerry therefore opened his headquarters in the G.I.L. Building in that city on October 20.

(180) Lt. Col. George McCaffrey arrived at Matera from Palermo on October 21 with orders to relieve Lt. Col. Gerry. The actual transfer of command occurred on October 24.

(181) Before the arrival of Col. McCaffrey, Col. Gerry had issued orders to organize the Region into two Compartimenti, with the three provinces of Calabria in one, and the two of Lucania in the other. At that time it was expected that when the Province of Salerno ceased to be of tactical importance, it would be detached from its natural area, Region III, and added to Region II. The question of the transfer of the Province of Foggia in the same manner was under consideration.

(182) Lt. Col. Peter Rodd was assigned to command the Compartimento of Calabria, and Lt. Col. E. H. J. Piccoli to command that of Lucania. This reorganization necessitated the establishment of some Compartimento staff, and so reduced the available personnel for provincial work that it was decided to skeletonize the provincial staffs, maintaining one C.A.O., one Police Officer, one Supply Officer, and later, one Finance Officer in each provincial capital and have the remainder work under orders from Compartimento HQ on specific missions, and when not so engaged, to ride circuit over an average of over 40 communes per officer.

(183) The operations of Regional HQ were handicapped for half of the month by the change in location, which was necessary slow because of inadequate

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(183) The operations of Regional HQ were handicapped for half of the month by the change in location which was necessarily slow because of inadequate transportation, and throughout the month by the fact that there were only three EM/OR clerks available at HQ, and one in all five provinces.

Political Developments

(184) The morale of the population in the five provinces of Reggio Calabria, Catanzaro, Cosenza, Potenza and Matera improved during the month of October, although the improvement was sporadic. The gradual removal or practically all allied troop units contributed to this improvement by removing sources of friction and giving AMG officers practically a clear field.

(185) Because of the extreme shortage of C.A.O.s and C.A.P.O.s, there being an average of approximately one for each 20 communes, and because of the

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necessity of detaching one C.A.C. to each of the five Provincial capitals and using some of them for civilian supply duty, it was impossible to visit ~~some~~ ^{all} the commune quickly and overhaul its administration with respect to the removal of Fascist and incompetent officials.

(186) The people in many of these communes were eager to rid themselves of these Fascist officials. In several cases they became impatient and, it is believed usually under Communist Party leadership, organized demonstrations and forced resignations. This was, in a way, merely a continuance of similar actions which had occurred prior to the arrival of AMG officers on the scene.

(187) An ingenious method of reconciling this popular desire for the removal of Fascists with the shortage of personnel was worked out for Potenza province. A committee of highly respected known anti-Fascists was formed and it was announced that this committee was sitting under the chairmanship of an AMG officer and would hear any complaints against former Fascists. If the evidence presented warranted prosecution, prompt action was promised. The formation of this committee and its purpose was widely advertised throughout the province and the demonstrations ceased.

(188) Generally similar action in Matera quieted that province. It soon became evident that the Communist Party was the most active, well organized, and aggressive. It should be pointed out, however, that this Communism is not of the Russian type, nor yet that commonly known in the United States and Great Britain. It is, rather, the radical opposition, frequently led by ambitious persons who were not Fascists, and therefore had received no recognition.

(189) There have been no Mafia in the Region, and it is believed that this organization never has had a foothold here.

(190) The S.C.A.C. of Catanzaro, Major Holmstrom, filled the vacancy created when the F.P.S. arrested the Prefect of that province, by the appointment of the Marchese Lucifero.

(191) Major General Lord Rennell, on the earnest representation of the Badoglio Government, permitted the transfer of the Prefect of Matera province to Lecce, in the "Kingdom."

(192) Work was started on the removal of Fascist officials in all provinces and some progress was made, especially in the cases of communal mayors, but no accurate statistics are available at this time.

(193) The presence of the 11st Italian Army Corps in Calabria has caused some difficulties because of their ignorance or disregard for the functions and authority of AMG. This has been particularly true in the case of requisitioned food supplies, civilian cars being used on AMG business, and POL supplies.

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AMG officer and would hear any complaints against former Fascists. If the evidence presented warranted prosecution, prompt action was promised. The formation of this committee and its purpose was widely advertised throughout the province and the demonstrations ceased.

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(194) On October 28 a request was received from Lt. General MacFarlane of the Allied Military Mission for the A.C.A.S. to confer with a representative of the Italian Government at Brindisi. The A.C.A.S., together with Col. Monfort of the Allied Military Mission, conferred with Signore Picardi, Minister of the Interior, at Brindisi, on October 30. The Minister was rather astonished to learn that banks were operating without limitation in Region II, and the Italian Civil and Criminal courts were likewise functioning and handling most of the cases. Other points discussed were the advisability of reviving the Italian Syndical system with a thorough going purge of the personnel, deducting social insurance payments from the wages and salaries of Italian employees by the military authorities, reestablishment of the postal service and the reopening of the schools.

(195) About October 26, the Procuratore Militare of the Italian 7th Army came to Matera for a conference as to the powers of the Italian Military Courts in Region II in the light of the AMG proclamation. It was agreed

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that the Italian Military Courts could try violations of the Italian Military laws by members of that Army on active service, and, in view of the fact that the Italian Army was soon to take over the task of guarding the lines of communication in Calabria, that such courts should also have the authority to try cases involving attacks on Italian Military personnel by civilians, and offences against Italian Military property by civilians.

Public Safety and Law Enforcement

(196) In general the incidence of ordinary crimes was below normal throughout the Region, but black market activities were on the increase, and a number of the inmates of the former internment camp at Terramonte-Tarsia, in the Province of Cosenza, soon became engaged in such practices after they had been released from internment.

(197) On October 30 Lt. William J. O'Neill, C.A.P.O. of Potenza province, tracked down two men posing as C.A.P.O.s. When he identified himself they drew guns and told Lt. O'Neill that they had him covered, but he drew his own pistol and shot one through the leg. Both men then surrendered. Investigation showed that they were British deserters posing as AMG officers, and that one of them had escaped from the Military Police in Salerno after having been turned over to them by Major Green, C.A.P.O. of Salerno.

(198) Since the Italian courts were functioning during most of the month, there was, by comparison with Sicily, a relatively small number of cases tried by Allied Military Courts.

(199) The efficiency and morale of the Carabinieri, which had been at a very low level upon arrival, began to improve during the month of October when the officers and men found that AMG would support them in any proper action, and that the AMG standards of policing were high. At the end of the month the standard was still far from satisfactory.

(200) The Public Security Agents were found to be thoroughly saturated with Fascism, bribes and corruption. The same was true to an even greater degree with the Municipal Guards. Their direct contact with black market activities and their starvation wages made corruption and inefficiency practically inevitable.

(201) Toward the end of the month a start was made in reviewing the records of the Public Security Agents and Carabinieri officers, with a view to eliminating those who were unfit.

(202) Because of the fact that since the end of the active tactical operations in this Region there have been no air raid alerts, and because of the additional facts that the air raid shelters were in a highly unsanitary condition, and the passive defence organizations were strongly Fascist, no attempt has been made to enforce the air raid precautions. Steps have been taken to cleanse the shelters in many places.

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Legal

(203) In each of the five provinces of the area there is one L.O.; the L.O.s in Catanzaro and Potenza, in addition to their provincial responsibilities, have supervisory responsibility throughout the whole of the Compartimenti in which they are located. At Regional HQ there are the R.S.L.O. and two L.O.s, both of whom have so far had special temporary assignments away from HQ.

(204) Catanzaro is the seat of a Corte d'Appello. That court has jurisdiction over all of Calabria except Reggio, which falls under the Corte d'Appello at Messina. Potenza is the seat of a Detached Section of the Corte d'Appello of Naples and has jurisdiction over the provinces of Potenza and Matera. Instructions were issued through these courts at the earliest possible moment after effective occupation for the immediate resumption of criminal business by all ordinary Italian Courts. In Calabria the order was issued on

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19 September, in Lucania it was issued on 1 October. The orders have been 330 complied with and it is believed that every criminal court in Region II is now open. Liaison has been established between the L.O. for Reggio and S.L.O. for Messina. On 6 October the R.S.L.O. authorized all the ordinary Italian courts of the area to resume their normal civil jurisdiction, but the judges were informed that they must give priority to the determination of criminal cases. It should be added that in some areas, particularly in Potenza, the death or absence of judges caused some delay in the actual opening of courts. All vacancies have now been filled, however, by temporary AMG appointments.

(205) In neither Calabria nor Lucania have the number of cases to come before Allied Military Courts approached those which came before such courts in Sicily during the first two months of occupation. This has been due partly to a deliberate policy of bringing charges before those courts only when the matter seems to be of some importance, partly to the relaxation of general regulations such as the curfew and 10 kilometre rule and partly to the shortage of personnel, not only in the Legal Division but in all other sections as well. Although definite statistics on the number of cases tried by Summary and Superior Courts will not be available immediately it is significant that, so far as is known to this HQ, there have been only two trials in the whole of Lucania. Each of these was before a Superior Court. Reggio, where conditions have generally been more like those in Sicily during the first months of occupation, is the only province where Summary Courts have sat with any regularity. In Fosgia initially about 30 Summary Court cases were tried daily for minor violations of the proclamations. Sentences were increased and the number of cases dropped to 2 or 3 daily. A few more serious cases are in the course of prosecution, including one General Court case for sniping. In Campobasso seventeen cases of alleged riot are scheduled for trial 5 November.

(206) In both the Compartimenti of the Region L.Os have given considerable time to problems concerning the release of various categories of prisoners. These have included cases of liberata provvisoria, liberazione condizionale and the outright release of political prisoners. In addition many cases of imprisonment by F.S.S. have been locked into and releases ordered. In those large areas where F.S.S. has either not been present or has moved on after a few days, security arrests have been made by AMG under Section 2 of Article 7 of Proclamation No. 2. In the case of every arrest of this sort the Legal Division has played an important part. In dealing with all matters touched upon in this paragraph the Legal Division has worked in the closest collaboration with the Public Safety Division. It has also made much use of the advice of committees of reliable Italian civilians, including judicial and prosecuting officials. On 30 October the jail at Campobasso was visited and prisoners examined. Eleven were released and one was detained for a mental house. Of those released five had no proper records of conviction, one had been badly wounded in another jail and the remaining four were "political" i.e. anti-Fascists. There were two alleged murders, arrested in 1939 and 1943 respectively. They are to await trial.

