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MONTHLY REPORTS (1943)
SEPT. -DEC. 1943

AMGOT HQ SICILY

File No.: 319.1

25 October 1943

SUBJECT: Monthly Report for September 1943 on AMGOT Administration

TO : General Officer Commander-in-Chief, 15 Army Group

(1) Herewith is the report on AMGOT administration for the month of September. The report covers Sicily where Allied Military Government was in its third month. It also covers the early phase AMGOT operations on the mainland with the 5th and 8th Armies. Although during the month this AMGOT personnel was attached to tactical command and was therefore not under the direct control of the C.C.A.C., a preliminary report on Regions II and III is nevertheless included for the sake of continuity in the record.

ADMINISTRATION

(2) Early in the month of September AMGOT administration completed its organization with the arrival of substantially all of the HQ staff in Sicily. Several additions to the staff were made, notably in the communication and public works field. The process was completed of removing to HQ the specialist officers in the field who had served as C.A.Cs during the early stages of the occupation.

(3) Contacts with the 9 provincial administrations in Sicily (Region I) and with the newly formed Regions II and III were maintained by personal visits of the C.C.A.C. and D.C.C.A.C. as well as by numerous trips and tours by the Division Chiefs and members of the HQ staff. Regular reports from the provincial staffs were received and reports on special subjects of investigation or inquiry began to come in. Owing to the difficulties of communication and the shortage of clerical personnel in the provinces, reporting was still not as complete as it should be. For this reason personal inspection took the place of written reports wherever possible.

(4) The Executive Council, consisting of the C.C.A.C., D.C.C.A.C., C.S.C. and the Division Chiefs, continued the practice of weekly meetings. Matters of policy and general administrative questions referred to the Executive Council showed an increase as the many governmental problems of the second phase came up for consideration.

(5) Because of the number and importance of the economic and financial matters brought before the Executive Council raising questions cutting across divisional lines, it was thought advisable to establish as a fact finding and advisory body an Economic and Financial Council, with membership drawn from the staff divisions mostly concerned with economic and financial problems. This Council was established by order of the C.C.A.C. dated 27 August 1943 and held a number of meetings in September. It considered, among other things, a plan for inflation control, the plan for the reorganization

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(6) The Resources Boards, which were established in the month of August, continued their meetings in September. The monthly meeting of the Island Resources Board, which was held at AMGOT HQ and attended by representatives of No. 1 Area, Island Base Section, and the interested divisions of AMGOT, discussed a variety of matters including priorities on repair of roads and highways, turnover of transportation and communication facilities to civil operation, uniformity as to regulation of fishing, wage levels for labor employed by the military, and allocation and control of electric energy.

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(7) Effective 25 September the Civilian Supply Division was reorganized into four separate divisions, each reporting directly to the C.C.A.O. The resulting divisions and their functions are as follows:

Economics & Supply Division: Estimating and meeting essential civil requirements; supervision of rationing, other than in respect of agricultural products; survey, development and control of natural resources, other than agricultural resources; supervision of price control, other than agricultural products; development and regulation of industrial and commercial enterprises and activities, other than those engaged in transportation, communication or utilities.

Transportation, Communication & Utilities: Civilian transport by rail, water, highway or otherwise, other than AMGOT organic transport; rehabilitation and maintenance of civil communications; rehabilitation, regulation and control of telegraph, telephone, gas and water utilities; rehabilitation and supervision of public works, including roads, bridges, water supply and sanitary facilities.

Agricultural Division: Supervision of agriculture, including cropping and production and methods for improvement; rationing and price control of agricultural products; estimating and meeting agricultural requirements; supervision of forests and fisheries.

Labor Division: Supervision and control of all matters relating to labor supply, including regulation of wage levels for both civil and military labor; supervision of regional labor offices; and all other matters affecting labor.

(8) This reorganisation in effect merely reorganized the staff set up, which had already existed within the Division. It became advisable as a result of the increasing responsibilities and additions to the staff of certain sections, notably transportation, communication and utilities, which made the former organization unweildly.

(9) During the month of September assignments of field personnel in Sicily became more stabilized. While it was necessary to reduce provincial staffs somewhat, an effort was made to avoid all but essential shifting of personnel in order to promote continuity of administration.

(10) During the month the AMGOT organisation for Region II was formed, under Group Captain Benson, RAF. The personnel was attached to 8th Army for operation Baytown and numbered approximately 100 officers, all of whom were drawn from AMGOT personnel in Sicily, except 20 British officers sent from the Middle East. The group established temporary HQ at Taormina and moved forward with 8th Army into the Calabrian peninsula. A report on operations in Region II appears below at paragraphs 118 to 129.

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(11) Also during the month the organization for Region III was set up and the personnel attached to 5th Army for operation Avalanche. The AMGOT contingent for this operation was mounted relatively late, owing to the fact that AMGOT was made responsible for Region III only shortly before the scheduled time for the operation. However, the D.C.C.A.C., in consultation with officers in charge of personnel at the training center at Tizi Ouzou, selected British and American officers from there, to which were added approximately 30 experienced officers from Sicily, including representatives of each of the staff divisions. The entire group was placed under the command of Col. E. E. Hume, U.S.A. A report on operations in Region III appears below at paragraphs 130 to 151.

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REGION I (SICILY)

Political Developments

(12) There were no political developments of an extraordinary nature in Sicily during the month. The ban on political activity continued in effect but it was unnecessary to bring it to the attention of as many individuals and groups as had been the case in the first weeks of the occupation. The Separatist movement appeared to be less active, presumably due to the warnings given to its leaders when its activity first came to the attention of AMGOT officers. There was an exception in one province where there was evidence of a certain amount of independence agitation.

(13) Communist agitation continued on a small scale in one or two provinces. In one province there was reported the merger of the Communist, Labor and Liberal parties behind a program of socialism of the means of production, the limitation of private property to dwellings and chattels, and the autonomy of the island within a Federation of Italian Socialist Republics. In one province these and several other political groups or parties have united to form a United Front for Liberty. A group of leaders of all political parties, except the Separatists in Palermo, drew up a message to the Italian people to be broadcast to the mainland and requested broadcasting time for the purpose. The message was entirely in order and the request was granted those concerned as individuals but not as representatives of their political parties.

(14) There was continued rumors and some definite indications that the Mafia was reorganizing and might be regaining certain power. Due to the peculiar code of the Sicilians and the Mafia form of organization, the Mafia is a difficult group to combat, particularly when working through Sicilian law enforcement agencies. It is probable that the Mafia has a part in black market operations. It is also alleged by informed persons that the large landowners are either supporters or passive sympathizers with the Mafia. It is significant that Mafia activity is less in the province of Agrigento where the two mafiosi apprehended for the murder of Baron Genuardo were immediately brought to trial and sentenced to death by an Allied Military Court. A careful investigation is being made of signs of Mafia activity.

(15) During the month further progress was made in the elimination of Fascists from positions of control and responsibility. Removals from office were fewer than those of the preceding month but were more selective. One difficulty encountered by both AMGOT and the military security officers in eliminating active and leading Fascists from office was the lack of uniform criteria in the different provinces; also there is in all cases the difficulty of obtaining reliable information on political backgrounds through informers and other local sources. To get a more reliable basis for these removals as well as for the review of the cases of individuals who had

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(16) Civilian morale varies between provinces, the most accurate index of the state of morale in any locality being the supply situation. The announcement of the armistice was extremely popular. There was evidence of real enthusiasm and spontaneous and friendly demonstrations in most of the cities in Sicily. The basis of much of the enthusiasm was the feeling that the war was over, but it was nevertheless possible to detect a sincere feeling of relief over the termination of the unnatural alliance with the Germans. Relations of civilians with Allied troops continue friendly in spite of continued acts of indiscipline by the troops, which are happily decreasing.

(17) A continued source of embarrassment is the shortage of supply in the face of statements made by responsible officials of both governments as to what has been done and what is to be done in supplying the civilian population. No one realizes more the difficulties of importing civilian supplies in the face of overriding military demands than AMGOT supply officers who are working daily with the supply and transportation officers of the armies and base sections. The difficulty is rather with the propaganda agencies. These must realize that enemy populations are prone to remember promises made even over the air and that the result of predictions which cannot be carried into effect is the reverse of that intended.

(18) The attitude of the various sections of the population toward the Badoglio regime is, of course, colored by pre-existing political views. On the whole the actions of General Badoglio, both before and since the armistice, have been popular and his speeches in particular have been well received. There is much less enthusiasm for the king. This is particularly true in liberal and democratic circles. From the evidence that has reached AMGOT it is fair to say generally that the House of Savoy has little hold on the population of Sicily, at least on those sections of the population that are articulate.

(19) The Church has continued its friendly attitude. In some provinces the local priests have proven extremely helpful to the C.A.Os in connection with personnel problems and questions of administration. In other localities the local clergy has reserved a hands off attitude.

Public Safety and Law Enforcement

(20) There are no major developments to report on the condition of crime and law enforcement for the month. The incidence of crimes of violence in the urban centers seems to be no greater than might normally be expected. Crime in the rural areas has increased in certain localities, robbery, thefts of food and livestock and like acts having been reported. This may be due in part to the confiscation of the fire arms and weapons which has deprived the rural residents of the self-protection on which they have relied in the past. The enforcement agencies are making particular efforts to cope with the lawlessness in the rural areas. The recrudescence of the Mafia has already been noted.

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(21) The following is a compilation of crimes reported during the month to theSuperintendent of Civil Police for the Island. The reporting system was not yet functioning satisfactorily so that it cannot be stated that these figures are either complete or accurate.

	Cases Reported		Cases Reported
1. Murder	9	8. Breakings	275
2. Attempted Murder	15	9. Animal thefts	25
3. Manslaughter	6	10. Theft - All other cases excluding the above	5536
4. Assault on Police	5	11. Moral Offences	
5. Pillage	94	12. Firearms	24
6. Robbery without fire arms	1112	13. Fraud - excluding Black market	72
7. Robbery with fire arms.	No data	14. Blackmail	2

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Statistics with relation to ordinary Civil Crime prior to the occupation are also incomplete due to destruction and loss of records so that comparable figures are not available.

(22) On the evening of September 8, the day on which the signing of the Armistice with Italy was announced, the C.A.O. of Mistretta relaxed the curfew order in Mistretta. There was a good deal of excitement in the town, and crowds gathered outside the Municipio and part of the crowd entered the building and demonstrated against the former Fascist regime. The crowd got out of control but order was restored by the C.C.R.R. Two Carabinieri received wounds from a hand-grenade which was thrown by a member of the crowd, who was later arrested. Some official records, including some AMGOT files, taken from offices in the Municipio were burned. Investigations were conducted by the Carabinieri under the direction of the External Group Commander, Messina Province, and three special investigators were detached to this group by the Superior Command of the C.C.R.R. in Palermo. Twenty-eight arrests in all were made and the defendants held for trial by an Allied Military Court.

(23) The law enforcement agencies on the whole showed a marked improvement during the month of September. The Carabinieri are gradually regaining their morale and progress has been made in working out the relationship between the Carabinieri command at HQ and at the various provincial headquarters. The closest relationship has been maintained between AMGOT Superintendent of Civil Police and the Commander of the C.C.R.R. in Sicily which has been facilitated by establishing the office of the Superintendent of Police at the Carabinieri HQ. During the month authority was received to organize a training battalion of 500 men. Steps were also taken to move officers and N.C.Os from their present locations to new stations in accordance with the long standing policy of the organization.

(24) Since there were many mined areas which were by-passed during military operations the bomb disposal problem has become serious with civilian casualties being frequently reported. A bomb disposal squad is being organized under the C.C.R.R. with experts from the Italian army who are to be charged with the clearance of the whole island.

(25) During the month of September the cases of 1161 persons who had been arrested or detained on political or security grounds by the C.I.C., F.S.S., or AMGOT officials up to 31 August were reviewed by a committee of representatives of 15 Army Group, 7th Army and 8th Army and AMGOT. As a result of these reviews the individuals were classified and recommendations were made that 49 be released unconditionally and 390 be released on good behavior. An improved procedure for maintaining the records of and handling individuals arrested or detained for security or political reasons was developed and recommended to 15 Army Group.

(26) September saw the substantial completion of inspection of prisons and places of confinement in Sicily. The total number of places of confine-

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(26) September saw the substantial completion of inspection of prisons and places of confinement in Sicily. The total number of places of confinement now recorded is: 97 local prisons, 19 general prisons, 1 female institution, 2 reformatories, 1 penal establishment and 1 criminal lunatic asylum. During the month instructions were issued to close down 46 places of confinement as unserviceable for imprisonment over 30 days. These will, however, be required to remain open for confinement of prisoners awaiting trial in the locality.

(27) During the month progress was made in establishing a system of criminal registration and recording of individuals held in prison, including returns of all persons to HQ by name. No prison offenses have been recorded except at Noto penal establishment where a disturbance arose by some 20 unruly prisoners who had expected liberation by AMGOT. The prisoners in question have been transferred. An inquiry was held to investigate conditions of neglect on the island of Favignana which was closed in August by order of the C.C.A.C. The inquiry determined that the director and commander had not conducted the administration satisfactorily. The accounts are under

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examination and until the matter is completed the officers have been suspended from duty. The 150 prisoners were transferred to Central Prison in Palermo.

(28) The prisoners detained on the island of Ustica, who were mostly political prisoners, were transferred to Palermo for investigation, upon completion of which all were liberated or transferred to a camp. The officials of the prison were placed under arrest pending trial on charges of mal administration of the institution. While there has been marked improvement generally in prison administration, particularly in feeding prisoners, much remains to be done and constant supervision is required to bring standards of prison administration up to the point required by AMGOT. It is unfortunately not possible to eliminate the use of communal cells for sentenced prisoners. It is under consideration whether the practice of keeping untried prisoners and others together should be permitted. Overcrowding still exists but is being remedied.

(29) Recommendations have been made for an increase in the salaries and wages of the prison staffs which are substandard. Arrangements have also been made for furnishing clothes and uniforms, using prison labor for manufacture. Hours of duty have also been adjusted and placed on an organized basis.

(30) Fire and civil defense services have been inspected in most of the large cities and now should be obtaining reasonably high standards of efficiency due to changes in personnel and repairs and reallocation of equipment. During the month a plan for registration of vehicles and control of their operation on an island-wide basis was completed and put in effect by General Order No. 9. The plan should serve to reduce unauthorized use of vehicles and give the civil authorities considerable more control of truck transport, which is still a vital necessity. During the month arrangements were also made for passes for civilian travel by rail in the Palermo area. Schemes were also completed for the control of fire arms, registration of aliens and for the issue of circulation passes generally.

Legal

(31) By the end of September Italian courts were in operation in each province in Sicily, although difficulties in regard to transport were greatly hampering the work. Italian judicial officials had in many cases removed their homes from the congested centers where their presence was most needed and it had not been possible to arrange for the permanent return of all of them owing to the lack of transportation and accomodation, or to arrange transport for their daily attendance. The transportation of prisoners awaiting trial in jails in the interior of the island to the courts for trial also seriously delayed the administration of justice. The appointment of further personnel (referred to in the next paragraph) who can operate on a wider area and the continuing efforts to obtain transportation should somewhat ease the position.

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(32) Sessions of Corte d'Assisi were arranged for October to deal with all parts of the island of Sicily and much progress has been made in the selection of judicial officials to fill vacancies, over 150 individuals having been selected.

(33) Action was taken to improve the standing and morale of the legal profession in the island. This was at a low level at the time of occupation, mainly owing to the control of the Fascist party and the existence of the professional syndicates. After consultation with leading Italian lawyers a plan for the reorganization of the bar association and council of lawyers was prepared. It is believed that the approval of the scheme will mean an improvement in conditions generally in the administration of justice. The decision to continue payment of the preoccupation indemnities has also caused satisfaction as the Italian judicial officials were poorly paid, at least in comparison with American and British standards.

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(34) The work of reopening courts has been hampered by the destruction of some court buildings in the course of operations and the requisitioning of courts for army use. Moreover, in spite of directives of the Army commanders, requisition has usually been followed by dispersal of court records. While the destruction was unavoidable, it is doubted whether requisitioning of court buildings was in many cases necessary.

(35) The work of the Allied Military Courts was large in Sicily in September. The following table shows the incidence of cases received from the several provinces for examination during the month.

