

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

ACC

10000/101/431

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

/431

FINANCE
JAN. - SEPT. 1944

LIST OF PAPERS

File under No. 100-1

(1)

B

HQ ACC
OFFICE OF THE
SECRETARY GENERAL

FINANCE

SERIAL NUMBER	FROM-	DATE	TO-	SYNOPSIS
39)	STONE	4 SEP		Much like MEDICI's account
40) 5363	BONOMO	19 "	STONE	{ INCREASES IN CHARGES FOR STATE SERVICES & PUB. UTILITIES
41) 100-2	STONE	19 "	BONOMO	
42) 100-2	STONE	6 "	BONOMO	
43) 100-2	STONE	10 "	CC AAI	LIMITATION of SOLDIER'S EXPENDITURES
44) 13001/F	GRAFFETH-SMITH	19 "	D/CC	ADVANCES TO REPRESENTATIVES OF UNITED NATIONS ON A/C
45) 148	SPOFFORD	31 AUG	CC A/C	WAGE INCREASE PROPOSAL OF ITAL GOVT
091.4613	LABOR S/C	22 SEP	Fin S/C	

40) 5363	BONOMI	19 "	STONE	{ INCREASES IN CHARGES FOR STATE SERVICES & PUB. UTILITIES " LIMITATION of SOLDIER'S EXPENDITURES ADVANCES TO REPRESENTATIVES OF UNITED NATIONS ON ACU WAGE INCREASE PROPOSAL OF ITAL GOVT
41) 100-2	STONE	19 "	BONOMI	
42) 100-2	STONE	6 "	BONOMI	
43) 100-2	STONE	10 "	CC ACU	
44) 100-2	STONE	19 "	ACU	
45) 100-2	STONE	31 AUG	CC ACU	
46) 100-2	STONE	22 SEP	Fin S/C	
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LIST OF PAPERS

File under No. 100

(2)

FINANCE.

HQ ACC. APO 354
Sec'y Gen.

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
20) M. 1/138	BONOMI	29 JULY 44.	CPT. STONE.	MONETARY CONF. AT BRETON WOODS. UNDER POWER OUR HUMILIATION TO ALLIED GOVTS.
21) A/CC 100	COL. DENSMORE	2 AUG. 44	POLITICAL SECTION.	MONETARY CONF. AT BRETON WOODS. RE. NOS. 10, 11, 12, 13, 14, 129 20. A/CC WOULD LIKE COMMENTS ON ACTION TO BE TAKEN IN ANSWER TO RE. NO. 20
22) A/CC 100	CPT. STONE.	6 AUG. 44.	POL. SECTION HQ. ACC.	"MONETARY CONF. AT BRETON WOODS"—MINUT, DRAFT ITEM TO WHITE MINISTER WITH GOVTS. REPLY TO WHITE & CHARLES.
23) A/CC 100	CPT. STONE	10 AUG. 44.	HON. ALEX. KIRK. C.C. SIR N. CHARLES.	"MONETARY CONF. AT BRETON WOODS. RE MEMO. NO 11A. COPY OF ITAL. GOVTS VIEWS ENCLOSED (RE. NO 20)
24) A/CC 100	CPT. STONE.	10 AUG. 44	H.E. BONAMI.	MONETARY CONF AT BRETON WOODS. ACK. RECEIPT OF NO 20. I HAVE TRANSMITTED ITAL. GOVTS. VIEWS THROUGH DEPT. OF STATE.
25) A/CC 100 ADM. INSTR. 31	CPT. STONE. AFHQ	10 AUG. 44 1 "	ECONOMIC SECTION.	AFHQ. ADMIN. MEMO NO 11. I TAKE IT THAT INSTRUCTIONS CONTAINED IN MEMOS ARE AT HAND. PAYMENTS INITIAL TERRY.
26) A/CC 387.4	CPT. STONE.	11 AUG. 44.	SIR NOEL CHARLES.	RE. FOLIO 15 OF 387.4. EXTENSION OF LEAD-LEASE TO ITALY. ATT. IS DRAFT OF MY PROPOSED ANSWER.
27) —	HQ. REG. III. ACC	12 AUG. 44.	SECY GEN.	"COST OF LIVING INDEX"—ENCLING 9 COMET FOR MONTHS OF JUNE & JULY.
28) 11545-10026 1.1.16.4-4.1 A/CC 100.	BONOMI STONE	2 " 15 "	STONE BONOMI	CENTRAL STATISTICAL INSTITUTE—ITS RELATIONS WITH ACC.
29) A/CC 100.	STONE	16 "	G.S. AFHQ	ADVANCE OF LIRE TO ADVISORY COUNCIL.
30) A/CC 100	CAPT. STONE	9 "	G.S. AFHQ	AUTHORITY & DUTIES OF ACC OFFICERS DEALING WITH REMITTANCES.
31) A/CC 100 ES/H	DENSMORE COL. O'DWYER	18 " 10 "	EX. DIR., ECON SEC. G.S. AFHQ	RE 25. PAYMENTS IN ITALIAN TERRITORY—AAA & ACC OPPOSED TO AFHQ DIRECTIVE.
32) 1/217 A/CC 100	V. VENOSTA-ADDE MEMORE CAPT. STONE	12 " 18 "	ACC FINANCE SEC.	PAYMENT OF SALARIES TO CERTAIN ITAL. GOVT. EMPLOYEES. (SEE 000.5.)
33) A/CC 100	CAPT. STONE	23 "	G.S. AFHQ	ADVANCE OF LIRE TO ADVISORY COUNCIL.
34) 13076/E	FINANCE SEC	25 "	AFHQ	PAYMENTS

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

21) A/C 100	COL. DENIMORE	2 AUG. 44	POLITICAL SECTION.	MONETARY CONF. AT BRETTON WOODS. RE. NOS. 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20. A/C WOULD LIKE COMMENT ON ACTION TO BE TAKEN IN ANSWER TO RE. NO. 20
22) A/C 100	CPT. STONE.	5 AUG. 44.	POL. SECTION HQ. ACC.	"MONETARY CONF. AT BRETTON WOODS" - KINDLY DRAFT A/C W. TO ADVISE MINISTER WITH GOVTS. REPLY TO MR. & CHARLES.
23) A/C 100	CPT. STONE	10 AUG. 44.	NON. ALEX. KIRK. C.C. SIR N. CHARLES.	"MONETARY CONF. AT BRETTON WOODS." RE MEMO. NO. 11A. COPY OF ITAL. GOVTS VIEWS ENCLOSED (RE. NOS.)
24) A/C 100	CPT. STONE.	10 AUG. 44	H.E. BONAMI.	MONETARY CONF. AT BRETTON WOODS. ACK. RECEIPT OF NO. 20. I HAVE TRANSMITTED ITAL. GOVTS. VIEWS THROUGH DEPT. OF STATE.
25) A/C 100 ADM. INSTR. 31	CPT. STONE. AFNA	10 AUG. 44 1 "	ECONOMIC SECTION.	AFNA. ADMIN. MEMO H. 31. I TAKE IT THAT INSTRUCTIONS CONTAINED IN AIRMAILS ARE AT HAND. PAYMENTS IN ITAL TERRITORY.
26) A/C 387.4	CPT. STONE.	11 AUG. 44.	SIR NOSE CHARLES.	RE. FOLIO 15 OF 387.4. EXTENSION OF LEND-LEASE TO ITALY. ATT. IS DRAFT OF IT PROPOSED ANSWER.
27) -	HQ. REG. III. ACC	12 AUG. 44.	SEC. GEN.	"COST OF LIVING INDEX" - ENCLING 9 COMES FOR MONTHS OF JUNE & JULY.
28) 11545-10024 1.1.16.4-4.1 A/C 100.	Bonami STONE	2 " 15 "	STONE Bonami	CENTRAL STATISTICAL INSTITUTE - ITS RELATIONS WITH ACC.
29) A/C 100.	STONE	16 "	G.S. AFNA	ADVANCE OF LIRE TO ADVISORY COUNCIL.
30) A/C 100	CAPT. STONE	9 "	G.S. AFNA	AUTHORITY & DUTIES OF ACC OFFICERS DEALING WITH REMITTANCES.
31) A/C 100 ES/11	DENSMORE COL. O'DWYER	18 " 10 "	EX. DIR., ECON SEC. G.S. AFNA	RE 25. PAYMENTS IN ITALIAN TERRITORY - ACC & ACC OPPOSED TO AFNA DIRECTIVE.
32) 1/217 A/C 250	V. VENOSTA - ARDE MEMOIRE CAPT. STONE	12 " 18 "	ACC FINANCE S/C.	PAYMENT OF SALARIES TO CERTAIN ITAL. GOVT. EMPLOYEES. (SEE 000.5.)
33) A/C 100	CAPT. STONE	23 "	G.S. AFNA	ADVANCE OF LIRE TO ADVISORY COUNCIL.
34) 13076/F -	FINANCE S/C CAPT. STONE	25 " 28 "	A/C FINANCE S/C.	PAYMENTS FOR GOODS & SERVICES IN ITALIAN TERRITORY. PLEASE DRAFT LTR TO SAL AS TO WHY WE CANNOT ACCEPT ADM. INSTR. 31.
35) A/C 100	CAPT. STONE	31 "	Bonami	PRESSING FOR DECREE ON TAX REVISION.
36) -	CAPT. STONE	31 "	FINANCE S/C	ACCOUNT OF SIG. DIAGIO BORIELLO.
37) 505-ME 53/140.10 6/93/43	SCIDOTT Sec Branch Min. Fin. Affairs	21 " 13 " 31 July	A/C Dingster Pub. AC	Min. MEDICI, bank account "
38) A/C 100-1	STONE	4 SEP	Pres. ACC CMF	Payments for Lure & services in Italian Territory 1597

INSTRUCTIONS.—When papers on a subject become numerous they will be numbered serially and brief entries made on this form.

LIST OF PAPERS

File under No. 100.

FINANCE. (1)

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
1) FARGOQ578.	GEN. MACFARLANE	28 JAN. 44	AFHQ FOR M.G.S. CIVIL AFFAIRS 9 B. H. M.	PROPOSE TO AUTHORISE AMBASSADOR OFFICES TO ASSESS ADVANCES TO USG M.H. NATIONALS IN ACCORDANCE WITH PROCEDURE OUTLINED FOR AGREEMENTS AT P.W. SIG. COMMISSION.
2) 51074	C. M. C.	13 FEB. 44	FARGO.	AGREE YOU SHOULD INTRODUCE REDUCED SCALE OF ADVANCES. (RE. NO. 1.)
3) 543 31 PROT.	BADOGLIO	24 FEB. 44	GEN. MACFARLANE	ORIGINAL TRANSM. GIVING REASONS FOR A SUBSTANTIAL REVISION OF RATE OF EXCHANGE BETWEEN LIRA & STEALING.
4) CC/P/111	GEN. MACFARLANE	28 FEB. 44	BADOGLIO	RE. NO. 3. THE EXCHANGE RATE UNDER CONSTANT STUDY. YOUR VIEW BEING COMMUNICATED TO ALLIED GOVERNMENTS.
5) 13023/F.	COL. GARRETY—SMITH	28 FEB. 44	CHIEF COMMISSIONER.	REPORT OF COL. WENSON FINANCE OFF. REG. III OF APPROXIM. OF SUMMA TO THE BANKS FOR FINANCIAL SURVIVAT.
6) — 13106/F 13106/F	COL. ADAMS. COL. ADAMS. COL. FOLEY.	1 MAR. 44. 30 MAR. 44 29 MAR. 44.	HON. HENRY GRADY GEN. HILLING. (CCA. 3) COL. ADAMS.	MEMO. OF FINANCE SUB. COM. ON REQUEST BY BADOGLIO (RE. NO. 3) OF REVISION OF EXCHANGE RATE OF LIRA.
7) 13065/F.	EXECUTIVE OFFICER. ECON. SECTION	3 APRIL. 44.	CHIEF COMMISSIONER.	CURRENCY ADVANCES TO THE ITALIAN GOVERNMENT.
8) REF. 210/9/CA	BRIG. LUSH	22 JUNE 44.	-A- DISTRIBUTION. (GEN. MACFARLANE).	LOCAL PURCHASES & CONTRACTS - METHOD TO BE FOLLOWED.
9) A/CC 100 339/ORG. 13052/F.	COL. DENSTONE BOWEN-BUSCARLET FIN. SUB-COMMISSION	26 JUNE 44 22 JUNE 44. 27 JUNE 44.	FINANCE SUB-COM. H.Q. A.C.C. BOWEN-BUSCARLET.	RE RELATIVE CREDITS FROZEN AT THE BANK OF ITALY IN CONNECTION WITH SECRET FRONT IN REVE. SUGGEST A MEETING WITH COL. GARRETY-SMITH WHO IS AT PRESENT IN ADAT.
10) NO 4978	VENOSTA (MIN. FOR. AFF.)	26 JUNE 44	CAPT. STONE	ASKS FOR PARTICIPATION IN FINANCIAL CONFERENCE TO BE HELD AT BRETTENWOODS (M.H.) IN JULY.
11) A/CC 100 11(A)	CAPT. STONE ALEX. NIKK.	30 JUNE. 44. 11 JULY 44	AMBASSADOR MR. NIKK. CAPT. STONE	(ENCL. NO. 10) PLEASE DEAL WITH THE MATTER. GOVT. - NOT POSSIBLE TO EXTEND AN INVITATION.
12) A/CC 100	CAPT. STONE.	11 JULY. 44	VENOSTA (MIN. FOR. AFF.)	(RE. MEMO NO. 10) CONVEY'S REQUEST THAT INVITATION CANNOT BE EXTENDED
13) ES/11	MAJ. THOMPSON (ECON. SECT.)	8 JULY. 44	SECT. GEN.	MA. ACC DISTRIBUTION FOR REG. III POST

2) 51074	C. M. C.	15 FEB. 44	FARGO.	CIVIL AFFAIRS 4 B. R. M.	TO REPORT ADVANCES TO NEW YORK IN ACCORDANCE WITH PROCEEDURE OUTLINED FOR ADVANCES BY PW SUB-COMMISSION.
3) 543 31 PROT.	BADDOGLIO	24 FEB. 44	GEN. MAFFARLANE		AGREE YOU SHOULD INTRODUCE REDUCED SCALE OF ADVANCES. (RE. NO. 1.)
4) CC/P/111	GEN. MAFFARLANE	28 FEB. 44	BADDOGLIO		ORIGINAL & TRANSM. GIVING REASONS FOR A SUBSTANTIAL REVISION OF RATE OF EXCHANGE BETWEEN LIRA & STEALING.
5) 13023/F.	COL. GARRETY-SMITH	28 FEB. 44	CHIEF COMMISSIONER.		RE NO. 3. THE EXCHANGE RATE UNDER CONSTANT STUDY. (HAR VIEWS BEING) COMMUNICATED TO ALLIED GOVERNMENTS.
6) - 13106/F 13106/F	COL. ADAMS. COL. ADAMS. COL. FOLEY.	1 APRIL. 44. 30 MAR. 44 29 MAR. 44.	HON. HENRY GRADY GEN. HILLIAMS. (CCA. 3) COL. ADAMS.		REPORT OF COL. VERNON FINANCE OFF. REG. III OF APPROACH OF QUANTA TO THE BANKS FOR FINANCIAL SUPPORT.
7) 13065/F.	EXECUTIVE OFFICER. ECON. SECTION	3 APRIL. 44.	CHIEF COMMISSIONER.		MEMO. OF FINANCE SUB-COM. ON REQUEST OF BADDOGLIO (RE. NO. 3) OF REVISION OF EXCHANGE RATE OF LIRA.
8) REF 210/9/CA	3AIG. LUSH	22 JUNE 44.	"A" DISTRIBUTION. (GEN. MAFFARLANE).		CURRENCY ADVANCES TO THE ITALIAN GOVERNMENT.
9) A/CC 100 339/ORG. 13052/F.	COL. DENSTONE BOWEN-BUSCARLET FIN. SUB-COMMISSION	26 JUNE 44 22 JUNE 44. 27 JUNE 44.	FINANCE SUB-COM. 44. A.C.C. BOWEN-BUSCARLET.		LOCAL PURCHASES & CONTRACTS - METHOD TO BE FOLLOWED.
10) NO 4978	VENCOSTA (MIN. FOR. AFF.)	26 JUNE 44	CAPT. STONE		RE RELATIVE CREDITS FADREN AT THE BANK OF ITALY IN CONNECTION WITH SECRET FRONT IN REVE. SUGGEST A MEETING WITH COL. GARRETY-SMITH WHO IS AT PRESENT IN NO. 7.
11) A/CC 100 11(A)	CAPT. STONE ALEX. KIRK.	30 JUNE. 44. 11 JULY 44	AMAZONIA MR KIRK. CAPT. STONE		ASKS FOR PARTICIPATION IN FINANC. CONFERENCE TO BE HELD AT BRETTONWOODS (MIN) IN JULY.
12) A/CC 100	"PT. STONE"	11 JULY. 44	VENCOSTA (MIN. FOR. AFF.)		(EMIL'S NO. 10) PLEASE DEAL WITH THE MATTER. CONVEY TO ITAL. GOVNT. - NOT POSSIBLE TO EXTEND AN INVITATION.
13) ES/11	MAJ. THOMASON (ECOM. SECT)	8 JULY. 44	SELT. GEN.		(RE. MEMO NO. 10) CONVEYS REGRET THAT INVITATION CANNOT BE EXTENDED
14) 59. 100	CAPT. COLLINS (AS. SEC. GEN)	8 JULY. 44.	CAPT. STONE		HA. ACC DISTRIBUTION FOR REG. III "POST BE LIVING INDEX"
15) 59. 100	SECRY. GEN. (MAJ. DOE	14 JULY 44	ECONOMIC SECTION		"POST OF LIVING INDEX". DISTRIBUTION LIST ENCLOSED FOR APPROVAL.
16) S.G. 100	SECRY. GEN.	15 JULY 44	REG. COMM. REG III		"REG III COST OF LIVING INDEX" - DISTRIBUTION APPROVED
17) -	ECON. SUPP. REG III	21 JULY. 44	SECR. GEN.		"COST OF LIVING INDEX" - A/CC REQUEST 9 COPIES BE FORWARDED TO THIS OFFICE
18) 011. 1/CP	UPDOWN ADMIN SECTION	20 JULY 44	CINC. AFHQ. (ATT. G-5)		"COST OF LIVING INDEX" - 9 COPIES FWD'D. FOR MAY. JUNE & JULY
011. 1/CP.	UPDOWN ADMIN. SECT.	20 JULY.			"AMERICAN CITIZENS HAVING ACCOUNTS IN ITALIAN BANKS." RULE RESPECTING WITHDRAWALS. (BRIT. G. AMER).