(207) As stated above, in Lucania definite steps have been taken to

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(207) As stated above, in Lucania definite steps have been taken to organize, under AMG supervision and impetus, a so-called Committee of Investigation whose responsibility it shall be to receive, investigate and pass on to the Italian prosecuting officials for action, criminal charges against persons who violated the Penal Code in the last years of the Fascist regime and who escaped prosecution by reason of their affiliation with the Fascist Party. Plans are presently being worked out in Calabria for the organization of a similar Committee there.

Finance

(208) At no time has there been any shortage of currency in Region II. This is no doubt due in a considerable degree, to the fact that the banks in the Region were never officially closed. They were encouraged to operate as soon as they deemed the local situation sufficiently tranquil after the occupation. No runs developed, there was no interruption in the course of banking business, and consequently none of the slow strangulation of economic life which occurred in Sicily while the reopening of the banks was in progress.

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(209) From a layman's point of view, interested in reviving business, public confidence, and facilitating public administration, the policy of not closing banks by proclamation has shown much better results than that of closing them automatically upon occupation.

(210) Because of the fact that there were only two Finance Officers with AMG in the early stages of the invasion, it was obviously impossible to follow exactly the same methods as in Sicily. Major MacFadden, the Senior Finance Officer, cut the garment to fit the cloth. He set up a system whereby the Prefects and Intendenti of Finance reviewed the budget estimates from the communes and other public bodies and brought only extraordinary or doubtful items to the attention of the AMG officials. Provincial C.A.O.s were required to countersign checks for communal or provincial expenditures if they approved; if not, the matter was referred to the Regional Finance Officer. State railways were financed through the Capo Compartimento, who ran accounts with the various provincial branches of the Bank of Italy.

(211) The Bank of Italy was ordered to act as the banker's bank in all provincial capitals, and held all cash surpluses, and supplied funds necessary for the operation of the commercial banks.

(212) According to the reports received, the Italian currency held by the banks was as follows:

Reggio	£ 145,000,000
Catanzaro	150,000,000
Cosenza	60,000,000
Potenza	45,000,000
Matera	18,000,000
Total	£ 418,000,000

(213) Currency received from Sicily to the end of October was as follows:

Caltanissetta	£ 20,000,000
AMFA (15/9/43)	53,952,000
AMFA (15/10/43)	502,336,000

Total	£ 576,288,000
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(214) Steps were taken to open a branch of AMFA in Region II. Meanwhile AMFA had already provided 577 million lire including two sums of 100 million each, deposited with the Bank of Italy, branches at Cosenza and Potenza for use in that Region.

(215) By depositing the AMFA funds in the provincial branches of the Bank of Italy according to their probable requirements and keeping the greater part of it in accounts under the control of the Regional Finance Officer, it was

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(215) By depositing the AMEA funds in the provincial branches of the Bank of Italy according to their probable requirements and keeping the greater part of it in accounts under the control of the Regional Finance Officer, it was found to be possible to keep the banks liquid and to remedy any maldistribution of cash within the Region.

(216) In order to economize on currency, all public accounts were allowed to have accumulated deficits which were not cleared by AMG. Public account deficits were financed by overdrafts at the central bank. In this way one lire in physical cash is made to cover expenditures of something like ten lire, and the enormous waste of currency which would be required to keep the accounts in credit by depositing AMG lire is avoided.

(217) In each provincial capital there is another account to be operated by the C.A.O. of the province which is used to meet all impressed expenditures for AMG operating charges.

(218) Post Offices were opened where physical conditions permitted, for normal deposit business and for effecting the payment of various public employees and beneficiaries as usual.

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(219) The public social insurance system was functioning normally apart from the limitations imposed by slow communications, especially the absence of postal service, and in Reggio because of damage to premises and records during military operations. No requests were received from this system for AMG financial assistance. Private insurance premiums continued to be collected and work was started upon a scheme to become effective Jan. 1, 1944 for payment of claims on a restricted basis, with direct financial assistance from AMG.

(220) Revenue collections for the period from July to October vary from approximately 70% to 85% of the estimates according to provinces. Exact figures are not available as to the deficit on state accounts for the entire Region, but it is known to be heavy. This is the normal situation, but it is now aggravated by the request of the Italian 51st Army Corps for pay and maintenance which that organization estimates at 80,000,000 lire a month.

Public Health

(221) One of the biggest problems in this Region was the large number of refugees and Italian soldiers who did not live in the region but who were swarming about it and generally adding to the congestion. Prisoner-of-war camps were incapable of coping with the situation. Efforts were made to control the movement of these refugees and former soldiers wherever possible.

(222) There was a large Italian camp for civilian internees at Ferramonte near Tarsia in Cosenza province. One of the senior Public Welfare officers was sent from HQ at Palermo to visit this camp and to investigate the conditions under which the approximately two thousand civilian internees had been and were living. He submitted a most comprehensive report on the subject on October 24 which has already been transmitted to higher headquarters. There were 1,438 persons in the camp at Ferramonte, of whom 553 were Yugoslavs, 454 Czechs and 250 Austrians. A great number of the inmates of this camp were Jewish. Blankets, clothing, and other necessities were provided for the inmates of these camps. The American Red Cross assisted in the welfare work done at this camp.

(223) A large camp is being completed at Gravina near Matera capable of housing 10 to 12 thousand inmates. It is believed that this camp should become the base camp for the Displaced Persons Subcommission and that the Yugoslavs from Palermo and the former internees at Cosenza (Ferramonte) should be moved to Gravina in due course.

(224) Certain areas under 8th Army control were evacuated to southern Italy. Their transfer and permanent location was assisted by the Displaced Persons Subcommission working with the Italian Government.

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Region, but it is known to be heavy. This is the normal situation, but it is now aggravated by the request of the Italian 31st Army Corps for pay and maintenance which that organization estimates at 50,000,000 lire a month.

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(225) A Yugoslav and a French delegation to look into the matter of their respective nationals was dispatched to the Italian mainland.

Property Control

(226) The work done in the Region by the Property Controller is briefly described in the report submitted by the Division attached as Exhibit A.

Economics and Supply

(227) Because of drought, the wheat crop was a bad failure in Reggio, and far below normal in the other provinces. It is expected that Catanzaro and Cosenza will have no reserves of wheat left at the end of October; that Potenza province (normally producing a surplus for export) will have only enough to last until March for its own consumption; and that Matera will have a small export surplus. Upon arrival in the last named province, AMG was informed that there would be an export surplus of 20,000 tons of wheat, but it soon became evident that these figures were inaccurate and the actual amount would be much less.

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(228) The prospects for the olive oil crop were so good that the ration was increased to a litre per month, and the black market in that commodity was dealt a very heavy blow. 100 containers can be found there will be a reasonable surplus for export. Other food crops, such as potatoes in Calabria, were in reasonable quantity.

(229) It is quite likely that the next year's crops will be even smaller than this year's for lack of seed, especially wheat and potatoes, and fertilizer. Instructions have been given to distribute the available stock of fertilizer at Montecatini Plant in Crotone as fast as possible.

(230) Timber is in adequate supply, and a large amount, both of boards and timber of various sizes was already cut and stacked near the roads in Catanzaro and Cosenza provinces, but the practical paralysis of transportation, both rail and road, was preventing movement to markets.

(231) Most of the few industrial plants in this Region use electric power which is in adequate supply. The main transmission lines were practically undamaged. Coal was in short supply, but it was estimated that there was a sufficient supply to run the trains until the end of December.

(232) The price for grain at the Ammassi had not changed, with the result that in many cases the producers sustained an actual loss when they amassed their grain, while they can make a very substantial profit on what they could sell in the black market. The result was obvious.

Transportation, Communication and Utilities

(233) As already mentioned, the post offices were opened on a limited basis for the performance of many of their useful financial functions, but postal service was limited to the transportation of official mail on a very restricted basis. Telegraph and telephone systems were either not functioning at all or operated under military control, except for very limited official use of the telephone.

Labor

(234) Farm labor was practically normal in amount, allowing for those on army service, but other forms of employment were very slow. This was natural from the practical paralysis of ordinary business and industry.

(235) The general trend in wages and prices was very sharply upward. The wages of clerks and public employees for the provinces and communes, and of the Carabinieri remained on the old levels, while those of labor and casual workers was at very high levels. As in Sicily, purchases by army personnel were made without knowledge of, or consideration for, existing price levels or the effect of such purchases upon civilian economy.

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Monuments, Fine Arts and Archives

(236) Lucania - All the monuments in Matera are happily intact. Potenza as a town has been considerably damaged. The Cathedral, of no artistic value, suffered a direct hit in the choir and the neighboring archbishop's palace was burned. The provincial Museum was entirely destroyed together with virtually all the contents. The temple at Sibari and the Carthusian Monastery at Padula were untouched. With the exception of Potenza the contents of nearly all the museums were stored.

(237) Calabria - The temple sites and the castle at Crotona were not damaged. Catanzaro was entirely intact but Cosenza was severely damaged, whilst Catanzaro Marina was badly knocked about. The new museum at Reggio Calabria, which had not yet been occupied, was considerably damaged. The contents of the old museum were safely stored in the interior.

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Education

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(238) Practically nothing was accomplished during the month of October towards reopening schools. In the vicinity of Nicasio one C.A.O., in the absence of instructions to the contrary, reopened the local schools on his own initiative in order to get the children off the streets and with a view to checking the increasing juvenile delinquency.

+ + + + + + + + + + + + + + + + +

(239) Personnel, officer and enlisted, continued to work with energy and resourcefulness under the varied conditions facing them. The British and American officers, as before, worked in complete harmony and teamwork.