	General Courts		Superior Courts		Summary Courts		Total
	Guilty	Not Guilty	Guilty	Not Guilty	Guilty	Not Guilty	
Palermo	3	-	9	-	365	68	445
Catania	-	-	7	2	113	23	145
Messina	-	-	2	4	20	8	34
Agrigento	2	-	24	4	224	16	290
Trapani	-	-	8	-	85	6	99
Siracusa	4	1	5	3	115	15	143
Ragusa	-	-	2	-	99	8	109
Caltanissetta	-	-	16	2	4	-	22
Enna	NONE REPORTED						
TOTAL	9	1	73	15	1025	144	1267

The following statement indicates the type of offences dealt with:

	Black Market	Wire Cutting Cases	Possession of Fire Arms etc.	Thefts, Pillage and possession of Allied Property	Curfew violations	All other offences	Total
Palermo	100	2	5	11	236	20	374
Catania	24	1	5	31	41	18	120
Messina	15	-	-	7	-	-	22
Agrigento	32	-	10	58	82	68	250
Trapani	34	1	6	6	18	28	93
Siracusa	11	3	2	30	28	50	126
Ragusa	6	-	1	18	73	3	101
Caltanissetta	-	-	6	12	-	2	20
Enna	NONE REPORTED						
TOTAL	222	7	35	173	478	189	1004

1 Case under Italian penal code. Transcript not completed - death penalty in the murder of Baron Genuardo.

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in September. The following table shows the incidence of cases received from the several provinces for examination during the month.

	General Courts		Superior Courts		Summary Courts		Total
	Guilty	Not Guilty	Guilty	Not Guilty	Guilty	Not Guilty	
Palermo	3	-	9	-	365	68	445
Catania	-	-	7	2	113	23	145
Messina	-	-	2	4	20	8	34
Agrigento	2	-	24	4	224	16	290
Trapani	-	-	8	-	85	6	99
Siracusa	4	1	5	3	115	15	143
Ragusa	-	-	2	-	99	8	109
Caltanissetta	-	-	16	2	4	-	22
Enna			NONE REPORTED				
TOTAL	9	1	73	15	1025	144	1267

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(36) Crime against military government has not been extensive, except the cutting of military telephone wire, curfew violations, black market offenses, and the illegal possession of Allied property. The most serious of these, although not the most prevalent, has been the cutting of military telephone wires, as to which 15 Army Group has requested strong action. Directives were given to prosecute all cases of alleged cutting of telephone wire and proposed more severe sentences, but it was decided not to stipulate minimum sentences as had been suggested by HQ 15 Army Group.

(37) The defendants in the case involving the murder of Baron Genuardo were sentenced to death by a General Military Court at Agrigento during September for possession of arms contrary to Article V of Proclamation No. 2. The crime undoubtedly had Mafia connections and it is thought that the prompt trial and sentence has had a favorable effect in the region.

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(38) The extension of the control exercised by the Allied Military Government in Sicily after the first phase of occupation required additional military legislation. Under the powers granted by the military governor to the Chief Civil Affairs Officer certain General Orders were published. The following were approved during September.

General Order No. 4 - Price Control
General Order No. 5 - Declaration of Essential Supplies
General Order No. 6 - Reopening of Banks
General Order No. 7 - Amendments to Proclamations Nos. 2 and 4
General Order No. 8 - Labor Reorganization
General Order No. 9 - Circulation of Motor Vehicles
General Order No. 10 - Termination of Restrictions on Financial Institutions

Numbers 1 and 2 of the Sicily Gazette, containing copies of Proclamations and General Orders in book form, were printed and distributed during September.

Finance

(39) The full monthly report of the Finance Division setting forth its operations in detail is attached as Appendix A. The following paragraphs contain certain of the more important matters therein noted.

(40) Large deficits throughout the various governmental subdivisions continued to prevail generally through the month of September. Advances by AMGOT for normal recurrent expenditures, principally relief and grain payments, generally maintained the same levels set in July and August, although as a result of closer controls relief payments were in some localities considerably reduced. Major items of advances newly developed during the month were the state railway payrolls and operating expenses of the Italian Red Cross, the financial requirements of which were in each case supplied by the HQ of the respective organizations on an island-wide basis prior to the occupation.

(41) During the month the revenue section shifted its emphasis from the investigation of machinery of tax and budgetary operation to the stimulation of tax collection. Progress has been slow, owing to the continuing difficulties of communication, damage to office buildings and records, and the continued suspension of many business enterprises. Certain of the more prosperous and undamaged communes reported that collection of taxes are restored almost to normal. In other it was necessary to grant partial postponement, permitted by the Italian law.

(42) In order to improve the control of expenditures a tightening of the procedure governing disbursements by C.A.Os and the requiring of more frequent reporting by F.Os was put in effect. In addition, instructions to communal and provincial authorities on the preparation of budgets for the [illegible] and distributed.

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(42) In order to improve the control of expenditures a tightening of the procedure governing disbursements by C.A.Os and the requiring of more frequent reporting by F.Os was put in effect. In addition, instructions to communal and provincial authorities on the preparation of budgets for the coming year have been worked out and distributed.

(43) Under General Order No. 6 published in September the banks were reopened on a restricted withdrawal basis in Palermo province on 6 September and in the balance of the island on 15 September. Protection of the banks against the permitted withdrawals was arranged through credit agreements with AMFA, more fully discussed in the Finance Division report (Appendix A). The limited withdrawal plan was entirely successful, new deposits having greatly exceeded withdrawals in all provinces by the end of the month. On the basis of this experience plans were made in the latter part of September for the termination of all restrictions on withdrawals throughout the island. The resumption of normal operations includes payment of assegni circolari and vaglia bancari, which will afford relief to the large number of holders of this paper.

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(44) Reports were called for on the position of the postal savings deposits in the provinces but had been received only from Palermo province by the end of the month. It is planned to reopen the postal savings and postal current accounts contemporaneously with the lifting of restrictions on banks generally. No action is contemplated regarding payment of postal savings bonds, service on these being suspended in accordance with the C.C.S. directive.

(45) A study of social insurance institutions has continued and information as to the five principal organizations in the province of Palermo has resulted in recommendations for the resumption of their activities. This will require advances by AMFA to take the place of deficit financing usually furnished by the central government. In order to simplify somewhat the complicated scheme of social insurance, two of the agencies (Cassa Mutua Infortuni Agricoli and the Istituto Assicurazioni Infortuni sul Lavoro) have been amalgamated. This will reduce administrative costs and will probably be followed by similar consolidations of various other agencies which were overlapping or performed closely related functions.

(46) A statement of AMFA assets and liabilities is set forth in paragraph 27 of the Finance Division report. Total assets and liabilities of L.9,857,289,479 are shown as compared with the corresponding figure of L.2,164,077,974 at the end of August. The increase in liabilities was principally due to the receipt from Washington of L.7,600,000,000 during the month.

(47) The postal services which have continued to be operated under the supervision of the Finance Division were further extended during the month of September. On 17 September an interprovincial delivery service was instituted for unsealed mail weighing up to 50 grams. Trunk service to provincial capitals will be handled by bus line inaugurated by AMMOT for the transportation of civilian officials and essential personnel. Deliveries within the provinces are left to the devices of the postal authorities in each provincial capital. The Army censorship branches have provided a censor for each of the provincial capitals. Some prisoner of war mail has been received and dispatched and further mail is expected. Inquiry has been made, with a recommendation for favorable action, as to the possibility of setting up the mechanism for remittances from the United States to relatives in the occupied parts of Italy, payments to be arranged by AMFA at this end.

(48) A problem that received careful study during the month was the inflationary tendency which followed the occupation. Uncontrolled prices have risen sharply since the occupation. There are requests for wage increases among various groups of wage earners, particularly the police and other civil servants. Stocks of consumer goods of all sorts remain low. Added to this is the tremendous purchasing power introduced into the island by the Allied Forces. To combat this an anti-inflation program was approved by the Executive Council and steps were taken by the interested staff divisions to implement it. Final results cannot yet be reported. It is thought that with

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(47) The postal services which have continued to be operated under the supervision of the Finance Division were further extended during the month of September. On 17 September an interprovincial delivery service was instituted for unsealed mail weighing up to 30 grams. Trunk service to provincial capitals will be handled by bus line inaugurated by AMGOT for the transportation of civilian officials and essential personnel. Deliveries within the provinces are left to the devices of the postal authorities in each provincial capital. The Army censorship branches have provided a censor for each of the provincial capitals. Some prisoner of war mail has been received and dispatched and further mail is expected. Inquiry has been made, with a recommendation for favorable action, as to the possibility of setting up the mechanism for remittances from the United States to relatives in the occupied parts of Italy, payments to be arranged by AMFA at this end.

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Property Control

(49) A detailed report of the Controller of Property for the month of September is attached hereto as Appendix B. As there indicated the Controller of Property has made progress in taking over properties of the various types specified in the plan.

(50) Allied properties which had been sequestrated by the Italian Government have for the most part been examined, inventoried and taken into custody. In very nearly all of the provinces there was found real property of Allied ownership. In general the existing sequestrator (Bank of Sicily in many cases) was left in possession, subject to the control of the [illegible]. Among the more important properties was the Bronte estate, formerly owned by

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the heirs of Lord Nelson. The legal complications in connection with the sequestration and expropriation of this estate under Italian laws have been referred to in previous reports. The C.P. has personally inspected the property and has appointed a manager to conserve its assets until the final disposition is determined.

(51) The valuable property in the City of Palermo belonging to the late Duc de Guise has been taken into custody, inventoried and many valuables stored. A directive is still awaited as to the treatment of this and other French property and properties of nationals of the United Nations other than the United States and the British Commonwealth.

(52) The dissolution of the numerous Fascist organizations has resulted in the C.P. assuming custody of a good deal of real and personal property of these bodies. Formal custody has also been taken of a number of State buildings and properties and several semi-statal undertakings, including in particular the Ente di Colonizzazione del Latifondo Siciliano.

(53) Proceedings under Italian law for the handling of abandoned real property have been worked out satisfactorily in Palermo province and are to be adopted in other provinces. The procedure permits the C.P. to be kept informed of the status of the various abandoned properties so that in proper cases he may take formal custody thereof.

(54) Of the industrial and commercial undertakings taken into custody the two most important are the oil installations of AGIP, into which had been put the former installations and assets of the Shell and Standard Oil groups in Sicily. In many cases the installations are in the actual custody of the armed forces. The operations of AGIP are, however, being conducted under special commissioners who were formally officials of the Shell and Standard Companies in the territory. The asphalt mines in Ragusa present a complicated picture. The C.P. after investigation has decided to take custody of the two British mining concessions and of a third which is owned by the Italian Government. These constitute three of the four more important concessions for the mining of asphalt rock. The centralizing of control in the C.P. should facilitate the operation for requirements of the military and essential civilian uses.

(55) Enemy state industrial enterprises which were taken under control during the month of September include the following:

Ente Nazionale Industrie Cinematografiche (E.N.I.C.) which controls cinemas through Palermo and elsewhere.
Unione Militare - a cooperative society providing Italian Officers with uniforms and other articles. Operations suspended.
Printing Press of the Corriere di Sicilian in Catania - printing establishment as to which ownership and proprietorship is confused.
State Stud Farms - Catania.

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Public Health

(56) The general status of public health in the island of Sicily, which includes the activities of the Public Health Division during the month of September, are set forth in the report of the D.P.H. dated 11 October attached as Appendix C.

(57) The health of the population of the island continues good. The small outbreaks of typhoid fever referred to in previous reports have been controlled. In the view of AMGOT health officers these epidemics cannot be attributed to war conditions or to the occupation. Through the efforts of AMGOT health officers considerable improvement can be looked for in condition

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in every locality in the island which had typhoid cases. Malaria appears to be more prevalent than statistics have indicated. The Allied Forces and the malariologists attached to the Public Health Division AMGOT have been active in measures to suppress and prevent the spread of the disease as indicated in an annex to the Public Health Division report (Appendix C).

(58) While regular reports of communicable diseases have not been possible by reason of the disruption of communications between physicians and communal and provincial health officers and between provincial capitals and AMGOT HQ, weekly and monthly reports are beginning to come. A table based on report from approximately 1/2 of the communes (other than in Palermo) emphasizes the importance of typhoid, tuberculosis and malaria as the three principal communicable diseases on the island.

(59) The constant attention of the Public Health Division has been given to the problem of nutrition, particularly in distressed areas such as Messina as to which reports have been current of starvation conditions. For the purpose of both investigation and of assistance to the provincial health officers medical officers have been detailed from AMGOT HQ. In no case have the alarmist reports proven accurate. The condition of the people nutritionally remains favorable. While rationing has been difficult and amounts of food available in the provinces of Trapani and Messina have been critically low, starvation has not existed in any part of the island and the situation is improving. With improved transportation and import of certain necessary supplies the situation should improve.

(60) The housing study has not been completed in all provinces as indicated in the report of the D.P.H. A critical housing situation exists in the cities of Trapani and Marsala. Steps are being taken to meet this emergency by the completion of housing projects and authorization of emergency repairs. A detailed report has not been received from Messina province but it may be assumed that an acute housing situation exists there. A report from the province of Siracusa indicates that the City of Augusta, where it was thought a serious problem would be presented, has rehoused its people satisfactorily and no resettlement or outside assistance will therefore be required.

(61) As a corrolary of the housing problem the resettlement of refugees, both Italian and of foreign nationality, has been undertaken. Machinery has been established in each province for registration of refugees. When exact information and statistics are available steps for resettlement or housing will be taken under the supervision of the Welfare Section of the Public Health Division. A small project has been undertaken in Palermo where a camp has been established for 200 Yugoslavs. This camp has been directly administered by the Welfare Section but it has been recommended that a special division be created and charged with the care of friendly nationals who have been and undoubtedly will be found in much greater numbers on the mainland of Italy.

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(62) During the month of September agreements were reached with the local officials of the Italian Red Cross for the reorganization of that institution under personnel satisfactory to the Allied Forces. The Italian Red Cross in Sicily has responsibilities beyond those of Red Cross Societies in the U.S. and U.K. It is responsible for maintaining civilian hospitals, for anti-malaria work, the training of nurses and operation of first aid air raid stations. The distribution of relief and communication with and aid to prisoners and refugees is also handled by the Italian Red Cross. A program of activities has been agreed upon as set forth in an annex to the report of the D.P.H. AMGOT has undertaken to supply financial aid formerly furnished by Rome in order that these essential activities may be continued. The Red Cross will work in conjunction with and under the supervision of the Public Health Division, AMGOT HQ.

(63) During the month considerable progress was made in reorganizing the administration of relief in several provinces. Departments of Public Welfare were either functioning or about to function immediately in Palermo, Trapani, Catania, Enna and Messina. Plans for the extension of these activities are under way for the other provinces. The plan for the consolidation of relief agencies includes integration of services of child care and the establishment of a children's welfare agency in each province. Report forms for children's institutions have been made available for each province. In the field of juvenile delinquency a uniform procedure has been recommended to the Legal Division and the Prison Section.

(64) As a result of discussions with Mr. Norman Davis, Chairman of the American Red Cross, during his visit to Sicily early in September, Red Cross relief officials were invited to the island to discuss ways in which facilities of the American and British Red Cross organizations might be made available to the civilian population under the general supervision of AMGOT. Conferences in Palermo resulted in a program being agreed upon which calls for the furnishing of Red Cross personnel to perform the following functions:

(a) Working with the Italian Red Cross in getting the P.O.W. clearance center functioning more adequately. (Particularly in connection with foreign countries.)
(b) Providing supplies (clothing, food, medical).
(c) Helping to register, relocate, rehouse and repatriate refugees.
(d) Helping operate camps for the temporary care of homeless Sicilians, released political and other prisoners, Allied nationals, etc.
(e) Assisting in the handling of pension claims of foreign residents and civilian communications abroad.
(f) Community organizations of welfare services.
(g) General assistance in other welfare activities.
(h) Assisting in the development of local voluntary effort.

Red Cross personnel has arrived and certain of the approved activities are already underway.

Civilian Supply

(65) During the month the former Civilian Supply Division was split up and reorganized as stated in paragraph 7. The activities of the new divisions during the month are discussed separately.

(66) The matter of food supply, particularly grain, continued to be the critical problem confronting the division during the month. Revised estimates were made of crop yields and every effort was made to increase the amassing of grain under the prescribed procedure. The status of the grain problem during the month will be more fully summarized under the heading Agriculture. Imports of wheat during the month amounted to 1,000 tons at Palermo and 2,500 tons at Catania, of which 2,000 tons were diverted to locate

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(67) In order to obtain more complete information on existing stocks in the island General Order No. 5 was published regarding declaration of stocks of all important commodities. All critical articles, including foodstuffs, fuels, automotive equipment, and building material, were included in the schedule of articles required to be declared. While 100% compliance with this order is hardly to be expected, it was felt that it would be a useful weapon in the hands of the police agencies in enforcing black market regulations, since failure to declare scheduled articles itself constitutes an offence, of which the only proof required is that of possession. Reports from the provinces on existing stocks continued to be fragmentary and unsatisfactory due to the difficulties of provincial supply officers in obtaining information on stocks on hand and faulty communication.

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(68) The coal situation was a matter of considerable concern during the month. Prior to the operation requirements of coal for the operation of essential civilian industries and utilities were estimated at 6,000 tons a month. This estimate proved to be substantially correct, and was allowed for in the import program. However, the import program was not adhered to and such coal as was imported was diverted to military uses. In addition, the greater part of the coal stocks found on the island had to be turned over for the use of the military. The resulting coal shortage was felt critically, particularly in the reestablishment of essential electric service and milling of wheat. A revised coal program has since been agreed upon and it is thought that the situation will accordingly improve.