INSTRUCTIONS. - When papers on a subject become numerous they will be numbered serially and brief entries made on this form.

COPY

ALLIED FORCE HEADQUARTERS
Military Government Section

HP/CF/jw

MGS 313.3

SUBJECT: Transmittal of TAM 159.

TO : Headquarters,
Allied Control Commission.

1. Inclosed are 4 copies of TAM 159, amending TAM 155 of which 4 copies have already been transmitted to you.

2. Action on this CCs directive lies wholly with the Allied Control Commission, and accordingly the cables have merely been passed on to you for your guidance.

/s/ Charles Fairman,
Lt. Col. JAGD

for and inabsence of

HENRY PARKMAN, JR.,
Lt. Colonel, G.S.C.,
Acting Chief of Section.

Incl:
as above.

Original of this letter returned to Civil Affairs together with COPY No. 31, TAM 155, of which copies were made and distributed by Secretary General to Economic Section, Administration Section, Displaced Persons Subcommittee and Political Section.

HD, 11 April 1944.

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

AFHQ MESSAGE CENTER

INCOMING MESSAGE

WAR
NR 77
Filed 041945Z

AFSC N 1300/04
042227D
paq

ROUTINE

FROM: AGENT FROM CCS

TO : FREEDOM TO WILSON REPEATED USFOR INFO BRITISH CHIEFS OF STAFF

REF NO THIS MSG: WX 18304, 4 April 1944

Cite CCAC.

FOR ITMG3.

TAM 159.

Amending TAM 155.

Please add CZECHOSLOVAKIA to countries mentioned in TAM 155.
1st paragraph.

TAM 155 is ref 2197 MC IN 9653 15-3-44 MCG

ACTION: MCG

INFORMATION: SOG
G-2
MR MURPHY
MR MACMILLAN
LIAISON
G-1 (E)
FINANCE
DPIC
FIN ADV
AG RECORDS
**

ACC DISTRIBUTION
(by Secretary General)

ACTION: Economic Section
Admin. Section.
Political Section.
Displaced Persons
Subcommission.
→ SG files

CONFIDENTIAL

HEADQUARTERS
ALLIED CONTROL COMMISSION
LABOR SUB-COMMISSION
AFO 394

DCS/mae

LAE. 091.4613

22 September 1944

SUBJECT : Wage increase Proposal of Italian Government for Government
Employees

TO : Finance Sub-Commission
Allied Control Commission

1. Reference is made to the proposal of the Italian Government for wage
increases to employees of the Italian Government.

2. This proposal has been considered by the labor Sub-Commission and
its provisions are approved in so far as they pertain to sound personnel policy
and in so far as the interests of the Armed Forces are concerned. We await the
results of your examination of this proposal as it affects fiscal and financial
policies and problems.

JUNIUS R. SMITH
Colonel, AFG
D/Directr, Labor Sub-Commission

cc: Economic Section

1. Reference is made to the proposal of the Italian Government for wage increases to employees of the Italian Government.

2. This proposal has been considered by the Labor Sub-Commission and its provisions are approved in so far as they pertain to sound personnel policy and insofar as the interests of the Armed Forces are concerned. We await the results of your examination of this proposal as it affects fiscal and financial policies and problems.

cc: Economic Section

JUNIUS R. SMITH
Colonel, AMG
D/Directr, Labor Sub-Commission

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

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1525

FILES A-D

43

9/23/44 DCS

STATEMENT OF ITALIAN GOVERNMENT

The Italian Government desires to announce that the official position of the Allied Control Commission was not accurately reflected ~~in~~ ^{the} in the statements which appeared in the newspapers this morning to the effect that approval of the ACC had already been given to certain proposals of the Italian Government concerning wage increases. The proper facts are that ACC has previously informed the Italian Government that it recognizes that the plight of the Italian workers is grave and that appropriate measures calling for wage adjustments are necessary and proper at the present time. The amount of such increases, however, and the manner in which they will be applied and other necessary details have not yet been fully worked out. It is anticipated that this can be accomplished very shortly at which time the details will be publicly announced.

It must be made clear that any advances given to employees in anticipation of the forthcoming increase will be deducted from the amount due to the employee by reason of the wage increase.

The Italian Government desires to assure the people of Italy that both its Government and the ACC are keenly aware of the seriousness and urgency of the wage problem. [For this reason much study and thought has been given to it.] It is necessary to take adequate precautions in order that the wage relief which will be extended to the worker will be genuine rather than illusory and to assure that the National Economy of Italy will not be further upset. We remain confident that the workers of Italy appreciate the difficulties involved [and with their usual

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Government that it recognizes that the plight of the Italian workers is grave and that appropriate measures calling for wage adjustments are necessary and proper at the present time. The amount of such increases, however, and the manner in which they will be applied and other necessary details have not yet been fully worked out. It is anticipated that this can be accomplished very shortly at which time the details will be publicly announced.

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COPY *

1524

43

TRANSLATION

ALLOWANCE FOR THE HIGH COST OF LIVING APPROVED BY ALLIED

CONTROL COMMISSION

The Council of Ministers met yesterday at hours 9 in the Palace of the Viminale, and was presided by the on. Eonomi. All the Ministers were present.

At the beginning of the Meeting, the Minister of Industry, Commerce and Work communicated that the Allied Control Commission gave its consent on general principles to the proposal which had been made, of giving an extraordinary allowance for the high cost of living to the workers and employees of private enterprises, on the basis of 20 Lire daily for Rome and of 40 Lire for the rest of Italy; this allowance will be proportioned to the age and to the present importance of the salary or wages.

Now it is only a question of settling the method of carrying the measure out, and the relative studies will take a few days.

This will in no way prejudice the workers and employees, for the payment of the indemnity has been fixed, as it had been previously suggested, from August 16th; and because it will be easy for the syndical organizations to come to an agreement about the immediate payment of a part of the allowance. In many cases, these agreements have already been made.

In conformity to what was said before, ~~the Council of Ministers~~, while the Allied Commission is examining the proposals in favour of the employees of the state, the Council of Ministers has decided, on the proposal of the Minister of Treasure, that a thousand lire or minor sums corresponding to twice the monthly pay or salary should be paid in advance to all employees.

The local institutions are authorized to make the same concession.

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In conformity to what was said before, ~~the Council of Ministers~~, while the Allied Commission is examining the proposals in favour of the employees of the state, the Council of Ministers has decided, on the proposal of the Minister of Treasure, that a thousand lire or minor sums corresponding to twice the monthlay pay or salary should be paid in advance to all employees.

The local institutions are authorized to make the same concession.

(Aventi, Saturday 23rd of September 1944)

Trans. E.C.

1523

43

Declassified E.O. 12356 Section 3.3/NND No. 785015C O P Y

HEADQUARTERS
 ALLIED CONTROL COMMISSION
 FINANCE SUB-COMMISSION
 APO 394
 Tel. Extens. 553 & 417

13081/F.

19 September 1944

SUBJECT: Advances to Representatives of United Nations

TO : Acting Chief Commissioner

1. Pending the establishment of a Dollar and Sterling remittance procedure direct to the Banca d'Italia, Rome the Allied Financial Agency is authorized by C.G.S. to make, at its discretion, temporary advances of limited amounts of Lire to United Nations representatives with the understanding that such advances will be repaid from proceeds of subsequent remittances to be effected through the remittance procedure. The purposes for which such advances will be made appear to be limited to personal and office expenses and any legitimate purpose such as advances to needy nationals voluntarily resident in Italy.

2. In reply to a letter addressed by the undersigned To the War Office indicating the unsatisfactory delay resulting from the use of the Banco di Sicilia, Palermo for remitting sterling to the mainland a signal was received from the War Office on 5 Sept instructing us to be "fully prepared make all necessary advances to Allied Representatives".

3. Since the beginning of September 3 requests for funds have been received which should be brought to your attention.

a) On 2 September a letter was received by the undersigned from Dr. Sutej, the Yugoslav Minister of Finance, stating that the British Treasury had assigned 10,000,000 lire to the Banca d'Italia in his name. He asked that when the money arrived 5,000,000 lire should be placed at the disposal of the Yugoslav delegate to the Advisory Council. As no further information was received from London G-5 AFHQ were requested to ask the War Office for further particulars. As Dr. Krek has not asked specifically for this money no advance has yet been made.

b) During a visit to the Allied Financial Agency this morning Mr. Vanek, Consul-General of the Czechoslovakian Government, stated that the sum of L.12,000 was to have been sent to him in Rome. We have no knowledge of any such remittance. In conformity with

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 (C)
 42

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

- 2 -

the ruling set out in paragraph 1 and 2 of this memorandum an advance of 400,000 lire was made to Col. Svoboda, head of the Czechoslovak Mission, against a promise of repayment when remittances are received. Mr. Vanek produced a letter from the British Foreign Office, informing him that he would be able to draw currency from the Allied Financial Agency in Rome. This case will also be referred to London as it is considered that all instructions of this kind should be centralised in the financial branch (F-5) of the War Office.*

c) A request for an advance of funds was made on 18 Sept to the Chief of the Allied Financial Agency by a member of the staff of the Greek Government now located in this country. The officer in charge replied that he had no authority to make advances ^{to Governments} of the United Nations. On the following day, 19 Sept, Capt. Riggio, Liaison Officer with Allied Representatives received a request from the secretary of the Greek Delegation to the Advisory Council for 5,000,000 lire "for extra expenses of this delegation". It is clear that the delegation has no need of a sum of this magnitude, which will almost certainly be passed to the Greek Government.

4. In the light of the foregoing it is suggested that the whole position should be regularised, and a signal will be drafted to G-5 to this effect.

/s/ A.G. GRAFFTEY SMITH
Colonel
Joint Director,
Finance Sub-Commission.

APGS/adm.

*I concur
Ple do.
Stone*

1521

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

Acting Chief Commissioner

Advance of Lire to Advisory Council for
Italy

A/CC 100

Finance Sub-Commission
(Thru: V.P., Economic Section)

10 September 4

1. Reference is made to attached copy of letter from G-5 AFHQ,
dated 31 August 44, subject as above.

2. Forwarded for your information and guidance.

1 Incl:
as above

Stone

FILES A-(B)

Hq. A.C.C.	Encl. Gen.
DISPATCHED	
Date	11 Sept 12 30
By	Wright
NO. 152	152
	W.R.

42

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

S E C R E T

(COPY)

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

CMS/CF/jjr

31 August 1944

SUBJECT: Advance of Lire to Advisory Council for Italy.

TO : Headquarters, Allied Control Commission
APO 394 (Attn: Acting Chief Commissioner)

1. Receipt is acknowledged of your two letters on the above subject, A/CC 100 of 16 August and of 23 August. You point to the disproportion which appears in the sums drawn by the various delegations, and ask whether further advances should be made without requiring supporting information.

2. TAM Airgram 8 of 15 March 1944, addressed to this Headquarters, as you cite, authorized the Supreme Allied Commander to advance lire in amounts which he considers reasonable to meet expenses incurred in Italy by the national delegations to the Advisory Council. For the present it is not desired that the delegations be called upon for explanations, though you should observe closely the amounts drawn and take note of any information available as to the disposition made of them. You will keep this Headquarters informed.

3. In the meantime the matter is being brought to the knowledge of the Combined Civil Affairs Committee, London, with a request for guidance. Similar problems may arise in connection with control authorities set up in other conquered countries, and it is felt that the CCAC should be consulted before taking any action which must inevitably have political as well as purely fiscal implications.

/s/ Charles M. Spofford
CHARLES M. SPOFFORD
Colonel, G.S.C.
Asst. Chief of Staff, G-5

S E C R E T

1519

42

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

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Chief Commissioner
A.P.O. 394

APGS/jbh

A/CC-100-1

10 September 1944

SUBJECT : Limitation of soldiers' expenditures.

TO : Commander in Chief,
Headquarters, Allied Armies in Italy.

1. It is the purpose of this letter to place before you for consideration an extension of the Allied Forces' program for the limitation of soldiers' expenditures.
2. The elements of such a program are in effect at the present time. They may be summarized as follows:
 - (a) Educational campaigns among troops to bring home to them the undesirable effects of their carefree spendings on the local economies and consequently on their economic welfare.
 - (b) Encouraging soldiers to save a substantial part of their pay and making available to them attractive savings facilities.
 - (c) Providing a wide variety of goods and services through Post Exchange facilities, N.A.A.F.I., Special Services, and the Red Cross, in order to reduce the attraction of civilian establishments to the troops.
 - (d) Where deemed necessary, placing retail establishments (including restaurants) off limits, with supervision of establishments permitted to sell to military personnel.

3. If all Italy is occupied, the opportunities for increased spending will be greater, due to the larger stocks of consumers' goods available. At the same time it is more imperative than ever that such goods be reserved for civilian use. Therefore, it is suggested that you may wish to consider the institution of a more vigorous program under the headings outlined in paragraph 2 above. In particular, the Allied Forces' newspaper could usefully carry a series of articles showing the importance of troops' limiting their personal expenditures to avoid harmful effects on the economy of the countries we are liberating, and the desirability of their saving money for post-war activities. The American Expeditionary Radio Service Station and PWB could no doubt combine efforts to produce effective radio scripts on the same theme.

4. From time to time the Italian press has suggested the compulsory withholding of a part of the pay of Allied soldiers in Italy. Our analysis leads us to conclude from the economic point of view that compulsory limitation

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

would not reduce soldiers' expenditures. In May, 1944, U.S. personnel in the United Kingdom retained only 21% of their pay for expenditure in civilian channels. In the North African Theatre the corresponding figure for April, was 15.2%. Lieut-General Clark, CG 5th Army, has recently announced that American troops in Italy retain only 17% of their pay in Italy. To produce a net reduction in soldiers' spending, the withholding of pay would have to be as drastic as to be unacceptable to everyone concerned.

5. Recent information we have received from G-5, SHARP, indicates that it has been decided by 21st Army Group to revert to a complete prohibition of purchases by troops in civilian establishments. We should appreciate an expression of opinion as to the feasibility from the military standpoint of a similar measure for Italy.

WILEY W. STONE
Captain, USNR
Acting Chief Commissioner.

cc. Finance S/C
Eun Section

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

NO. 100-1
133-
11 Sept 1945
JHR

13021/P

10 September 1945

SUBJECT: Limitation of Soldiers' Expenditures.

TO : Acting Chief Commissioner.

1. Reference your A/C 100-1 of 6 September, 1945.
2. The attached letter for your signature has now been agreed between Economic Section and Finance Sub-Commission.
3. It is felt that in particular the Allied Control Commission should for its own protection receive an expression from the C-in-C on the question put in paragraph 5. The question is in the last analysis one to be decided on military grounds, and we should have some indication of the considerations involved.

(Signed) A.F. GRAFFIEY - SMITH

A.C. ANTOLINI,
Executive Director,
Economic Section.

RHC/jm

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

Office of the Acting Chief Commissioner

Limitation of Soldiers' Expenditures

A/CC 100-1

6 Sept

4

Vice President,
Economic Section.

Suggest that the comments made by the Economic Section be coordinated with the Finance Sub-Commission to see if an agreed draft can be submitted for consideration of the Acting Chief Commissioner.

For the Acting Chief Commissioner:

L. D. DENSMORE
Colonel, Sig C
Chief Staff Officer

1 Incl-
Economic Section File.

FILES A-B

1515

Hq ACC	Gen.
DISPATCHED	
Date	6 Sept 1845
Via	Mag.
Initials	PRR.

41

Declassified E.O. 12356 Section 3.3/NND No. 785015TRANSLATIONHQ ACC, APO 394
291 S. Gen.
Rec'd 21 Sep 1945
by AFB

THE MINISTER OF THE INTERIOR

N. 5505

Rome, 19 September 1944

Dear Captain,

The legislative measure planned by the Government for the rise of the salaries and wages of the public employes is now being examined by the Allied Control Commission.

The communications which I get from the various regions of liberated Italy and which indicate that the working class has to struggle against great difficulties, prompt me to draw your kind attention on the necessity of having the above mentioned project examined without delay by the commission you are presiding.

The great disproportion between the cost of life and the salaries paid, gives no possibility of life to the greatest part of the Italian people.

The reports of the responsible organs of the Government in the periphery express a constant preoccupation that this state of things might at any time have fatal consequences for the public order.

I trust that your interest will hasten the proceedings.

Thanking you, I remain,

Yours very truly,

/s/ I. Bonomi

Captain HENRY W. STONE
Chief Commissioner
Allied Control Commission

R O M E

Trans. I.C.

FILES A-1514

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

EIS/ajp

A/CC 100-2

19 September 1944

My dear Mr. Prime Minister:

I would like to draw your attention to my letter A/CC 100-2 of 6 September 1944, on the subject of charges for state services and public utility companies, and at the same time I would be grateful to know if you are yet in a position to answer the question raised therein.

Very truly yours,

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

His Excellency Ivanoe Bonomi,
President of the Council of Ministers,
Italian Government,
Rome.

FILES A/D

35273
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No. 600 500
DISPATCH
Date Time 19 Sept 1800
Hh
1942

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

BWS/hjp

A/CC 100-2

6 September 1944

My dear Mr. Prime Minister:

You will recall that increases in charges for many State services and public utility companies have been submitted by the Italian Government and approved by the Allied Control Commission.

This is in pursuance of a policy recommended by a committee of this Commission that considered what steps should be taken to combat the tendency towards inflation in the internal economy of this country, the increase in such charges being one of the main points of this policy.

As far as the Ministry of Communications is concerned, increases were approved in the State rates for telegraph, postal and railway services, and we understand that these increases are duly being made valid by decree. At the same time, corresponding increases were recommended by the Italian Government and approved by the A.C.C. for the telephone rates charged by telephone concessionary companies and for the broadcast license fee charged by RAI; we have been informed however, that the Council of Ministers has not approved these increases, and that no decree to implement these increases are in course of preparation. It is understood that the Council considered these increases to be isopolitic.

We would point out that we consider a general rise of the rates structure of public services to be an essential factor in the policy of checking inflation, and that distinctions should not be drawn between State services and concessionary companies' services where rate increases are fully justified from consideration of their financial situation. The study of their financial situation has been very carefully made and the recommended increases are believed to be the minimum essential to the proper restoration of the economy of the country.

We would therefore request you to ensure that the charges for the telephone companies and for the RAI licenses are adjusted in accordance with the recommendations of this Commission, and at the same time as the rates for corresponding services performed by State departments.

Yours very truly,

Hq ACC Sec'y Gen.