Respectfully submitted,

FRANK J. MCSHERRY
Brigadier General, U.S. Army
Deputy Chief Civil Affairs Officer

Encls. - 2

DISTRIBUTION:

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EXHIBIT AREPORT OF THE CONTROLLER OF PROPERTY, A.M.G., FOR OCTOBER 19431. General.

The month under review saw good progress in all aspects of the Division's work. My "field" officers, benefitting from the experience of the previous two months, carried out their duties very satisfactorily, and in spite of their limited number and the amount of detailed work involved, took formal custody of numerous properties and made the necessary arrangements for their management, subject to the A.C.C.'s supervision and direction.

I personally made two tours during the month; the first to Agrigento and Ragusa, and the second to Messina. Major Bovard (A), A.D.C.P., accompanied me on each tour. In the course of the first I made a personal inspection of the Asphalt Mines at Ragusa (para 3(A)(2) of this report), whilst at Messina I met Major Mander (A), C.P. Region II, and was able to discuss the problems of that Region with him. It had been my intention to make a personal inspection of it, but the arrival of the Allied-Control Commission and the resulting re-organization, involving further planning, necessitated my immediate return to Palermo. Major Bovard however proceeded to Region II, and reference is made in para 5 below to the report he submitted to me on his return.

Lt.Col. Glenn (A) and Major Evans (B - Canadian) of the A.C.C. joined my HQ staff towards the end of the month.

Region I (Sicily) was formally established with effect from 27 Oct 43, and Capt. Hellmuth (B) was appointed Regional C.P., but remaining responsible for the Provinces of Palermo and Trapani, of which he had previously been A.C.P.

Region I2. Real Estate.(A) Allied Property.

The formal taking into custody and supervisory management of Allied Properties has continued to engage most of the time of my "field" officers in the Provinces of Palermo, Messina and Catania, where 206 out of a total of 211 sequestered Allied properties are situated. The position with regard to Allied properties in the other six provinces remains the same as stated in para 4 of my Report for September 1943.

In the Province of Palermo, all properties of which the Bank of Sicily took possession as sequestrator have now been taken into custody, their administration being left in the hands of the Bank, subject to my control.

Practically all the other Allied properties in Palermo Province, of which possession was not taken by the Bank of Sicily, have been inspected and most of them have been or are in course of being taken into custody. In some cases, it was found that the property was being administered by an Attorney of the owner, and where the C.L.O. has advised that the Power of Attorney is valid, the property has been left in the care of the Attorney, if found satisfactory, his attention being drawn to the provisions of Proclamation No. 6.

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Region I

2. Real Estate.

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In Catania Province, the Bronte Estate (referred to in para 3 of my Report for August, and para 4 of that for September) continues to be managed by my agent, Signor Modica, and calls for no official comment in this Report. Other Allied property in the Province has been taken into custody during the month under review, and only a few properties now remain to be dealt with.

Particulars furnished by the Bank of Sicily showed that in Messina Province there were 161 Allied Properties, though the Bank, as sequesterator, had only taken formal possession of 22, including the more valuable villas in Taormina belonging to English and American Nationals. Though the A.C.P. has worked hard and made good progress in the matter of taking custody of these properties, much work remains to be done in this Province, and the arrival of additional officers of the A.C.C. has enabled me, since the end of the month under review, to send an extra officer to assist in such work.

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(B) Enemy State Property (Italian).

Formal custody has been taken of further State buildings and properties, including a state forest, the Azienda Foreste Demaniali Ficuzza in Palermo Province. This forest was managed by a special administration under the control of the Ministry of Agriculture, and is now being managed by the Economics and Supply Division, who are furnishing records to the C.P., such records including the initial inventories and accounts, made up to 30 Sept 43.

The semi-statal undertaking known as the Ente di Colonizzazione del Latifondo Siciliano, referred to in my previous reports, remains under the management of Dott. Favreling as Special Commissioner, and Prof. Nunzio Prestianni as Vice-Commissioner. Owing to the disorganized state of affairs with which they have had to deal, they have not yet had time to prepare the report and accounts for which I have asked.

Now that Italy is a co-belligerent, and the general administration of certain Regions is likely to pass in the near future to the Italian Government, I propose to leave the responsibility for State Properties in the hands of the appropriate governmental officials and institutions, subject to my control and supervision, and instructions to this effect are being issued.

(C) Property of other Enemy States and their Nationals.

Up to date my staff has been too busily engaged on work in connection with Allied and Italian State Property to ascertain what properties there are in Sicily belonging to the nationals of other Enemy States, but instructions have been given to the appropriate Italian officials in the Island to furnish a list of such properties. It might be mentioned that the German Consulate premises in Palermo are in the occupation of U.S. Forces, and remain their responsibility so long as such occupation continues.

(D) Abandoned Property.

The arrangements made for dealing with abandoned properties, as explained in paragraph (a) of my Report for September 1943, have worked very satisfactorily, and in Palermo Province approximately 300 applications have been handled.

3. Industrial and Commercial Undertakings

(A) Allied Properties.

(1) Azienda Generale Italiana Petroli.

Azienda Generale Italiana Petroli (A.G.I.P.) referred to in my previous reports, continues to be managed on my behalf by Sig. Giacomo Catolffi, ex vice-manager of the M.I.T. (Shell) Company as Special Commissioner, with Sig. Francesco Bernarolli, ex vice-manager of the S.I.A.P. (Standard) and Sig. Elio Maestrelli, head of the accounting section of the Palermo office of A.G.I.P., as his assistants. A.G.I.P. is being operated as a single unit under the direction of E.S.D., and in order to secure proper co-ordination in the management, it was decided to form a Board for A.G.I.P. at HQ, consisting of C.P., and representatives of the Legal, Finance, and E.S. Divisions.

Instructions have been given to the management:-

- (a) to re-organize the concern on the reduced basis necessitated by war conditions to cut down redundant staff, close down plant not in use and place it on a care and maintenance basis.

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Instructions have been given to the management:-

- (a) to re-organize the concern on the reduced basis necessitated by war conditions to cut down redundant staff, close down plant not in use and place it on a care and maintenance basis, etc, etc, and to furnish monthly accounts showing separately expenditure incurred with respect to the installations of each of the constituent companies,
- (b) to prepare a report showing the position of each of such companies as at 30 June and 31 August 43 respectively, together with inventories giving condition of the plant, balance sheets, etc, and such details as are available concerning occupation of the installation requisitions, etc, by (i) Italian and German, and (ii) Allied Armed Forces.

Owing to the inevitable confusion caused by the war, and the consequent lack of communications in the Island, the above data will take some time to assemble, and it is hardly to be expected that records will be complete. Every effort is now-

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over being able to obtain a clear picture of events so far as circumstances permit. The Supply Officer of Region I has sent one of his staff to investigate the position in the different provinces, accompanied by Signor C. G. I. I have attached Major Sansone, who has recently joined this Sub-Commission at ANGOT headquarters, to the.

Necessary measures are being taken to conserve suspected properties.

(2) Asphalt Mines at Ragusa.

I visited these mines at the beginning of October 1943, and met Signor Roy, who is cited in para 5 (a) (ii) of my report for Sept 43, as the manager of the A.P.C.D. Company, and has been entrusted to carry out the operation of the mines. I learnt from him that records have been kept of the quantities of rock obtained from the British concessions (owned by the Val de Travers Asphalt Mining Co. Ltd., and the United Liner and Vorvchle Rock Asphalt Co. Ltd.) and of the output of asphalt powder obtained from the British mills, and of expenditure incurred in producing the same.

Formal custody has been taken of the properties of the two British companies. I had intended to take formal custody of the A.P.C.D. Company (owned by the Italian Government) but in view of the current situation brought about by the armistice, I decided that this step was not necessary.

Records have been furnished by Signor Roy, giving the following data:-

- (a) Tones affected by the A.P.C.D. Company on the Liner and Val de Travers mines.
- (b) Balance sheets of the two companies as at 13 June 1940.
- (c) Monthly production and expenditure figures for each year, covering the period March 1942 (when the British mines were handed over to the A.P.C.D. Company) to July 1943.
- (d) Inventory of the property of the two British companies.
- (e) Local documents concerning the sequestration of the properties and their transfer to the A.P.C.D. Company.

A third company owning the plant and concessions in the Ragusa field is the Avelina & Co., a family firm, of which three of the members are Italian citizens. I have before me a fourth member of the family, Mr. Charles Avelina, elected to represent his British nationality, and his interest in the firm is concentrated by the Italian Government. Records are not yet available concerning the sequestration of this interest, but, when they are, custody of his interest will be taken.

(3) Asphalt Mining - at Ragusa.

This business, referred to in para 5 (a) (iii) of my report for Sept 43, was re-opened on 1 Oct 43, but on the conservative basis of taking only the minimum quantity of rock necessary to cover general operating expenses.

(a) Italian State Properties.

Formal custody has been taken of the properties of the two British companies. I had intended to take formal custody of the A.S.C.D. Company (owned by the Italian Government) but in view of the changed situation brought about by the armistice, I decided that this step was now unnecessary.

Records have been furnished by Sir Peter Moy, giving the following data:-

- (a) Works appointed for the A.S.C.D. Company on the Limer and Val de Triviers Mines.
- (b) Balance sheets of the two companies as at 13 June 1940.
- (c) Monthly production and expenditure figures for each mine, covering the period March 1942 (when the British mine was handed over to the A.S.C.D. Company) to July 1943.
- (d) Inventory of the property of the two British companies.
- (e) Legal documents concerning the sequestration of the properties and their transfer to the A.S.C.D. Company.

A third company owning the plant and concessions in the Raposa field is U. Avelina & Co., a family firm, of which three of the members assumed Italian citizenship before the war. A fourth member of the family, Mr. Charles Avelina, elected to become his British nationality, and his interest in the firm was sequestered by the Italian Government. Records are not yet available concerning the sequestration of this interest, but, when they are, custody of his interest will be taken.

(3) Submarine business - Battelli Corp.