(69) During the month the previous estimates as to long range requirements of Sicily were checked against experience and available information in the island and requisitions were submitted.

(70) During September a survey of the situation regarding the mining and export of sulphur was completed and a report separately transmitted. As a result of the survey steps were taken to reopen and place in operation certain of the sulphur installations and to commence exports. Arrengements for transport of stocks at the mines in the interior to the ports were completed.

Agriculture

(71) During September the previous estimates of grain deficiency were confirmed, although exact information is not yet available. Lack of rainfall, deficiency of fertilizers and war damage were the principal causes of decreased yields. Quantities amassed were low and there was little doubt that grain was being retained by farmers beyond the legally permitted quantity. This action was due probably to the tendency of farmers to hoard irrespective of prices or to sell to black market operators at figures considerably above the official prices. The preoccupation practice of recourse to the black market for supplies was continued by the population rather generally, although plans have been worked out with the Public Safety Division directed at breaking the black market and were put into effect during the latter part of the month.

(72) Available information indicates that grain for distribution through official channels in Sicily will be exhausted at the end of the year. Local shortage, of course, will be felt sooner and in grain deficient provinces the shortage will be accentuated by transportation difficulties. Various plans were in effect in the provinces for forcing the surrender of hoarded wheat. In view of the prospective shortages, requisitions were made for imports to provide a reserve against a break down of transport in the various grain deficient provinces and to take care of the island-wide shortage prior to the next harvest.

(73) The average daily ration on September 30 was approximately 165 grams of bread and 15 grams of pasta. Some provinces were receiving the maximum permitted ration of bread of 300 grams and 40 grams of pasta, while [illegible] was as low as 100 grams of bread. The

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Agriculture

(71) During September the previous estimates of grain deficiency were confirmed, although exact information is not yet available. Lack of rainfall, deficiency of fertilizers and war damage were the principal causes of decreased yields. Quantities amassed were low and there was little doubt that grain was being retained by farmers beyond the legally permitted quantity. This action was due probably to the tendency of farmers to hoard irrespective of prices or to sell to black market operators at figures considerably above the official prices. The preoccupation practice of recourse to the black market for supplies was continued by the population rather generally, although plans have been worked out with the Public Safety Division directed at breaking the black market and were put into effect during the latter part of the month.

(72) Available information indicates that grain for distribution through official channels in Sicily will be exhausted at the end of the year. Local shortage, of course, will be felt sooner and in grain deficient provinces the shortage will be accentuated by transportation difficulties. Various plans were in effect in the provinces for forcing the surrender of hoarded wheat. In view of the prospective shortages, requisitions were made for imports to provide a reserve against a break down of transport in the various grain deficient provinces and to take care of the island-wide shortage prior to the next harvest.

(73) The average daily ration on September 30 was approximately 165 grams of bread and 15 grams of paste. Some provinces were receiving the maximum permitted ration of bread of 300 grams and 40 grams of paste, while in one province (Messina) the ration was as low as 100 grams of bread. The large portion of the ration in Messina was supplied from imported stocks which were practically exhausted at the end of the month. Interprovincial transportation complicated the problem, which was solved in part by coastal shipment.

(74) On 24 September instructions were issued for the control of olive oil for the 43-44 season and prices were fixed. The supply of fruit and vegetables, owing to the seasonal decrease, with the exception of such articles as lemons and nuts, was generally deficient. Some 5,000 tons of phosphate in the island were allocated for distribution as fertilizer and consideration was given to the provision of the requirement of about 100,000

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tons in time for sowing. Due to the shipping shortage it seems impossible to meet this requirement. The supply of nitrates for use in the early spring is regarded as more than a possibility and estimates for requirements have been put in with the requisition for import by mid February of 5,000 tons of nitrate fertilizers.

(75) In order to simplify the complicated problem of regulating the black market, it was decided to eliminate all articles from control except the main essentials. Accordingly, as from 1 November, rationing will be confined to bread, pasta, flour, sugar and olive oil. Revised ration cards, giving effect to this system, were prepared and were in the process of printing at the end of the month.

(76) Fishing was permitted on all coasts of Sicily during the month, subject to limitations laid down by the Navy. Catches generally were sufficient to provide coast towns and in some instances surpluses were available for the inland towns.

Transportation, Communication & Utilities

(77) Transportation continues to be one of the most difficult problems of AMGOT administration. The lack of transportation makes itself felt in all activities - the movement of supply, the movement of civilian personnel, transportation of mail and official communications and many others.

(78) Considerable progress was made in reestablishing the railway facilities but this was not of direct advantage to AMGOT, owing to the demands of the military for virtually the entire available lift. Operation of the railways continued to be directly under the military, the 27th Railway Operating Battalion in the American area and Portbase in the British area being the responsible units. In both British and American areas a successful effort was made to return the actual operation to the civilian employees. AMGOT transportation officers were engaged primarily during the month in liaison work and in arranging for the payment of railway employees. All matters in regard to payment of railway personnel were referred to AMGOT.

(79) A start on an island-wide program for motor transport was made. Virtually all operating transport was removed from civilian and AMGOT control by the military shortly after the occupation. Under the orders of 7th and 8th Armies some vehicles were returned to AMGOT and a portion of them were put into operating condition. S.C.A.Os of most provinces organized their own motor pools, engaged primarily in the transportation of supplies. The creation of a motor transport subsection at AMGOT HQ laid the groundwork for an island-wide organization by turning over to Istituto Nazionale Trasporti (the truck and bus subsidiary of the State Railways) certain vehicles and by requisitioning garages and repair shops in Palermo capable of caring for approximately 100 trucks. INT is being used as the agency of AMGOT for operating an island-wide truck service with terminals and garage facilities in the provincial capitals. The motor transport subsection continued the operation of a bi-weekly bus service throughout the island on the route Palermo - Agrigento - Ragusa - Siracusa - Catania - Enna - Caltanissetta - Palermo. This service has been important in moving government officials to

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(80) A water transport subsection was established under a U.S. Naval officer who was assigned for the purpose. Two schooners were transferred to AMGOT, one of which is a 450-ton boat used for water supply for the island of Ustica. Several smaller boats at Trapani were also taken over, which were made available to the S.C.A.O. Trapani to move in grain from Agrigento. During the month AMGOT also arranged for the shipment in landing craft to Messina of boat to relieve the acute food shortage there. The cooperation of the U.S. naval authorities was prompt and extremely helpful. A civilian

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shipping organization has been set up to take over the operation of the water transport facilities required by AMGOT under the supervision of the Water Transport Section.

(81) Considerable progress may be reported in the restoration of civil telephone exchanges to civilian operation. In the eastern portion of the island (provinces of Messina, Catania, Siracusa, Ragusa and Enna) all local telephone exchanges and urban facilities were turned over to AMGOT for civil operation with the exception of that for the commune of Augusta, which is being operated by the Royal Marines. In the western portion of the island (provinces of Palermo, Caltanissetta, Agrigento and Trapani) all local commercial telephone exchanges, including the distribution facilities within each local exchange area, were released by the Island Base Section, subject to military requirements for operation and maintenance by civilian personnel under AMGOT supervision, except the exchanges and facilities in the towns and communes of Palermo, Licata and Porto Empedocle.

(82) As the telephone exchanges and facilities have been released an effort has been made to restore them to their normal operation as soon as possible, except for interurban service. Telephone exchanges in all provincial capitals, except Caltanissetta and Messina, were operating by the end of September. The exchange in Palermo is being operated by the Signal Corps of 7th Army. Small magneto exchanges in less important communes have also been put in operation. It is estimated that approximately 10% of these exchanges were functioning by 30 September.

(83) A plan for rehabilitation of the telegraph system was drawn up by AMGOT officers and engineers of the PTT calling for the repair of the circuits linking provincial capitals first followed by the linking of the more important towns and rural communities. By reason of military needs no telegraph circuits were installed or placed in operation during September but permission was granted by military authorities to place circuits in operating condition for operation on 1 October.

(84) The State submarine cable Palermo - Cagliari (Sardinia) was apparently intact. Arrangements were made for testing this cable.

(85) During the month of September further efforts were directed toward rehabilitating the electric generating and transmission facilities in the island. Two more diesel generating plants in Marsala and Mazara del Vallo started, thus further relieving transmission network. The strict conservation of power continued to be essential to ensure meeting military requirements until reservoirs can be replenished in the late fall. Accordingly, orders continued in effect restricting use of power to essential civilian needs, e.g. medical, governmental, police, etc. The Palermo steam plant was also put in service, which further reduced the load on the network in this important center.

(86) During the month the Highway and Public Works Section was organized. Conferences with the British and American military for designation of first and second priorities [illegible] military and civilian [illegible] were held.

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(86) During the month the Highway and Public Works Section was organized. Conferences with the British and American military for designation of first and second priorities on repair of military and civilian highways were held. Steps were taken to reestablish A.N.A.S. (State Highway Dept.) and the Provveditorato alle Opere Pubbliche on an island-wide basis. The greater part of the repair of roads and bridges which is not being directly handled by the military is being directed by one of the above agencies under contract with construction firms. Bridge and road contracts were checked by the officials of the Highway and Public Works Section.

Labor

(87) The directives of the C.C.S. regarding termination of Fascist institutions contemplated the elimination of the labor syndicates and corporations which were wholly of Fascist origin. The directive anticipated, however, that a study of the labor situation would be undertaken before the directive was fully implemented.

(88) As a result of study of the labor problem on the island, discussions with Italian authorities, the xperience of the Allied Forces and others in the employment of labor, a labor plan was drafted by Captain Morse, Chief of the Labor Division, approved, and made effective by General Order No. 8 on 1 October. This plan formally abolished the Fascist labor system, including the provincial unions and their subsidiary and constituent units and the various provincial councils of corporations. It established a regional labor office and 9 provincial labor offices. The principal functions of these offices are to collect and compile information on labor demand and supply, to establish central employment offices and to conciliate or arbitrate where necessary. The right to organize by free and secret ballot is provided and the right of collective bargaining is guaranteed. Strikes and lockouts are forbidden during the emergency. It is felt that this machinery will permit the play of the natural forces within the island and that a free labor movement can and will develop within its framework.

(89) By the end of the month the program was gotten under way with the appointment of provincial labor officials and offices were being established in the provincial capitals. The adoption of the plan appears to have had a favorable reaction throughout the island.

Fine Arts & Monuments

(90) During the month of September the advisor and deputy advisor on Fine Arts and Monuments completed an inspection of the entire island, examining damage to monuments and conferring with superintendents of monuments and antiquities for the various regions. As a result of conferences with these officials and with S.C.A.Os a pamphlet containing suggestions to C.A.Os concerning the administration and financing of the various institutions handling fine arts and monuments was drawn up and distributed. The document has been likewise printed in Italian and distributed to the various officials concerned.

(91) Work authorized earlier in the occupation proceeded in Palermo. The most used books of the National Library, which was badly bombed, have been transported to the Palazzo Mazzarino where library facilities have been installed. The openings left by bombings in the National Library have been filled to prevent further losses. State archives are being extracted from the rubble of the badly damaged Gancia convent. The labor involved in sorting and regrouping scattered leaves and drying documents will be tremendous but approximately two thirds of the work calculated to prevent further loss and deterioration had already been accomplished by the end of the month.

(92) The Superintendency of Galleries and Works of Art for Sicily has reported that the transfer of certain works of art to a central repository for cataloging and restoration was started, transportation for this purpose having been furnished by AMGOT HQ.

(93) The repairs of monuments in Palermo during the month under the superintendent of monuments for western Sicily were as follows:

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Capella della Immaculata in la Chiesa di S. Francesco d'Assisi.	Prevented collapse of the Chapel
Chiesa di San Giuseppe dei Teatini	Closed the doors, repaired the roof, removed rubble and repaired aisle cupolas,
Palazzo Abatelli	Prevented tower and front wall from falling out on the street
Chiesa di Santissima Annunziata	Removed rubble, walled in the ruins and recovered capitals and other architectural fragments

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Chiesa di San Salvatore	Removed rubble, closed openings and repaired cupola
Chiesa di San Matteo	Repaired doors and roof
Chiesa diSanta Zita	Closed openings, recovered marble fragments and repaired roof

Education

(94) With the arrival of the Educational Advisor early in September the undertaking of the education program commenced.

(95) The supervision of the National Universities, located at Palermo and Catania, was taken over by the Educational Advisor from the provincial S.C.A.Os. The director of the University of Palermo was removed because of his strong Fascist record and the systematic examination of the political records of the faculty members w undertaken.

(96) In order to permit the reopening of the primary and secondary schools as soon as physical facilities could be found, a plan of reorganization of the provincial educational system was distributed to the S.C.A.Os. This called for the appointment of a satisfactory Provveditore agli Studii and a committee or council to advise on the suitability of texts and teaching staffs. In several of the provinces this organization was well under way by the end of the month.

(97) Examination of the primary and secondary texts showed that contrary to our first information a great deal of the teaching material was strongly Fascist and objectionable. A review of the official texts was undertaken with a view to revision either by the removal of certain pages or by reprinting where necessary. Collection of texts from various schools had been initiated by the end of the month.

(98) While no assurance was given to the provincial authorities that it would be possible to reopen the schools every effort was and is being made to advance preparations so that reopening should not be delayed any longer than necessary.

Press and Public Relations

(99) The Sicilian press has consisted for the most part of two daily papers - one published in Palermo and one in Catania. The respective publications are the Sicilia Libera and the Corriere di Sicilia. Supervision of the publications has been by P.W.B. in close cooperation with the Public Relations Officer of AMGOT. Considerable latitude has been allowed the editorial writers in expression of opinion, including some criticism of AMGOT administration and policies. With unimportant exceptions this privilege has not been abused.

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(100) Several small weekly papers in outlying regions have been established, strict control being maintained, however, over all publications in order to conserve the supply of news print on the island.

(101) The Public Relations Officer has continued to make information on AMGOT policies and operation available to members of the Allied press who continued their interest in military government activities during the month.

NOTES ON THE PROVINCES INDIVIDUALLY

(102) Since conditions vary considerably between the various localities it may be worth while to comment briefly on high spots of the administration in each of the 9 provinces of Sicily.

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Palermo

(103) The month of September saw the appointment of a new Prefect as well as a Sindaco of Palermo City, two of the most important posts in the province. Other vacancies have been filled and appointments made, all of which tend in the desired direction of indirect rule. The urban feeding problem continued to be acute. Palermo City has never had any wheat reserve and in bad weather or due to failure of transportation facilities, daily flour requirements have not always been received.

(104) Excellent progress has been made in clearing up the City of Palermo, which is reflected in the reopening of stores and shops and the almost complete return of the population. The transportation situation is showing slow improvement. The province has made headway in consolidating various administrative agencies and eliminating Fascist departments. The provincial employment office has also proven successful, having registered approximately 45,000 individuals from 31 July to 25 September, of which placement for 27,000 was found. Improvement in relief investigation procedure was reflected in the reduction of average daily payments from 400,000 L. during the latter part of August to 260,000 L. during the corresponding period in September.

Trapani

(105) The economic situation continued unsatisfactory. The province has a normal grain deficiency and seemansing has been below the usual levels. The new prefect seems to be competent and is actively assisting in the grain problem. Considerable disorder in the rural areas was noted during the month. The unsatisfactory economic condition coupled with the severe bomb damage at Trapani and Marsala will make this one of the difficult provinces during the winter months. Water borne transport and fishing have been impeded by the failure of authorities to clear mines from the coastal areas.

Agrigento

(106) This province has a grain surplus, from which Trapani has been in part supplied. The reopening of the sulphur mines will ease the unemployment situation considerably. The state of public order has improved since August, although thefts of cattle and hijacking in the rural districts is still reported. The administration in this province is in general proceeding satisfactorily.

Ragusa

(107) This province continues quiet. A new prefect has been appointed who appears to be popular. The operation of the asphalt mines is the principal industrial activity in the province, which has reduced unemployment.

Caltanissetta

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Caltanissetta

(108) This province continues quiet, except for a demonstration in one of the communes arising from unemployment in the sulphur mines, as a result of which 21 persons were arrested. Further removals of Sindacos are reported. The grain situation is said to be unsatisfactory with a drop off from the usual figures of grain ammassed. Since this province supplies the deficiencies of Ragusa, Siracusa, Catania and Palermo the deficiency may be serious and is being carefully studied. During the month the water supply became critical, owing to heavy demands and breaks in the aqueducts from war damage. Repairs on the more important lines have been completed and adequate supply is now assured. Electricity continues to be a problem. The Prefect of the province is an extremely aggressive individual. Accordingly, the S.C.A.O. has left the administration in the hands of the Italians to a greater degree that in any of the other provinces.