DISPATCHED

Dev Ind 6 Sept 1930

via

minds

His Excellency Ivanoe Bonomi
The President of Council of Ministers
Italian Government

ALLEY W. BANE

Captain, USNR

Acting Chief Commissioner

1512

cc: Communications S/C.
(Drafted by JLN COMMS S/C
Approved by Finance S/C)

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Declassified E.O. 12356 Section 3.3/NND No. 785015**SECRET**HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

EWS/hjp

4 September 1944

MEMORANDUM:E X T R A C T

I had a conference with Premier Bonomi from 4:35 to 5:45 P.M. today.

Dr. Montanari was present as interpreter.

+ + + + +

37 I raised the question of the case of the frozen bank account of the Marchese Giacomo Medici del Vascello, stating that Marchese Visconti Venosta had raised it with the Political Section. Bonomi stated that he was not very familiar with the matter but that he did not have much sympathy for Marchese Medici del Vascello. I said that the Commission had no interest in the matter and would be guided by his views. He stated that he would like to discuss the situation with Sforza and would advise me further.

+ + + + +

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

This is an extract copy - Original filed in (B) 091.33

1511
3A**SECRET**

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

EWS/hjp

A/CC 100-1

4 September 1944

SUBJECT: Payment for goods and services in Italian territory

TO : President, Allied Control Commission, C.M.F.

1. I write with reference to Administrative Memorandum No. 31 of 1 August 1944, of which a copy is attached. I much regret having to raise objections to an instruction issued by AFHQ, but since the Allied Control Commission is an interested party in the implementation of the Memorandum, I consider it my duty to acquaint you with our objections to the provisions contained therein. It is only right to add that if this Commission and Headquarters AAI, the principal organizations affected, had been consulted before the issue of the Memorandum it would not now be necessary to have to present our case at this late hour.

2. Under paragraph 2 of the Memorandum, the Allied Control Commission is instructed to set up within the Ministry of Finance of the Italian Government an agency to requisition such supplies, facilities and services as may be passed to it by the Allied Forces.

3. The Ministry of Finance, which is designed to superintend the collection of revenue, is incapable of providing any staff to perform the highly specialized task of procuring supplies for the Allied armed forces. The only organization with any knowledge of this type of specialized work is the Italian Army of whom inquiries were made through the medium of the Army Sub-Commission. In reply, General Pelligra, Director of the Italian Army Commissariat, stated categorically that the army could not undertake such a commitment owing to a lack of competent officers and lack of transport. He added decisively that if this method were adopted the Allies would not receive what they required.

4. Both at AFHQ and HQ AAI, Heads of Services have expressed doubt that the Italians are competent to assume this function.

5. In a Memorandum 17 August 1944, addressed to G-5, AFHQ, G-4(A) and G-4(B) suggested that the method under which any agency should function should be identical with that used in North Africa under reciprocal aid.

6. Paragraph 3 of the Memorandum instructs the Allied Control Commission to require the Italian Government to set up a lira account.

See 25 + 31

fwd

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

7. The main reason advanced by G-4 (A), G-4 (B) and the U.S. Fiscal Director at Allied Force Headquarters for (a) establishing an Italian procuring agency and (b) instituting a lira account, is that the system established in North Africa had worked admirably in expediting the supply and payment for goods and services supplied. On this premise it is claimed that similar satisfactory results would be achieved in Italy.

8. It must be remembered that in North Africa both schemes were interlocked with Reciprocal Aid with the result that the French were gaining dollars and sterling pro tanto, an incentive which was sufficient to ensure their whole-hearted co-operation.

9. In Italy the circumstances are entirely different. The Allies are dealing with a dispirited nation which has not the status of an ally. The procurement of goods and services are on a vastly greater scale than in North Africa; and the Italian Government considers that the country is being despoiled by its conquerors.

10. The establishment of an Italian procuring agency and the institution of a lira account postulate that the Italian Government will be kept informed of the amount spent on the payment of goods and services. Paragraph 3 d of the attached Memorandum states that vouchers for payments charged to the lira account are to be turned over to the Italian Government.

11. I consider that both procedures suggested will provide the Italian Government with information for which they have repeatedly and vainly asked, and which will probably be used to the detriment of the Allies to demonstrate what they will term the severe treatment accorded to Italy. Once in possession of this figure it is only a short step to asking for details of the amount paid to troops. It is also likely that the Italians will raise countless queries on the propriety and price of purchases.

12. I have consulted the Political Section of the Allied Control Commission as well as the British High Commissioner, Sir Noel Charles, and the American Delegate to the Advisory Council, Mr. Alexander Kirk. They are in agreement with the views expressed in the preceding paragraph and state that there are obvious disadvantages in furnishing this information to the Italian Government, particularly at a time when the granting of Lend-Lease facilities to Italy is under consideration.

13. It must be emphasized that the institution of a lira account would not result in a saving of time or personnel as funds would continue to be furnished to and payments made by the paymasters and finance officers. Nor does it result in a reduction in funds issued from Allied sources. The Italian Government has not sufficient funds to finance, out of its own resources, this additional expenditure; and would need to borrow from the Allied Financial Agency. The amount of lire issued

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

by the Allied Financial Agency would thus remain constant.

14. In view of the foregoing I strongly recommend that (a) no attempt should be made to establish an Italian procuring agency, (b) the existing procedure whereby funds are drawn by the paymasters and finance officers from the Allied Financial Agency should be maintained, and (c) Administrative Memorandum No. 31 should be withdrawn and the proposals re-examined if and when Reciprocal Aid facilities are granted to Italy.

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

1 Incl:
AFHQ Adm Memo #31
1 Aug 44

cc: D-5 AFHQ
Finance S/C

25 68

Hq ACC - Sec'y Gen.
DISPATCHED
Date Recd 4 Sept 1944
Via 15 APR.
Initials - DRR.

2522

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394
TEL: 417

HQ ACC, APO 394
985-100 y Gen.
Rec'd 3 Sept 1944
BY DMR

13076/F

2 Sept 1944

SUBJECT: Payment for goods and services in Italian territory.

TO : Acting Chief Commissioner,
HQ, Allied Control Commission.

Attached is a draft letter to the President, Allied Control Commission, on the subject of payment for goods and services in Italian territory with particular reference to Administrative Memorandum No. 31.

I do not know if you wish to write personally to General Wilson or in the form as submitted. In either case I should be glad if you will re-shape the letter into the form that you require.

Colonel,
Joint Director,
Finance Sub-Commission.

AFGS/rad

*Draft letter to SACMED
and copy of Admin Memo # 31
sent to Capt Stone by hand
of Col Fisher. 3 Sept 44*

RED

FILES A (1507

100 38

Declassified E.O. 12356 Section 3.3/NND No. 785015HEADQUARTERS ALLIED CONTROL COMMISSION
POLITICAL SECTION

#505-ME

21 August 1944

MEMORANDUM TO: Acting Chief Commissioner, Hq A.C.C.

SUBJECT : Marchese Giacomo MEDICI del Vascello.

The Under-Secretary of State for Foreign Affairs in a conversation early in August brought to my attention the case of Marchese Giacomo Medici del Vascello who desires to have his frozen bank account released. Since that time the Ministry of Foreign Affairs on several occasions has questioned me concerning this matter. I consulted Colonel Grafftey-Smith, who provided me with the attached memorandum from the Director of the Security Branch, Hq. A.C.C. From this it appears that Marchese Medici del Vascello has had a distinguished career in diplomacy, finance and engineering and that he was also a strong adherent to the Fascist Party and a collaborator of Mussolini. It appears also that he did some good work in the educational field and probably in some charitable enterprises. At any rate, his personal fortune is valued at six hundred million lire.

Colonel Grafftey-Smith and I are in agreement that this matter should be handled with some delicacy and on the highest plane and it is felt that perhaps you might wish to discuss the present standing of Marchese Giacomo Medici del Vascello before any definite action is taken in his case.

WILLIAM W. SCHOTT
Vice-President, Political SectionEncl
N. SB/140.10;
13 August 44.

Pol. Sec. What do you recommend, please?

Recommend that when you next see Bonomi or Sforza, make enquiry as to how Medici del Vascello is regarded politically. Although Visconti Venosta supports him, it is not desirable to help him if he is considered a pro-Fascist, and the opinion from highest level is desired.

WILLIAM W. SCHOTT.

Done 9/4 E.W.S.

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
SECURITY BRANCH
APO 394

Ref. : SB/140.10

13 August 1944

Subject : Marchese Giacomo Medici del Vascello

To : Director, Security Branch, Hq.A.C.C.

1. With reference to the enquiry by Interior Sub-Commission regarding the above named, he was born at Salerno in April 1883 and is a member of the Piedmont family. His brother Marchese Giuseppe Medici del Vascello was a prominent Italian diplomat and was at one time the Ambassador at Madrid. He took his Engineering Degree at Zurich making a special study of public works, specially harbour construction. He was connected with several important manufacturing and banking organisation holding various Directorate positions. At Genoa he constructed the Vittorio Emanuele and Benito Mussolini basins. He was a member of Parliament and on five occasions was responsible for preparing the annual estimates of the Naval Ministry. It is reported at Genoa he was an important Fascist politician and a leading industrialist. He was a member of the Managing Board of the Fascist Industrial Union. President of the Electrical Company of Liguria and Vice-President of the ANSALDO Society. He took an active part in a number of successful land drainage schemes and earned the gratitude of Government. From January 1935 until October 1939 he was Under Secretary of State to the Presidency of the Council of Ministers. At this time a photograph was always on his desk which bore the following autograph : " To Marchese Medici del Vascello, my valued and affectionate collaborator in the first year of the Empire". He was an Assistant Secretary representing the engineers in the Sea and Air Corporations and was a member of the Corporation for Agriculture and Fisheries.

2. In March 1935, on the proposal of the Minister of Education the King awarded him a gold medal and certificate in recognition of his work in connection with elementary education. On his large estate at Venaria Reale (Turin) he financed a school for about 100 children.

3. An early member of the P.N.F. and a "Console" of the M.V.S.N.. The above record shows him to have been an enthusiastic Fascist and one of the more important members of the Party. He is an intelligent and educated man, described as honest and respected by this staff. His title is recent and it is said that it has made him snobbish. He is regarded as a wealthy man having property valued at L. 600,000,000. For a period he enjoyed the close friendship of Mussolini but this declined from 1939 onwards.

A.H. ELLIS
Captain, Security Branch.

To Interior S/C. (Att. Lt. Lewis) : The Security services of Rome have no information concerning Subject. His records are apparently in Genoa. Capt. Ellis's report, however is sufficient in my opinion to enable us to say that no official position should be accorded to Subject.

For the Director

John A. Mickay
Major.

1505

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Nr. 6/93/43



Ministero degli Affari Esteri

CONFIDENTIAL

Wing Com. Leigh-Jones

Banca d'Italia

Via Nazionale

MEMORANDUM FOR THE MINISTERS

POLITICAL SECTION

Che Medici del Vascello e Turchese, per

Marchese Visconti Foreign Affairs had occasion a short time ago to ask Mr. Reber whether it might be possible to obtain the release of the frozen bank accounts respectively of Marchese Giacomo Medici del Vascello (former Under Secretary of State to the Presidency of the Council of Ministers) and Signor Cesare Turchese, former Under Secretary of State to the Ministry of Justice.

Mr. Reber, both at the time and subsequently, assured Marchese Visconti Vancosta that the question would be considered by the Political Section : however, up to date the two accounts are still blocked.

In respect of the aforementioned gentlemen, it is to be borne in mind that both furnished, during the German occupation, considerable funds to the resistance forces. Marchese Medici del Vascello has, furthermore, given asylum in one of his properties in the country, la "Mendria", to several British prisoners of

Marchese Visconti, a short time ago to ask Mr. Reber Foreign Affairs had occasion a short time ago to ask Mr. Reber whether it might be possible to obtain the release of the frozen bank accounts respectively of Marchese Giacomo Medici del Vascello (former Under Secretary of State to the Presidency of the Council of Ministers) and Signor Cesare Tuncel, former Under Secretary of State to the Ministry of Justice.

Mr. Reber, both at the time and subsequently, assured Marchese Visconti Vascella that the question would be considered by the Political Section: however, up to date the two accounts are still blocked.

In respect of the aforementioned gentleman, it is to be borne in mind that both furnished, during the German occupation, considerable funds to the resistance forces. Marchese Medici del Vascello has, furthermore, given asylum in one of his properties in the country, la "Mandria", to several British prisoners of war, who are still there hidden since the 8th September 1943.

The Ministry of Foreign Affairs should make ~~1504~~ ¹⁵⁰⁴ if the above question could be satisfactorily solved without undue delay. *Caro.*

ROME, July 31st, 1944.

To Financ - Aug 1
Col. Gaffney-Smith



Ministero degli Affari Esteri

DON RENATO PRUNAS
R. MINISTRO PIENIPOTENZIARIO
SEGRETARIO GENERALE DEL MINISTERO AFFARI ESTERI

CONFIDENTIAL

MEMORANDUM FOR THE ALLIED CONTROL COMMISSION

POLITICAL SECTION.

Marchese Visconti Venosta, Under Secretary of State for Foreign Affairs had occasion a short time ago to ask Mr. Reber whether it might be possible to obtain the release of the frozen bank accounts respectively of Marchese Giacomo Medici del Vascello (former Under Secretary of State to the Presidency of the Council of Ministers) and Signor Cesare Tumedei, former Under Secretary of State to the Ministry of Justice.

Mr. Reber, both at the time and subsequently, assured Marchese Visconti Venosta that the question would be considered by the Political Section : however, up to date the two accounts are still blocked.

In respect of the abovenamed gentlemen, it is to be borne in mind that both furnished, during the German occupation, considerable funds to the resistance forces. Marchese Medici del Vascello has, furthermore, given asylum in one of his properties in the country, la " Mandria", to several British prisoners of war, who are still there hidden since the 8th September 1943.

The Ministry of Foreign Affairs should much **1504** like if the above question could be satisfactorily solved without

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Marchese Visconti Venosta, Under Secretary of State for Foreign Affairs had occasion a short time ago to ask Mr. Reber whether it might be possible to obtain the release of the frozen bank accounts respectively of Marchese Giacomo Medici del Vascello (former Under Secretary of State to the Presidency of the Council of Ministers) and Signor Cesare Tumedel, former Under Secretary of State to the Ministry of Justice.

Mr. Reber, both at the time and subsequently, assured Marchese Visconti Venosta that the question would be considered by the Political Section : however, up to date the two accounts are still blocked.

In respect of the above-named gentlemen, it is to be borne in mind that both furnished, during the German occupation, considerable funds to the resistance forces. Marchese Medici del Vascello has, furthermore, given asylum in one of his properties in the country, la " Mandria", to several British prisoners of war, who are still there hidden since the 8th September 1943.

The Ministry of Foreign Affairs should much ¹⁵⁰⁴ regret if the above question could be satisfactorily solved without undue delay. *Carlo*



ROME, July 31st, 1944.

To Finance - Aug. 8
Col. Gifford - Smith

37

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

Acting Chief Commissioner

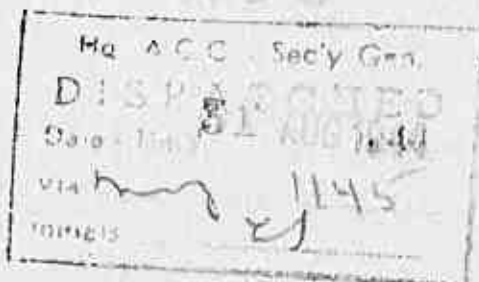
Account of Sig. Biagio Boriello

31 August 4

Finance Sub-Commission, Hq ACC

1. On 18 May, Colonel Foley issued instructions to block the account in Naples of Sig. Biagio Boriello, through the Regional Finance Officer of Region III.
2. General Dowell, formerly of PBS, advises that this man has rendered and is rendering valuable service to the Allied Forces and requests that his bank account be unfrozen.
3. Will you kindly investigate and give me a report.

Stone



FILES A-B
for

1503

36

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

EWS/hjp

A/CC 100

31 August 1944

My dear Mr. Prime Minister:

I am much concerned at the fact that the Italian Government has not yet issued any Decree having the effect of materially decreasing the discrepancy which exists between the income and the expenditure of the State.

Whilst I am aware that the Ministry of Finance has set up a special Committee to deal with the drafts of proposed decrees of tax revision, I ask that such drafts may now receive the urgent attention of the Government in order that the revisions in question may take effect as from the 1st July, 1944, the beginning of the fiscal year.

I suggest, therefore, that within as short a time as possible, the drafts of the following Decrees, in the order shown, may be brought before the Cabinet for consideration:

1. Imposta sugli Utili di Guerra.
2. Imposta di Ricchezza Mobiliare.
3. Abolizione delle Esenzioni alle Famiglie numerose.
4. Abolizione delle Imposte sui Celibi.
5. Imposta sul Reddito Agrario.
6. Imposta Ordinaria sul Patrimonio.
7. Imposta sui Terreni.
8. Imposta Complementare.
9. Tasse sulle Successioni e Donazioni.
10. Imposte di Consumo.

I am sure that you will agree that it is essential that the whole problem of governmental revenue should be tackled realistically and energetically.

Yours very truly,

cc Finance S/C

His Excellency Ivanoe Bonomi
The President of Council of Ministers
Italian Government

Draft prepared by Finance Sub-Commission

ELMER W. STONE
Captain, USNR
Acting Chief Commissioner 1502

Hq. ACC - Sec'y Gen.	
DISPATCHED	
Date	31 AUG 1944
Via	1700
Initials	4

2530

35

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
A.P.O. 394.

HQ 600 000 000
712 1st Y. Gen.
Rec'd 30 Aug 1944
By _____ PER

13202/F

29 August, 1944.

SUBJECT : Tax Revision.

TO : Acting Chief Commissioner.

1. Since December last, the Finance Sub-Commission has, by personal contact with successive Ministers of Finance, urged revision of the Italian fiscal system with the object of improving the effectiveness of the assessment and collection of taxes, imports etc., on which the State and Local administrations depend for Revenue. Draft decrees have been discussed, amended, and discussed again, but nothing worth while has become law.

2. Whilst the Sub-Commission is aware of the objective as is the Minister of Finance, A.C.C. has as yet not produced a written directive to the Italian Government on the subject.

3. On the principle that stimulation is best applied at the highest possible level, application to the Prime Minister should result in the Finance Minister being ordered to present decrees to the Cabinet, thus reversing the present position, which is that the initiative has to be taken by the Minister of Finance. He has, in fact, to persuade the Cabinet to listen to his proposals. It has not been suggested by the Finance Minister that the Cabinet has refused to allot time to discuss tax revision decrees, but it is not difficult to imagine that such an unpopular subject is either shelved or given low priority.