This business, referred to in para 5 (a) (iii) of my report for Sept 43, was re-opened on 4 Oct 43, but on the conservative basis of selling only the minimum quantity of 1000's necessary to cover general operating expenses.

(4) Italian State Properties.

(1) Ente Nazionale Industrie Cinematografiche. (E.N.I.C.).

The cinemas located in Genoa and Palermo, referred to in para 10 (a) and (b) respectively of my report for August and Sept 43, are continuing to do good business, although handicapped by a performance only on weekdays. Arrangements having recently been made for the shows daily, there should soon be a considerable increase in receipts. The other two large cinemas in Palermo, the Nazionale and Supercinema, are now to be repaired, but it will take two to three months in the case of the former and about six months in the case of the latter to complete the repairs and permit the reopening of these cinemas.

- 4 -

Of the E.N.I.C theatres in Catania, two have been requisitioned by the Armed Forces and the third has been completely destroyed. Of those in Messina, one has been damaged by bombing, but could be repaired at the approximate cost of L.400,000. No information has yet been received concerning the others.

The Palermo manager of E.N.I.C, Signor Hollo, has been charged with the general supervision of all E.N.I.C theatres throughout the Island.

No decision has yet been reached on the advisability of effecting repairs to and re-opening the damaged theatres in Messina and Catania.

(ii) Unione Militare.

An inventory of the stock of this institution (referred to in para 6 (b) of my report for Sept 43) has now been completed and a 10% check carried out. This was found to be satisfactory. The store in Palermo has been re-opened for the use of Italian Services only. Goods which may be of use to the Italian Armed Forces are being preserved.

Certain complaints which have been made regarding this concern are being investigated.

4. Abandoned Industrial Undertaking.

In the Province of Agrigento a small salt mine was found to be abandoned. It has been formally taken into custody and a manager appointed. Inventories and accounts have been furnished, and instructions have been given to the manager to submit monthly reports.

Region II.

5. Conditions.

Major Bovard (A), A/D.C.P., on his visit to Region II towards the end of October, found that conditions there differ widely from those in Region I. There is practically no Allied Property with the exception of A.G.I.P. (ex MARTA and Shell) installations, consisting chiefly of petrol pumps and reservoirs. There would also appear to be very little property belonging to Axis Nationals.

Prefects of Provinces have been directed to furnish the Regional C.P. with lists of Allied Properties sequestered by the Italian Government, but such lists are not yet available.

6. Conclusion.

Owing to shortage of staff, the progress made in taking over Allied Properties has necessarily been slow, but in view of coming changes I have decided to concentrate on these rather than on Italian Government properties, and it is to be hoped that during the coming months progress will be more rapid.

In conclusion I should like to place on record my appreciation of the excellent

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In conclusion I should like to place on record my appreciation of the excellent services rendered by my staff.

/s/ C. R. S. Harris,
/t/ C. R. S. HARRIS,
Lieut-Colonel,
Director of Property Control.

EXHIBIT BSECRET

Subject: Report on the activities of the Financial Division During October 1943

To : The C.O.A.O.

INTRODUCTION:

3345

1. During October the Financial Division made further progress toward the re-establishing of the normal functioning of the financial machinery of the Sicily area. Measures have been adopted to make increasingly effective the control of governmental expenditures. The banks have been restored to unrestricted operations. The Postal Savings Section of the Post Office has been reopened. Social Insurance Institutions have been put in a position to carry on their benefit payments. A number of other unsettled problems have been studied. Obviously, the full restoration of the economic and financial life of the area must await developments on a broader scale. For example, improvement of conditions in agriculture, industry and mining will depend on the resumption of exportation and importation, and the attaining of normal banking activities will have to await improvement in those fields as well as the resumption of service on the Italian government debt.

2. Coordination between the Financial Division at Headquarters and the Finance officers in the field have been increased. On October 26, the Provincial Finance Officers were called to a meeting at Headquarters, at which the new plans for expenditure control were explained, and revenue, banking, insurance, postal and accounting matters were reported upon and reviewed.

3. It is the aim of the Division to put as many of the financial functions as possible in the hands of the proper Italian officials, retaining in AMG officers the control and supervision prescribed in the AMGOT plan.

4. At the close of the month the Division consisted of 46 officers in Sicily, of whom one was the Deputy Chief Finance Officer; 11 were in the Revenue, Banking, Insurance and Postal Sections, 7 were in ALMA, 13 were in the Accounting Section, and 15 were in the Provinces. Former officers of the Division assigned to other areas as of the end of the month were as follows: 7 in Region II; 2 in Region III and 2 in AMGOT, 15th Army Headquarters. During the month 4 officers were sent from Tizi Ouzou to ALMA, Palermo, for training.

5. By Headquarters ALMA Order 210.3, issued on the 26th of October, 1943, Region I (Sicily) was set up and 20 officers of the Financial Division were assigned to it to constitute the Financial Division of Region I.

PUBLIC FINANCES:

6. Improvement has continued in the collection of revenues. Reports by Finance Officers indicated that the inflow of taxes in the various provinces increased to a range of from 20% of normal in Messina Province to 60% in Ragusa Province. In Agri-

Savings Section of the Post Office has been reorganized. Social Insurance Institutions have been put in a position to carry on their benefit payments. A number of other unsettled problems have been studied. Obviously, the full restoration of the economic and financial life of the area must await developments on a broader scale. For example, improvement of conditions in agriculture, industry and mining will depend on the resumption of exportation and importation, and the attaining of normal banking activities will have to await improvement in these fields as well as the resumption of service on the Italian Government debt.

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5. By Headquarters AITA Order 210.3, issued on the 24th of October, 1943, Region I (Sicily) was set up and 20 officers of the Financial Division were assigned to it to constitute the Financial Division of Region I.

PUBLIC FINANCES:

6. Improvement has continued in the collection of revenues. Reports by Finance Officers indicated that the inflow of taxes in the various provinces increased to a range of from 20% of normal in Messina Province to 50% in Ragusa Province. In Agrigento communal taxes were covering expenditures, and no further advances were being made to communes in the province. The low rate of collections in Messina, the last province to be occupied, was due to heavy damage and the slowness with which refugees were returning to their homes. Postponements to taxpayers (tolleranza) had still to be granted in many places. During the month, with the removal of restrictions on bank payments, banks were authorized to pay their assegni circolari and varin bancari, thus rendering liquid much paper of this kind in the hands of taxpayers and enabling them to pay taxes. The reopening of the banks and Postal Savings Offices should also increase the means of payment of taxpayers.

7. Tighter control of expenditures has been the objective of new instructions issued on October 11, relating to communes and provinces. With effect from December 1, communes and provinces will be required to submit monthly budget estimates of needs filled out on forms supplied by the CAC, with headings of receipts and expenditures such as carried on their pre-occupation budgets. For comparison, the forms submitted will carry the actual receipts and expenditures for the corresponding month last year. Based on these monthly estimates, each commune will make its request for funds to cover its deficit, if any. The budgets and requests will be approved by the Prefect and the FO in the Province; then will be forwarded to the Financial Division at Headquarters for final approval. It is planned that funds will be disbursed to the Prefect to be paid by him to the communes, thus conforming to the pre-occupation system, and at the same time simplifying the accounting. A new scheme for controlling the expenditure of State bodies is being prepared. Under the proposed plan, all State bodies will make application for their needs. Their applications will be approved either by the Prefect of the Intendants in the Province, and will then be sent on to Headquarters where the approved application will be assembled and turned over to the Bank of Italy Royal Treasury Section with instructions that the items be paid. The Chief Inspector of the Bank of Italy will be located in Palermo and will serve as a central authority through whom to deal with the Bank of Italy. He will centralize for us the reports of all branches in Sicily, covering the State taxes deposited in them and assembling all information on which to base AFEA advance to the Bank of Italy, Royal Treasury Sections. Both plans will assure (1) that State revenues collected will be applied to meeting expenditures and (2) that requests will be centralized at Headquarters of the Region where they can be checked and supervised. Because of the reduced personnel assigned to Regional military government, the employment of qualified Italian officials will be both necessary as well as helpful.

8. The Revenue Section has had discussions with Army and Navy authorities leading to the resumption of control by the Italian Customs organization of ports released by Allied forces. The schedules of import duties in force under Italian law will be enforced. A caution arose during the month with reference to flour, sugar, and petroleum in ports arranged by Civilian Supply Division for resale to the civilian population. It was ruled by the DCCAO that no duties are to be levied on AMMAT imports of this kind, even though intended for resale to the civilian population.

9. It was decided to recommence the operations of the Lottery in Sicily about the middle of November, beginning in the Palermo area and extending it island-wide as soon as conditions permit. The normal net profits of this activity were about 29 million lire a year in the region under Palermo jurisdiction.

10. Manufacture of tobacco products by the tobacco monopoly has begun on a small scale. Expansion of this activity will depend on supply of electric power and coal. Financing of the repair of the Catania factory is being considered.

11. With the removal of restrictions on banks and the lifting of the moratorium by General Order No. 10, October 12, the question of resumption of service on municipal debt was raised. It was decided to make no change in the past policy of not authorizing the resumption of such service. Pre-occupation bills of communes, other than salaries, have been held in suspense, and because of the difficulties involved in considering long past due bills for supplies, rent, etc., of the communes, the policy of not advancing funds to communes for these purposes has been maintained.

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12. The broad problem of revising the tax rates now in force under Italian laws has been discussed, but it is considered that such revision must await consultation with Italian authorities on a higher level. The matter of raising salaries of government employees has been increasingly urgent, as petitions for such increases, to meet the high cost of living, have been flowing to Headquarters in larger and larger volume. This question had been entrusted to the Labor Division for study and report. A project for such raises was submitted by that Division at the end of October. The Financial Division, after discussing the question fully with the Labor Division, offered the warning that this is a step toward growing inflation, but agreed that circumstances demanded action to put through the raises proposed. It recommended that the Senior Officers of the Financial Sub-Commission who were about to arrive from Tizi Ouzou be given the opportunity to pass on the project. This recommendation was accepted.