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Enna

(109) This province also reports a shortage in the amassing of grain, although amounts have so far been regularly supplied to Messina and Catania. As previously reported, there have been a number of administrative experiments conducted in this province. Since it is primarily rural country with no large cities, the problems are not comparable to those of the large provinces. The amalgamation of the various administrative organizations apparently has continued to be satisfactory. Considerable political stirring is reported from this province.

Siracusa

(110) This was one of the earliest provinces to complete a satisfactory organization and this situation has continued. Crime is low, supply continues satisfactory. A small export trade to Malta in wine and lemons has been started. Reconstruction of bombed areas has been prompt and effective.

Catania

(111) The refugee and food problems continue to be a difficult ones and progress in clearing bomb and battle damage is slower than had been expected. The shifting of Portbase from Catania to the mainland should relieve the military congestion which has been one of the administrative problems. Several important officials have been removed during the month in the supply agencies. Owing to the variation in the rates of pay permitted by the Armed Forces, the wage situation was confused but has been clarified by promulgation of the new schedules. The administrative situation seems to be improving.

Messina

(112) Following the successful operation across the straits AMGOT HQ was moved back into the city. Housing conditions remain bad with 50% of the houses not habitable by any proper standards. The food shortage has been critical and remains unsatisfactory. While the province has always had a grain deficiency no grain has been amassed since this harvest. Assistance from AMGOT HQ on supply and health matters has been given on several occasions. The refugee situation presents a serious problem, both from the standpoint of congestion, feeding and disease. Health continues to be better than expected under the circumstances.

Egadie Islands (Favignana)

(113) These island have been taken under the administration of Trapani province. The C.A.O. Favignana was responsible for the rescue of several American airmen during the month who were forced down off shore. The prison has been closed down as elsewhere reported.

Ustica

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Ustica

(114) This island has been placed under administration of Palermo province. The prison has been closed as elsewhere reported. Supply of food and water has been arranged by means of small vessels now being operated by AMGOT HQ.

Eolie Islands (Lipari and Stromboli)

(115) These islands have been placed under the administration of Messina province but during September were supplied by AMGOT HQ. Food and water are furnished by coastal transport. There was apparently considerable political activity, which has subsided with the removal of several of the leading Fascists on the island. As previously reported all political prisoners were removed before Allied occupation.

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Pantelleria

(116) While this island was nominally under the control of AMGOT HQ all during September communications with the island were not established until the latter part of the month. Four officers were, however, in residence and report conditions quiet. Reconstruction of the town has commenced. Supplies are being furnished mainly from the stockpile established in North Africa at the time of capture. It is planned to reduce the staff to two officers in the near future.

Lampedusa

(117) Communication was established with Lampedusa shortly after the first of October. This island had been practically cut off from outside communication since its capture. The two officers stationed there, however, have done a commendable job in rehabilitation and in reorganization of the island economy. Fish canning has been started and supplies amassed adequate for the winter, upon a ration basis considerably in excess of that established in Sicily. Exports of fish have been offered to the mainland when transportation becomes available.

REGION II - (Calabria and Lucania)

(118) As above stated the AMGOT organization assigned to 8th Army for operation Baytown was mounted at Taormina under Group Captain Benson, RAF, and Lt. Col. Harvey Gerry, AUS. Basic plans were developed by these officers in conjunction with AMGOT HQ, and a nominal table of organization was arrived at, personnel to fill which were supplied mainly from AMGOT Sicily. Motor transport was drawn mainly from 8th Army.

(119) The arrangements with 8th Army for loading and moving forward AMGOT personnel and vehicles were most satisfactory. Twelve officers were on the mainland on D day, 25 officers with transport reached there on D + 1 and 8 additional officers with equipment on D + 2. Region II HQ was established at Reggio immediately.

(120) Reggio was found to be less damaged than had been anticipated. Water was available from the first to the extent of about 50% and electricity was available by D + 3. Through the prompt action of AMGOT officers stocks of flour were taken into custody and protected. Bakeries were started forthwith and a bread ration of 150 grams was established. The wheat supply was further augmented by the diversion of a coaster from Catania to Reggio with 2,000 tons of flour ex North Africa.

(121) Eighth Army unit commanders had been particularly requested not to disarm Carabinieri. These requests were effective with the result that 90 Carabinieri were at their posts and on patrol in Reggio on the afternoon of D day. The usual civilian looting had started in a small way but was quickly put down by the intervention of AMGOT officers and the Carabinieri.

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Lampedusa

(117) Communication was established with Lampedusa shortly after the first of October. This island had been practically cut off from outside communication since its capture. The two officers stationed there, however, have done a commendable job in rehabilitation and in reorganization of the island economy. Fish canning has been started and supplies amassed adequate for the winter, upon a ration basis considerably in excess of that established in Sicily. Exports of fish have been offered to the mainland when transportation becomes available.

REGION II - (Calabria and Lucania)

(118) As above stated the AMGOT organization assigned to 8th Army for operation Baytown was mounted at Taormina under Group Captain Benson, RAF, and Lt. Col. Harvey Gerry, AUS. Basic plans were developed by these officers in conjunction with AMGOT HQ, and a nominal table of organization was arrived at, personnel to fill which were supplied mainly from AMGOT Sicily. Motor transport was drawn mainly from 8th Army.

(119) The arrangements with 8th Army for loading and moving forward AMGOT personnel and vehicles were most satisfactory. Twelve officers were on the mainland on D day, 25 officers with transport reached there on D + 1 and 8 additional officers with equipment on D + 2. Region II HQ was established at Reggio immediately.

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(122) Ample stocks of enemy medical stores were discovered. Hospital facilities in Reggio were adequate and health conditions seemed to offer no cause for alarm.

(123) The AMGOT personnel assigned to 8th Army continued with the advance of 8th Army through Calabria and into Lucania. On 19 September headquarters were moved forward to Corigliano. The rapid advance made communications more than usually difficult. However, C.A.Cs were established in each provincial capital and in large cities as they were occupied and an administration patterned after first phase administration in Sicily was established.

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(124) During this period of the advance a considerable problem was presented by the demobilized and deserting soldiers of the Italian army who were clogging the roads and congesting the towns in large numbers heading for Calabria and Sicily. Some of them were armed and some had thrown away their arms. There were certain units still under their own officers fully armed. The feeding of these units was made the responsibility of 8th Army after AMGOT had indicated its inability to handle the problem. Notwithstanding the presence of the Italian forces in the area the usual proclamations were posted and steps taken to enforce the same.

(125) On the capture of Cosenza there was discovered a concentration camp of about 2,000 persons composed of Poles, German Jews, Czechs, French, Yugoslavs and a few Chinese. AMGOT HQ was immediately notified by the regional officers and representatives of the Welfare Section of the Public Health Division were detailed to inspect the camp and take over supervision temporarily. It was suggested that the American and British Red Cross might take over permanently the administration of this camp until repatriation could be arranged.

(126) The advance through Calabria and into Lucania was so rapid that communication continued to be the most difficult problem.

(127) The political situation throughout Calabria and Lucania differed from that in Sicily in that the higher officials with active Fascist records had been removed by Badoglio. His reform, however, had not extended down to the Podesta and minor officials, many of whom AMGOT had to remove. The AMGOT officers continued to follow the policy of removing all former active Fascists in collaboration with F.S.P., 8th Army.

(128) With certain exceptions, such as Cosenza, war damage was not great throughout Calabria and Lucania and the services, such as water and sanitation, were in satisfactory condition through the territory. In the provinces of Catanzaro and Cosenza there was a fair amount of grain and the food situation was therefore not serious at the time of occupation. Investigation of stocks remained from this year's harvest was undertaken to determine the long range requirements.

(129) While the advance up the Calabrian peninsula was in progress AMGOT officers were attached to the units which occupied Tarrento on the 11 and 12 September. Some confusion was caused by the dispatch of this personnel direct from North Africa without the knowledge of Region II HQ. When the King and Marshall Badoglio arrived in Tarrento the Allied Military Mission under Lieutenant General Mason MacFarlane assumed responsibility for civil administration in that area and determined that military government under AMGOT would not be established. Accordingly, AMGOT personnel, consisting of about 12 officers, served as liaison officers with the Italian prefects and other administrative officials and in this way assisted in maintaining relations between the Allied Military Mission and Badoglio and the King. There was at this time nothing that could be called a government since the King had arrived without Ministers and Marshall Badoglio was accompanied only by military officers who took no part in civil administration. The

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REGION III - (CAMPANIA)

(130) As above stated, personnel for Region III was selected and assembled in North Africa shortly prior to embarkation. The personnel was made up in part of experienced officers drawn from Sicily. The majority, however, consisted of officers arrived from the U.S. and U.K., some of whom had had a short period of training at the training center at Tizi Ouzou, and some of whom had just arrived in the theater. Many of the officers were graduates of the School of Military Government at Charlottesville. The full establishment of equipment was drawn in North Africa and was able to move at the time of embarkation.

(131) Both the 5th Army and the U.S. Navy were cooperative in loading and moving forward AMGOT personnel. The first wave was landed on the beaches of Paestum and Salerno in part on D day (Sept. 9) and the balance in the following few days. Practically the entire staff of Region III was landed by D + 12, on the assumption that the army advance might be rapid and the officers needed. As the tactical situation developed, however, the personnel was not required but they were most gainfully employed, prior to the fall of Naples, and were disposed about the cities and towns of the occupied area, thus receiving valuable experience. The delay also served to give further time for the perfecting of organization and laying of plans for the occupation of Naples.

(132) Salerno was captured on D day and headquarters of the city and provincial staffs were established at once and the work of restoring the badly damaged city began. This was made most difficult by the continued bombardment of the city from enemy positions on the heights surrounding the city.

(133) Regional Headquarters was established at Agropoli during the early phases, with officers assigned to maintain close liaison with Fifth Army Headquarters and Corps and Division units. At the outset the function of AMGOT consisted largely of aiding the army commander in various ways, including the controlling of vast numbers of refugees who crowded the roads. This constituted a danger to security, since enemy spies might freely mingle with the refugees and obtain information concerning Allied emplacements.

(134) In cooperation with C.I.C. and the army provost marshal, AMGOT prepared an order issued by the Army commander, prohibiting civilian movement across enemy lines, under penalty of death, and also warning that severe penalties would be imposed for cutting of communication wires. Later, when the refugee movement continued on a large scale, a program was laid out by the regional C.M.P.O. for establishing control points at which all civilian stragglers were halted, questioned and after proper investigation given passes of identification.

(135) Greatly aggravating the situation was the large scale movement of Italian soldiers who deserted or broke ranks and flooded the roads in movements to their homes in the South. The status of these men was not clear, but AMGOT negotiated in a program to gain information as to the prescribed treatment [illegible] diverted many hundreds of them into useful

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(136) The army received great assistance from AMGOT in the recruiting of civilian labor to work on the beaches, handling cargoes off the convoys, and at the dumps. All army demands for labor were met by employment offices established by AMGOT. Our officers also gave the army information and assistance in procuring food and other supplies locally.

(137) Because of the resistance encountered by the army, it was decided by AFHQ and the Army commander, after consultation with AMGOT, to hold up the loading of civilian supplies in Africa, but when it appeared that Naples was to fall shortly, and would be in grave need of food and medical supplies, a program was worked out whereby flour, milk, dehydrated soup and medical supplies were offloaded from convoy ships onto a coaster made ready for earliest possible entry into Naples harbor.

(138) During the early phase five casualties were sustained. Four officers were wounded, none gravely, and one officer is missing and presumed captured.

(139) The supply situation in the province of Salerno was found to be acute. This was due to presence of German troops and the cutting of the normal sources of supply, the use by the Italians and Germans of all means of communication prior to the occupation and their destruction by Allied and enemy action in the course of the operations. There was considerable looting by the population during the early phases in the towns. While it was not possible to bring supplies in while maintenance was over the beaches, AMGOT supply officers were able to arrange for the movement of stocks which were discovered hidden in the hills from one locality to another and thus to ease the almost complete disruption which existed in the area. Because the supply situation had been only temporarily acute there was found to be no chronic undernourishment or starvation in the province. Vegetables and fruits in abundance helped to stave off actual starvation in all the area south of Naples, and AMGOT supply officers helped in the distribution of these commodities to communities badly hit by bombs and without adequate transport facilities.

(140) Health conditions in Salerno were moderately satisfactory. Hospitals were pre-empted for military purposes but civilian casualties were in all cases given treatment. Medical supplies were furnished to civil hospitals where given required attention.

(141) Naples was occupied on September 30. The D.C.C...O., accompanied by the Regional C...O. and a small staff, entered the city simultaneously with the first 5th Army patrols. They proceeded directly to the municipio where contact was made with the municipal and provincial authorities and essential information as to the status of supply, utilities, health and other conditions was obtained and transmitted to the rear. The full staffs for the city of Naples, which had been billeted at Castellamare, were brought forward on the day Naples came into our hands, and on the same day orders were dispatched to Avellino and the full regional staff was ordered forward.

(142) Conditions in the City of Naples and the surrounding area were less acute than had been expected. Food was in extremely short supply but on the first day of the occupation AMGOT officers were able to locate stocks which had been hidden from the Germans in the back country and in conjunction with the Italian officials put them into circulation. Six days after the occupation the port facilities were restored and shipments of flour and milk were unloaded and distributed. The ration was established at the beginning at 100 grams of bread and pasta per day, but it was hoped to raise it to 150 grams. The Italian authorities were brought into control of the situation and worked harmoniously on the problem of food distribution with AMGOT officers.

(143) When our forces entered Naples they found that there was an almost total failure of the water supply. People were carrying water in pails, jugs, bottles and every type of container. There was a small trickle of water from some of the hydrants, but many persons standing in line were unable to receive enough to quench thirst. The Germans had blown up the main aqueduct in seven places and all the reservoirs save one had been drained. By chance an Italian

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(144) The work of restoring the water supply was begun at once, but it was ten days before water flowed in part of the city taps, and two weeks before the entire city was served.

(145) The lack of water, plus the destruction of sewer mains, created a most hazardous threat of epidemics. But even if water had been available the sewers could not have functioned in the absence of pumping facilities, which were sabotaged by the enemy, and of power. Naples' sewer system is in large part constructed so as to require pumping from low levels. By a careful instruction of the public, carried out in the daily Italian newspaper published by PWB, and by posted notices, sanitary measures were adopted, but it must be stated that severe epidemics of typhoid and dysentery might have resulted but for sheer good fortune and several hard rains providing the people with an opportunity to gather water in pans, and which also served to flush out the sewer systems. Water sterlization supplies were flown in by AMGOT as a precaution against epidemics due to the loss of pressure in the water system and the breaks in the sewage system.

(146) The health situation was better than had been expected. Rumors of outbreaks of cholera and typhus had been received before the occupation. AMGOT medical officers made an immediate inspection which showed that there were no epidemics, that the incidence of infectious diseases was lower than in corresponding periods of the two previous years, and that the hospital situation was satisfactory. Medical supplies were landed in Naples from North Africa and in addition 40 tons of emergency stores had been sent forward by coaster from the AMGOT depot in Sicily.

(147) It had been expected that electric utility installations would be demolished by the enemy and in fact extensive damage was found to exist. A survey immediately after the occupation by 5th Army Engineers and AMGOT officers indicated that one large thermal station (Capuano) had been demolished beyond repair in the near future and that of the three high voltage substations, one was completely destroyed but the remaining two were repairable. Some of the hydroelectric installations were found virtually intact and material was available to repair breaks in the transmission system. It was estimated that with the materials at hand and by improvising means about one sixth of the normal energy requirements of Naples would be available by October 26. Plans were laid for careful use of this power, with priorities given, after military needs were served, to hospitals, flour mills, water system and communications. It was not expected that lighting, or even cooking by electricity, could be provided within thirty days or more. The telephone system was paralyzed, and the main exchange blown up by the Germans, but partial service was restored by use of two subsidiary exchanges.

(148) The damage to installations in and around Naples was considerable. Harbor and railway facilities were, of course, completely wrecked. All hotels and buildings which might be used as Headquarters were demolished with one exception, which was mined. Severe damage of the post and telegraph building which was damaged by a time bomb, has been reported in the press. This building, one of a group of comparatively new Fascist public buildings, was directly adjoining the Provincia building, in which had been located the regional headquarters of AMGOT. In another adjacent building the headquarters of the Fifth

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(149) Among the more barbarous acts of demolition was the burning of the University of Naples. This was a deliberate undertaking by a demolition squad which laid and spread the fire with gasoline and prevented the fire department from extinguishing or controlling the blaze. Two Carabinieri who

sought to interfere were publicly executed. The fire resulted in the destruction not only of the buildings but of many valuable books and manuscripts. The University of Naples was one of the three oldest universities in Europe. Its destruction had a considerable psychological effect on the population.

(150) Before their departure, the Germans released all prisoners in the jails and prisons of Naples, of which there are about a dozen, one of them the largest in Italy. While we have been able to rearrest many of the criminals this act of the Germans has been productive of much larger and loss of morale to the civil population.