4. Now that the Italian Government has reestablished itself in Rome, the staffs of the various Bureaux comprising the Finance Ministry have been activated, and further, there are hundreds of trained civil servants of all grades available as and when their services are required, it is considered an opportune moment for the Italian Government to be made aware, in writing, that A.C.C. expects priority to be given to the passing of decrees which aim at increasing the revenue from taxes.

5. In the event of your consenting to write personally to the Prime Minister, a draft letter is attached.

(Signed) A.P. GRAFFETY - SMITH

1501

Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

35

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

My dear Prime Minister,

1. I am much concerned at the fact that the Italian Government has not yet issued any Decree having the effect of materially decreasing the discrepancy which exists between the income and the expenditure of the State.
2. Whilst I am aware that the Ministry of Finance has set up a special Committee to deal with the drafts of proposed decrees of tax revision, I ask that such drafts may now receive the urgent attention of the Government in order that the revisions in question may take effect as from the 1st July, 1944, the beginning of the fiscal year.
3. I suggest, therefore, that within as short a time as possible, the drafts of the following Decrees, in the order shown, may be brought before the Cabinet for consideration:-
 1. Imposta sugli Utili di Guerra.
 2. Imposta di Ricchezza Mobile.
 3. Abolizione delle Esenzioni alle Famiglie Numerose.
 4. Abolizione delle Imposte sui Colli.
 5. Imposta sul Reddito Agrario.
 6. Imposta Ordinaria sul Patrimonio.
 7. Imposta sui Terreni.
 8. Imposta Complementare.
 9. Tasse sulle Successioni e Donazioni.
 10. Imposte di Consumo.
4. I am sure that you will agree that it is essential that the whole problem of governmental revenue should be tackled realistically and energetically.

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

Office of the Acting Chief Commissioner
APO 394

EWS/hjp

28 August 1944

SUBJECT: Payments for goods and services in Italian territory

TO : Finance Sub-Commission, Hq ACC

1. With reference to your letter of 25 August, subject as above, the British High Commissioner and the American Delegate to the Advisory Council both feel that there would be unfortunate political repercussions in the implementation of Adm Memo #31 for the reasons set forth in para 10 of your letter.

2. In addition to communicating their views in reply to the letter of G-4 (A) AFHQ, I should like you to draft a letter from me to SACMED in his capacity as President of this Commission, setting forth the reasons why the Commission should not proceed as instructed in paras 2 and 3 of Adm Memo #31.

ELLERY W. STONE
Captain, USMR
Acting Chief Commissioner

Hq ACC - Secy Gen.
DISPATCHED
Date 29 Aug 1945
By <i>M. J. Stone</i>
<i>EW</i>

1499

FILES A+B

34

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394
Tel. Extns. 553 & 417

25 August 1944

I3076/P

SUBJECT: Payments for goods and services in Italian territory.

TO : The Acting Chief Commissioner,
Allied Control Commission

1. Administrative Memorandum No. 31 of 1st August 1944 is attached. It will be seen that the ACC has the responsibility under paragraph 2 of setting up an Italian Agency to procure goods and services for the Allied forces.
2. Under paragraph 3 the ACC is to require the Italian Government to set up a lire account.
3. On the 17th August, the undersigned attended a meeting at AFHQ when he stated objections to both proposals.
4. As regards the instructions in paragraph 2, it is considered by the Finance Sub-Commission and by the heads of the procuring services at HQ AAI and the Italian Army, which is the only agency which would appear to be competent to handle such services, that no Italian Agency exists nor could be formed to undertake competently the duty of procuring goods and services for the Allied forces.
5. This main argument of G4 (B) and the Fiscal Director AFHQ for the institution of a lire account was that the franc account established in North Africa had obviated the necessity of purchasing francs by British and American forces, expedited the payment for goods and services supplied and worked admirably. It must be remembered that this scheme was interlocked with Mutual Aid with the result that the French were gaining dollars pro-tanto and co-operated whole-heartedly.
6. In Italy the circumstances are entirely different. The Allies are dealing with a dispirited nation, not an ally but with the doubtful status of co-belligerent. Procurement of goods and services are on a vastly greater scale than in North Africa; and the Italian Government considers that their country is being despoiled by its conquerors. The establishment of a lire account postulates that the vouchers for payments charged thereto are to be handed over periodically to the Italian Government.

1498

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

7. It is not considered that the use of the lira account would assist in controlling inflation. If the lira account is established, the Italian Government will not be able to finance the resultant expenditure out of its own resources but will require to borrow an appropriate amount from the Allied Financial Agency. The funds would then be returned to AFA who would furnish the amount required to the Command Paymasters and Finance Officers of the Allied forces. By such action the Italian Government has directly furnished the funds necessary for the payments by Allied forces. The amount of lire expended remains constant.

8. It is considered that the procedure laid down in paragraph 3(d) of the attached Memorandum will provide the Italian Government with information for which they have repeatedly and vainly asked, and which will probably be used to the detriment of the Allies to demonstrate the severe treatment accorded to Italy. Once in possession of this figure it is only a short step to asking for details of the amount paid to troops. It is also likely that the Italians will raise countless queries on the propriety and price of purchases. Further, it should be borne in mind that no saving of time or personnel is involved, as funds would continue to be furnished to and payments made by, the Paymasters and Finance Officers.

9. A letter has been received from G4 (A) AFHQ which contains the following extract:-

" It is opinion of G4 (B), the Fiscal Directorate, and myself that the expenditure from the Lira account will be a relatively small porportion of the over-all cost to Italy of Allied occupation and that, therefore, it is impropable that there will be any particular disadvantage to the United Nations in permitting this information to be made available to the Italian Government. However, this is a political question and since you will bear responsibility for any political reactions, it is considered you should seek political guidance in the matter. "

10. In accordance with the suggestion contained in the last sentence of this letter, the undersigned has consulted both the Director of Public Relations and the political Section. The former stated that he would be opposed to any action which would enable the Italian Press to criticise the Allied has having despoiled their country, and to produce figures to support their case. The Political Section were in general agreement with this view, and stated that there were obviously no political

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

advantages in the scheme and that there might be disadvantages in making this information available at a time when the granting of Lease/Lend or Mutual Aid facilities to Italy is under consideration. Further the Political Section advised that the matter should be referred to the American and British Ministers in Rome in order that they should have an opportunity to express their opinion.

II. It is recommended that the existing procedure should continue whereby funds are drawn direct by the Paymasters and Finance Officials from the Allied Financial Agency. It is clear that currency so disbursed is charged to the Italian Government, and that the relevant clauses of the Armistice terms are satisfied.

A.P. GRAFFETTY-SMITH

Colonel,
Joint Director,
Finance Sub-Commission.

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

A/OS 100

23 August 1944

SUBJECT: Advance of Life to Advisory Council for Italy

Re: G-5 Section, Allied Force Headquarters, AFO 512

1. Reference is made to our letter of 16 August 1944 concerning the above subject (A/OS 100).

2. We have discovered that a clerical error was made in the May figures in compiling the table in para 3. The table should read as follows:

	<u>American</u>	<u>British</u>	<u>Russian</u>	<u>Yugoslav</u>	<u>Greek</u>	<u>French</u>
April	10,625	1,075	1,075	51,518	1,070	1,070
May	1,212	355	1,000,755	50,305	100,295	295
June	3,610	110	1,000,455	300,055	100,055	55
July	3,149	425	2,300,350	300,200	800,000	—
	<u>18,596</u>	<u>1,915</u>	<u>4,302,635</u>	<u>702,078</u>	<u>1,001,420</u>	<u>1,420</u>

3. This correction does not change in any way the facts set forth in para 2, the conclusion, and request contained in para 4.

A 927

Hq A.C.C. Sec'y Gen.
DISPATCHED
Date-Time
Via
Through

cc: The Hon. Alexander Kirk
Sir Noel Charles

HARRY W. SEBAST
Captain, USNR
Acting Chief Commissioner

FILES A(B)

1495

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

FILE UNDER NO. 100.- General

INDEX SHEET

SYNOPSIS

Aide Memoire 1/217 from Ministry of Foreign Affairs/and
dated 12 Aug 44
memo A/CC 250,18 Aug to Finance Sub-Com, subject Payment
of Salaries to certain Italian Government Employees.

DOCUMENT FILED UNDER NO. 000.5 Defascistization
(folio 52 & 53)

INSTRUCTIONS - Under «Synopsis» make brief entry showing date of communication and from whom received and synopsis sufficient to identify the papers. When these index sheets become numerous under a subject they will be entered on the consolidated index sheets and then destroyed.

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

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Acting Chief Commissioner
APO 394

JF
LDD/ajp

A/CC 100

18 August 1944

SUBJECT: Payments in Italian Territory

TO : Executive Director,
Economic Section.

1. Reference letter ES/11 from your section to G-5 AFHQ, dated 10 August 44, relative to "Payments in Italian Territory" (AFHQ Admin Memo No. 31 of 1 August 44).

2. Note your letter carried no classification. Having reference to Armistice terms and to a "confidential" document, I wonder if it should have been classified?

3. If you agree perhaps you will mention the matter to your staff so that they will keep the matter of classification in mind in the future.

Hq ACC - Sec'y Gen.
DISPATCHED
Date - Time 18 Aug 1944
Via <i>msg.</i>
Initials <i>BRR</i>

L. D. DENSMORE
Colonel, Sig C
Chief Staff Officer

1493

*See 38**files A-72-20*

31

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

C O P Y

16 August 1944

Captain Stone.

Re attached.

1. Note Administrative Memo 31, 1 Aug, attached.
2. Your note 10 Aug to Economic Section.
3. Their action letter ES/11, 10 Aug 44, direct to G-5 AFHQ -
 - a. Reference to Armistice Terms, would require "classification".
 - b. No copy to A.A.I.
 - c. Rather strong statements, even if true.
 - d. Lt. Col. R. A. Sharp did the drafting of this for Gen. O'Dwyer.
4. Suggest you ask Lawler for private comments before you take any other steps.

/s/ L. D. D.
/t/ L. D. DENSMORE
Colonel

Suggest you send note to Gen. O'D's Staff Officer--
pointing out that the letter should have been classified
the same as Exec Memo 31 "Restricted". G-5 is as opposed
to #31 as we are--probably will welcome letter.

S----

1492

31

Declassified E.O. 12356 Section 3.3/NND No. 785015C O P YHEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

GAS/iab

ES/11

10 Aug 44.

SUBJECT: Payments in Italian Territory.

TO : G-5, AFHQ

1. Full consideration has been given to AFHQ Administrative Memorandum No. 31.

2. This memorandum is the culmination of a long argument between AFHQ and AAI, the latter representing ACC's views. The original provisions of Administrative Memorandum 95 laid down that the Italian Government, under the Armistice terms, was responsible for the payment for sundry goods and services necessary to the Allied Forces. ACC Finance Sub-Commission was made responsible for devising a scheme to implement the provisions of a long and somewhat confused memorandum.

3. With the full agreement of the interested sections of AAI and of the Italian Government, Finance Sub-Commission devised a scheme whereby payment would be made by means of vouchers encashable at the Intendenza di Finanza. AAI were prepared to put the scheme into operation without further reference to AFHQ. Unfortunately, AFHQ were informed by the British Financial Advisor of the suggested plan. Amour propre thereafter asserted itself so vigorously that the voucher scheme was turned down solely on the grounds that "it might not have worked" and the Lire account scheme, a poor imitation of the existing arrangement in North Africa, is now presented to AAI and ACC as a 'fait accompli' without any previous reference to or consultation with those who have to interpret its vague clauses.

4. No one in Rome, either at AAI or ACC, has any detailed knowledge of the Franc account procedure in North Africa, and there must be several officials at AFHQ whose advice and assistance could be of use particularly in persuading the Italian Government to accept conditions so light-heartedly planned from a distance.

5. A conference is being held with AAI to consider the many difficulties implied in the proposed procedure. It is recommended that the authors of Administrative Memorandum 31 be given opportunity of explaining how they consider that the proposed procedure should be implemented and that they should take some part in carrying out the recommendations of the Memorandum. The pleas of distance and long journeys no longer appears to apply.

1491

WILLIAM O'DWYER,
Colonel, A.C.
Vice-President,
Economic Section.

copy-Finance S/C

31

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

SECRET

A/CC 100.

9 August 1944.

SUBJECT: Authority and Duties of Officers of ACC dealing with Remittances.

TO : G-5, A.P.H.Q.

1. Ref. G 5/123.7, dated 30 July 1944, enclosing a copy of TAM 244, dated 28 July 1944, and further to our letter on the above subject, dated 23 May 1944.

2. The following British and American officers, who have been assigned to duty with the Allied Financial Agency, have been and are authorized to authenticate, now and in the future, the signatures of persons designated by the Banco di Napoli to operate accounts, including specifically accounts which are utilized to effect remittances from the United States and the United Kingdom to Italy. In authenticating documents prepared by the Banco di Napoli to banks in the United States and the United Kingdom, relating to remittances to persons or organizations in Italy, these officers have been and are operating within their proper duties as assigned by my orders:

Major J.H. HENICK (A)	O - 104466	in Allied Financial Agency
Major D.B. BATHIAS (A)	O - 522087	do
Lieut. G. H. WILLIS (A)	179354	do
Lieut. J. A. CIGALA (A)	O - 1580473	do
Major E. J. GIBB (B)	39258	do
Major J. F. MEYER (A)	O - 520204	Allied Financial Agency, Naples.
Captain G. FLECHER RUSSELL (B)	50309	do

Specimen signature of these officers are given in an annex to this letter.

3. Authority to designate additional officers for duty with

1498
files 110700

SECRET

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

SECRET

The Allied Financial Agency is vested in the Joint Directors, Finance Sub-Commission, who are at present:

Colonel K. B. FOLEY, Jr. (A) O-911946
Colonel A. P. CHAFFET-SMITH (B) 35329

Specimen signatures of these officers are given in an annex to this letter.

4. Additional officers designated for duty with the Allied Financial Agency by the Joint Directors, Finance Sub-Commission, may be assigned the function of authenticating the Banco di Napoli signatures, by order of the Chief of the Allied Financial Agency, now James H. Penick, O-104466, Major, Specialist Reserve (A).

5. Specifically, the signature of Major James H. Penick, who authenticated for transmission the following letters of the Banco di Napoli, is a true signature of this officer, and he is hereby certified to have been operating within the duties assigned by my orders in transmitting these letters and documents.

LettersAddressee

6 Mar 44, 29 Apr 44

The National Shawmut Bank of Boston, Boston
The Continental Illinois National Bank and Trust Co.,
Chicago
The National Bank of Detroit, Detroit
The Chase National Bank of the City of New York,
New York
The Guaranty Trust Co., New York
The Manufacturers Trust Co., New York
The Hibernia National Bank, New Orleans
The Corn Exchange National Bank, Philadelphia
The Mellon National Bank, Pittsburgh
The Bank of America National Trust & Savings
Association, San Francisco
American Express Company, New York

28 Jul 44

Resolution of bank

First National Bank of Chicago, Chicago
National City Bank of New York, New York
Philadelphia National Bank, Philadelphia
First National Bank of Boston, Boston
The Marine Midland Trust Co. of New York, New York
Central National Bank of Chicago, Chicago
Central National Bank of Cleveland, Cleveland
Columbus National Bank, Providence, R.I.
American Trust Co., San Francisco

Hq ACC	Sec'y Gen.
DISPATCHED	
Date Time	19 Aug 44 0925
Via	PRR
Initials	PRR

Prepared by Finance S/c

ELLERY W. STONE
Captain, USMR
Acting Chief Commissioner

SECRET

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

SECRET

Appendix to letter dated 9 August 1944, addressed by Finance Sub-Commission, HQ., ACC to G-5 (Finance) AFHQ., on subject of "Authority and Duties of officers of ACC dealing with Remittances".

The officers authorized to designate officers for duty with the Allied Financial Agency are:

<u>Rank</u>	<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Col. E. H. POLEY, JR.		Joint Director, Finance Sub- Commission.	<i>E. H. Poley Jr.</i>
Col. A. P. GRAPPEY-SMITH.		Joint Director, Finance Sub- Commission.	<i>A. P. Grappesy Smith</i>

The officer authorized to sign as Chief of AFA

<u>Rank</u>	<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Major J.H. FENICK		Chief of Allied Financial Agency	<i>James H. Fenick</i> <i>James H. Fenick</i>

Authorized signatures of Headquarters, Allied Financial Agency :-

<u>Rank</u>	<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Major D.B. Mathias		HQ., AFA	<i>D. B. Mathias</i>
Major E.J. Gits		ditto	<i>E. J. Gits</i>
Lieut. G.H. Willis		"	<i>G. H. Willis</i>
Lieut. J.A. Cicala		"	<i>J. A. Cicala</i>

1484

SECRET

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13025/F

12 August 1944

SUBJECT: Procedure regarding remittances to Italy.
TO : Acting Chief Commissioner,
(through Economic Section).

1. The attached draft letter is submitted for signature by the Acting Chief Commissioner in person.
2. As stated in TAM 244, copy of which is attached, the certification of the signature of certain bank officials signing authorization in connection with the remittance should be executed by duly authorized ACC officers, whose authority for so doing must be attested by the Acting Chief Commissioner.

(Signed) A.P. GRAFFTEY - SMITH

Colonel,
Joint Director,
Finance Sub-Commission.

EJB/rad

1488

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

RESTRICTED
INCOMING MESSAGE
DEFERRED

FROM : AGWAR FROM CCS

TO : WILSON INFORMATION ET OUSA BRITISH CHIEFS OF STAFF REF NO THIS MESSAGE :
WX72092, 28 July 1944.

For FHGEG

Cite CCAC

TAM 244

UNITES STATES Procedure re Remittances to SICILY.

Reference TAM 173.

UNITED STATES Treasury Department states that correspondent banks in UNITED STATES of Bank of Naples are requesting identification and certification of authority of ACC Officers who certified signatures of Bank of Naples Officials on letters to banks here requesting opening of post liberation blocked accounts and on appended signature lists. It is requested that such identification and certification of authority of ACC Officers, similar in form to those you furnished CCS with respect to Bank of SICILY, be forwarded to CCS so that copies can be given to banks here.

In civil Affairs Division Memorandum dated 10 June, Subject : Letters addressed to Banks in the UNITED STATES by the Bank of Naples, there were returned to you for correction by AFA letters from the Bank of Naples to certain of its correspondent banks in the UNITED STATES. Treasury Department that transmission of corrected letters to correspondent banks be expedited.