BANKING

13. An important development during the month in the banking field was the issuance of Gen. Order No. 10, effective Oct. 12. By this order the provisions of Proclamation No. 5 closing banks and other financial institutions were rescinded, and such banks and institutions were permitted to resume their normal functions without any restrictions as to deposit withdrawals and other obligations to customers, except in the case of the Bank of Italy. The latter was permitted to engage only in (a) Royal Treasury operations, (b) transfers from free credit balances at the request of individuals or persons, (c) payment of its vaglia cambiari. The requirement that a representative of the AMG be present at the initial opening of safe deposit boxes and at the releasing of articles in safe custody was maintained. By the same Gen. Order, the moratorium established by Proclamation No. 5 was terminated, except as to the Bank of Italy's obligations toward banks and other financial institutions and as to their obligations to the Bank of Italy.

14. The banks are now restored to normal functioning, including the paying of their assegni circolari (circular checks) and vaglia cambiari (also a form of circular checks issued by Banco di Sicilia), but there still remains the question of resumption of service on the government debt, which constitutes large portion of the assets of all banks. The credits made available to the banks by AMFA still continue outstanding. Not only was no increase in these credit lines necessary, but on the contrary the use of AMFA credit is only a small percentage of the total available. Of total credits of 1,700,000,000 Lire, the banks were using at the end of the month only 380,000,000 Lire. Following the publication of Gen. Order No. 10, the CFI and AMFA jointly sent to all the banks a letter amending the existing credit agreements by eliminating the previous requirement that cash loaned by AMFA must be used only for payment of withdrawals by depositors; the same letter administered the banks that in their loaning operations they must exercise caution and avoid speculative loans. The banks are required to furnish to the CFI end-of-the-month balance sheets.

15. The Blocked Account Section, under the CFI, maintains records of blocked accounts and on justifiable grounds issues licenses, either Special or General, the former permitting specific withdrawals, the latter free operation of the account.

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15. The Blocked Account Section, under the CFI, maintains records of blocked accounts and on justifiable grounds issues licenses, either Special or General, the former permitting specific withdrawals, the latter free operation of the account. It is proposed that blocked accounts of institutions which have been abolished be transferred to the Property Custodian Division. Instructions are being prepared by which each Provincial FO will be given jurisdiction over the blocked accounts located in the province, with authority to issue unblocking licenses where warranted, thus decentralizing the system and permitting quicker action where this is desirable.

16. Reopening of the Postal Savings Sections of the Post Offices was accomplished shortly after the restrictions were lifted in Palermo from the banks. Depositors are permitted to withdraw from their accounts without limitations. Credit facilities up to a maximum of 200,000,000 Lire were established by AMFA for the use

of the Postal Savings organization. The amount used at the end of October by the offices in Palermo city, was only 8,000,000 Lire. Reports indicate that deposits are coming into the offices in excess of withdrawals. The Current Accounts sections of the Post Offices are also authorized to open, and funds from the above mentioned credit are available, if needed, to make this possible. Suitable quarters are being sought in Palermo, as the main postal building is still occupied by the Armed Forces. The recommencing of postal money order operations will not long be delayed, after the censorship aspects have been covered.

SOCIAL INSURANCES

17. In the Social Insurance branch of the GAI's section, marked progress was made during the month by the facilitating of the resumption of operations of the Istituto di Provvidenza Sociale, the largest of the social insurance institutions. For the institution's island-wide organization, it was agreed that the amount of 86,899,000 Lire was needed to cover its requirements for payment of benefits for the three months ended September. These amounts were advanced to the Istituto by ANFI. It is proposed that the monthly requirements will be similarly met, after adequate reports are submitted to us by the Chief Inspector of the Institute. This organization has normally operated on a deficit basis, as previously explained.

18. The Istituto d'Assicurazioni Contro Gli Infortuni sul Lavoro has been able to resume its activities without any financial help from the Military Government. As previously indicated, this Istituto has absorbed the Cassa Mutua Infortuni Arrivelli throughout the Island of Sicily.

19. Negotiations are well advanced for the amalgamation of the following four Casse Mutue under the title of "Istituto per la Assistenza di Malattia al Lavoro-tori": Cassa Nazionale Malattie per gli Adetti al Commercio, Cassa Mutua Provinciale di Malattie per i Lavoratori dell'Agricoltura, Istituto di Assistenza per i Lavoratori delle Aziende di Credito, Cassa Mutua Malattie per i Lavoratori della Industria. As to the remaining institutions of a social insurance character, investigations and negotiations are proceeding.

20. In accordance with the request of the Major General Commanding No. 1 District, an officer of the Insurance Section attended a conference on October 21, called to consider the matter of workers' compensation in relation to employees of the Services. Our officer reported to the conference on our arrangement with the Istituto d'Assicurazioni Contro gli Infortuni del Lavoro, by which IMCOT civilian employees (in the manual labor class) are considered as State employees and are covered by the same benefit arrangement which the State has established with the Istituto.

21. Istituto Nazionale della Assicurazione, by Italian law, handles an indemnity fund built up by contributions of employers, consisting of one-twelfth of the salaries paid to employees. This fund is used to pay termination-of-employment allowances to employees who are dismissed. In view of the social nature of this phase of the Istituto's operations, authority was granted to it to resume this

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22. The abrogation of the moratorium permits private insurance companies to resume their normal functions. As previously reported, none of the companies represented in Sicily has its parent offices in occupied territory. Negotiations have been under way between insurance agencies and the local banks with a view to reaching a basis for enabling the agencies to undertake full operations. Obviously, it would be unethical for the agencies to accept premiums for general accident, fire, theft and other policies without either the means of settling claims or proper provisions in this connection making clear to policy holders the possible delays in settling claims by the parent organizations. As regards life insurance, it is suggested that premiums be paid into the banks for account of the Companies concerned. The banks to be authorized to make payments in respect of maturing policies, annuities, pensions, etc., holding the policies as security. An early settlement of the private insurance problems is necessary.

A.M.F.A. AND CURRENCY.

23. A.M.F.A.'s report for the period October 1 to 31, 1943, as sent through Military Govt. Section AMG to the Treasuries at Washington and London is summarized as follows.

24. The Statement of Assets and Liabilities of A.M.F.A. as at the close of business on Oct. 31, 1943, shows the following principal headings:

| Assets. | | (Expressed in thousands of Lire) |
|--|-----------|----------------------------------|
| Current & Reserve cash & Current Accounts | ..... | 1,045,369 |
| Funds Held by Officers in the Field (including outside Sicily) | ..... | 3,052,193 |
| Balances with Banco di Sicilia as a partial provision against credits granted to Banks by A.M.F.A. | ..... | 1,112,872 |
| Balances with Banco di Sicilia-Funds deposited by Banks with A.M.F.A. | ..... | 372,675 |
| A.M. Stamps (including delivery to Post-Off.) | ..... | 86,714 |
| Payments on acct. of Civilian Sup. Div. | ..... | 5,490 |
| Advances to Italian Governmental bodies and others | ..... | 486,837 |
| Loans to Banks and others | ..... | 381,530 |
| Payments on account of Occupation Costs: | | |
| To United States Army | 3,749,824 | |
| To United States Navy | 70,466 | |
| To British Army | 2,048,830 | |
| Total | 5,869,120 | |
| Less net AMG revenue | 4,749 | 5,864,380 |
| Total | ..... | 12,408,053 |
| Liabilities. | | |
| New A.M. Lire Notes Received | ..... | 11,757,784 |
| New A.M. Stamps Received | ..... | 86,714 |
| Deposits by AMG Divisions | ..... | 2,847 |
| Funds obtained by Acctg. Officers in the Field | ..... | 187,972 |
| Deposits by Banks | ..... | 372,675 |
| Sales in Sicily of Supplies purchased Locally | ..... | 61 |
| Total | ..... | 12,408,053 |

25. Total Assets and Liabilities of Lire 12,408,053,254 compare with

| | |
|--|------------|
| partial provision against credits granted to Banks by AMFA..... | 1,112,872 |
| Balances with Banca di Sicilia-Funds deposited by Banks with AMFA..... | 372,675 |
| A.M. Stamps (including deliver Post-Off.)..... | 86,714 |
| Payments on acct. of Civilian Sup. Div..... | 5,490 |
| Advances to Italian Governmental bodies and others..... | 486,837 |
| Loans to Banks and others..... | 381,530 |
| Payments on account of Occupation Costs: | |
| To United States Army..... | 3,749,824 |
| To United States Navy..... | 70,466 |
| To British Army..... | 2,048,830 |
| Total..... | 5,869,120 |
| Less net AMG revenue..... | 4,740 |
| Total..... | 12,408,053 |
| | <u>335</u> |

Liabilities.

| | |
|---|------------|
| New A.M. Lire Notes Received..... | 11,757,784 |
| New A.M. Stamps Received..... | 86,714 |
| Deposits by AMG Divisions..... | 2,847 |
| Funds obtained by Acctg. Officers in the Field..... | 187,972 |
| Deposits by Banks..... | 372,675 |
| Sales in Sicily of Supplies purchased Locally..... | 61 |
| Total..... | 12,408,053 |

25. Total Assets and Liabilities of Lire 12,408,053,254 compare with Lire 9,857,289,479 at the end of September. The increase of approximately Lire 2,550,000,000 is accounted for principally by:

(a) the receipt of 2,000 million lire in new A.M. Notes.

(b) increased deposits by banks of 343 millions. (A number of banks have deposited sums in excess of their borrowings -- on these deposits AMFA pays them interest at the same rate as they pay on their borrowings; (in most cases 2% per annum).)

(c) funds obtained from banks and others by Acotr. Officers in the field, approx. 188 millions. The great bulk of these have been repaid, and the repayments will be reflected in AMFA's balance sheet as soon as the Chief Accountant has finished examining the accounts rendered by Accounting Officers in the field.

26. Comparison with the Statement of September 30 shows the following:

(a) Additional transfers to AMG officers in the field amounting to approx. 2,000 millions. Of this increase 1,430 millions were paid to AMG officers on the mainland of Italy, while 460 millions went to the Allied Mission in Sardinia.