(151) The morale of the population was high in the entire Naples area and the Allied troops were greeted with genuine enthusiasm. The officials to date appear cooperative. The purge by the Badoglio government prior to the armistice resulted in the removal of the leading Fascists. It remains to be seen how throughly the job has been done. AMGOT is continuing to investigate the political antecedents of the administrative officers with whom it is dealing and is removing those which it considers unfit either by reason of political background or inefficiency.

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(152) I do not wish to conclude this report without noting the continuing energy, resourcefulness and devotion to duty of the AMGOT officers. In Sicily they have with few exceptions turned from the combat conditions of the first phase to personnel and administrative problems of the present phase with commendable adaptability. On the mainland the officers with 5th and 8th Armies have gone forward with the combat units to establish military government as soon as combat conditions permitted and have done a prompt and effective job. Relations between British and American officers have continued to be close and entirely satisfactory.

Respectfully submitted,

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

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CONFIDENTIAL

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 512

AMG/319.1

SUBJECT: Monthly Report for October 1943 on AMG Administration

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

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

ADMINISTRATION

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

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

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

I Military Section (with 5 Subcommissions)

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

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

ADMINISTRATION

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

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

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

I Military Section (with 5 Subcommissions)

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

III Economic and Administrative Section

(a) Economic Subsection

Subcommissions:

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

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(b) Administrative Subsection:

Subcommissions:

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

IV Communications Section

Subcommissions:

Internal Transport
Shipping
Telecommunications and Postal

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

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

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

(7) The AMG HQ at Palermo began, as soon as the first arrivals from Tizi Ouzou made their appearance, to reorganize itself to fit in with the Subcommission form of organization established by A.C.C. so that at the time of the transfer of territory to the Badoglio Government (which it was thought at the time would occur in November) there would be one consolidated headquarters to carry on the functions of Armistice Control. By the end of the month this process of consolidation was well under way.

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Property Control
Education
Monuments, Fine Arts and Archives

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Subcommissions:

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REGION I - SICILY

Political Developments

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

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

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

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

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

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

Public Safety and Law Enforcement

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

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

(15) Crime against the Military Government continued to consist in large part of small cases of theft, black market [illegible]

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

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

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

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

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(19) A meeting of Questori was held on October 5 and 6. As a result of the meeting a central committee of three Questori was set up to examine crime problems in Sicily.

(20) Inspections of all prisons throughout the Island were completed and the total of 17 Central Prisons, 98 Mandamentale or Local Prisons, 2 Reformatories and 1 Criminal Lunatic Asylum can now be accepted as correct.

(21) Instructions were issued for the closure of prisons within Provinces not considered suitable for long confinements. It should be explained that these small local prisons technically under the control of the State are actually prisons managed by the Town Council and the Custodian, a local man appointed by the Council, very often illiterate and altogether unfitted to have prisoners of any description in his care. The local judge was responsible for the cleanliness but this duty was frequently neglected, thus leaving to the Custodian the task of clothing, feeding and guarding of prisoners. With the cooperation of officers in the field, aided by the Italian Directors, it has been possible to make very considerable improvements in this direction.

(22) During the month visits were made by the Senior Fire Officer (Italian) accompanied by officers of that Section, to Trapani, Caltanissetta, Enna, Agrigento, Gela and Licata. As a result of the unsatisfactory state of affairs at Trapani and of previous trouble there the Commandante of that Fire Brigade was dismissed and another officer appointed in his place. At Catania, following urgent representations from the C.C. Base Sub-Area concerned, it was agreed that the civilian Fire Brigade in the town should be placed under the operational control of the military F.A.D. officer of the Port, and the S.C.A.O. was advised accordingly on 17 October.

(23) During the month the Registration and Licensing Section was chiefly concerned with the publication and implementation of General Order No. 9, and associated matters. The order is intended to restrict the circulation of motor vehicles, and only those which are licensed in accordance with existing Italian law, and in respect of which a permit has been issued by the S.C.A.O., will be permitted to operate. It was agreed with Economics and Supply Division that motor vehicle permits would only be issued in those cases in which that Division was prepared to issue fuel rations, and S.C.A.Os were instructed accordingly.

(24) Steps were pushed forward to reestablish R.A.C.I. (Automobile Association) throughout the Island.

(25) A scheme was prepared for the issue by the Public Safety Division of identification cards to persons of non-Italian nationality who lacked these documents, but whose identity had been established, e.g., Yugoslav patriots who have been released from Italian internment camps.

(26) On 12 October the Division was called upon to provide guards for the movement of supplies of flour and sugar being distributed by the

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

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

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

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

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

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

Legal

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

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

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

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

(a) The procuratore del Re can order any accused before the court for further investigation and is not bound by the provisions in Article 502 relating to legal delays.

(b) The course of prescription in connection with certain rights was suspended until normal judicial activities were restored.

(c) The method of getting old civil cases on the court calendar was adjusted to meet the emergency needs of the moment.

(d) Alterations were made in the requirements relating to service of papers because of the transportation problems.

(e) Special provision was made to protect the legal interests of absentees.

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

(37) The volume of business transacted by Allied Military Courts continued to increase and a total of 3,143 cases were tried and submitted to the Headquarters Region I during the period of this report. The work of these courts is shown in the following charts.

Breakdown by Province of All Cases Reported

Provinces	General Courts		Superior Courts		Summary Courts		Totals Oct. 1 Oct. 31	Totals July 12 Oct. 31
	G	NG	G	NG	G	NG		
PALERMO	0	0	27	7	900	275	1209	2067
CATANIA	0	0	39	1	504	109	653	863
MESSINA	3	0	15	2	34	2	56	99
AGRIGENTO	4	0	49	6	641	22	722	1138
TRAPANI	0	0	12	0	202	31	245	405
SIRACUSA	1	0	10	1	115	5	132	362
RAGUSA	0	0	0	0	35	9	44	167

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

Breakdown by Province of All Cases Reported

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SIRACUSA	1	0	10	1	115	5	132	362
RAGUSA	0	0	0	0	35	9	44	187
CALTANISSETTA	0	0	18	2	37	1	58	99
ENNA	0	0	1	0	1	2	4	12
TOTALS:	8	0	171	19	2469	456	3123	5311

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

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Convictions 1 Oct. 1943 to 31 Oct. 1943

Provinces	Black Market	Thefts, and Poss. of Military Property	Curfew Blackout Circulation	Possession of fire arms	Wire cutting	All others	Totals
PALERMO	203	122	324	32	0	246	927
CATANIA	134	104	221	15	9	60	543
MESSINA	19	18	3	2	0	10	52
AGRIGENTO	158	82	315	21	0	120	694
TRAPANI	71	23	96	10	0	14	214
SIRACUSA	41	40	20	2	1	22	126
RAGUSA	3	14	14	1	1	2	35
CALTANISSETTA	0	37	1	11	1	5	55
ENNA	0	2	0	0	0	0	2
TOTALS:	629	442	992	94	12	479	2648

Finance

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

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

(40) Improvement continued in the collection of revenues. Reports by Finance Officers indicated that the inflow of taxes in the various provinces increased to a range of from 20% to normal in Messina Province to 60% in Ragusa Province. In Agrigento communal taxes were covering expenditures, and no further advances were being made to communes in the province. The low rate of collections in Messina, the last province to be occupied, was due to heavy damage and the slowness with which refugees were returning to their homes.

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

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

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

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

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

(45) The credits made available to the banks by AMFA still continued outstanding. Not only was no increase in these credit lines necessary, but on the contrary the use of AMFA credit was only a small percentage of the total available. Of total credits of 1,700,000,000 lire, the banks were using at the end of the month only 360,000,000 lire.

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

(47) In the Social Insurance branch of the CFI's section, marked progress was made during the month by the facilitating of the resumption of operations of the Istituto di Previdenza Sociale, the largest of the social insurance institutions. For the institution's Island-wide organization, it was agreed that the amount of 86,699,000 lire was needed to cover its requirements for payment of benefits for the three months ended September. These amounts were advanced to the Istituto by AMFA.

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

(49) A branch of AMFA for Region I was established at Naples on Oct. 22, which provided a sum of 600 million to enable the banks in that Region to open. Steps were being taken to open a branch in Region II; meanwhile AMFA

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

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

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

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

Property Control

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

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

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

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

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

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

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

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

Public Health

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

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

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

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

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

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

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

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

(69) Sanitation improved with the October rains.

(70) Further progress was made in developing a more effective assistance administration and a more complete control of relief grants in the provinces where public welfare and assistance agencies already existed. (Palermo, Trapani, Catania, Messina and Enna.) Three additional welfare officers were

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

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

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

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Price of Black Market Articles Compared with the Fixed Prices

PRESENT FIXED PRICE	BLACK MARKET PRICE
Bread .....3.60 lire a kilo (Only partially obtainable)	38 lire a kilo
Olive Oil .....22 lire a litre (Unobtainable)	120 lire a litre
Pasta ..... 4.20 lire a kilo (Unobtainable)	50 lire a kilo
Milk ..... 7 lire a litre	50 lire a litre
Sugar ..... 8.75 lire a kilo (Unobtainable)	70 lire a kilo
Soap .....25 lire a kilo (Unobtainable)	40 lire a kilo
Horse beans ..... 7 lire a kilo (Unobtainable)	30 lire a kilo
Potatoes ..... 3 lire a kilo (Unobtainable)	10 lire a kilo
Cheese .....3 lire a kilo (Unobtainable)	70 lire a kilo

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

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

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

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

(77) Captured enemy food stocks and C.I.L. property were distributed by the Public Welfare officers to various needy institutions, including the

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Milk	7 lire a litre	50 lire a litre
Sugar ..... (Unobtainable)	6.75 lire a kilo	70 lire a kilo
Soap .....(Unobtainable)	15 lire a kilo	40 lire a kilo
Horse beans ..... (Unobtainable)	7 lire a kilo	30 lire a kilo
Potatoes ..... (Unobtainable)	3 lire a kilo	10 lire a kilo
Cheese .....(Unobtainable)	35 lire a kilo	70 lire a kilo

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

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

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Reported to State Health Officer	Date	Cases	Measles	Mumps	Pneumonia	Scarlet Fever	Smallpox	Tuberculosis	Typhoid	Whooping Cough	Anthrax
Arizona	1-10 Oct	42	37	13	1					3	
	11-20 Oct	40	13	6						3	
	21-30 Sept	27	17	4						3	
California	1-10 Oct	53	20	1							
Colorado	1-10 Oct	20	6								
Iowa	1 July to 20 Aug	10	4								
	10 Aug to 20 Sept		(2?)								
Kansas	1-30 Sept	69	37	6	1						
	1-10 Oct	92	28	1							
	10-20 Oct	49	17	3							
Missouri	1-10 July	26	26	6							
	31-20 July	28	6	2							
	21-31 July	29	8	1							
	1-10 Aug	37	14	2							
	11-20 Aug	69	25	3							
	21-31 Aug	50	20	5							
	1-10 Sept	70	28	2							
	11-20 Sept	99	29	7							
	21-30 Sept	65	41	1							
Nebraska	1-10 Sept	13	12	2							
	11-20 Sept	32	10	2							
	21-30 Sept	25	1	2							
Oklahoma	1-10 Oct	11	2	1							
Oregon	1 July to 20 Aug	1									
Pennsylvania	1-10 Oct	32	19	2							
	11-20 Oct	29	11	2							
	21-30 Sept	27	8	1							
Rhode Island	1-10 Oct	2									
South Carolina	1-10 Oct	4	2								
	11-20 Oct	5	2								
	21-30 Sept	3	2								
Texas	1-10 Oct	42	18	1							
	11-20 Oct	27	18	1							
	21-30 Sept	14	9								
Utah	1-10 Oct	22	16	1							
	11-20 Oct	16	9								
	21-30 Sept	20	11								
Virginia	1-10 Oct	40	32	1							
	11-20 Oct	29	11	2							
	21-30 Sept	41	27	1							
Washington	1-10 Oct	19	2								
	11-20 Oct	11	2								
	21-30 Sept	16	5								
Wisconsin	1-10 Oct	181	107	16							
	11-20 Oct	202	104	16							
	21-30 Sept	131	50	5							
Wyoming	1-10 Oct	10	2								
	11-20 Oct	18	5	1							
	21-30 Sept	26	26	2							

(a) On October 1 efforts were undertaken to establish a new weekly morbidity report for the United States. Reports arrived at Washington Headquarters too late for inclusion in the October 14 issue of Public Health Reports, and the first weekly report was published in the issue of October 21. The data for the first week, October 1-10, are shown in the table above. Reports for subsequent weeks will be published as received.

(b) Cases reported by telegraph.

(c) Cases reported by telegraph, October 14.

(d) Cases reported by telegraph, October 21.

(e) Was not a reporting area during the period shown.

(f) Includes cases reported by telegraph.

(g) On October 1 efforts were undertaken to establish a new weekly morbidity report for the United States. Reports arrived at Washington Headquarters too late for inclusion in the October 14 issue of Public Health Reports, and the first weekly report was published in the issue of October 21. The data for the first week, October 1-10, are shown in the table above. Reports for subsequent weeks will be published as received.

Catania	1-10 Oct	33	20	59	6	1						1					
Enna	1 July to 18 Aug	20	10	10	4	1						29					
	24 Sep to 30 Sep	20	8	(25)	1			2				12					
Messina	1-30 Sep	89	37	92	12			3	2	3	1	612					
	1-10 Oct		13	28	7							92					
	10-20 Oct		17	49	11	1		1		6		52					
Palermo	1-10 Jul	76	26	28	6					5		19				1	
	11-20 Jul		6	14		1						5					
	21-31 Jul		8	29						22		13					
	1-10 Aug		28	37	3					19		32					
	11-20 Aug		25	69	2			3	8	2		69					
	21-31 Aug		20	80	9			5		26		680					
	1-10 Sep		28	70				6		28		95					
	11-20 Sep		29	99		1		2	6	22		69					
	21-30 Sep		41	65	12			5		5		41					
Ragusa	5-12 Sep	12	10	19	8			1		2		55					
	13-19 Sep		10	17	2					2		52					
	21-30 Sep		4	11	1					2		33					
	1-10 Oct		9	37	6			3		3		38					
Siracusa	1-10 Oct	12	8	32	1	1	1	1		2	1	10					
	20-30 Sep		11	49	6	1			1	5		18					
Trapani	18-25 Sep	20	16	75				1		350		131			5		
	26 Sep to 2 Oct		18	216	1	20		3	5	412		183			104		
	3-12 Oct		16	191				2	5	26		202			16		

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

Economics and Supply

(80) When Region I Headquarters was formed to administer Sicily on October 26 and AMG 15th Army Group was formed on the mainland to administer AMG 5th and 8th Armies, the Economics and Supply Division transferred its activities to:

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

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

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

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

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

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

(85) Consideration was given in September and October to measures which would enable the Island to provide its own bread ration for as long as possible. In addition to attacks on the black market and action for the discovery of farmers' hoards, it was deemed advisable to reduce the Island's maximum ration fixed by General Order No. 3 at 300 grs. bread and 40 grs. paste per day. Only the three main wheat producing provinces were in fact obtaining the maximum ration. Messina was getting a bare 100 grs. of bread only per day and the average ration for all provinces in mid October was only 164 grs. bread and 15 grs. paste. The reduction was also contemplated in the quantity of wheat which could be legally retained by farmers for their families. If this were reduced to 200 kg. it would still leave them enough to provide a daily ration of approximately 600 grs. of bread per day per head. At the date of this report, effect had been given to these ideas and instructions had been issued for farmers to hand in the 50 kg. The Island's maximum ration had also been reduced to 200 grs. bread per day while paste was eliminated entirely.

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

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

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

(85) Consideration was given in September and October to measures which would enable the Island to provide its own bread ration for as long as possible. In addition to attacks on the black market and action for the discovery of farmers' hoards, it was deemed advisable to reduce the Island's maximum ration fixed by General Order No. 3 at 300 grs. bread and 40 grs. pasta per day. Only the three main wheat producing provinces were in fact obtaining the maximum ration. Messina was getting a bare 100 grs. of bread only per day and the average ration for all provinces in mid October was only 165 grs. bread and 15 grs. pasta. The reduction was also contemplated in the quantity of wheat which could be legally retained by farmers for their families. If this were reduced to 200 kg. it would still leave them enough to provide a daily ration of approximately 600 grs. of bread per day per head. At the date of this report, effect had been given to these ideas and instructions had been issued for farmers to hand in the 50 kg. The Island's maximum ration had also been reduced to 200 grs. bread per day while pasta was eliminated entirely.

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

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

(88) In mid-September the anticipated worsening of the food position had made it necessary to bid forward (out of the 32,000 tons reserve flour stockpile) 2,000 tons flour to arrive by 25 September and 15,000 tons to arrive

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by 15 October. In spite of the fact that normal convoys still called in Sicily, and that at the end of September a large part of the Italian merchant navy had become available to the Allies, only a small proportion of the amounts so bid were received up to the end of October. In fact, 3,500 tons flour arrived at Palermo on 10 October, and 2,000 tons more on 30 October, this latter shipment having been scheduled for Catania; it was therefore necessary to transport over half of these two shipments across the Island to Messina, Catania and Siracusa. Fortunately some use of the railways was permitted for civilian needs about this time, and the transfer was effected by rail.