REF NO : WX 72092

It is requested by the United States

FOOTNOTE : TAM 173 is ref no. WX 33789 MC IN 5150 9/5/44 MGS

ACTION : G-5

INFO :

MC IN 17454 29 July 44 0700B REF NO WX 72092 t/J/K

1487

Files A473/1030

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

CONFIDENTIAL

BWS/hjp

A/CC 100

My ACC Sec'y Gen.

DISPATCHED

Date: June 16 AUG 1944

16 August 1944

via *Wing* 1030Initials *WY*

SUBJECT: Advance of Lire to Advisory Council for Italy

TO : G-5 Section, Allied Force Headquarters, APO 312

1. Reference is made to TAE Airgram 8 of 15 March 1944 from CCAC to FPMG concerning above subject.

2. Monthly statements of the advances made to each delegation as reported to AFA by the Finance Agent of the Advisory Council for Italy have been sent to you for your files and for forwarding to Washington and London. In addition to these advances, the Russian delegation received remittances from Moscow of 7,450,000 lire during July via the Bank of England.

3. Para one of above reference authorizes advance by AFA of Lire "...in amounts which you consider reasonable...". An examination of the statements for April, May, June and July discloses that, in addition to itemized disbursements such as Furniture and Equipment, Office Supplies, Rations and laundry, the following amounts have been advanced in Lire for Miscellaneous Current Expenses:

	<u>AMERICAN</u>	<u>BRITISH</u>	<u>RUSSIAN</u>	<u>YUGOSLAV</u>	<u>GREEK</u>	<u>FRENCH</u>
April	10,625	1,075	1,075	51,518	1,070	1,070
May	104,466	70,714	1,081,655	80,367	134,152	31,058
June	3,610	110	1,600,000 400 55	200,000 55	100,000 55	55
July	3,149	425	300,000 350 2,000,000	300,000 200	400,000 400,000	
	121,850	72,324	4,383,535	632,140	1,035,277	32,183

4. In view of the disproportion in these sums as between delegations and the increasing amounts of monthly advances to certain delegations, it would be appreciated if you would inform us whether or not you consider that further advances should be made without requiring supporting information.

Cy: Sis Noel Chaffin
How Alex Kirk

CONFIDENTIAL

ALBERT W. STONE
Captain, USNR
Acting Chief Commissioner

Declassified E.O. 12356 Section 3.3/NND No. 785015MEMORANDUMTHE PRESIDENT
OF THE COUNCIL OF MINISTERSNO. 12345 - 12346
1.1.1.1.1.1HQ ACC, APO 394
H26 Sec'y Gen.
Rec'd 6 Aug 1944
By MR.

Date, 2 August 1944

Dear General,

At the Central Statistical Institute an allied control office has recently taken up its functions and is located at the Institute itself.

As you know, the Statistical Institute is a central organ of the State directly subordinate to the Presidency of the Council of Ministers. It could therefore seem fitting that its relations with the Allied Control Commission, like those of all similar bureaus, should also follow the normal channel of the competent sub-ordination, rather than the special one of a governmentally detached organ.

The normal procedure would certainly not fail to insure in an equally perfect manner that collaboration which the Institute, within the limits of its jurisdiction, will always be very glad to give to the Allied authorities.

In expectation of your courteous reply I pray you, dear General, to accept my best wishes.

/s/ L. Brand

General Willy L. Brand
President
Allied Control Commission

1485

Trans - 1.1.1.1.1.1

38

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

EWS/dfe

A/CC 100.

15 August 1944

My dear Mr. Prime Minister:

Your letter 11545 - 10026 1.1.16.A-A.1 of 2 August 1944 asks that the Central Statistical Institute should have direct relations with the competent sub-commission of Allied Control Commission and I am glad to advise you that this arrangement is being followed at the present time.

Lt. J. B. Hicks, who has an office at the Institute, represents the Economic Section, ACC and not only co-ordinates ACC requests for information from the Institute but also assists the Institute to obtain necessary facilities.

I believe that the present arrangement is working very smoothly, but if you wish to make a change, please write me again.

Yours very truly,

ELLEN W. STONE
Captain, USNR
Acting Chief Commissioner

His Excellency Ivanoe Bonomi
President of the Council of Ministers
Italian Government

cc: Finance A/C

Hq ACC	Sec'y Gen.
DISPATCHED	
Date - June	17 Aug 1944
Via	RR.
Initials	

1484

files H40
700

28

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

HEADQUARTERS
REGION 3, ALLIED CONTROL COMMISSION
APO 394, U.S. ARMY

12 August 1944

SUBJECT: Cost of Living Studies.

TO: Office of the Secretary General
Headquarters A.C.C.
APO 394 - U.S. ARMY.

1. We refer to our letter of 21 July with reference to cost of living studies made in Region 3.
2. Enclosed are nine copies of "Economic Fact and Factors" for the months of June and July 1944, published by the Economic ~~Section~~ and Supply Division, Region 3, A.C.C.
3. Please sign the enclosed receipts and returning them to us as soon as possible.

A. B. ARNOLDY
1st. Lt. Asst. Spec. Rec.
Price Investigation Office
Economics & Supply
Region 3.

MBA/cv

cc: Maj. Thompson, Economic Section
Together with all inclosures.
14 Aug. 44

D.F.T.

COPY

Files *HB*
1483

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

SECRET

EWS/b.

A/CC 387.4

11 August 1944

My dear Sir Noel:

Attached is a copy of a translation of a letter from Prime Minister Bonomi dated 10 August 1944 concerning the publication of the Armistice terms and the extension of Lend-Lease to Italy. Also attached is a draft of my proposed answer. Both will be considered at our meeting tomorrow at 11:30.

Yours very truly,

HILARY W. STONE
Captain, USMC
Acting Chief Commissioner

2 Incls:
as stated above

Sir Noel Charles, Bt., K.C.M.G.
British High Commissioner in Italy
British Embassy
84 Via Ventì Settembre
Rome

Exact Copy to Alex Kirk,
which is filed in 387.4
JES

Hq ACC	Sec'y Gen.
DISPATCHED	
Date-Time	11 Aug 1944
Via	Cap. J. Shugart
Incls	PRK

SECRET

1482

files H. J. J.

26

100 - Finances
387.4
x - 100 Finances

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

Office of the Acting Chief Commissioner

100

AFHQ Admin. Memo. No 31 (Payments in
Italian Territory)

10 August

4

Economic Section.

I take it that instructions contained in attached are
at hand.

Stone.

1 Incl-
AFHQ Admin. Memo #31.

A 772

Hq ACC - Sec'y Gen.
DISPATCHED
Date - Time 10 AUG 1944
Via <i>msg</i> 1100
Initials <i>dy</i>

See (31)

Files A4(3) 1481 25

Declassified E.O. 12356 Section 3.3/NND No. 785015C O N F I D E N T I A L

DCK/ar

ALLIED FORCE HEADQUARTERS
APO 512

(D)

ADMINISTRATIVE MEMORANDUM)
NUMBER 31)

1 August 1944

PAYMENTS IN ITALIAN TERRITORY

1. The following policies as to the procurement of supplies, facilities and services in Italian territory are hereby prescribed, and the provisions of Administrative Memorandum Number 99, are modified accordingly.

2. Italian Services and Requisition.

a. The Allied Control Commission will cause to be set up within the Ministry of Finance of the Italian Government an agency to consist of a Chief Agent and as many sub-agents as may be necessary, to accept and fill such requisitions for supplies, facilities and services, locally obtainable, as may be passed to it by the Allied Forces. This Agency will obtain the supplies, facilities and services required by such means and methods as the Italian Government may provide.

b. The sub-agents will be located at convenient points where they can readily cooperate with the Allied Forces.

3. Lire Account.

a. The Allied Control Commission will require the Italian Government to advance from time to time to a designated officer of the Allied Control Commission specified sums of lire to be used by the various components of the Allied Forces to enable them to make such payments as specified below. This fund will be known as the Lire Account.

b. Cash payments from the Lire Account may be made in the following cases:

1.
 1. For items and services which it is impracticable to procure through the Italian services of requisition, or which cannot be procured speedily enough.
 2. For procurement in the combat zone, where payment in cash is necessary to obtain supplies, facilities and services.
 3. For small day-to-day purchases, the nature of which makes requisitioning impractical.
 4. For all payments to local civilian employees.

c. In every case the Allied procuring agent concerned will require an approved requisition or authority from the appropriate service prior to making purchase or payment.

1480

ADJUTANT
GENERAL
ADMINISTRATIVE
MEMORANDUM
31

Declassified E.O. 12356 Section 3.3/NND No. 785015CONFIDENTIALJHHA Adm. Memo. # 31
(cont'd)

d. Vouchers for payments charged to the Lira Account are to be turned over periodically to the Italian Government through the officer of the Allied Control Commission controlling the Account.

4. Real Estates and Claims.

a. The methods for procurement and payment described above will not be employed in obtaining the use of real estate or in paying claims. The real estate sections and hiring officers of the respective Forces shall continue to acquire buildings, land, and all other types of real estate, including accommodation and furnishing thereof, through the Italian Government Comando Genio Militare.

b. Claims will be processed by the various claims sections and passed to the Italian Government for payment under the system now in operation.

5. Certain Payments Not to be Made.

Payments should not be made for the following:

a. Durable goods which are not in continuous, current production, or which the owner either will be unable to replace locally or will not need to replace at present. These include such articles as vehicles, heavy plant and machinery, constructional materials, structural steel, railway plant, stock piles and the like, not forming part of current output of an operating plant.

b. Services which are normally performed by the state or local authorities, such as repairs to roads and bridges, removal of refuse, etc.

c. Goods taken over from or owned by and services performed by the state or local authorities, or by State-owned or para-statal concerns.

d. When the arrangements contemplated in Paragraphs 2 and 3 above have been effected by the Allied Control Commission, detailed instructions will be issued by the Commanding General, MAFSOSA, for U. S. Army Forces, by the Commander, U. S. Naval Forces in Northwest African Waters, and by the British Navy, Army, and RAF commanders, for their respective services. Such instructions will follow generally the plan outlined in Administrative Memorandum Number 15, Headquarters MAFSOSA, 4 November 1945, for US Forces, and the corresponding instructions which were issued in North Africa for the British Forces.

By command of General Wilson:

M. V. REBERTS,
Colonel, ADC
Adjutant General

DISTRIBUTION
1024

1479

25

Declassified E.O. 12356 Section 3.3/NND No. 785015HEADQUARTERS
ALLIED CONTROL COMMISSION
AMC

Suspense -----

Date 1 Aug, 1944

ADMIN. MEMO 31

DISTRIBUTION

FROM	TO	FROM
Chief Staff Officer		Patriots Branch
Secretary General		Security Branch
Archivist		Establishments Branch
Admin Section		Director
Interior		Executive Officer (A)
Public Safety		Executive Officer (B)
Public Health		G-1 (A)
Property Control		G-1 (B)
Legal		G-4 (A)
Education		G-4 (B)
Monuments & Fine Arts		H.Q. Comit
Economic Section		Adjutant
Agriculture		Message Center
Commerce		Orders & Bulletins
Finance		2675 Regt
Food		Political Section
Industry		Navy
Labor		Army
Mining Division		Air
Public Works & Utilities		Communications
Requisition Division		Civil Censorship Group
Shipping		W. M. D. & P. O. W.
Transportation		Public Relations Branch
R.C. & M.C. Section		L.H.R.R.A.
P.A. to Executive Commissioner		Reg 1 to 9
Civil Affairs Branch		100 2 ARMY
Information Division		100 3 ARMY
Liaison Division		
L. & D.P. S.C.		
Italian Refugees Branch		

FOR

Signature
Remarks/Recommendation
Information
Approval/Disposal
Appropriate Action
Investigation & Report
Dispatch

Remarks

1478

25

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

RWB/ajp

A/CC 100

10 August 1944

My dear Mr. Prime Minister:

This is to acknowledge receipt of your letter 1/136 of July 29, relative to the views of the Italian Government regarding its international position which arose out of the unfavorable reply of the Department of State to its request for participation in the Monetary and Financial Conference which was held at Bretton Woods, New Hampshire, during July last.

I have transmitted this expression of your views to my Government through the Department of State.

Yours very truly,

MILERY W. STONE
Captain, USNR
Acting Chief Commissioner

His Excellency Ivanoe Bonomi,
President of the Council of Ministers,
Italian Government,
Rome.

Hq ACC - Sec'y Gen.
DISPATCHED
Date-Time 11 Aug 111P
Via <i>RR</i>
Initials <i>RRR</i>

files HCB/
cy Pol Sec 14 Aug

1477

24

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

DWS/ajp

A/CC 100

16 August 1944

My dear Mr. Ambassador:

This is in reference to your letter of July 11, 1944, regarding the unfavorable reply of the Department of State to the request by the Italian Government for its participation in the recent Monetary and Financial Conference. In reply to my communication of advice in the premises, to the Undersecretary for Foreign Affairs, I have received a letter from the President of the Council of Ministers, expressing the views of the Italian Government regarding its international position, which arose out of the Department's reply, of which a copy is enclosed.

It will be appreciated if you will bring these views of the Italian Government to the attention of the Department of State.

Cordially yours,

EMERY W. STONE
Captain, USAR
Acting Chief Commissioner

1 Incl.

The Honorable Alexander Kirk,
U. S. Representative to the Advisory Council for Italy,
Via Vittorio Veneto 119,
Rome.

→ cc. British High Commissioner in Italy.

Cy Rel Sec 11/22/44

Hq ACC	Sec'y Gen.
DISPATCHED	
Date-Time	11 Aug 1944
Via	179
Initials	10/18

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

EWS/hjp

Acting Chief Commissioner

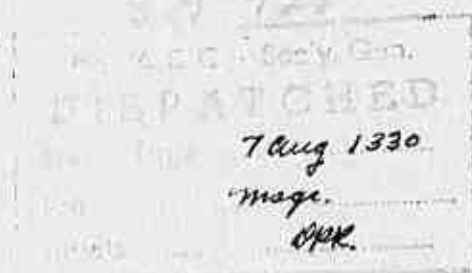
Monetary and Financial Conference

A/CC 100

Political Section, Hq ACC

6 August 4

Would you kindly draft an acknowledgment to the Prime Minister together with a letter of transmittal of the Government's reply to Ambassador Kirk, with copy to Sir Noel Charles.



ELMER W. STONE
Captain, USNR
Acting Chief Commissioner

Re 20

100

files A 113/700

1475

2

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
Office of the Acting Chief Commissioner
APO 394

LDD/hjp

A/CC 100

2 August 1944

MEMO TO: Political Section, Hq ACC

SUBJECT: Monetary and Financial Conference

1. References, copies attached, relative above subject:

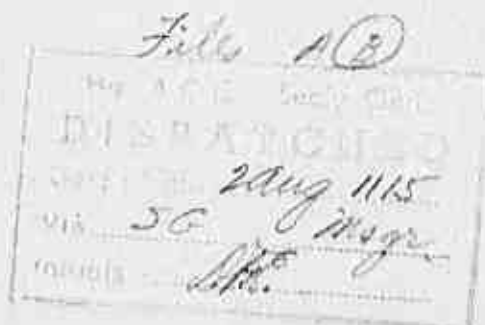
- a. Copy letter 4978 of 21 June 1944 from G. Visconti Venosta.
- b. Copy letter A/CC 100 of 30 June from A/CC to Ambassador Kirk.
- c. Copy letter 11 July, Ambassador Kirk to A/CC.
- d. Copy letter A/CC 100 of 11 July from A/CC to G. Visconti Venosta.
- e. Copy letter 1/138 of 29 July from H.E. Bonomi to A/CC.

2. The Acting Chief Commissioner would like your comments and suggestions with respect to appropriate action to be taken on reference 1 e, please.

For the Acting Chief Commissioner:

L. D. DENSMORE
Colonel, Sig C
Chief Staff Officer

5 Incls:
as in para 1 above



1474

21

2 5 6 0

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

TRANSLATION
L. 1/138

HQ ACC, APO 394
326 Sec. y. Gen.
Rec'd 1 Aug. 1100

By DRR.
File A 4 (13) 2m

THE PRESIDENT OF THE COUNCIL OF
MINISTERS

Rome, July 29th 1944

Dear Admiral,

Thank you for your letter of July 11th A/CC 100.

The R. Government has learnt with deep regret that the Department of State, after a careful examination, has not deemed it possible to give a favourable answer to its request that it should participate to the Monetary Conference of Bretton Woods.

The Italian Government thinks that this prolonged exclusion from every international manifestation and initiative is an ulterior and useless cause for humiliation on one hand, and represents the carrying on of an attitude of mistrust and opposition on the other, which are not justified anymore, either by the Italian situation, or above all by these programs of international co-operation which are, so it is said, to be restored in the world.

I will be most grateful to you if you will kindly be the interpreter of our feelings to your Government.

^ remain, my dear Admiral,

Yours sincerely,

/s/ Ivanoe Bonomi

Admiral Ellery A. Stone
Acting Chief Commissioner of the
Allied Control Commission

Rome

Trans. / E.C.

1473

20

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

TROOPERS (ACTION) AAI (INFO) AFHQ ADV (INFO)

ACC MAIN

826

22 July

SECRET

PRIORITY
Executive Commissioner

PERSONAL FOR FRENCH FROM LUSH PD PAREN TO TROOPERS RPT AAI AND AFHQ ADV FOR
GEORGE FIVE FOR INFO FROM ACC MAIN PAREN PD REFERENCE YOUR SIX ZERO ZERO SEVEN
 ZERO CHARLIE ABLE ONE FIVE OF ONE FOUR JULY AND FURTHER TO THIS HEADQUARTERS
 SEVEN TWO NINE THREE OF NINE JULY PD DATA WAS SUBMITTED AT AAI MEETING IN ROME
 SHOWING HIGHER COLLECTIVE CONTRACT LEVELS AND HIGHER COSTS OF LIVING IN ROME
 THAN NAPLES WHICH WOULD INDICATE THAT NAPLES RATE IS NOT APPLICABLE TO ROME PD
 DIFFERENCE IN RATE PAREN YOUR QUESTION DOG) PAREN IS TWENTY PER CENT HIGHER IN
 ROME OVER NAPLES PD YOUR QUESTIONS ABLE AND BAKER CMA FREEDOM RATES TEN PER CENT
 LOWER THAN GERMAN ARMY RATE WHICH LATTER CMA HOWEVER CMA WAS AUGMENTED BY LARGE
 FREE FOOD GRANTS PD COLLECTIVE CONTRACT LEVELS IN ROME TWENTY PER CENT AND MORE
 THAN THOSE IN NAPLES PD NO RELIABLE INFORMATION AVAILABLE REGARDING QUESTION
 CHARLIE PD PRESENT ROME RATION ISSUE OF TWO ZERO ZERO GRAMS WITH POSSIBLE
 INCREASE TO THREE ZERO ZERO GRAMS DOES MEAN HIGHER STANDARD OF LIVING AND LESSENS
 DEMAND FOR INCREASED WAGES PD FURTHER COST OF LIVING DATA IS BEING PREPARED FOR
 AAI FOR POSSIBLE RECONSIDERATION OF THE PROPOSED ROME WAGE INCREASE.