(b) No further purchases of supplies for export to the United States are reflected in the October accounts.

(c) Advances to governmental bodies and others increased from approx. 47 million to approx. 487 millions. Those to State institutions increased 216 millions, as follows:

| | | |
|--|-----------|--------------|
| To State Railways | | .20 millions |
| To Post Office Savings Service | | " 8 |
| To Social Insurance Institutions | | " .87 |
| To "ammessi" for purchase of grain | | " .77 |
| To Hospitals | | " 6 |
| Salaries of School teachers, Carabinieri, P.O. officials, etc. | | " .18 |

(d) Advances to Provinces amounted to 125 millions, and to Communes 86 millions.

(e) Loans to banks increased from 124 millions to 380 millions. The balance of AMFA's commitments under its credit agreements with these banks amounts to 1,362 millions, against which is carried a reserve of 1,112 millions with Banco di Sicilia. It was decided during October that in view of the fact that after allowing for sums deposited in the No 4 acct., the banks had availed themselves of only about 5% of the total commitments it was no longer necessary for AMFA to maintain a 100% cash provision in Banco di Sicilia. Consequently 250 millions were withdrawn from AMFA's No 2 and No 3 accounts in Banco di Sicilia for use in other directions.

(f) Disbursements to the Armed Forces in October were as follows:

| | | |
|--------------------|-----------|-------------|
| United States Army | | 318,528,000 |
| United States Navy | | 24,560,000 |
| British Army | | 801,150,000 |

(g) AMG Expenses - AMFA's net expenditure was 104,406 lire; however none of the interest earned by AMFA has yet been carried to account. The other Divisions showed an excess of revenue over expenditure of 4,843,286 lire.

27. Currency movements in October were:

(c) Advances to governmental bodies and others increased from approx. 27 million to approx. 487 millions. Those to State institutions increased 216 millions, as follows:

| | |
|--|-------------|
| To State Railways | 29 millions |
| To Post Office Savings Service | 8 " |
| To Social Insurance Institutions | 87 " |
| To "ammassi" for purchase of grain | 77 " |
| To Hospitals | 6 " |
| Salaries of School teachers, Carabinieri, P.O. officials, etc. | 18 " |

(d) Advances to Provinces amounted to 125 millions, and to Communes 86 millions.

(e) Loans to banks increased from 124 millions to 380 millions. The balance of AMFA's commitments under its credit agreements with these banks amounts to 1,362 millions, against which is carried a reserve of 1,112 millions with Banco di Sicilia. It was decided during October that in view of the fact that after allowing for sums deposited in the No 4 acct., the banks had availed themselves of only about 5% of the total commitments it was no longer necessary for AMFA to maintain a 100% cash provision in Banco di Sicilia. Consequently 250 millions were withdrawn from AMFA's No 2 and No 3 accounts in Banco di Sicilia for use in other directions.

(f) Disbursements to the Armed Forces in October were as follows:

| | |
|--------------------|-------------|
| United States Army | 318,528,000 |
| United States Navy | 24,560,000 |
| British Army | 801,150,000 |

(g) AMC Expenses - AMFA's net expenditure was 104,406 lire; however none of the interest earned by AMFA has yet been carried to account. The other Divisions showed an excess of revenue over expenditure of 4,843,886 lire.

27. Currency movements in October were:

| | |
|---|---------------|
| Cash on hand and in banks (incl. mutilated) as of Sept. 30. | 2,205,005,133 |
| New LM lire Notes received | 1,985,600,000 |

| | |
|---|---------------|
| Total available during Oct. | 4,190,605,133 |
| Cash on hand and in banks (incl. mutilated) as at October 31. | 1,045,359,354 |
| Total disbursement during October | 3,145,245,779 |

28. Holdings of Yellow Seal dollars and B.M. currency increased from \$79,425 and £1572/6/- on Sept. 30 to \$545,977 and £41,946/3/- on Oct. 31.

29. The total amount of A.M. Lire outstanding as of Oct 31 was 10,785,843,771.

30. As mentioned in preceding sections of this report, AMFA played an important part in the arrangements made with the banks on the occasion of the issuance of Gen. Order No. 10 and the permitting of unrestricted withdrawals by the banks, in the reopening of the Postal Savings services to which AMFA has made an initial advance of 8 millions to the Palermo offices, in the reopening of the Social Insurance Institutes, etc.

31. A branch of AMFA for Region 3 was established at Naples on Oct. 22, which has already provided a sum of 600 million to enable the banks in that Region to open. Steps are being taken to open a branch in Region 2; meanwhile AMFA has already provided 577 million lire including two sums of 100 million each, deposited with the Bank of Italy branches at Cosenza and Potenza for use in that Region.

32. During October four officers were attached to AMFA for training.

ACCOUNTS.

33. After examining and classifying 126 Reports of Receipts and Disbursements received from accounting officers in the field, the Chief Accountant's Section summarized and recorded on AMFA's books all of their receipts and expenditures up to August 31, 1943, which could reasonably be identified, thereby reducing the large balance carried in suspense under the caption "Funds held by AMG Officers in the field". As at Aug. 31, a net amount of Lire 609,734,510 was shown by AMFA to be accounted for by officers in the field and a further sum of Lire 187,972,215 had been obtained by these officers from banks, Army Paymasters and others, giving a total of Lire 797,756,725 to be accounted for. The latter amount was ascertained to have been applied as follows:

| | In thousands of Lire |
|--|----------------------|
| (a) Advances to Italian State and State Institutions | 98,137 |
| Advances to Provinces | 125,095 |
| " to Communes | 86,273 |
| | 309,505 |
| (b) Advances - others | 12,580 |
| (c) Loans - others | 1,503 |
| (d) Payments, less receipts, for account of Econ. & Sup. Div. | 81 |
| (e) AMGOT revenue, less expenditure | 6,249 |
| (f) Balance, representing cash in transit and in the hands of officers in the field (including Lire 21,200,000 to be accounted | |

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ACCOUNTS.

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334'

In thousands of Lire

| | |
|---|----------------|
| (a) Advances to Italian States and State Institutions | 98,137 |
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| " to Communes | 86,273 |
| | <u>309,505</u> |
| (b) Advances - others | 12,580 |
| (c) Loans - others | 1,503 |
| (d) Payments, less receipts, for account of Econ. & Sup. Div. | 81 |
| (e) AMGOT revenue, less expenditure | 6,240 |
| (f) Balance, representing cash in transit and in the hands of officers in the field (including Lire 21,200,000 to be accounted for by Regions 2 and 3 | <u>480,328</u> |
| | 797,757 |

34. With regard to AMGOT Revenue, less Expenditure, the amount of Lire 6,240,206 shown above - item (c) - was increased by a net amount of Lire 145,742 received by AMFA direct, giving a net total of Lire 6,385,948. Revenue amounted to Lire 7,549,956 and expenditures to Lire 1,164,008.

35. Officers from the Chief Accountant's staff continued during the month the practice of visiting accounting officers in the field and assisting them in the preparation of their monthly reports, as well as clearing up doubtful points of previous reports. The examination of the September reports is well in hand and it is hoped that most of the items will be placed on AMFA's books and on the Chief Accountant's early in November.

36. Since the procedure outlined in the directive of Sept 6 entitled "Provisional Accounting Organization" was adopted, considerable improvement in the preparation of Reports of Receipts and Disbursements has resulted. With the introduction as from Dec. 1 of the new scheme of dealing at Headquarters with advances to provinces and communes, it will be possible to reflect in AMFA's accounts under the proper heads most of the expenditure now being carried in suspense for an average of six weeks and thus produce a more up-to-date picture. Similar advantages will result as regards state accounts when the scheme pertaining to them goes into effect later on.

37. Reports by the inspecting accountants indicate a need for field safes for custody of funds of officers in the field. Since a supply of these is not available, a strong wooden box has been designed, with internally secured fittings, and ten of these have been ordered from the U.S. Army stores. More will be ordered if these prove satisfactory.

38. A suitable system of dual control over AMFA's reserve of A.M. Lire Notes and stamps has been installed.

39. Accounting directives and instructions have been issued during the month as follows:

(a) For inclusion in the "AMGOT Accounting Manual"

- (i) Vouchers used by Sub-accountants, Imprest Orders and Collectors of Revenues;
- (ii) Heads and Sub-Heads for Classification of Receipts and Disbursements;
- (iii) Observations and Queries.

(b) Preparation of Budgets by and Control and Payment of Advances to Provinces and Communes (in collaboration with the C.R.O.).

(c) Accounting for Fees charged for Permits to use Motor Vehicles.

(d) Accounting Instructions - Pay of British Other Ranks

40. Numerous conferences during the month have been held with the participation of the Chief Accountant involving questions of accounting policy and principle. The most important of these have been the handling of Post Exchange Funds, accounting procedure for the Controller of Property, procedure for dealing with the funds advanced in Region 2 to the Bank of Italy for state and other expenditures, cables to Washington regarding AMFA's accounts, and those of the Civilian Sup. Div., the procedure for ascertaining what subsidies and proposed new procedure pertaining thereto, etc.

41. The Acting Chief Accountant in Region 2 has reported that Sub-accountants have been visited and instructed in the preparation of their accounting records in that Region. Copies of all directives and sections for accounting manuals with specimen instructions have been dispatched to that Region.

28. A suitable system of fuel control over AMGOT's reserve of A.M. Lire Notes and stamps has been installed.

29. Accounting directives and instructions have been issued during the month as follows:

(a) For inclusion in the "AMGOT Accounting Manual"

- (i) Vouchers used by Sub-Accountants, Imprest Holders and Collectors of Revenues;
- (ii) Heads and Sub-Heads for Classification of Receipts and Disbursements;
- (iii) Observations and Queries.

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42. An Accounting Officer has been transferred to Region 3 to supervise the accounting of the Economic and Supply Div. there.