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

(90) In accordance with instructions, imported goods were sold to civilian wholesalers at the highest prevailing local price; some times, however, prices had to be fixed by Economics and Supply Division on other criteria. For instance, the price at which imported flour was sold to wholesalers was dependent on the fixed price of bread established by General Order No. 5, and this naturally varied with the cost of transport, or of fuel for the bakers and millers. Since bread was sold at 3.60 lire per kilogram, it was possible to charge, for example, a flour wholesaler in Palermo 3.45 lire per kg. for flour while a similar wholesaler in Messina paid 3.25 lire.

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

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

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

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

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

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

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

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

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

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

(101) In October a small lignite mine in Messina was put into production, the initial output being about five tons a day. The physical weakness of the

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(99) In spite of the fact that the sulphur mines could not be opened there was 60,000 tons of sulphur available for export at the mines and during October a start was made in moving this tonnage to ports. A thousand tons were awaiting shipment at the end of the month. One hundred eighty tons of refined sulphur were smuggled to Tunisia during the month.

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

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

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

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

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

Agriculture

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

(107) The olive crop was estimated to be average or above average this season. It was expected to be sufficient to provide a ration of half a litre per person per month, and arrangements were made to commence issues on this basis in November. Olive oil prices were fixed in October for the present season at L.22 to L.24 per litre according to quality. These figures represent an increase of approximately 50% on last years prices. There were this season certain factors which would interfere with the maximum production of oil from the olive crop. The availability of power to olive crushers was limited although given a high priority. Crushing required the use of a type of mat known as fiscola. The mats were made from coconut fibre and importations of this fibre ceased when Italy entered the war. Stocks of fibre had run out and the short supply of mats is likely to be a limiting factor. Assistance was provided in various ways to overcome this difficulty but success in this direction could only be marginal. It was therefore possible that for these reasons the estimate of about 25,000 tons which was the basis for the ration might be an optimistic one.

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

(109) During October imports of 5,000 tons of sugar were received and with the exception of a small reserve held at Palermo it was distributed to the provinces to provide a ration for 5 months at 200 grs. per person per month commencing November.

Transportation, Communication & Utilities

(110) The railroads in the eastern part of the island continued to be operated by the military. Those in the western part of the Island were operated by civilians (under military) supervision. The great bulk of the traffic continued to be military, but during the month for the first time a considerable quantity

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

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Transportation, Communication & Utilities

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

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

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

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

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

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

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

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

(a) The telephone exchange and all local lines and cables in the City of Palermo except 180 cable pairs to various underground terminals, including 130 telephones on the local S.E.T. dial system, which were being used by the 7th Army.
(b) The long distance state underground cable from Palermo to Caltanissetta.
(c) Telephone exchanges with associated local facilities in Caltanissetta, Licata and Porto Empedocle except for lone forty line switchboards which were in use by the7th Army in each of these towns.
(d) Telegraph terminals were released to AMG by the military authorities for reconstruction and repair. No telegraph lines have yet been released.
(e) All radio stations remained under military control.

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

(119) Arrangements were made with IRS and No. 1 District so that CC.RR officials at AMG provincial HQ could make scheduled report calls over military long distance circuits. The Catania-Siracusa 40 K.C. line was completed, thereby alleviating a threatened shortage of power in the provinces of Siracusa and Ragusa. Civil electric requirements were met with off-peak

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

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

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

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

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

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

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

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

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

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

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

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

Monuments, Fine Arts & Archives

(132) On October 22 Major P. K. Baillie-Reynolds (B) took up his duties as actig Director of the Subcommission on Monuments, Fine Arts and Archives. Varous inspection trips were made by this Subcommission during the month.

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

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

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

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

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

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

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

In addition, appropriations were made for work in connection with churches and monuments in all of the large cities which had suffered from the operations. The total requests for appropriations amounted to 20,544,412 lire; of these, appropriations amounting to 7,619,270 lire were approved. It is believed that theultimate cost of the immediately needed conservation of Sicilian art objects will approach twenty million lire.

Education

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

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

(a) Number and condition of available school buildings.
(b) The cost of repairing such buildings as were damaged.
(c) Number of pupils available in the various classifications.
(d) Subjects [illegible]

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church, a fine example of 15th century architecture.

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

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

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

In addition, appropriations were made for work in connection with churches and monuments in all of the large cities which had suffered from the operations. The total requests for appropriations amounted to 20,344,412 lire; of these, appropriations amounting to 7,619,270 lire were approved. It is believed that theultimate cost of the immediately needed conservation of Sicilian art objects will approach twenty million lire.

Education

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

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

(a) Number and condition of available school buildings.
(b) The cost of repairing such buildings as were damaged.
(c) Number of pupils available in the various classifications.
(d) Subjects to be taught.

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

(e) Number and quality of teachers available. All teachers would have to be vetted by the Political Intelligence Section.

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

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

(138) It became evident at an early stage that the normal state of the school buildings and equipment in Sicily was abominable by any Anglo-Saxon standard. Particularly in the country districts, the school physical equipment was wholly inadequate. Classes were too large and the quality of the teachers, chiefly due to the low salary paid and the entrance of politics into the field, was lamentable. The training given to the teachers was poor. The time spent by the student in school was only 4½ hours per day. Moreover, under the influence of Fascism and in an effort to stultify individual free thinking relatively too much time was devoted to practical subjects of a handicraft nature and too little time to purely educational subjects.

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

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

(141) Lt. Col. Cayre (R) became acting Chief of the Subcommission on Education.

Press and Public Relations

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

Press and Public Relations

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

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

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

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NOTES ON THE PROVINCES INDIVIDUALLY

Palermo

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

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

Trapani

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

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

Caltanissetta

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

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

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

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

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Ragusa

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

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

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1303

Siracusa

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

Catania

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

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

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

Messina

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

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

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

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

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

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

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

Agrigento

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

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

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

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

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

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

Enna

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

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

(174) Tax collections in this province were slower than in most of the others and the people refused to grasp the fact that the war was not over

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

(175) The reduction of the ration from 300 to 200 grams per day resulted in a few disorders. Three hundred civilians raided Leonforte and destroyed all the records and furniture of the local alimentation office and threatened the officials. The fact that a great deal of grain was being shipped out of the province and that apparently nothing was being brought in in return seemed to increase the number of complaints. It is possible that the planting in the next season may be reduced on this account.

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

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Lampedusa and Pantelleria

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

REGION II

ADMINISTRATION

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

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

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

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

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

(183) The operations of Regional HQ were handicapped for half of the month by the change in location which was necessarily slow because of inadequate transportation, and throughout the month by the fact that there were only three

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

Political Developments

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

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

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necessity of detailing one C.A.O. to each of the five provincial capitals and using some of them for civilian supply duty, it was impossible to visit each commune quickly and overhaul its administration with respect to the removal of Fascist and incompetent officials.

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

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

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

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

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

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

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

(193) The presence of the 31st Italian Army Corps in Calabria has caused some difficulties because of their ignorance or disregard for the functions and authority of AMG. This has been particularly true in the case of requisitioned food supplies, civilian cars being used on AMG business, and POL supplies.

(194) On October 26 a request was received from Lt. General MacFarlane of the Allied Military Mission for the R.C.A.O. to confer with a representative of the Italian Government at Brindisi. The R.C.A.O., together with Col. Mumford of the Allied Military Mission, conferred with Signore Picardi, Minister of the

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

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

Public Safety and Law Enforcement

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

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

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

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

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

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

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

Local

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Legal

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

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

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

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

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

(207) As stated above, in Lucania definite steps have been taken to organise, under AMG supervision and impetus, a so-called Committee of Investi-

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

Finance

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

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

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

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

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

Reggio	£ 145,000,000
Catanzaro	150,000,000
Cosenza	60,000,000
Potenza	45,000,000
Matera	16,000,000
Total	£ 416,000,000

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

Caltanissetta	£ 20,000,000
AMFA (15/9 /43)	53,952,000
AMFA (15/10/43)	502,736,000
Total	£ 576,688,000

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

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

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

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

Caltavisetta	£ 20,000,000
AMFA (15/9 /43)	55,952,000
AMFA (15/10/43)	502,336,000
Total	£ 576,288,000

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

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

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

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

(220) Revenue collections for the period from July to October vary from approximately 70% to 85% of the estimates according to provinces. Exact figures are not available as to the deficit on state accounts for the entire Region, but it is known to be heavy. This is the normal situation, but it is now aggravated by the request of the Italian 31st Army Corps for pay and maintenance which that organization estimates at 80,000,000 lire a month.

Public Health

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

(222) There was a large Italian camp for civilian internees at Ferramonte near Tarsia in Cosenza province. One of the senior Public Welfare officers was sent from HQ at Palermo to visit this camp and to investigate the conditions under which the approximately two thousand civilian internees had been and were living. He submitted a most comprehensive report on the subject on October 24 which has already been transmitted to higher headquarters. There were 1,436 persons in the camp at Ferramonti, of whom 553 were Jugoslavs, 454 Czechs and 250 Austrians. A great number of the inmates of this camp were Jewish. Blankets, clothing, and other necessities were provided for the inmates of these camps. The American Red Cross assisted in the welfare work done at this camp.

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

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

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

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

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Property Control

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

Economics and Supply

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

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(228) The prospects for the olive oil crop were so good that the ration was increased to 4 litre per month, and the black market in that commodity was dealt a very heavy blow. If containers can be found there will be a reasonable surplus for export. Other food crops, such as potatoes in Calabria, were in reasonable quantity.

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

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

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

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

Transportation, Communication and Utilities

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

Labor

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

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

Monuments, Fine Arts and Archives

(236) Lucania - All the monuments in Matera are happily intact. Potenza as a town has been considerably damaged. The Cathedral, of no artistic

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Monuments, Fine Arts and Archives

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

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

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Education

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

- - - - - - - - - - - - - - -

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

Respectfully submitted,

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

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EXHIBIT A

REPORT OF THE CONTROLLER OF PROPERTY, A.M.G., FOR OCTOBER 1943

1. General.

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

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

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

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

Region I

2. Real Estate.

(A) Allied Property.

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

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

Practically all the other Allied properties in Palermo Province, of which possession was not taken by the Bank of Sicily, have been inspected and most of them have been or are in course of being taken into custody. In some cases, it was found that the property was being administered by an Attorney of the owner, and where the C.I.O. has advised that the Power of Attorney is valid, the property has been left in the care of the Attorney, if found satisfactory, his attitude

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

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

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

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

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

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(B) Enemy State Property (Italian).

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

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

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

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

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

(D) Abandoned Property.

The arrangements made for dealing with abandoned properties, as explained in para (4) of my Report for September 1943, have worked very satisfactorily, and in Palermo Province approximately 300 applications have been handled.

3. Industrial and Commercial Undertakings

(A) Allied Properties.

(1) Azienda Generale Italiana Petroli.

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

Instructions have been given to the management:-

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

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Instructions have been given to the management:-

(a) to re-organize the concern on the reduced basis necessitated by war conditions to cut down redundant staff, close down plant not in use and place it on a care and maintenance basis, etc, etc, and to furnish monthly accounts showing separately expenditure incurred with respect to the installations of each of the constituent companies,

(b) to prepare a report showing the position of each of such companies as at 30 June and 31 August 43 respectively, together with inventories giving condition of the plant, balance sheets, etc, and such details as are available concerning occupation of the installation requisitions, etc, by (i) Italian and German, and (ii) Allied Armed Forces.

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

ov r [illegible] to obtain a clear picture of events so far as circumstances permit. The Supply Officer of Region I has sent one of his staff to investigate the position in the different provinces, accompanied by Signor Colacicchi. I have attached Major Sansome, who has recently joined this Sub-Commission at AMGOT headquarters, to the..

Necessary measures are being taken to conserve seized properties.

(2) Asphalt Mines at Ragusa.

I visited these mines at the beginning of October 43, and met Signor Foy, who, as stated in para 5 (e) (ii) of my report for Sept 43, is the manager of the A.S.P.C.D. Company, and has been instructed to continue the operation of the mines. I learnt from him that records have been kept of the quantities of rock obtained from the British concessions (owned by the Val de Travers Asphalt Paving Co. Ltd., and the United Limmer and Vorwohle Rock Asphalt Co. Ltd) and of the output of asphalt powder obtained from the British mills, and of expenditure incurred in producing the same.

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

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

(a) Works effected by the A.S.P.C.D. Company on the Limmer and Val de Travers Mines.

(b) Balance sheets of the two companies as at 13 June 1940.

(c) Monthly production and expenditure figures for each mine, covering the period March 1942 (when the British mines were handed over to the A.S.P.C.D Company) to July 1943.

(d) Inventory of the property of the two British companies.

(e) Legal documents concerning the constitution of the properties and their transfer to the A.S.P.C.D Company.

A third company owning the plant and concessions in the Ragusa field is T. Avellino & Co., a family firm, of which three of the members acquired Italian citizenship before the war. A fourth member of the family, Dr. Charles Avellino, elected to preserve his British nationality, and his interest in the firm was guaranteed by the Italian Government. Records are not yet available concerning the exploitation of this interest, but, when they are, custody of his interest will be taken.

(3) Bahrein Petroleum - Artificial Perch.

This matter, referred to in para 5 (e) (iii) of my report for Sept 43, was re-opened on 4 Oct 43, but on the consuming basis of fulfilling only the minimum quantity of perch and carry to keep a mineral operating company.

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

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

(a) Orders effected by the A.M.C.D. Company on the Limmer and Val de Travers Mines.

(b) Balance sheets of the two companies as at 13 June 1940.

(c) Monthly production and expenditure figures for each mine, covering the period March 1942 (when the British mines were handed over to the A.M.C.D Company) to July 1943.

(d) Inventory of the property of the two British companies.

(e) Legal documents concerning the sequestration of the properties and their transfer to the A.M.C.D Company.

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

(3) Commercial Business - Sicilian area.

This business, referred to in para 5 (e) (iii) of my report for Sept 43, was reopened on 4 Oct 43, but on the consecutive basis of selling only the minimum quantity of goods necessary to pay current operating expenses.

(a) Italian State Properties.

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

The cinemas Massimo and Savoia in Palermo, referred to in para 10 (a) and 6 (a) respectively of my report for August and Sept each of this year, continue to do good business, although handicapped by one performance only on weekdays. Arrangements having recently been made for two shows daily, there should soon be a considerable increase in receipts. The other two large cinemas in Palermo, the Nazionale and Supercinema, are now to be repaired, but it will take two to three months in the case of the former and about six months in the case of the latter to complete the repairs and permit the reopening of these cinemas.

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

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

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

(31) Unione Militare.

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

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

4. **Abandoned Industrial Undertaking.**

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

Region II.

5. Conditions.

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

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

6. Conclusion.

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

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

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

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EXHIBIT B

SECRET

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

To : The C. .A.O.

INTRODUCTION:

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

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

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

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

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

PUBLIC FINANCES:

6. Improvement has continued in the collection of revenues. Reports by Finance Officers indicated that the inflow of taxes in the various provinces increased to a range of from 25% of normal in Messina Province to 60% in Ragusa Province. In Armistice communal taxes were covering expenditures, and no further advances were being made to communes in the province. The low rate of collections in Messina, the last

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

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

PUBLIC FINANCE:

6. Improvement has continued in the collection of revenues. Reports by Finance officers indicated that the inflow of taxes in the various provinces increased to a range of from 27% of normal in Messina Province to 80% in Ragusa Province. In Agrigento communal taxes were covering expenditures, and no further advances were being made to communes in the province. The low rate of collections in Messina, the last province to be occupied, was due to heavy damage and the slowness with which refugees were returning to their homes. Postponements to taxpayers (tolleranze) had still to be granted in many places. During the month, with the removal of restrictions on bank payments, banks were authorized to pay their assegni circolari and vaglia bancari, thus rendering liquid much paper of this kind in the hands of taxpayers and enabling them to pay taxes. The reopening of the banks and Postal Savings Offices should also increase the means of payment of taxpayers.

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

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

9. It was decided to recommence the operations of the Lottery in Sicily about the middle of November, beginning in the Palermo area and extending it Island-wide as soon as conditions permit. The normal net profits of this activity were about 20 million lire a year in the region under Palermo jurisdiction.

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

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

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

BANKING

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

14. The banks are now restored to normal functioning, including the paying of their assegni circolari (circular checks) and vaglia cambiari (also a form of circular checks issued by Banco di Sicilia), but there still remains the question of resumption of service on the government debt, which constitutes large portion of the assets of all banks. The credits made available to the banks by AMFA still continue outstanding. Not only was no increase in these credit lines necessary, but on the contrary the use of AMFA credit is only a small percentage of the total available. Of total credits of 1,700,000,000 Lire, the banks were using at the end of the month only 390,000,000 Lire. Following the publication of Gen. Order No. 10, the CFI and AMFA jointly sent to all the banks a letter amending the existing credit agreements by eliminating the previous requirement that cash loaned by AMFA must be used only for payment of withdrawals by depositors; the same letter admonished the banks that in their lending operations they must exercise caution and avoid speculative loans. The banks are required to furnish to the CFI end-of-the-month balance sheets.