L. T. MONTANT, JR.,
 1st Lieut, AGD.,
 Adjutant.

1472

Copy to: Econ. Sec.

(C O P Y)

100
File 041.3

19

2 5 8 2

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

REF 469

(1) *War office, London*

SEW/1701

SUBJECT : Direct Communication with WO London
and WD Washington,

Ref C11.1/CE.

TO : Secretary General, HQ ACC.

HQ ACC, 175
175 Sec'y Gen
Rec'd. 23 Jul PM
DFE

The attached correspondence is forwarded for despatch by you in accordance with your AG/542.3 dated 4 Feb 44.

ADMIN SEC
21 Jul 44

JH White

S.H. WHITE Lt Col,
for A/NA Admin Sec

1471

162

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
ADMINISTRATIVE SECTION
APO 394

ACC/011.1/CP

20 July 1944

Subject: Lists of British citizens having bank accounts in Italy, and rules respecting withdrawals.

To : War Office (through G-5, AFHQ, APO 512)

1. We are informed that your office, or some department thereof, has on file a list of British citizens having bank accounts in banks in Italy.

2. We are also informed that certain restrictions have been imposed upon withdrawals of such accounts, either by forbidding the transmission to Italy of powers of attorney or in some other manner.

3. It would facilitate the work of our Finance sub-Commission and property control sub-Commission if you would furnish us with:

- (a) A copy of such list of depositors showing, if possible, depositor's name, address, and name of bank, and
- (b) A copy of any rules or regulations imposing restrictions, directly or indirectly, upon withdrawals from such accounts.

GERALD R. UFFORD
Colonel
Acting Head
Administrative Section

ACC/011.1/CP 1st Ind
Hq. Allied Control Commission, APO 394, 25 July 1944
To: C-in-C, A.F.H.Q. (Att. A. C. of S. G-5), APO 512

RED/ajp

1470

R. E. D.

(B) 182

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

EXT 469

SHW/gal

SUBJECT : Direct Communication with WO London
and WD Washington,

Ref 011.1/CP.

TO : Secretary General, HQ ACC.

HQ ACC. AND 30
175 Sec. Gen.
23 Jul PM
DFE

The attached correspondence is forwarded for despatch by you in accordance with your AG/312.3 dated 4 Feb '44.

ADMIN SEC
21 Jul 44

SHW
S.H. WHITE Lt Col,
For A/HQ Admin Sec.

1469

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
ADMINISTRATIVE SECTION
APO 394

ACC/011.1/CP

20 July 1944

Subject: Lists of American citizens having Bank Accounts
in Italy, and rules respecting withdrawals.

To : U.S. Treasury Dept., (through G-5, AFHQ, APO 512)

1. We are informed that your office, or some department thereof, has on file a list of American citizens having bank accounts in banks in Italy.

2. We are also informed that certain restrictions have been imposed upon withdrawals of such accounts, either by forbidding the transmission to Italy of powers of attorney or in some other manner.

3. It would facilitate the work of our Finance Sub-Commission and Property Control Sub-Commission if you would furnish us with:

- (a) A copy of such list of depositors showing, if possible, depositor's name, address, and name of bank, and
- (b) A copy of any rules or regulations imposing restrictions, directly or indirectly, upon withdrawals from such accounts.

GERALD R. UPJOHN
Colonel
Acting Head
Administrative Section

ACC/011.1/CP 1st Ind
Hq. Allied Control Commission, APO 394, 25 July 1944.

RED/cjp

To: C-in-C, A.F.H.Q. (ATT. A. G. of S. G-5), APO 512.

R. E. D.

1468

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

HEADQUARTERS
REGION 3, ALLIED CONTROL COMMISSION
APO 394, U.S. ARMY

HQ ACG, APO 394
186 Sec'y Gen.
Rec'd 23 Jul 44
By *AM*

21 July, 1944

SUBJECT : Cost of Living Studies.

TO : Office of the Secretary General
Headquarters A.C.C.
APO 394 - U.S. ARMY

1. In accordance with instructions received from Col. John W. Chapman, we enclose nine (9) copies of "Economic Facts and Factors", a monthly bulletin covering the months of March, April and May 1944, and published by the Economics and Supply Division, Region 3.A.C.C.

2. The June issue is not yet completed and as soon as it is finished a like number of copies will be sent to your Office.

A.B. Arnoldy
A.B. ARNOLDY
1st.Lt.AUS, Spec.Res.
Price Investigation Office
Economics & Supply
Region 3.

ABA/cv

ENC. (18) → *all to Major Thompson, Economic Section*

cc: *major Thompson, Economic Section*
Files A (D)

1467

17

2567

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

Files A-(B)

RED/afe

TF

SG 100.

15 July 1944

subject: Cost of Living Index

15 JUL 1944

To: Regional Commissioner, Region III

Reference your letters R/1028 CP:TT of 22 May and R/4224 of 1 July, subject as above. I am directed by the Acting Chief Commissioner to request that nine (9) copies of this "Cost of Living Index" be forwarded to this office.

ROBERT E. DOE
Major, A.G.D.
Secretary General

Copy to: Economic Section

File 194

1466

16

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

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Secretary General
APO 394

RED/afe

SG 100.

14 July 1944

MEMORANDUM TO: Economic Section

SUBJECT: Region III Cost of Living Index

1. The Acting Chief Commissioner has approved the suggested distribution shown on your memorandum of 8 July (flagged "B") on the attached file.

2. Caution is to be used, however, to see that this material does not get into the hands of the Italians.

ROBERT E. DOR
Major, A.C.D.
Secretary General

1465

15

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

HEADQUARTERS ALLIED CONTROL COMMISSION
Office of the Secretary General
APO 394

AJC/dfe

SG 100.

8 July 1944

MEMORANDUM TO: Captain Stone

1. The attached papers (flagged "A") were brought to me by Economic Section, who asked if I could obtain a copy of the "Cost of Living Index."

2. The papers themselves did not seem to throw much light on the subject, and Colonel Monfort, to whom Colonel Poletti's letter of 22 May was addressed, knows nothing about it.

3. I have discussed the matter with Region III, who informs me that Colonel Poletti was instructed by the chief commissioner that he personally would authorize distribution and that no distribution was to be made without his (i.e. chief commissioner's) personal authority.

4. I transmitted this information to Economic Section, who have sent down a suggested distribution (flagged "B") on behalf of the whole Commission. In view of the chief commissioner's verbal instructions, Region III will make no issues until they receive written instructions direct from you. Region III feel that the chief commissioner intended this to be treated as "SECRET" although the document is not so marked.

5. A copy of the document in question (flagged "C") is attached.

6. I have promised Economic Section that all the enclosures will be returned to them.

A. J. COLLINS
Captain, R.E.
Assistant Secretary General

cc: Major Thompson,
Economic Section

2 5 7 0

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

JBT/ml

8 July 1944

ES/11

SUBJECT: Region III Cost of Living Index.

TO : Secretary General

Reference verbal conversation (Major Thompson - Capt. Collins)
in which Economic Section was asked to submit for the Chief Commissioner's
approval a HQ ACC distribution for Region III Cost of Living Index, the
following list is suggested:-

Chief Commissioner	- 1
Executive Commissioner (C.A. Branch)	- 1
Administrative Section	- 1
Economic Section	- 2
" Finance S.C.	- 1
" Food S.C.	- 1
" I & C S.C.	- 1
" Labor S.C.	- 1
	- 6
	Tot 9

1463

J. Bruce Thompson Major R.A.
S.O. 2, (CA), Economic Section

13

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

EMS/hjp

A/CC 100

11 July 1944

11 JUL 1944

Dear Dr. Visconti Venosta:

This is relative to your letter No. 4978 of 26 June 1944 having reference to the Monetary and Financial Conference. The matter has been handled with the Department of State and I have been asked to inform you that the United States Government gave careful consideration to the participation of an Italian representative at the conference, but that for various reasons it was not possible to extend an invitation to the Italian Government.

Yours very truly,

ELDERY W. STONE
Captain, USNR
Acting Chief Commissioner

His Excellency G. Visconti Venosta
Undersecretary for Foreign Affairs
Italian Government

SG
1462
12

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

UNITED STATES REPRESENTATIVE
ADVISORY COUNCIL FOR ITALY

CONFIDENTIAL

Naples, July 11, 1944.

My dear Captain Stone,

Upon the receipt of your letter of June 30th, I again communicated with the Department of State regarding the possibility of an Italian observer attending the Monetary and Financial Conference, about which Signor Bonomi had already spoken to me.

I have now received a reply from the Department of State in which it instructed me to ask that you inform the Under Secretary for Foreign Affairs that the United States Government gave careful consideration to the participation of an Italian representative at the conference, but that for various reasons it was not possible to extend an invitation to the Italian Government. I might add that I assume that the Department of State in considering this matter had in mind the letter from Visconti Venosta which you were good enough to send me, and accordingly I am returning it so that you may inform him of the foregoing.

Should an appropriate occasion offer, I shall also inform the president of the Council of Ministers informally in this sense.

Sincerely yours,

/s/ A. Kirk

Enclosure as stated.

Captain Ellery W. Stone, USN,
Acting Chief Commissioner,
Allied Control Commission,
Naples.

Original in "A". /hd

1461 /a

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

ms/10p

4/00 100

1 JUL 1944

30 June 1944

My dear Mr. Ambassador:

This is with respect to attached letter No. 4976 from the Italian Ministry of Foreign Affairs, dated 26 June 1944. I understand the matter is being handled from Washington and that Prime Minister Bonomi has spoken to you concerning it.

It will be appreciated if you will please deal with the matter. The letter has not been acknowledged.

Cordially yours,

ELMER W. STONE
Captain, USMC
Acting Chief Commissioner

Encl.

The Honorable Mr. Alexander Kirk
The American Ambassador
Naples, Italy

NF
1460

SG 100

Declassified E.O. 12356 Section 3.3/NND No. 785015C O P Y

R. MINISTERO DEGLI AFFARI ESTERI

Salerno, 26 ~~July~~ 1944

No. 4972

My dear Admiral,

I read in the press that the Monetary and Financial Conference will begin its sittings next July at Brettonwoods (New Hampshire).

It is superfluous for me to emphasize that monetary and financial problems are, and will become more so in the future, of fundamental and decisive importance for all Countries and for Italy with them. I believe, therefore, that the participation also of an Italian expert in the work of the Conference would be undoubtedly useful in view of his contribution to the general discussion, and for us necessary.

I write, therefore, to ask you kindly to submit to your Government our wish to take part in the work of the conference which bears a purely technical-economic character and therefore has a political aspect only in an indirect way.

I do not think that some form of Italian participation in international problems, which are of close interest to Italy, could possibly give rise to any objections. And I should be particularly grateful, my dear Admiral, if you would explain to your Government, which I believe is organizing the Conference, the above considerations, letting me know in due course their opinion on the subject.

Believe me,

Sincerely yours,

/s/ G. Visconti Venosta

Rear Admiral Ellery W. Stone, U.S.N.
Acting Chief Commissioner,
Allied Control Commission.
NAPLES.

1459

10

SG 100.

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
Office of the Acting Chief Commissioner
APO 394

LDD/hjp

A/CC 100

26 June 1944

MEMO TO: Finance Sub-Commission
(Thru: Economic Section, Hq ACC)

5531407
28 JUN 1944

1. Reference attached letter 339/ORG, Air Forces Sub-Commission, Bari, to Hq ACC, 22 June 1944, relative credits frozen at the Bank of Italy in connection with secret front in Rome.

2. Please handle this matter replying direct to Air Forces Sub-Commission, copy to Acting Chief Commissioner.

L. D. DENSMORE
Colonel, Sig C
PA to A/CC

By	Sac'y Gen.
DISPATCH	
Date	24 June 1944
Via	AG m/c
Initials	LD

C/S
AF
NF

NF

1458

SG Served to Aug 3

Declassified E.O. 12356 Section 3.3/NND No. 785015C O P Y

SECRET

FROM: - AIR FORCES SUB-COMMISSION,
ALLIED CONTROL COMMISSION,
BARI.

TO: - H.Q.
ALLIED CONTROL COMMISSION,
NAPLES.

SECRET

DATE: - 22nd June 1944.

REF: - 339/ORG.

During a recent conversation with General Cappa who was head of the secret front in Rome during the enemy occupation, he asked me if credits at present frozen at the Banca d'Italia could be released, so that arrears of pay, not paid by the Republican Government, could be paid to those members of the secret front who have worked for the Allies. Much of the money due was in the nature of allowances for war injuries, orphans, prisoners of war, etc.

2. The funds frozen which stand to the credit of the I.A.F. amount to 50,000,000 lire, and would just about meet the obligations. On the other hand, General Cappa had intended to keep half of this towards the requisitioning of buildings etc. required by the Italian Air Force.

3. It is suggested that this should be a matter for discussion with the Italian Air Ministry, but I should be grateful for your views as to whether, and if so when, these funds are likely to be released.

/s/ W. A. Bowen-Buscarlet.
/t/ W.A.B. BOWEN-BUSCARLET,
AIR VICE MARSHAL,
AIR OFFICER COMMANDING.

1457

SECRET

9

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

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SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

* 13052/F

27 June 1944

SUBJECT: Payments to members of the Secret Front in Rome.

TO : Air Vice Marshal W.A.B. Bowen-Buscarlet,
Air Forces Sub-Commission.

1. I refer to your letter 339/ORG of 22 June, 1944, relating to the use of certain funds for payments to members of the secret front in Rome.

2. It is suggested that representatives of your Sub-Commission and of General Cappa discuss this question with Colonel A.P. Grafftey-Smith, Joint Director, Finance Sub-Commission, who is presently at ACC Advance HQ, Rome. When Col. Grafftey-Smith is in possession of more information as to the ownership of the 50 million lire in question and amounts and types of payments General Cappa wishes to effect, he will be in a better position to express an opinion as to the possibility of releasing the blocked funds.

(Sgd) E. H. FOLEY, JR.
Colonel,
Joint Director,
Finance Sub-Commission

Copy to: Acting Chief Commissioner
(ref. your A/CC 100 of 26 June, 1944).

BELT/rad

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
R.C. & M.G. SECTION
APO 394

Ref/210/9/CA

22 June 1944

SUBJECT: Local Purchases and Contracts.

TO : Distribution below.

1. Cases are still occurring where ACC/AMG are entering into financial transaction on behalf of Italian Ministries, Governmental Institutions or other Italian agencies which could equally well be handled by such Ministries, Institutions or agencies themselves. It must be remembered that it is our policy as far as possible to restore the normal course of trade and to encourage normal trading relations between the Italians themselves. This policy is further dictated by the lack of ACC/AMG personnel to handle and account for such transactions. For this reason it should only be in exceptional circumstances that ACC/AMG themselves make local purchases for resale in Italy or incur expenditure in performing services which could equally well be paid for by the Italian Government or other Italian agency. This does not of course mean that ACC/AMG should not cooperate by making available the necessary supplies etc.

2. The principle is best illustrated by two examples. If large quantities of pamphlets are printed for an Italian Ministry, the printers' invoices being paid by ACC who supply the paper free to the printers, a great deal of unnecessary work is created. In such a case the procedure should be for all invoices to be settled direct by the Italian Ministry or agency and should it be necessary for ACC/AMG to supply any commodity, in this case paper, in order that the contract may be carried out, such commodity should be sold to the Italian Ministry or agency by the Economics and Supply Division of the Region in which the contract is being carried out. Similarly, if salt is sent from a salt mine to an Italian State Monopoly warehouse, ACC should not purchase and resell but the financial transaction should be one between the State Monopoly and the Salt Mine.

M.S. LUSH
Brigadier
Executive Commissioner

1455

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"A" - Less Group 3

MSL/JF

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HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

HQ ACC, APO 394

Rec'd 7 Apr 1200

By 1885

13065/F

SECRET

3 April 1944.

SUBJECT: Currency Control.

TO : Executive Officer,
Economic Section.

1. Attached hereto is a memorandum outlining an important step recently taken by the Finance Sub-Commission to exercise control over the supplies of currency available to the Italian Government through the Banca d'Italia.

2. It is suggested that this program of control be brought to the attention of the Chief Commissioner for his information.

E. J. Foley
Colonel,
Joint Director,
Finance Sub-Commission.

BELT/rad

ES/11 1st Ind.
ECONOMIC SECTION HQ. ACC. 6 April 1944

DSA/ml.

→ TO: CHIEF COMMISSIONER.

Forwarded for your information.

D. S. Adams
D. S. ADAMS
Colonel, C. E.
Executive Officer
Economic Section

1454

4 Apr
45

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

HQ ACC APO 394
Sec'y Gen.
Rec'd 7 Apr 1944
by 870

13065/F

SECRET

3 April 1944.

SUBJECT: Currency advances to the Italian Government.

TO : Executive Officer,
Economic Section.1. Situation to 1 April 1944.

a. This headquarters advanced 450 million lire in currency to the Italian government in December and 200 million lire in January. Since then no advances have been made.

b. The AMG Regions have controlled the advances for Italian Governmental purposes in their areas including provincial and communal expenditures. In the areas turned over to the Italian Government on 11 February 1944 this de-centralization continued to 1 April 1944 because the Italian Ministry of Finance was not able to take financial control of these new areas before 1 April. According to the Allied Financial Agency's figures a total of around 5,000 million lire has been advanced in these and the present AMG Regions from the beginning of Allied occupation to 29 February 1944.

2. Present Situation.

a. In order to keep advances of currency to the minimum necessary, and to enable currency to be transferred from surplus areas to deficit areas, instructions were sent to all regions (including those outside of King's Italy) on 26 March that, after 1 April, prior approval was to be secured from this Headquarters for any further advances of currency to the Italian government or parastatal organizations. As far as King's Italy is concerned, this prohibition also includes advances made to meet provincial and communal deficits as these will be handled through the Ministry of Interior and Ministry of Finance budgets. For the AMG provinces, decentralization of advances for communal and provincial deficits appears still to be necessary.

b. In view of the high currency reserves of the Banca d'Italia in Liberated Italy as a whole, we have just secured the transfer of 1,900 million lire of currency from the Banca d'Italia as a partial repayment of our previous advances. This 1,900 million lire in currency is being paid over to the Allied Financial Agency in the form of a Special No. 2 account at the Banca d'Italia which is to have 100 per cent cover in currency at all times.

c. At the end of each month, the Finance Sub-Commission, together with the Minister of Finance and the Vice-Commissioner of the Banca d'Italia, will make an examination of the currency position of the Banca d'Italia. If our

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

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study shows that the Banca d'Italia needs currency, the necessary currency will be provided from the Special No. 2 account. If the reserves of the Banca d'Italia are too high, further repayments will be made to reduce such reserves.