43. Three officers arriving from Tizi Ouzou joined the Accounting Section during the month.

POSTAL

44. The development of postal delivery intercommunication services has been pushed forward considerably, but with varied success. In Palermo province practically all the post-offices are handling the mails, deliveries being by AMGOT courier, train, bus, horse cart and on foot. In four of the other provinces deliveries

are proceeding satisfactorily. In the remaining four provinces the development is not yet satisfactory; due apparently to the negligence on the part of the senior officials of the Post Offices. Steps are being taken to replace them.

45. Mail contact has now been established with Lipari, Lampedusa, Linosa, Pantelleria and Ustica and stamps are on sale on these Islands.

46. Some 60 sacks of prisoner-of-war mail have been sent forward during the month and 70 received. The latter included a large amount of correspondence for Italy, which has been held.

47. A good deal of mail is apparently reaching Sicily irregularly. The Postal Section, which has no control over this situation, is taking the matter up with the proper authorities.

48. Stamps of all denominations from 15 c. to 10 Lire are being put on sale, the larger denominations in response to requests from collectors. The question of increasing postal rates is being considered, and the matter awaits decision.

49. Inquiries have been made with regard to introducing mail service between Sicily and the Mainland. Inquiries have been received from AFHQ regarding the possibility of delivering prisoner-of-war mail and ordinary mails for Italy and Sardinia. Decision is awaited from the, since Security and Censorship considerations are involved. The B.M.A. Tripolitania and the Director of Army Postal Service M.E.F. have also inquired regarding the possibility of mail deliveries concerning their jurisdictions.

50. As mentioned in the section on Banking, the Postal Savings section of the Post Office has been authorized to resume operations. The accounting system of the Post Office is being overhauled. Money-order operations have not yet been authorized, though in error some provinces have resumed such activities. These have been ordered stopped until the Island-wide activity can be resumed.

51. The extremely small staff (two officers) in the Postal Section has been able to make very substantial progress by the able collaboration of the Chief Inspector of the Postal and Telegraph organization in Palermo, but proper control on the part of AMG calls for additional staff. Nor has the matter of adequate transportation been solved as yet.

47. A good deal of mail is apparently returning to the Postal Section, which has no control over this situation, is taking the matter up with the proper authorities.

48. Stamps of all denominations from 15 c. to 10 Lira are being put on sale, the larger denominations in response to requests from collectors. The question of increasing postal rates is being considered, and the matter awaits decision.

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/s/ R. B. Menapace
/t/ R. B. MENAPACE
Lt. Colonel
D. C. E. O.

Reproduced by HQ, AMC
8 January 1944

1944 01 04

N-386

TWX

384

Signal Corps, United States Army

Telegram

Received at

CONFIDENTIAL

PENINSULAR BASE SECTION
SIGNAL MESSAGE CENTER

4 JANUARY 1944

.CONFIDENTIAL

.ROUTINE

TO (ACTION) : FREEDOM FOR MGS

(INFORMATION) : CG PBS FOR FARGO, FATIMA FOR JOYCE, FABLE

FROM : FOR DUNLOP
15 ARMY GP FROM AMG

DATE TIME SIGNED: 031930A

DATE TIME REC'D : 040210A

REFERENCE NR. : FA 718

CITE : NONE

PROPOSE FORWARD MONTHLY REPORT UNDER FOLLOWING 12 HEADINGS
GENERAL CONDITION OF PEOPLE POLITICAL ADMINISTRATION JUSTICE PUBLIC
SAFETY FINANCE SUPPLIES AGRICULTURE MEDICAL REFUGEES STAFF MISCELLANEOUS.
PRESUME ALL ADDRESSES YOUR 22464 OF 1 JAN SHOULD FOLLOW ONE PRO FOR
FORMA.

CONFIDENTIAL

FORM #48-A

CRYPTO

7719



DC of 5(051)
(2)

No other
distribution
3540

Action AMG Hq
Info Sec
CA

Atchd

040210A

N386

TWX

PENINSULAR BASE SECT. 4 JANUARY 1944

CONFIDENTIAL

ROUTINE

FREEDOM FOR MGS

CG PBS FOR FARGO, FATIMA FOR JOYCE, FABLE FOR DUNLOP

15 ARMY GROUP FROM AMG

031930A

040210A

FA 718

NONE

PROPOSE FORWARD MONTHLY REPORT UNDER FOLLOWING 12 HEADINGS
GENERAL CONDITION OF PEOPLE POLITICAL ADMINISTRATION JUSTICE PUBLIC
SAFETY FINANCE SUPPLIES AGRICULTURE MEDICAL REFUGEES STAFF
MISCELLANEOUS. PRESUME ALL ADDRESSES YOUR 22464 OF 1 JAN SHOULD
FOLLOW ONE PRO FOR FORMA.

Do not think any form is practicable
for the monthly report. Our headings
cover all the points enumerated above.

7719

Can find one form for report. Edward WGS

[Signature]

SECRET

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
FO 512

AMG/319.1

4 January 1944

SUBJECT: Reports

TO : Heads of Subcommissions
Heads of Directorates
Heads of Staff Sections
G-1) Through Executive Officer
G-4)

000

1. Attached is a copy of a letter addressed to R.C.A.O.s of Regions I and II.
2. Special attention is directed to para 6 from which it will be seen that the monthly reports from Regions are required by the TENTH day of the month.
3. Heads of Subcommissions, etc. will submit reports on the activities of their Subcommission to Chief HQ AMG (through channels) by the TWELFTH day of the month, latest.
4. All previous instructions on the subject of reports other than those relating to vehicles, stores and personnel are cancelled.

Encl - Letter on Reports

DISTRIBUTION:

as above
10 Spares

CHARLES M. SPENCER
Colonel, G.S.C.
D.C.C.A.O., AMG-HQ

SECRET

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 512

AMG/319.1

4 January 1944

SUBJECT: Reports

TO : R.C.A.O. Region I
R.C.A.O. Region II

1. It has become essential to the general war requirements of the authorities in Washington and London that they should be kept informed of the Political, Economic and general situation in Italy and Sicily.

2. Accordingly AFHQ has directed the following regular reports:

- (a) Weekly - To be known as SITREP - Situation Report
- (b) Monthly - To cover activities of the previous calendar month

3. The weekly report will be sent by cable. In order to simplify the rendering of form of report a code of key words has been drawn up, (see Appendix A) and will be strictly adhered to in the cables. A specimen report is shown in Appendix B with translation in Appendix C.

4. The same general form will be used for the monthly report except that the activities of all special divisions must be covered. The list of headings is given in Appendix D.

5. The weekly report will be dispatched so as to reach this office not later than 1200 hours on the Sixth (6), Thirteenth (13), Twentieth (20) and Twenty-eighth (28) day of each month. Cables will be addressed FARCO for SPORFORD. (If any more expeditious method of ensuring that the report reaches its destination by the ordered time can on occasion be used, such method will be used in addition to the cable - e.g. an officer flying to report to HQ; special DRLS or ADLS, etc.)

6. The monthly report in triplicate will be dispatched so as to reach this office by the Tenth day of each month.

7. It is appreciated that the preparation, compilation and submission of reports entails considerable work. However, these reports are necessary to AFHQ and the respective governments are to have current information on the situation in the field and an appreciation of the problems involved. You are therefore asked to assist by fullest cooperation and compliance. No more reports than are absolutely essential will be called for by this HQ.

8. Should it be necessary to expedite the reports in question the

3337

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4. The same general form will be used for the monthly report except that the activities of all special divisions must be covered. The list of headings is given in Appendix D.

5. The weekly report will be dispatched so as to reach this office not later than 1200 hours on the Sixth (6), Thirtieth (30), Twentieth (20) and Twenty-eighth (28) day of each month. Cables will be addressed AIRGO for SPOTFORD. (If any more expeditious method of ensuring that the report reaches its destination by the ordered time can on occasion be used, such method will be used in addition to the cable - e.g. an officer flying to report to HQ; special DRIS or ADLS, etc.)

6. The monthly report in triplicate will be dispatched so as to reach this office by the Tenth day of each month.

7. It is appreciated that the preparation, compilation and submission of reports entails considerable work. However, these reports are necessary if AFHQ and the respective governments are to have current information on the situation in the field and an appreciation of the problems involved. You are therefore asked to assist by fullest cooperation and compliance. No more reports than are absolutely essential will be called for by this HQ.

8. Should it be necessary to expedite the reports in question the following form of cable message will be used by this HQ:

- (a) Weekly report:
e.g. SITREP FEBYONE NOT RPT NOT RECEIVED EXPEDITE IMMEDIATE
- (b) Monthly report:
e.g. TENTH REPORT NOT RPT NOT RECEIVED EXPEDITE TODAY

Encls - 4
App. A, B, C, & D

Distribution:

All Submissions AMG HQ
15 Army Group AMG
AFHQ, MCS (Info)
HQ ACC
HQ AMG Sardinia

CHARLES M. SPOFFORD
Colonel, G.S.C.
D.C.C.A.O., AMC HQ

SECRET

APPENDIX "A"

KEY FOR SITREP

| REGION and NUMBER: | MONTH - Usual abbreviation | PERIOD |
|------------------------|----------------------------|---|
| <u>SUBJECT</u> | <u>CODE NUMBER</u> | <u>REMARKS</u> |
| POLITICAL | ONE | Feeling; tendencies |
| FOOD | TWO | Available to cover next period, etc. |
| SUPPLY | THREE | All supplies including food |
| CRIME | FOUR | Summarized police report, inc. agencies. |
| HEALTH | FIVE | Spec. ref. to notifiable diseases. |
| PERSONNEL | SIX | Staff matters, sickness, etc. |
| REFUGEES | SEVEN | Inc. Displaced Persons |
| PRICE TENDENCIES | EIGHT | Rises & falls affecting inflation questions. |
| GENERAL COMMENTS | NINE | To be sent in clear and kept short as possible. |
| <u>OVERALL COMMENT</u> | <u>CODE LETTER</u> | |
| GOOD | ABLE | |
| SATISFACTORY | BAKER | |
| CAUSING ANXIETY | CHARLIE | |
| BAD | DOG | |
| NO CHANGE | EASY | |
| SPECIAL REMARKS | FOX | (To be sent in clear) |
| <u>PERIOD COVERED</u> | <u>CODE LETTER</u> | |
| Day 1 to Day 7 | WILLIAM | |
| Day 8 to Day 14 | XRAY | |

333b

SUPPLY
THREE All supplies including food

CRIME
FOUR Summarized police report, inc. agencies.