15. The Blocked Account Section, under the CFI, maintains records of blocked accounts and on justifiable grounds issues licenses, either Special or General, the former permitting specific withdrawals, the latter free operation of the account. It is proposed that blocked accounts of institutions which have been abolished be transferred to the Property Custodian Division. Instructions and

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BANKING

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

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

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

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

of the Postal Savings organization. The amount used at the end of October by the offices in Palermo city, was only 2,000,000 Lire. Reports indicate that deposits are coming into the offices in excess of withdrawals. The Current Accounts sections of the Post Offices are also authorized to open, and funds from the above mentioned credit are available, if needed, to make this possible. Suitable quarters are being sought in Palermo, as the main postal building is still occupied by the Armed Forces. The recommencing of postal money order operations will not long be delayed, after the censorship aspects have been covered.

SOCIAL INSURANCES

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

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

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

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

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

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

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

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

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

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

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A.M.F.. AND CURRENCY.

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

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

Assets.

(Expressed in thousands of Lire)

Current & Reserve cash & Current Accounts		
Funds Held by Officers in the Field (including outside Sicily)		1,045,359
Balances with Banco di Sicilia as a partial provision against credits granted to Banks by AMFA		3,052,193
Balances with Banco di Sicilia-Funds deposited by Banks with AMF		1,112,872
A.M. Stamps (including delivered to Post-Of)		372,675
Payments on acct. of Civilian Sup. Div.		86,714
Advances to Italian Governmental bodies and others		5,490
Loans to Banks and others		486,837
Payments on Account of Occupation Costs:		381,530
To United States Army	3,749,824	
To United States Navy	70,466	
To British Army	2,048,830	
Total	5,869,120	
Less net AMF revenue	4,740	5,864,380
Total		12,408,053

Liabilities.

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

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

Accounts		
Funds Held by Officers in the Field (including outside Sicily).....		1,045,359
Balances with Banco di Sicilia as a partial provision against credits granted to Banks by AMFA.....		3,052,193
Balances with Banco di Sicilia-Funds deposited by Banks with AMF.....		1,112,872
A.M. Stamps (including delivered to Post-Off.).....		372,675
Payments on acct. of Civilian Sup. Div.....		86,714
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Loans to Banks and others.....		486,837
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To United States Army.	3,749,824	
To United States Navy.	70,466	
To British Army.	2,048,830	
Total. .	5,869,120	
Less net AMG revenue	4,740	5,864,380
Total		12,408,059

Liabilities.

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

25. Total Assets and Liabilities of Lire 12,408,059,254 compare with Lire 9,857,289,479 at the end of September. The increase of approximately Lire 2,550,000,000 is accounted for principally by:

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

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

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(c) funds obtained from banks and others by Accts. Officers in the field, approx. 128 Millions. The great bulk of these have been repaid, and the repayments will be reflected in AMFA's balance sheet as soon as the Chief Accountant has finished examining the accounts rendered by Accounting Officers in the field.

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

(a) Additional transfers to AMG officers in the field amounting to approx. 2,000 millions. Of this increase 1,430 millions were paid to AMG officers on the mainland of Italy, while 400 millions went to the Allied Mission in Sardinia.

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

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

To State Railways	20 millions
To Post Office Savings Service	8 "
To Social Insurance Institutions	37 "
To "ammassi" for purchase of grain	77 "
To Hospitals	6 "
Salaries of School teachers, Carabinieri, P.C. officials, etc.	18 "

(d) Advances to Provinces amounted to 125 millions, and to Communes 96 millions.

(e) Loans to banks increased from 124 millions to 360 millions. The balance of AMFA's commitments under its credit agreements with these banks amounts to 1,362 millions, against which is carried a reserve of 1,112 millions with Banco di Sicilia. It was decided during October that in view of the fact that after allowing for sums deposited in the No 4 acct., the banks had availed themselves of only about 9% of the total commitments it was no longer necessary for AMFA to maintain a 100% cash provision in Banco di Sicilia. Consequently 250 millions were withdrawn from AMFA's No 2 and No 3 accounts in Banco di Sicilia for use in other directions.

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

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

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

27. Currency movements in October were:

Cash on hand and in banks (incl. mutilitated)
as of Sept. 30 2,205,004,133

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

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

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

(e) Loans to banks increased from 122 millions to 380 millions. The balance of AMFA's commitments under its credit agreements with these banks amounts to 1,362 millions, against which is carried a reserve of 1,112 millions with Banco di Sicilia. It was decided during October that in view of the fact that after allowing for sums deposited in the No 4 acct., the banks had availed themselves of only about 5% of the total commitments it was no longer necessary for AMFA to maintain a 100% cash provision in Banco di Sicilia. Consequently 250 millions were withdrawn from AMFA's No 2 and No 3 accounts in Banco di Sicilia for use in other directions.

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

United States Army	318,526,000
United States Navy	24,560,000
British Army	801,150,000

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

27. Currency movements in October were:

Cash on hand and in banks (incl. mutilated) as of Sept. 30	2,205,005,133
New AM lire Notes received	1,985,600,000
Total available during Oct.	4,190,605,133
Cash on hand and in banks (incl. mutilated) as at October 31	1,045,359,354
Total disbursement during October	3,145,245,779

28. Holdings of Yellow Seal dollars and B.M.A. currency increased from $79,425 and £1572/6/- on Sept. 30 to $543,977 and £41,946/3/- on Oct. 31.

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

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

31. A branch of AMFA for Region 1 was established at Naples on Oct. 22, which has already provided a sum of 600 million to enable the banks in that Region to open. Steps are being taken to open a branch in Region 2; meanwhile AMF. has already provided 577 million lire including two sums of 100 million each, deposited with the Bank of Italy branches at Caserta and Potenza for use in that Region.

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

ACCOUNTS.

33. After examining and classifying 226 Reports of Receipts and Disbursements received from accounting officers in the field, the Chief Accountant's Section summarised and recorded on AMFA's books all of their receipts and expenditures up to August 31, 1943, which could reasonably be identified, thereby reducing the large balance carried in suspense under the caption "Funds Held by AMG Officers in the Field". As at Aug. 31, a net amount of Lire 609,784,510 was shown by AMFA to be accounted for by officers in the field and a further sum of Lire 187,972,215 had been obtained by these officers from banks, Army Paymasters and others, giving a total of Lire 797,756,725 to be accounted for. The latter amount was ascertained to have been applied as follows:

		In thousands of Lire
(a)	Advances to Italian State and State Institutions	96,137
	Advances to Provinces	125,095
	" to Communes	86,373
		309,605
(b)	Advances - others	12,680
(c)	Loans - others	1,503
(d)	Payments, less receipts, for account of Econ. & Sup. Div.	81
(e)	AMGOT revenue, less expenditure	6,240
(f)	Balance, representing cash in transit and in the hands of officers in the field (including Lire 21,200,000 to be accounted for by Regions 2 and 3	480,328

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Headquarters for Region 2 was established at Naples on Oct. 22, which has already provided a sum of 600 million to enable the banks in that Region to open. Steps are being taken to open a branch in Region 2; meanwhile AMFA has already provided 577 million lire including two sums of 200 million each, deposited with the Bank of Italy branches at Caserta and Potenza for use in that Region.

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

ACCOUNTS.

33. After examining and classifying 126 Reports of Receipts and Disbursements received from accounting officers in the field, the Chief Accountant's Section summarized and recorded on AMFA's books all of their receipts and expenditure up to August 31, 1943, which could reasonably be identified, thereby reducing the large balance carried in suspence under the caption "Funds Held by AMG Officers in the Fields". As at Aug. 31, a net amount of Lire 609,794,510 was shown by AMFA to be accounted for by officers in the field and a further sum of Lire 187,972,715 had been obtained by those officers from banks, Army Paymasters and others, giving a total of Lire 797,756,225 to be accounted for. The latter amount was ascertained to have been applied as follows:

	In thousands of Lire
(a) Advances to Italian State and State Institutions	98,737
Advances to Provinces	125,095
" to Communes	86,273
	309,505
(b) Advances - others	12,580
(c) Loans - others	1,503
(d) Payments, less receipts, for account of Econ. & Sup. Div.	81
(e) AMGOT revenue, less expenditure	6,240
(f) Balance, representing cash in transit and in the hands of officers in the field (including Lire 21,200,000 to be accounted for by Regions 2 and 3)	480,928
	797,757

34. With regard to AMGOT Revenue, less Expenditure, the amount of Lire 6,240,206 shown above - item (e) - was increased by a net amount of Lire 143,742 received by AMFA direct, giving a net total of Lire 6,385,948. Revenue amounted to Lire 7,549,954 and expenditure to Lire 1,164,008.

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

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

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

38. A suitable system of fund control over AMF/G's reserve of A.M. Lire Notes and stamps has been installed.

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

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

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

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

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

(d) Accounting Instructions - Pay of British Other Ranks

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

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

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

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

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

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

43. Three officers arriving from Tiai Cuneo joined the Accounting Section during the month.

POSTAL

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

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

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

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

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

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

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

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

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

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

Approved by HQ, AMG
8 January 1944

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HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 394

AMG/319.1

SUBJECT: Monthly Report for November 1943 of AMG Administration (AMG HQ)

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

(1) Herewith is the report on AMG administration for the month of November 1943. The report covers Region I, where Allied Military Government was in its fifth month, and Region II, and includes the activities of the Subcommissions of A.C.C. which, pending the turnover of territory to the Italian Government, are serving as the staff of AMG HQ for Regions I and II.

HQ AMG

Administration

(2) During the month the administrative organization referred to at the beginning of the October report was completed. HQ AMG, Palermo, reorganized into Subcommissions, supervised and controlled military government in Regions I and II while AMG 15th Army Group was responsible for military government in Region III and the forward areas in the rear of the 5th and 8th Armies. The four lower provinces of Apulia remained the only territory under the control of the Italian Government and was, therefore, the only territory in which A.C.C. functioned as the Control Commission.

(3) Early in November Major General Kenyon A. Joyce arrived to assume the position of Deputy President of the Allied Control Commission. Brigadier General McSherry remained Chief of HQ AMG, Palermo, and Major General Lord Rennell as Chief of AMG 15th Army Group.

(4) Contacts were maintained with the 9 provinces of Region I both by means of personal visits by members of various Subcommissions and by the receipt of regular reports from the provincial staffs. Communications with Region II left a great deal to be desired but a number of personal visits were made and during the first week in November Lt. Col. McCaffrey, R.C.A.C., visited Palermo. The R.C.A.C. conferred with all sections of HQ AMG on the problems of the Region. By the end of the month the personnel of Region II consisted of 88 officers and 76 OR/EM.

(5) During the month definite orders were received detaching the Province of Salerno from Region III and attaching it to Region II.

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

(1) Herewith is the report on AMG administration for the month of November 1943. The report covers Region I, where Allied Military Government was in its fifth month, and Region II, and includes the activities of the Subcommissions of A.C.C. which, pending the turnover of territory to the Italian Government, are serving as the staff of AMG HQ for Regions I and II.

HQ AMG

Administration

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Finance

(6) The full monthly report of the Finance Subcommission is attached and marked Appendix A. The following paragraphs summarize some of the more important points.

(7) Extensive negotiations were carried on with Lt. Col. Guido Jung, the Italian Under-Secretary of Finance with the following results:

(a) Arrangements were made to import as rapidly as possible stocks of tobacco paper so as to increase revenue returns from the tobacco monopoly.
(b) Arrangements were worked out for the payment by the Italian Government of the December 15, 1943 maturity of Italian Government bonds

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throughout the non-German occupied parts of Italy. Up to three hundred million A.M. lire were advanced by AMFA to the Italian Government and the Bank of Italy for this purpose. This was the first of a series of steps to strengthen the credit position of the Italian Government so as to enable it in the near future to issue Government Bonds and thus finance its expenditures and to absorb surplus purchasing power.

(c) Negotiations were begun for the Italian Government to print its own currency which it would use in lieu of A.M. lire.

(d) A preliminary examination has been made of the general budgetary deficit of the Italian Government for the month of December, including the needs of its armed forces. A request by the Badoglio Government for an advance of a billion lire is being carefully scrutinized.

(e) Col. Jung agreed with the AMG point of view that, in order to curb inflationary tendencies, sales and other transfers of land should be subject to control.

(8) A great deal of further study was given to the problem of inflation and in particular to the problems of wage increases. Wage increases are to be resisted and only to be approved as part of a stabilization and adjustment program. The necessary instructions were given to enable the Finance Subcommission to prepare a weekly index of the cost of living. (See paragraph III of report of Finance Subcommission - Appendix A.) Steps were taken to enable the Bank of Italy to reopen in Sicily as a central bank at an early date.

(9) At the beginning of the month, in accordance with decisions reached on 3 October 1943, a Headquarters unit of AMFA was established, for the purpose of determining the policy of the organization. Current operations remained in the hands of the branch offices at Palermo and Naples. Headquarters, consisting of three officers and one enlisted man, was a part of and located with HQ Finance Subcommission. The first branch outside Palermo had been established at Naples on October 22. On 5 November an officer was sent to Bari for the purpose of opening a branch office of AMFA there. This was followed on 14 November by the dispatch of another officer to Sassari, where the fourth branch office was organized. Under arrangements with 15th Army Group, AMFA will operate throughout Italy, regardless of the particular Allied authorities who are responsible for a given area. Each branch is being provided with necessary supplies of A.M. lire notes.

(10) At a meeting with representatives of Region VI, it was agreed that the Allied Commission should purchase from the Carbo Sard, the company owning the Sardinian coal mines, all coal for export from the island at the same prices as obtained for sales within the island. As these prices are well below cost of production, it was agreed that AMFA should finance the mines to enable them to continue production, and that advances for this purpose should be treated as advances to the Italian State. The nature and extent of the control to be exercised over the expenditure of the mines were discussed. It was agreed that the subsequent disposal of exported coal and the price and method of payment were to be settled between the Quartermaster of APBO, AMFA and the Finance and Industry and Commerce Subcommissions.

(11) As regards revenue, the situation in Sicily is set out on pages

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(11) As regards revenue, the situation in Sicily is set out on pages 4 and 5 of the Finance Subcommission's report. From July to October the figures show a steady rise but they are very small and on this basis considerable time must elapse before collections reach normal budget estimates.

Legal

(12) During the month Proclamation No. 14 was drafted and amendments were made to Proclamation No. 6. Arrangements were made for the distribution on the Italian mainland of Proclamations Nos. 1 - 13 inclusive and General Orders Nos. 1 and 2.

(13) A number of conferences were held between the Legal Subcommission and the other Subcommissions with respect to legislation of the Italian Government which was thought necessary for the proposed restoration of territory.

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(14) In November most of the routine work with respect to Italian Courts was transferred to the C.L.Os offices, Regions I and II, the Italian Court Section generally confining itself to supervising the activities of the Regions insofar as the Italian courts and judicial personnel were concerned.

Other Matters

(15) During the month the various Subcommissions were engaged in internal organization and research and in making contact with their field personnel and their opposite numbers in the Italian Government. Frequent visits were paid by members of Subcommissions with the Regions.

(16) An officer was in Sardinia and Corsica throughout the entire month making a survey of available timber supplies on the islands, with special reference to pit props for use in Sardinia. Arrangement with the French authorities have secured this supply. Plans were made for a survey of timber resources and saw mills in Region II and part of Region III.

(17) As the result of negotiations with the Allied Naval Forces the ban on night fishing was revised during the month and by the end of the month a daily average of ten tons of fish was brought into Palermo by its local fleet of twenty-eight fishing boats which had heretofore been idle. The price of fish dropped from 100 lire to 45 lire per kilo. As regards the rest of the island, a uniform set of regulations concerning fishing and a licensing system was, with the approval of the Allied Navies, established throughout Sicily. Following a survey of the fishing industry in Sicily, requisitions have been submitted for fishing gear and other supplies needed to obtain a maximum fish harvest.

(18) A meeting was arranged on November 8 between the advisers on Monuments and Fine Arts and Prof. Zuckerman of the Special Mission of the N.A.A.F. He was supplied with a list of fifty cities of Italy, in order of priority, which the Monuments and Fine Arts Subcommission considered should be spared from aerial bombardment, if military considerations allow. He was also supplied with plans of these and other cities showing the sites of the principal monuments therein.