If the situation does not change drastically, it is safe to say that we shall not have to approve any new additional advances of currency to the Italian government for several months.

E. H. Foley
Colonel,
Joint Director,
Finance Sub-Commission.

BELT/rad

Declassified E.O. 12356 Section 3.3/NND No. 785015C
O
P
YHQ ACC. PO 394
Sec'y Gen.
Rec'd 19 May 1944
By *STH*

1 April 1944

Honorable Henry Grady
Vice President Economic Section
Allied Control Commission

Dear Sir:-

I am forwarding herewith a letter drafted by Colonel Foley, together with Finance Sub-Commission Memorandum regarding the foreign exchange value of the lira.

This is a matter I am sure you will desire to handle personally.

D.S. ADAMS,
Colonel, C.E.,
Executive Officer
Economic Section.

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C O P Y

HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

HQ ACC, APO 394
Rec'd 19 May 1944
by [Signature]

13106/T

30 March 1944

Dear General Hilldring,

There is attached a memorandum prepared by the Finance Sub-Commission regarding an appreciation in the foreign exchange value of the lira. The conclusion reached is that any alteration of the exchange rate at the present time is undesirable.

As you know, the Italian Government has on numerous occasions suggested informally that the dollar value of the lira be increased. A formal request for such action was finally made by Marshal Badoglio in his letter of 24 February to General MacFarlane. A copy of this letter is appended to the Finance Sub-Commission's memorandum.

The question of the desirability of a change in the exchange rate was discussed by Mr. Henry Grady and Col. F.H. Foley, Joint Chief of the Finance Sub-Commission, in Algiers when Mr. Grady was returning to the United States. During these conversations, Mr. Grady suggested that the Finance Sub-Commission submit to CCAC a statement embodying its views on this question. The enclosed memorandum was prepared for this purpose and summarizes the results of several studies by the technical staff of the Finance Sub-Commission. Should further information on any aspect of the exchange rate question be desired, we will of course undertake to supply such material upon your request.

Yours

D.S. ADAMS, Col., C.E.,
Executive Officer,
Economic Section.

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Yours

D.S. ADAMS, Col., C.E.,
Executive Officer,
Economic Section.

Maj-Gen J.H. Hildring,
Chief, Civil Affairs Division,
War Department,
WASHINGTON, D.C.

1450

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13106/F

29 March 1944.

SUBJECT: Request by Badoglio Government that the dollar value of the lira be increased.

TO : Colonel D. S. Adams,
Executive Officer,
Economic Section.

(S+3) 6/60 33

Conclusion

The Italian Government has requested in a letter from Marshal Badoglio to General MacFarlane of 24 February 1944, (a copy of which is attached) a change in the dollar value of the lira. A study of the exchange rate of the lira has been carried out by the technical staff of this Sub-Commission. We are of the opinion that an alteration of the exchange rate of the lira at the present time is undesirable.

I. There is not adequate economic justification for a change in the foreign exchange value of the lira.

1. The Italian Government's argument as presented in Marshal Badoglio's X letter and as presented orally by the Minister of Finance to representatives of the Finance Sub-Commission from time to time, is briefly as follows:

(a) The present rate of exchange increases substantially incomes of soldiers spent in Italy and constitutes, therefore, the major inflationary factor.

(b) People in Italy are "exchange rate conscious". The sharp downward revision in the exchange value of lire has caused psychological reactions which have aggravated the inflation problem in liberated Italy.

2. The extent to which soldier expenditures constitute an inflationary factor in liberated Italy is exaggerated in the Italian Government's argument. A reduction of these expenditures will not change the course of inflation in Italy, although it may slow down the inflationary process. Monthly payments to all Allied troops in Italy have been computed at an

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2. The extent to which soldier expenditures constitute an inflationary factor in liberated Italy is exaggerated in the Italian Government's argument. A reduction of these expenditures will not change the course of inflation in Italy, although it may slow down the inflationary process. Monthly payments to all Allied troops in Italy have been computed at an average of 2,775 millions of lire for the past six months. Wages returned to Finance Officers in the form of PX sales, war bond sales, cable remittances, postal remittances and soldier deposits are approximately 1,000 millions. This leaves 1,725 millions of lire actually expended per month in liberated Italy. ●?

The effect which the doubling of the exchange value of the lira would have on soldiers' expenditures is, of course, dependent upon the reaction of the soldiers to what is, in effect, a wage cut in terms of lire. If the soldiers continue to spend here the same amount of dollars as previous 1/4 4 9 then the reduction in lire expenditure in the area will amount to 900 million lire. But if, as appears more reasonable, the soldiers return to the Finance Officers only the surplus lire out of their pay, and they tend to maintain the level of their lire expenditures, then the reduction of lire expenditures will be somewhat less than 900 million lire per month. It has been estimated, in a memorandum prepared on this subject, that under the most reasonable assumptions, the net soldiers' expenditures would be reduced, with a doubling of the exchange value of the lire, by only 700 million lire per month. This assumes that the average soldier will react to a cut in his lire wages by reducing his dollar remittances to the United States one third. It is reasonable to expect that the soldiers will react

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to a cut in their wages by reducing the amount of money they send home, as well as to reduce the amount of lire spent in the theatre. Soldiers cannot be expected to change their expenditure habits so drastically.

This reduction in monthly expenditures compares with a cumulative deficit since September 1943 of the Italian Government of 8,000 million lire. and a deficit in January 1944 of 1,800 million lire. The deficit of the Italian Government is increasing sharply from month to month. Within the near future and especially if additional territory comes under its control, the Italian Government deficit will become by far the most important inflationary factor in Italy.

Thus, the reduction in soldier expenditures resulting from an appreciation in the value of the lire would not change the course of inflation in liberated Italy and would be only of minor significance. X

3. It is difficult to assess the precise contribution, if any, which "psychological" factors may play in price movements, but the Italian Government places great importance on this factor. It is argued that inflation has been stimulated through the following reactions:

- (a) Italians distrust the lira and attempt to convert ~~lire~~ ^{goods} into ^{goods} as quickly as possible.
- (b) Italian merchants fix prices on the basis of prices in foreign currencies and convert at the present exchange rate.

Distrust of the currency is undoubtedly present in Italy; and it may have some effect in stimulating inflationary price movements. But will one exchange rate rather than another change distrust into confidence? Changes in the exchange rate, whatever the character of the change, are extremely important factors in creating distrust. To change the exchange rate now would increase the distrust of the people in the currency, particularly since the currency would be fixed at a value which is obviously too high to be maintained over a long-run period.

The second part of the "psychological" argument of the Italian Government involves facts which, if true at all, refer to a very small and unimportant part of the economic picture of liberated Italy. The exchange rate is not an important factor in fixing domestic prices at the present time, particularly because of the absence of foreign trade. The producers and merchants always attempt to obtain the highest prices possible for their products and the real

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II.

A change in the exchange rate is not in the best interests of Italy. To the extent that, in the short run, the advantage may accrue to Italy, it would be at the expense of the Allied Governments.

The Italian Finance Minister believes that it would be in the interest of Italy to have a higher exchange now. He has admitted that the lira ^{of 1948} is not held at a higher rate, but he believes that it would be in the interest of Italy to raise the rate now and lower it later.

- 1. The short-run advantages which may accrue to Italy from a higher rate now, are:

- (a) The present Italian Government, particularly the Minister of Finance, hopes to obtain dollars or dollar credits for the lire expenditures of the Allied armed forces. Thus, the Italian Government expects

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that expenditures of the Allied armies - in dollars - will be directly and proportionately increased by the change in the exchange rate, and Italy will acquire more dollars or dollar credits. This advantage to Italy would be at the expense of Allied soldiers or of the Allied Governments.

- (b) Imports into Italy during the next year or two will probably greatly exceed exports, and will not be dependent upon the volume of foreign exchange assets available to the Italian Government. Thus, an appreciation in the exchange rate will lower the lira cost of imports, and in the meantime, Italy will be avoiding the principal disadvantage of an over valued currency - i.e. difficulty of developing exports.

- (c) Political prestige would accrue to the present Italian Government.

In view of the general opinion amongst Italians as to the weakness of the economic position of Italy and the general distrust of the Italian currency, it is doubtful if there would be any real or prolonged political value to an unjustified and unreasonable manipulation of the exchange rate.

2. If the Italian Finance Minister believes that an appreciated lira rate would be untenable over a longer period of time and that a depreciation would subsequently be required, the argument against a change becomes stronger. The Italian Government would then be guilty of attempting to manipulate the exchange rate deliberately to profit at our expense. It would be indefensible to permit an alteration of the rate under these circumstances.

3. Insofar as a reduction in soldier expenditure constitutes the major objective of the Italian Government, it would be improper to change the rate for this purpose. The problem of soldier expenditures is not confined to liberated Italy, but exists in Great Britain, and will be met in all areas liberated by Allied Forces. It should be considered directly as such, and appropriate measures applied to all areas in which the problem arises. The larger problem should not be met on a piece-meal basis, and indirectly through a change in the rate of exchange. Conversely, the rate of exchange should be considered in terms of the considerations relevant to fixing the rate and not as a device to control payments to troops.

4. Moreover, even assuming some importance attaches to soldier expenditures, a sharp appreciation in the value of the lira would immediately cut the income of troops in lire. The morale of our troops would be seriously affected by such a drastic step. There are other methods of treating the problem with far less effect, if any, on soldier morale.

III.

The Allied Control Commission is vitally interested in controlling inflation in

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III. The Allied Central Commission is vitally interested in controlling inflation in Italy, and it is important that effective measures be taken. The change in the exchange rate is not an effective step.

1. During a period of global war, the normal relationships between exchange rates, prices and incomes are destroyed. There are few normal effects on Italian prices caused by the present rates of exchange fixed for **1447**.

2. The basic elements of an anti-inflation policy include expenditure control; adequate tax policies; borrowing of savings from the people; direct price fixing; and adequate and effective rationing of essential commodities. There is a great deal which the Italian Government can do in these fields which would go far towards achieving price stabilization. Such measures should be strongly pressed and will far outweigh any effects which a change in the rate of exchange might have on inflation.

3. The Finance Sub-Commission is preparing currently a comprehensive programme of monetary and price stabilization for liberated Italy. With the cooperation of the Italian Government, notable improvements in the control of inflation should be possible.

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IV

Finally, an alteration in the exchange rate would impose serious administrative burdens and problems upon the armed forces.

1. This has been already demonstrated by the experience in North Africa. Some rough solutions can be found to these problems but they would involve a large amount of extra book-keeping on the part of the armed forces, injustices as between various groups, undesirable speculation, and make certain existing problems difficult to deal with.

E. H. TOLLEY, Jr.,
Colonel,
Joint Chief Finance Officer.

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

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Joint Chief Finance Officer.

Declassified E.O. 12356 Section 3.3/NND No. 785015*Rec'd Secy Gen
Feb 28/1945. J.D.*

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13023/F

28 February 1944

SUBJECT: Requests to Italian banks by Giunta.

TO: The Chief Commissioner.

On 11 February 1944, the managers of the principal banks in Naples requested and obtained an interview with Lt-Col Nielson, the Chief Finance Officer, Region III.

They said that at a meeting to which they had been invited on 9 February 1944, representatives of the Giunta had stated that as they were without means of financial support, they were approaching the banks for assistance and had put down each bank for a sum of one million lire. They further implied that if funds were not forthcoming, they would see to it that the nation would be informed where the fault lay.

The banks asked to contribute were the Banca d'Italia, Banca Commerciale Italiana, Credito Italiano, Banco di Napoli, Banco di Roma, Banca d'America e d'Italia, Monte dei Paschi di Siena and Banca di Calabria.

Lt-Col Nielson replied that he was not empowered to give a ruling on a matter of this importance and recommended that the bankers should tell the Giunta that the request was so unusual that they must refer it to AMG/ACC; and be allowed time to consider the matter. He directed them to prepare a letter giving the facts. (A copy is attached). He immediately informed me and reported the matter in writing through the Acting RCOA to this Headquarters. I informed Mr. Grady, who deplored the approach by the Giunta as bad tactics. A few days later he told me that he had met Count Sforza on the evening of 11 February 1944 and had taken the opportunity of explaining that the action of the Giunta was ill-advised and found no favour with the Allied Control Commission. Count Sforza promised to inform the Giunta.

In view of this unofficial approach, Mr. Grady ruled that no further action need be taken until and unless a further demand is made on the banks, when he intended to report the matter to you for your action.

I have to-day checked with Lt-Col Nielson that no further approach has been made to the banks in Naples.

A.P. Grafftey-Smith
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A.P. GRAFFTEY-SMITH,
Colonel,
Acting Chief Finance Officer.

APGS/FFP

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

Naples, February 11th 1944.

to Lt. Col. DAVID J. NIELSON
Chief of the Financial Division of AMG

= N A P L E S =

The "Giunta esecutiva dell'Italia Liberata" appointed by the Congress of Bari and having its office in Naples, via P. Emilio Iabriani n.53, invited for Wednesday the 9th, at 4 p.m. individually the Managers of the local Banks, in their official qualification, and without precisising the purpose of the meeting.

The "Giunta" was represented by all its members, that is:

Vincenzo Arangio Ruiz	- Partito Liberale
Angelo Iervolino	- Democrazia Cristiana
Francesco Cerabona	- Democrazia del Lavoro
Vincenzo Calace	- Partito d'Azione
Oreste Longobardi	- " Socialista
Paolo Tedeschi	- " Comunista.

who stated that, following the deliberations of the Bari Congress, they had to be considered as the only representatives of the Country, and that for the reaching of the aims declared in the above mentioned Congress, the "Giunta" needed financial means, to obtain, which they were therefore addressing themselves to the Banks. For the moment being they were fixing in 1 million the amount of contribution to be given by each bank, adding that such amount would be used gradually.

In as much a request of this kind was evidently outside of the banking field and was closer to the political one, the Banks - abstraction made from any other consideration, possibility of budget and power to do so - have represented to the "Giunta" their duty of submitting the request to the competent Allied Authorities. Consequently, all the participants were asked to attend another meeting, to give their answer, Friday the 11th at 4.30 p.m. The Banks will ask however a few days of delay to be able to make a full examination of the matter.

All this considered, it is deemed dutiful to represent to the Allied Authorities that, due to the principle often recommended of not mixing in politics which must always superintend the banking functioning the Banks find themselves in the necessity of asking you for kind instructions on the line to be followed in such a delicate matter. So much so that, according to what the speakers of the "Giunta" said, it would be impossible, without the contribution of the Banks, to carry on the well known programs declared by the Bari Congress, with consequent responsibility for the banks.

Please, accept in advance the deepest thanks for your kind communication that you will give to us on the matter.

(Signatures of nine managers of banks in Naples)

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

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also SF

FNM/rj

28th. February, 1944.

~~Handwritten~~
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I have received your letter of 24 February referring to the lira/sterling and lira/dollar rates of exchange.

The Allied Control Commission appreciates the importance which the Italian Government attaches to the foreign exchange value of the lira. The exchange rate, like other economic and financial problems which affect Italy, is under constant study by the Commission. The views expressed in your letter will receive full and careful consideration, and I am communicating them to the allied governments.

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NOEL MASON MACFARLANE,
Lieutenant-General,
Chief Commissioner.

S.E. Marshal Pietro Badoglio,
Capo del Governo.

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NR. 543 DI PROT.



IL CAPO DEL GOVERNO

- SALERNO 24 . 2 . 1944 -

AL SIGNOR GENERALE NOEL MASON MACFARLANE

CAPO DELLA COMMISSIONE ALLEATA DI
CONTROLLO

NAPOLI

CARO GENERALE MACFARLANE,

A BRINDISI, NELLA RIUNIONE IN CUI MI FU PER LA PRIMA VOLTA SOTTOPOSTO IL TESTO DEFINITIVO DELL'ATTO DI ARMISTIZIO DA ME POI FIRMATO A MALTA IL 29 SETTEMBRE 1943, IL GENERALE W. B. SMITH, CAPO DI STATO MAGGIORE DEL GENERALE EISENHOWER, EBBE TRA L'ALTRO A DIRMI CHE, QUANDO CON LA DICHIARAZIONE DI GUERRA DELL'ITALIA ALLA GERMANIA, TRA L'ITALIA E GLI ALLEATI SI FOSSE DETTERMINATO UN RAPPORTO DI COBELLIGERANZA, SAREBBE STATO RIVEDUTO IL TASSO DI CAMBIO FISSATO DAGLI ALLEATI TRA LA LIRA, LA STERLINA E IL DOLLARO.

SUI GRAVI DANNI CHE DERIVANO ALL'ECONOMIA ED ALLA SITUAZIONE MONETARIA ITALIANA DAL FATTO CHE IL CAMBIO È STATO FISSATO IN RAGIONE DI UNA STERLINA EGUALE A LIRE 400 E DI UN DOLLARO EGUALE A LIRE 100 NON HO MANCATO DI RICHIAMARE, IN OGNI OCCASIONE, L'ATTENZIONE SIA DELLA MISSIONE MILITARE ALLEATA, CHE DELLA COMMISSIONE ALLEATA DI CONTROLLO.

ALTRETTANTO HANNO FATTO I SOTTOSEGRETARI E POI I MINISTRI DELLE FINANZE E DELL'INDUSTRIA, COMMERCIO E LAVORO, NEI

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

NAPOLI

CARO GENERALE MACFARLANE,

A BRINDISI, NELLA RIUNIONE IN CUI MI FU PER LA PRIMA VOLTA SOTTOPOSTO IL TESTO DEFINITIVO DELL'ATTO DI ARMISTIZIO DA ME POI FIRMATO A MALTA IL 29 SETTEMBRE 1943, IL GENERALE W. B. SMITH, CAPO DI STATO MAGGIORE DEL GENERALE EISENHOWER, EBBE TRA L'ALTRO A DIRMI CHE, QUANDO CON LA DICHIARAZIONE DI GUERRA DELL'ITALIA ALLA GERMANIA, TRA L'ITALIA E GLI ALLEATI SI FOSSE DETTERMINATO UN RAPPORTO DI COBELLIGERANZA, SAREBBE STATO RIVEDUTO IL TASSO DI CAMBIO FISSATO DAGLI ALLEATI TRA LA LIRA, LA STERLINA E IL DOLLARO.