HEALTH
FIVE Spec. ref. to notifiable diseases.

PERSONNEL
SIX Staff matters, sickness, etc. 333h

REFUGEES
SEVEN Inc. Displaced Persons

PRICE TENDENCIES
EIGHT Rises & falls affecting inflation questions.

GENERAL COMMENTS
NINE To be sent in clear and kept short as possible.

CODE LETTER

ABLE

BAKER

CHARLIE

DOG

EASY

FOX

CODE LETTER

WILLIAM

XRAY

YONE

ZEBRA

OVERALL COMMENT

GOOD

SATISFACTORY

CAUSING ANXIETY

BAD

NO CHANGE

SPECIAL REMARKS

PERIOD COVERED

Day 1 to Day 7

Day 8 to Day 14

Day 15 to Day 21

Day 22 to end month

(To be sent in clear)

APPENDIX "B"

SPECIMEN SITREP CABLE

ELRGO FOR SPOFFORD

SITREP REGION ONE JAN WILLIAM ED ONE CHARLIE TWO BAKER THREE DOG
FOUR EASY FIVE BAKER FOX FLU EPIDEMIC UNDER CONTROL NO NEW TYPHUS CASES
REPORTED SIX EASY FOX REQUIRE POOL ONE ZERO OFFICERS TWO ZERO EM RPT EASY
MIKE FOR RELIEF SICKNESS AND REST FULL REQUIREMENTS FOLLOW LETTER SEVEN
CHARLIE FOX RATE FLOW IN DOWN TO ONE FIVE ZERO DAILY SATURATION POINT
NEARLY REACHED SPECIAL REPORT SENT THREE JAN CUR ENT EIGHT EASY NINE NIL

APPENDIX "C"

TRANSLATION OF SITREP

Situation report Region I for period 1-7 January.

| | |
|-----------|---|
| Political | - Causing anxiety |
| Food | - Satisfactory |
| Supply | - Bad |
| Crime | - No change |
| Health | - Satisfactory - Special remarks.
Influenza epidemic under control. No new typhus cases reported. |
| Personnel | - No change - special remarks - Requires pool of 10 officers and 20 enlisted men for relief of sickness and to allow rest periods. Details of full requirements follow by letter. |
| Refugees | - Causing anxiety - special remarks - Rate of flow in down to 150 daily. Saturation point nearly reached. Special report was sent on this subject 3 January. |

3535

CHARLIE FOX RATE FLOW IN DOWN TO ONE FIVE ZERO DAILY SATURATION POINT
NEARLY REACHED SPECIAL REPORT SENT THREE JAN CURRENT EIGHT EASY NINE NIL

APPENDIX "C"

5535

TRANSLATION OF SITREP

Situation report Region I for period 1-7 January.

| | |
|------------------|--|
| Political | - Causing anxiety |
| Food | - Satisfactory |
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| Health | - Satisfactory - Special remarks.
Influenza epidemic under control. No new typhus cases reported. |
| Personnel | - No change - special remarks - Require pool of 10 officers and 20 enlisted men for relief of sickness and to allow rest periods. Details of full requirements follow by letter. |
| Refugees | - Causing anxiety - special remarks - Rate of flow IN down to 150 daily. Saturation point nearly reached. Special report was sent on this subject 3 January. |
| General Comments | - Nil |

APPENDIX "D"

HEADINGS FOR MONTHLY REPORT

PART A

Amplification of reports on subjects in SITREPS.

1. Political
2. Food
3. Supply
4. Crime
5. Health
6. Personnel
7. Refugees
8. Price Tendencies
9. General Comments.

PART B

Reports by divisions.

1. Finance
2. Legal
3. Civilian Supply
4. Public Health
5. Public Safety
6. Property Control
7. Communications, P.W. & U.
8. Labor
9. Agriculture
10. Education

PART C

1. Other matters of special interest not included in the above.
2. Recommendations.
3. Requests for special consideration.

3534

101.

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 394

3 January 1944

SUBJECT: Monthly Report

TO : A.C.A.O. Region I, Attention Capt. Neufeld

1. Herewith is returned with thanks the monthly report of the S.C.A.O., Agrigento Province, for October 1943. No report has yet been received from Messina Province for this month, most of which elapsed before the creation of Region I.

2. It is requested that every effort be made to have both the Divisional Reports and the Region I report for December in the hands of this office at the earliest possible date as Higher Headquarters has set a definite time limit in the middle of January before which the report of this Headquarters must be in its possession. Every effort to expedite the completion of these reports should be made as it is impossible for the Divisional Headquarters to prepare their Divisional Reports until the reports from the Regions have been received.

3. This office still requires the report from Catania and from Messina on the public positions which were vacated by Fascists during the period of occupation by the Allied Government to date, either because the incumbents fled or because they were removed. 3533

CHARLES M. SPOFFORD
Col., G.S.C.
D.C.C.A.O., AMG, HQ.

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 394

29 December 1943

101
SUBJECT: September A.M.G. Monthly Report - MGO Ref. 319.2-1

TO : A.F.M.G., M.G.S., Attention Major Jackson

1. Further to this office letter of December 22, 1943.
2. No record can be found of cable 9441 requesting twenty copies of the above report.
3. Your letter of the 29th of November, reference as above, marked "Urgent," was received on 10 December in Palermo and our cable reply, Fargo 4445, was despatched the same day. At that time all papers and documents, etc., considered as not likely to be required for immediate action had been packed in anticipation of a movement ordered to commence on 11 December. The movement was postponed from day to day until the 18th of December. In the meantime your letter of the 12th December 1943, reference as above, was received.
4. In accordance with Paragraph 4, investigation has been made now that it has been possible to unpack the papers upon completion of the move, and the following facts emerge:
 - (a) There are four copies, complete with the appendices, available.
 - (b) There are six copies, less appendices, also available.
 - (c) Only fifteen copies additional to those required for normal distribution were originally made.
 - (d) There could never have been at any time twenty additional copies available in this office.
 - (e) The original stencils, with many others, were destroyed in order to save packing space owing to limited transport available.
5. It is felt that under the circumstances the responsibility for the lack of twenty additional copies can not be fixed and that disciplinary action against any person or persons is not possible. Steps have been taken to insure that twenty copies of any subsequent report, additional to those required for normal distribution to M.G.S., shall be made and kept available for despatch when notification is received. It is hoped that this will meet the case and at the same time any inconvenience caused is regretted.

3532

CHARLES H. SPOTTORD
Col., U.S.C.
D.C.C.A.O.

B.F.
HEADQUARTERS
ALLIED MILITARY GOVERNMENT

22 December 1943

WGS: 319.2-1

SUBJECT: September A. M. G. Report.

TO : M. G. S., A.P.H.Q. (Attention: Major Jackman)

1. Your letter 12 December has been received.
2. Investigation will be made when files and staff are available on arrival of convoy.
3. Further report will follow.

for *Alby*
CHARLES M. SPOFFORD,
Colonel, G. S. C.
D. C. C. A. C.

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ALLIED FORCE HEADQUARTERS
Military Government Section

Major Griffith White
BY ADLS
TBJ/JJR

MGS: 319.2-1

12 December 1943.
*Delivered to the
Adl. Com.*

SUBJECT: September AMG Report.

TO : HQ AMG.

1. Your cable S/4071 of 10 December is most unsatisfactory.

2. It is pointed out that as long ago as 11 November in cable 9441 20 additional copies of the report were requested. This cable apparently received no attention and was some 10 days after it is calculated that this Sections letter of 29 November was received that your cable of 10 December was despatched.

3. The net result is that it has not so far been possible to make outside distribution of the report.

4. Please cause full investigation to be made into the matter and report to this Section what disciplinary action has been taken in the matter and the action taken to prevent a re-currence.

For the Chief of Section:

T. B. Jackman
T. B. JACKMAN
Major.

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ADLS

ALLIED FORCE HEADQUARTERS
Military Government Section

TBJ/EJC/thh
29 November 1943

MGS-319.2-1

SUBJECT: September AMG Report

TO : HQ. AMG, CMF.

Further to our cable 9441 of 11 November 1943.

1. It is now requested that these 20 additional copies of subject report be dispatched by air as soon as possible since demands for their perusal is growing every day, as the five original copies received have proved to be inadequate.

For the Chief of Section:

T. B. Jackman
T. B. JACKMAN,
Major.

3524

✓ DC of S (O+S I)
Urgent
3
7

Recd 10 DEC
Cable reply. 10 DEC

Declassified E.O. 12356 Section 3.3/NND No. 785015

SEARS FOR PANGO - 1115

20 December 1943

RESTRICTED

ROUTINE

FREEDOM FOR ME

AVAILABLE TWO COPIES REPORT DATED FOR MEET REPORT STENCILS DESTROYED PANG
FROM SEARS FOR PANGO TO FREEDOM FOR ME FOR MAJOR JACKSON CITE PANG ONE ONE FOUR
FIVE PANG REFERENCE TWO THREE ONE NINE PANG TWO DASH ONE OF NOVEMBER TWENTY NINE X
SUGGEST YOU PREPARE COPIES DUE TO BE MOVE

3528

MAJOR SHEPHERD WHITE
Chief of Staff Section

File 101

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 394

29 December 1943

SUBJECT: Reports of Activities

TO : All Heads of Subcommissions

1. Monthly reports of the activities of each Subcommission must be submitted to the D.C.C.A.O. on or before the fifth day of the month following that for which the report is made.
2. The November reports due December 5 have in some instances not yet been received. It is requested that they be forwarded at the earliest possible moment.
3. The reports for December will be due January 5, 1944.

[Signature]
CHARLES M. SPYFFORD
Col. G.S.C.
D.C.C.A.O.

3527

2023