SUI GRAVI DANNI CHE DERIVANO ALL'ECONOMIA ED ALLA SITUAZIONE MONETARIA ITALIANA DAL FATTO CHE IL CAMBIO È STATO FISSATO IN RAGIONE DI UNA STERLINA EGUALE A LIRE 400 E DI UN DOLLARO EGUALE A LIRE 100 NON HO MANCATO DI RICHIAMARE, IN OGNI OCCASIONE, L'ATTENZIONE SIA DELLA MISSIONE MILITARE ALLEATA, CHE DELLA COMMISSIONE ALLEATA DI CONTROLLO.

ALTRETTANTO HANNO FATTO I SOTTOSEGRETARI E POI I MINISTRI DELLE FINANZE E DELL'INDUSTRIA, COMMERCIO E LAVORO, NEI LORO RAPPORTI CON I VARI MEMBRI DELLA MISSIONE E DELLA COMMISSIONE SOPRA INDICATE.

COSÌ NELLA SEDUTA DELLA COMMISSIONE CONSULTIVA PER L'ITALIA, TENUTASI A NAPOLI L'11 GENNAIO, ALLA QUALE SONO STATO INVITATO AD INTERVENIRE, HO PRESENTATO UN MEMORIALE IN CUI LA QUESTIONE DEL CAMBIO, ASSIEME A QUELLA DEI VIVERI, FURONO INDICATE COME LE PIÙ GRAVI E LE PIÙ URGENTI.

DEL PARI IL MINISTRO DELLE FINANZE HA NEGLI ULTIMI

1442

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IL CAPO DEL GOVERNO

- 2 -

DUE MESI RIPETUTAMENTE FORNITO DATI SULLA QUESTIONE DEL CAMBIO A VARI MEMBRI DELLA COMMISSIONE ALLEATA DI CONTROLLO E NON HA MANCATO DI METTERE IN RILIEVO LA GRAVITÀ E L'URGENZA DEL PROBLEMA.

IL MOVIMENTO INFLAZIONISTICO IN ITALIA, OLTRE CHE DALLA MANCANZA DI GENERI DI PRIMA NECESSITÀ E TRA QUESTI SPECIALMENTE DEI VIVERI, È STATO ED È DETERMINATO IN MODO ASSOLUTAMENTE PREMINENTE DALLA SPENDITA DELLE TRUPPE ALLEATE IN ITALIA E SPECIALMENTE DELLA SPENDITA DEI SINGOLI COMPONENTI LE FORZE ALLEATE STESSE. GLI EFFETTI DI QUESTA SPENDITA, CHE È COMUNQUE SPROPORZIONATA AI BENI ACQUISTABILI ESISTENTI IN ITALIA, SONO NOTEVOLMENTE MOLTIPLICATI IN SENSO SFAVOREVOLE ALLA SITUAZIONE ECONOMICA E MONETARIA DEL PAESE DAL TASSO DEL CAMBIO CHE IMMETTE NELLA CIRCOLAZIONE ITALIANA UN NUMERO DI LIRE ECCESSIVO E MOLTO SUPERIORE A QUELLO CHE, IN REGIME DI TASSO DI CAMBIO PIÙ ADEGUATO ALLA EFFETTIVA SITUAZIONE DEGLI SCAMBI INTERNI DEL PAESE, SAREBBE RICHIESTO PER OTTENERE GLI STESSI BENI E SERVIZI.

QUESTO STATO DI FATTO, DELLA CUI DANNOSA INFLUENZA TUTTI IN ITALIA SI SONO RESI CONTO SIN DAL GIORNO DELL'ARMISTIZIO, È VENUTO MAN MANO AGGRAVANDOSI IN SEGUITO ALLA IMPORTANZA VIA VIA CRESCENTE CHE HA ACQUISTATO IL FRONTE ITALIANO. I TEDESCHI HANNO AUMENTATO NOTEVOLMENTE IL NUMERO DELLE DIVISIONI SU QUESTO FRONTE, IL CHE HA RICHIAMATO UN RAPIDO ACCRESCERSI DEGLI EFFETTIVI ALLEATI IN ITALIA. L'ESSERSI LA GUERRA TRASFORMATO DA GUERRA DI MOVIMENTO A GUERRA DI POSIZIONE HA DETERMINATO IL CONCENTRARSÌ DI UN SEMPRE MAGGIORE NUMERO DI TRUPPE ALLEATE IN UN TERRITORIO CHE, RISPETTO ALLE LORO DISPONIBILITÀ DI MEZZI DI PAGAMENTO, È RISULTATO SEMPRE PIÙ RISTRETO ED HA QUINDI FATTO SÌ CHE GLI EFFETTI DELLA SPENDITA DELLE TRUPPE E DEL TASSO DI CAMBIO, SPROPORZIONATO ALLE REALI SITUAZIONI DA FRONTEGGIARE, SI CONCENTRASSERO E SI MOLTIPLICASSERO. IL DISORDINE MONETARIO ED ECONOMICO, CHE ACCOMPAGNA SEMPRE I

CIAMENTE DEI VIVERI, E STATO ED E DETERMINATO IN MODO ASSOLUTAMENTE PREMINENTE DALLA SPENDITA DELLE TRUPPE ALLEATE IN ITALIA E SPECIALMENTE DELLA SPENDITA DEI SINGOLI COMPONENTI LE FORZE ALLEATE STESSE. GLI EFFETTI DI QUESTA SPENDITA, CHE É COMUNQUE SPROPORZIONATA AI BENI ACQUISTABILI ESISTENTI IN ITALIA, SONO NOTEVOLMENTE MOLTIPLICATI IN SENSO SFAVOREVOLE ALLA SITUAZIONE ECONOMICA E MONETARIA DEL PAESE DAL TASSO DEL CAMBIO CHE IMMETTE NELLA CIRCOLAZIONE ITALIANA UN NUMERO DI LIRE ECCESSIVO E MOLTO SUPERIORE A QUELLO CHE, IN REGIME DI TASSO DI CAMBIO PIÙ ADEGUATO ALLA EFFETTIVA SITUAZIONE DEGLI SCAMBI INTERNI DEL PAESE, SAREBBE RICHIESTO PER OTTENERE GLI STESSI BENI E SERVIZI.

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IL CAPO DEL GOVERNO

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IN RAPPORTO AL TERRITORIO A LORO AFFIDATO, HANNO SPESSO CONSIDERATO OGNI PROVINCIA COME UNO STATO A SÉ.

TUTTO CIÒ HA DETERMINATO NEL POPOLO ITALIANO UNA CONDIZIONE DI SPIRITO CONTRO LA QUALE BISOGNA ASSOLUTAMENTE REAGIRE. E' INFATTI DELETERIO PER LA VITA PRESENTE E FUTURA DEL PAESE CHE SI DIFFONDA E SI RADICHI LA OPINIONE CHE GLI ALLEATI ABBIANO IL PRECISO SCOPO DI ROVINARE L'ITALIA ECONOMICAMENTE E MONETARIAMENTE E CHE, DI CONSEGUENZA, AI SINGOLI ITALIANI NON RIMANGA, NELLA ROVINA COMUNE, CHE CERCARE DI APPROFITTARE, SENZA SCRUPOLI, A PROPRIO ESCLUSIVO VANTAGGIO DI QUALUNQUE OCCASIONE CHE, ANCHE SOLO MOMENTANEAMENTE, LA SORTE LORO OFFRE.

IO SENTO IL DOVERE DI PROSPETTARE A VOI, SIGNOR GENERALE, LA GRAVITÀ E L'URGENZA DEL PROBLEMA.

OCCORRE A MIO AVVISO CHE UN ATTO DECISO, IN MATERIA DI CAMBIO, DETERMINI UN MOVIMENTO PSICOLOGICO BEN CHIARO, CHE INVERTA L'INDIRIZZO CHE LA MENTALITÀ DEL POPOLO ITALIANO HA ASSUNTO IN MATERIA ECONOMICA E MONETARIA.

QUESTO DECISO COLPO DI TIMONE NON PUÒ, A MIO AVVISO, ESSERE SE NON UNA SOSTANZIALE REVISIONE DEL TASSO DEL CAMBIO.

PER LA RESPONSABILITÀ COMUNE CHE SIA VOI CHE IO ABBIAMO RISPETTO ALLE CONDIZIONI DI VITA DEL POPOLO ITALIANO; PER IL FATTO CHE L'ITALIA (ANZI SOLO UN TERZO DEL SUO TERRITORIO) È IL CAMPO DEL PRIMO ESPERIMENTO ALLEATO DI CONTROLLO DI PAESI VINTI O LIBERATI; PER LA NECESSITÀ CHE LE RETROVIE DI UN ESERCITO COSÌ IMPORTANTE, COME QUELLO DEGLI ALLEATI SBARCATO IN ITALIA, SIANO IN CONDIZIONI DI TRANQUILLA ED ORDINATA VITA E POSSIBILMENTE DI OPEROSITÀ UTILE ALLE FINALITÀ DELLA GUERRA; PER LO SPIRITO DI PROFONDA, SENTITA E LEALE COLLABORAZIONE CHE SIA IO CHE IL MIO GOVERNO HANNO SEMPRE

REAGIRE. E' INFATTI DELETERIO PER LA VITA PRESENTE E FUTURA DEL PAESE CHE SI DIFFONDA E SI RADICHI LA OPINIONE CHE GLI ALLEATI ABBIANO IL PRECISO SCOPO DI ROVINARE L'ITALIA ECONOMICAMENTE E MONETARIAMENTE E CHE, DI CONSEGUENZA, AI SINGOLI ITALIANI NON RIMANGA, NELLA ROVINA COMUNE, CHE CERCARE DI APPROFITTARE, SENZA SCRUPOLI, A PROPRIO ESCLUSIVO VANTAGGIO DI QUALUNQUE OCCASIONE CHE, ANCHE SOLO MOMENTANEAMENTE, LA SORTI LORO OFFRE.

IO SENTO IL DOVERE DI PROSPETTARE A VOI, SIGNOR GENERALE, LA GRAVITA' E L'URGENZA DEL PROBLEMA.

OCCORRE A MIO AVVISO CHE UN ATTO DECISO, IN MATERIA DI CAMBIO, DETERMINI UN MOVIMENTO PSICOLOGICO BEN CHIARO, CHE INVERTA L'INDIRIZZO CHE LA MENTALITA' DEL POPOLO ITALIANO HA ASSUNTO IN MATERIA ECONOMICA E MONETARIA.

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MOLTO CORDIALMENTE.

Barclay

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Declassified E.O. 12356 Section 3.3/NND No. 785015*Recd Sicily Gen
Feb 26 1540A, D.F.*

File No. 543

Salerno, 24/2/1944

OFFICE OF THE CHIEF OF GOVERNMENT

TO: GENERAL NOEL MASON MACFARLANE
Chief of the Allied Control Commission
Naples

My dear General MacFarlane:-

At Brindisi, at the meeting at which for the first time the final text of the Armistice agreement, which I afterwards signed at Malta on September 29, 1943, was submitted to me, General W.B. Smith, Chief of Staff of General Eisenhower, among other things told me that when with the declaration of war of Italy on Germany a state of co-belligerency would exist between Italy and the Allies, the rate of exchange fixed by the Allies between the Lira, the Pound Sterling and the Dollar would be reviewed.

I have not failed to call at every opportunity the attention of both the Allied Military Mission, as also the Allied Control Commission, upon the serious damage which is inflicted on the Italian economy and monetary situation by the fact that the exchange has been established on the basis of one Pound Sterling equal to Lire 400 and one Dollar equal to Lire 100.

The same has been done by the Under-Secretaries, and, subsequently, by the Ministers of Finance and Industry, Commerce and Labour, in their contacts with the various members of the above mentioned Mission and Commission.

Accordingly, at the meeting of the Consultative Commission for Italy, held at Naples on January 11th, to which I was invited, I presented a Memorandum in which the question of exchange, together with that of food, was indicated as among the most serious and pressing.

Also the Minister of Finance has during the past two months repeatedly supplied data on the exchange problem to various members of the Allied Control Commission and has not failed to emphasize the gravity and urgency of the situation.

The inflationary tendency in Italy has been and is still being determined, even beyond the scarcity of prime necessity goods, and among those especially foodstuffs, in an absolutely predominating fashion by the spending of the Allied troops in Italy and especially the spending of individual members of these same Allied Forces. The effects of this spending, which is at any rate out of proportion with the purchasable goods available in Italy, have notably multiplied in a sense unfavourable to the economic and monetary position of the Country, due to the exchange rate which injects into Italian circulation an excessive amount of Lire, greatly superior to what, were the exchange rate more in keeping with the real situation of the internal exchange of the Country, would be required to obtain the same goods and services.

This state of affairs, the dangerous influence of which has been felt by everyone in Italy from the very day of the Armistice, has gradually grown worse following the increasing importance of the Italian Front. The Germans have

1434

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considerably increased the number of Divisions on this Front, which necessitated a rapid increase in Allied effectives in Italy. The war of movement having been transformed into a war of position, has brought with it the concentration of a constantly increasing number of Allied troops within a territory which, with respect to its available purchasing power has gradually declined more and more, and has therefore brought with it that the effects of the spending of the troops and the rate of payment, out of proportion with the real situation to be faced, become more concentrated and multiplied. The monetary and economic disorder, which always accompanies inflationary tendencies, has on the other hand been increased by the lack of coordination between the measures relative to salary increases to employees, private salaries and compensations, to the highest price level, determined by the unrelated actions of individual officials, who were in charge in the various Provinces of financial, economic and labour problems and who by a natural and understandable tendency to consider above all their responsibility in relation to the territory under their charge, have often considered each Province as a State by itself.

All this has brought with it among the Italian People a state of mind, which it is absolutely vital to counteract. It is indeed harmful for the present and future life of the Country, if the opinion spreads and takes root that the Allies have the precise intention to ruin Italy economically and monetarily, and that consequently to individual Italians, in the midst of general ruin, remain but to try and take unscrupulous advantage for their own exclusive benefit of any opportunity, which even for a moment fate may offer them.

I feel it my duty to point out to you, my dear General, the seriousness and urgency of the problem.

In my opinion, therefore, a decisive step in the matter of exchange is necessary to bring about a very clear psychological movement, which will reverse the direction of the mentality of the Italian People in economic and monetary matters.

This decisive step, to my mind, can but be a substantial revision of the rate of exchange.

For the common responsibility, which both you and I have for the living conditions of the Italian People; for the fact that Italy (or rather only one third of its Territory) is the field of the first Allied control experiment of defeated or liberated countries; for the necessity that behind the lines of an Army so large as that which the Allies landed in Italy, there be a state of calm and orderly life and possibly of useful activity for the purposes of the war; for the spirit of deep, sincere and loyal collaboration which both myself and my Government have always shown; for the firm will of all the Italian People to take part with every effort in the fight against the common enemy and in the work of reconstruction of the world; I must ask you, my dear General, to give your kind and enlightened consideration to this question of exchange.

Very cordially Yours

/s/ BADOGLIO

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Signal Corps, United States Army

Telegram

CONFIDENTIAL

Received at

PERIPHERAL BASE STATION
SIGNAL MESSAGE CENTER

• CONFIDENTIAL •

- ROUTINE

TO (ACT/EN): CG PBS FOR FARGO

(NUTRITION): NONE

FROM SIGNED CLIC

DATE TIME SIGNED: 131511A

DATE TIME REC'D
131853A

REFERENCE NR. : 51074

FIGS. 1-10.

REFERENCE YOUR 6040 FARGO 578 OF 28 JANUARY.

AGREE YOU INTRODUCE REDUCED SCALE OF ADVANCES ON UNDERSTANDING
THAT IF DEPARTMENT OF STATE OBJECTS THE QUESTION WILL NEED TO BE
RECONSIDERED. AGREE PROCEDURE DETERMINING UNITED STATES NATIONAL-
ITY BUT BORDERLINE CASES NOT MEETING THE REQUIREMENTS SHOULD BE
SUBMITTED TO NEAREST AMERICAN CONSUL.

Acc Total

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13 FEBRUARY 1944 19

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Hubert

HEADQUARTERS
14 FEB 1944
AMG.

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Yes

United Provinces

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

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HEADQUARTERS
14 FEB 1944
AMG.

(INFORMATION) : NONE
FROM : SIGNED C I C
DATE TIME SIGNED: 131511A
DATE TIME REC'D : 131843A
REFERENCE NO. : 51074
CITE : FHMG

REFERENCE YOUR 6040 FARGO 578 OF 28 JANUARY.

AGREE YOU INTRODUCE REDUCED SCALE OF ADVANCES ON UNDERSTANDING
THAT IF DEPARTMENT OF STATE OBJECTS THE QUESTION WILL NEED TO BE
RECONSIDERED. AGREE PROCEDURE DETERMINING UNITED STATES NATIONAL-
ITY BUT BORDERLINE CASES NOT MEETING THE REQUIREMENTS SHOULD BE
SUBMITTED TO NEAREST AMERICAN CONSUL.

Acc Don
(24) PA 6 CC
Evan Sauer
(to Bureau)
" Euph. R. S. C.
(Main HQ)
" R C & M G Sec

action Hqs ACC
Info see CC

Wm 2

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FORM #12-A

CONFIDENTIAL

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

CONFIDENTIAL

PARCO 578 ✓

PARCO

28 JANUARY 44

CONFIDENTIAL

10050 MACFARLANE

PRIORITY

AMIR FOR MCS CIVIL AFFAIRS AND BRITISH RESIDENT MINISTER LPTD IPS FOR ROGERS FOR
AMERICAN CONSUL

Propose to authorise AMG/ACC officers to effect advances to US and UK nationals in accordance with procedure outlined in directives for payments by PW Subcommission. Experience shows procedure should be further modified in following respects: (A) Amount of advances should be limited to 4000 lire per month per national while no household may be advanced more than 12000 lire per month. Reduced scale of advances to US nationals and limitation upon UK households suggested in line with efforts to control inflationary rise in prices, cost of living and more closely to accord with amount approved for remittances. (B) Determination of US nationality: The date of validity of passports, certificates of registration or notices of approval should be June 30, 1941 instead of December 7, 1941 since subsequent to June 30 no passports could be validated in Italy and those issued prior to that date were valid only for limited periods and had expired by December 7. In addition request authorisation to accept, for purposes of determining nationality for relief payments evidence that payments had been made by Swiss representatives. Authority to inaugurate this procedure is requested urgently.

1436

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