(19) Arrangements were made by the Industry and Commerce Subcommission for a monthly shipment of 22,600 tons of coal from U.K. to various parts in Region I, earmarked as follows: 9,000 tons for the railways, 7,000 tons for electric generating plants, 5,500 tons for local industry and 1,100 tons for military use. During the month HQ Region I was engaged in preparing plans for taking over from I.B.S. and No. 1 District thehandling of all imported coal. It is proposed that users will draw their coal from dumps under Region I control and that a civilian agency will distribute the coal throughout Sicily. It is also proposed that military personnel using military trucks will handle the unloading and delivery to the dumps for as long as the ports remain under military control. Coal shipments to the mainland of Italy were specific at the rate of 54,000 tons a month from U.K. It is believed that many former users of imported coal will be able, with technical advice, to use Sardinian coal.

(20) The question of labor employment exchanges was the subject of investigation and study by the Labor Subcommission which prepared a plan designed

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(20) The question of labor employment exchanges was the subject of investigation and study by the Labor Subcommission which prepared a plan designed to make labor exchanges of greater use to employers and employees.

REGION I (Sicily)

Administration

(21) Region I was activated on 24 October 1943. The following paragraphs, therefore, cover the period from that date until 30 November 1943.

(22) Regional headquarters was established at the Palazzo Bordonaro in Palermo. The inevitable problem confronting all AMG officers - that of controlling and restricting the number of civilians coming with problems that should more properly be handled at the lower organizational levels - was met by stationing an Italian-speaking enlisted man inside the main entrance on the ground floor, to interview and route all civilians seeking admittance. It was felt that while certain civilian contacts were still necessary and desirable, the vast majority

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of the personal problems should be diverted to the communal, or provincial offices or to some specific Italian agency. This is a matter of detail but it is one illustration of the constant effort to educate the people in the necessity of solving their own problems through their own agencies, the latter particularly in view of the possibility of the administration being turned over to the Italian Government in the near future.

(23) In order that the reconstruction of existing Italian organizations, the establishment of new agencies, and the implementation of existing orders and regulations be handled on the same basis in every province, it was decided to hold bi-monthly conferences with the Prefects (every other Tuesday) and with the S.C.A.Cs (every other Wednesday), the conferences to be held at each provincial capital in turn. In this manner the R.C.A.O. and the Division Chiefs were enabled to discuss in detail existing problems and future plans, and to obtain the reactions and suggestions of the responsible Italian officials as well as those of the S.C.A.Cs.

(24) The gradual shifting of responsibility from the Allied Military Government to Italian officials and organizations had been developing on the provincial and communal levels for some time. Attention of the new Regional headquarters was, therefore, directed towards the problem of establishing a regional, or Island-wide, level of Italian administration, with the dual purpose of transferring some of the responsibility to the people themselves and simplifying the problems of any Italian Government which might take over at a later date.

Political

(25) During the month there was an increase in the pace of the awakening of political thought and the alignment of the politically articulate elements into parties or groups. The AMG ban on political activity continued in effect, which prohibited the holding of meetings, publication of newspapers and open political activity on a broad scale. However, the various loosely formed groups which, in some cases, had their roots in underground organizations of the Fascist period, continued the process of formulation of their programs through private political discussions. There were several cases of manifestos being published by the parties, all of which were disavowed by the leaders of the political groups with whom AMG maintained informal contacts.

(26) This political activity was confined to the larger centers. In these the articulate groups were drawn from the small middle and upper classes, particularly among intellectuals, professional men and a handful of pre-Fascist professors and intellectuals. To this may be added a certain amount of natural and spontaneous activity of leftist tendencies among elements of the working classes.

(27) The following are the various political groups or parties which, up to the end of November, had been formed in Sicily. It must be borne in mind that these groups could in no sense rightfully claim to be representative of any considerable body of the population and that none of the leaders had any mandate from even their own immediate following to represent themselves as such.

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(a) Christian Democratic Party: The old Popular Party founded by Sturzo had great strength before Fascism. The party has strong, if not open, support from Catholic Action (L'Azione Cattolica). Has organized groups in various parts of the island.

(b) Action Party: Follows organization of that name founded on mainland in 1942. In Sicily it has a rather vague program drawn from socialist and liberal ideas; it has few supporters and exists principally in the Palermo area.

(c) Liberal Reconstruction Party: An outgrowth of the old Liberal Party with a republican program. Consists of a group of personalities without any following. More in the nature of a political club.

(d) The Labor Front: This is a coalition of parties which have loosely united for the purpose of promulgating a general labor program in Italy. The coalition at the moment consists of the following three parties:

(i) Social Republican Party - based on the old party of Mazzini and Garibaldi; republican and anti-monarchical, having a mediocre following in Palermo, Enna and Caltanissetta.

(ii) Socialist Party - the old party of Matteotti which exists in some strength throughout Sicily and is strong in Palermo, Trapani, Catania and Caltanissetta.

(iii) Communist Party - was well organized clandestinely so that it was able in 1943 to hold in secret a general assembly in Caltanissetta. Leadership is drawn from elements which would in other regions probably be found in the socialist party.

(e) Separatists: This is a movement rather than a party whose support is drawn mainly from the large land owners and their entourage. The group was very active during the early days of the occupation but was discouraged by AMG officers who made it clear that political action would not be countenanced. It enjoys the greatest strength in Palermo and Trapani. Said to have an interest in the reorganization of the Mafia.

(28) During the month representatives of all the above groups except the Separatists called on AMG officers in Palermo who again warned them that circulation of handbills and unauthorized publications and posting of manifestos could not be tolerated. They were called upon to cooperate and agreed to do so but requested that a greater measure of freedom be given for political activity. The attitude and influence of the political leaders was in fact helpful during the month at a time when unrest by reason of the food situation was causing concern to AMG officials.

Public Safety and Law Enforcement

(29) The Regional Public Safety Division came into being at a time when the crime rate and general civil disturbances were on the increase and when the morale of the civil police agencies was at a low ebb as a result of insufficient wages, a rising cost of living, loss of prestige resulting from military occupation and interference with civil police functions, and other attendant circumstances.

(30) One of the basic problems - that of insufficient salaries - was partially solved by General Order No. 14 which granted the adjustment upward of all wages of State employees and, so far as the ordinary rank and file of the police organizations was concerned, had the effect of a 70% increase. Even this, however, considering the actual economic conditions existing in the Island, could not be said to produce a wage scale that was really commensurate with the conditions of employment and the duties rendered, or expected to be rendered, by the police.

(31) The question of increasing the bread ration of the police forces

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(31) The question of increasing the bread ration of the police forces was considered but it was felt that this would probably aggravate the existing discontent, cause prejudice against the police, and bring on pressure from other sources for similar special consideration. Hence the police continued only to draw the same allowance as all other citizens.

(32) Other general conditions affecting the efficiency of the police were the lack of materials - cloth, leather, etc. - for the replacement of worn-out uniforms and equipment, and lack of mobility, since most means of transportation and, more important, the control over spare parts and tires, were in the hands of the military or of AMG. In order to alleviate the situation the following measures were adopted:

(a) A request was sent through channels to AFHQ for a supply of cloth that could be made into uniforms.

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(b) Members of the Carabinieri, Pubblica Sicurezza and Guardia di Finanza were given priority on the purchasing of any remaining boots or other equipment from the "Unione Militare," through the Property Controller.
(c) Provincial Supply Officers were requested to make available any local stocks of leather for the repair or manufacture of shoes for the police.
(d) Requisitioning of private motorcycles, cars and trucks for the use of the Carabinieri was ordered.

(33) In accordance with the directive of the R.C.A.C., measures were taken to establish or reestablish a regional level of command over various organizations within the civil administration. In the public safety field the responsibility for coordinating and controlling all organizations on the island was placed on Doctor Vittorio Modica who by Order No. 21 was appointed Regional Director of Public Safety.

(34) During the month the establishment of the law enforcement agencies in Sicily was as follows:

(a) Carabinieri: The 6th Brigade, comprising 2 legions, with headquarters in Palermo and Messina, had a total strength of 9,193. During the month the emergency superior command which had been established immediately prior to the occupation under General Sanning was eliminated and the command reverted to General Branca, Commander of the 6th Brigade.
(b) Agenti di Pubblica Sicurezza: The strength of this organization in the island was 2,157. As the central agency of public security under the Minister of Interior this organization had become greatly infiltrated by Fascists in the higher ranks of Questore and the like. Considerable reorganization was therefore necessary so as to ensure that in each province there was a reliable and effective Questore.
(c) Guardia di Finanza: This organization, operating under central control from Palermo, had a total strength of 2,105. The importance of its functions showed a gradual increase as the normal functions of government became reestablished and tax collections and revenue systems redeveloped. Personnel were also employed in connection with the black market.

(35) While the fundamental reasons for the continuation and growth of the black market were economic, every effort was made through police agencies to control and eliminate illegal traffic in basic commodities, primarily grain. Instructions were made effective in all provinces to ensure that available grain was channeled through legal sources. Road blocks were established at strategic points, confiscation raids were made by local law enforcement agencies in conjunction with AMG officers, and mills were checked to ensure that no unauthorized milling was being carried on.

(36) Through the provincial C.A.P.Os, supervision over the 19 main prisons and the 70 smaller prisons in the island was maintained. Frequent inspections were made and on the whole it was found that the prison personnel were carrying out their duties efficiently, particularly after the authorization of the wage increase. At the end of the month there were approximately 7,000 prisoners, of which 80 were civilian internees.

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(37) Records showed an increase in crime, particularly of robbery with violence, during the period under consideration. In all serious cases arrests were made and severe sentences imposed. The characteristic Sicilian disregard for law and order, the fact that civilians could not legally carry firearms, and the psychological reactions to the occupation and the consequent breakdown of normal conditions have all contributed to the upsurge of crime.

(38) The crisis in the grain situation produced the inevitable disturbances, both as a result of the failure of the bread ration and of the reluctance of those in the grain producing areas to permit grain to be withdrawn for the needier provinces. All such disturbances were quickly quelled by the local Carabinieri in conjunction with Sindaci and AMG officers. In no cases were there

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any evidence of definite subversive action, although it was to be expected that Fascist propagandists would seize on the opportunity of capitalizing on the apparent failure of AMG to provide food for the people.

Legal

(39) The following table shows the number of cases disposed of in Sicily during November. The total shows a small reduction as against the previous month.

Province	General Courts G	General Courts NG	Superior Courts G	Superior Courts NG	Summary Courts G	Summary Courts NG	Totals Nov 1 - Nov 30	Totals July 12- Nov 30
PALERMO	0	0	32	17	1213	317	1599	3666
CATANIA	0	0	32	11	412	44	499	1362
MESSINA	1	4	31	23	132	30	221	320
AGRIGENTO	2	0	77	9	473	34	595	1733
TRAPANI	0	0	15	3	132	12	165	650
SIRACUSA	6	2	1	0	183	21	213	575
RAGUSA	0	0	14	2	3	0	19	206
CALTANISSETTA	0	0	10	2	16	0	28	127
ENNA	0	0	6	0	9	0	15	27
TOTALS	9	6	241	67	2573	458	3354	8665

The following statement shows the type of offences dealt with.

Convictions 1 Nov. 1943 to 30 Nov. 1943

PROVINCE	Black Market	Thefts & Poss. of Military Property	Curfew Blackout Circulation	Poss. of fire Arms	Wire cutting	All others	Totals
PALERMO	528	329	521	102	0	119	1599
CATANIA	91	209	124	29	1	43	499
MESSINA	26	64	64	6	2	59	221
AGRIGENTO	192	115	147	61	0	80	595
TRAPANI	24	25	79	31	0	6	165
SIRACUSA	7	117	59	18	0	32	213

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							Nov 30	Nov 30
PALERMO	0	0	52	17	1213	317	1599	3666
CATANIA	0	0	32	11	412	44	499	1362
MESSINA	1	4	31	23	132	30	221	320
AGRIGENTO	2	0	77	9	473	34	595	1733
TRAPANI	0	0	18	3	132	12	165	650
SIRACUSA	6	2	1	0	183	21	213	575
RAGUSA	0	0	14	2	3	0	19	206
CALTANISSETTA	0	0	10	2	16	0	28	127
ENNA	0	0	6	0	9	0	15	27
TOTALS	9	6	241	67	2573	456	3354	8665

The following statement shows the type of offences dealt with.

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AGRIGENTO	192	115	147	61	0	80	595
TRAPANI	24	25	79	31	0	6	165
SIRACUSA	7	117	39	18	0	32	213
RAGUSA	3	1	3	1	0	11	19
CALTANISSETTA	2	11	4	5	0	6	28
ENNA	1	1	0	9	0	4	15
TOTALS	874	872	981	262	3	362	3354

(40) A number of applications have been received for grant of parole on completion of half the sentence in accordance with Italian practice, but S.L.Os and Prison Wardens have been informed that such procedure is not contemplated in respect of sentences by Allied Military Courts which are imposed on the basis that the whole term will be served.

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(41) During the month the officer in charge of Italian Courts supervised the work of the Italian Committee appointed to select suitable candidates for the remaining vacancies in the judicial set up. The Committee was composed of First President G. Messina, senior judge in Sicily, G. Arrera, Rector of Palermo University and P. Orlando, President of the Bar Association, men of high moral reputation, and well known liberals. After deliberating for a week a list of 215 officials was agreed upon and submitted for the signature of the D.C.C.A.O. on 26 November.

Finance

(42) During the month additional progress was made in increasing control of expenditures, promoting revenue collections, revising the operations of the State monopolies and bringing about resumption of the financial activities of the postal system. The social insurance organizations were restored to normal operations, financial assistance being provided to make this possible. The banks enjoyed a period of increased public confidence and AMGA continued its previously established functions of a central bank, supplying such credit as was necessary and advisable.

(43) In line with the policy of establishing Italian organizations which would facilitate the handing over of administration to the Italian Government, the Finance Division recommended and the R.C.A.C. appointed 3 senior officials as island-wide supervisors of Italian Government services in the postal and treasury fields and for the Bank of Italy.

(44) Close cooperation with [illegible] was maintained in respect of matters of common interest to all regions, such as the reopening of the Bank of Italy banking and credit department, credit arrangements with banks, remittances from U.S. citizens to Italian relatives, the private insurance situation and like matters. An item which appeared for the first time during the month in Region I was the necessity of paying Italian Army units which had arrived in Sicily in the Catania area. An arrangement was worked out to cover the payments to these units pending determination of the final procedure under which future payments will be made for the account of the Italian Government.

(45) In connection with revenue, considerable headway was made in reestablishing the organizations of the various Italian agencies on an island-wide basis. Direct and indirect taxation were handled by the Ispettore Compartimentale, customs matters by the Ispettore Generale, and manufacturing tax problems by the Ispettore Generale delle Dogane. The latter two officials were active in reassembling their staffs, although customs work was hampered by the situation with respect to imports and the control of ports by naval and military authorities. Plans for resumption of alcohol manufacture were received from 3 provinces which should considerably increase internal revenue.

(46) The State lottery under the Direttore del Lotto was reestablished and gave promise of producing the usual revenues, and tobacco factories in Palermo and Barcellona commenced operation. Generally speaking a substantial rise in revenue cannot be expected until customs, manufacturing and entertainment taxes and the monopolies and lotteries are fully established. Local communes (local taxes) are maintaining steady income.

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(47) New instructions and forms with respect to advances to communes were worked out and distributed. A new system for advances to State bodies was developed, channeling payments through the Banca d'Italia, Sezione Tesoreria Provinciale. The office of Chief Inspector of the Banca d'Italia will be used for assembling the necessary information and issuing the necessary instructions to branches of the Banca d'Italia, a step which goes far in the direction of following the normal Italian State procedure. Wherever possible advances to State organizations are being centralized in the Palermo or other head office of the organization, e.g. State Railways, P.T.T., Italian Red Cross, Royal Carabinieri, A.A.S.S., and Corpo Forestale.

(48) There was increased pressure for the resumption of sussidi militeri (allowances to families of Italians in the military service) but after full con-

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sideration it was decided not to recommend resumption on the grounds that the present relief system covered the just needs and disturbance of the present system would produce bad effects.

(49) The banking system throughout the Region continued to function as normally as possible under the circumstances, deposits in most cases continuing to exceed withdrawals. The banks found it increasingly difficult to employ excess funds. The situation was relieved slightly by the payment by AMFA of interest on funds on deposit with the banks. Banco Nazionale del Lavoro presented a plan for the formation of a financial organization which would raise 300,000,000 lire by sale of stock to investors and would finance on a long term basis real estate and construction projects. The plan is being studied but the fact such a project was developed is evidence that money is plentiful and that confidence is gradually being restored.

(50) The postal savings system was reopened and functioning over the entire island by the end of November. Deposits as reported to AMG were about 600,000,000 lire plus those in current accounts amounting to 177,000,000 lire. To meet possible demands of depositors and finance the reopening, AMFA made available credit to a total of 250,000,000 lire of which the postal system had requested up to 98,000,000 lire by the middle of December. The postal money order section of the post office was examined during the month and plans completed to resume operations about 1 December. For this purpose AMFA agreed to furnish necessary funds to meet vaglia postali. It was found extremely convenient and efficient to deal with the General Inspector appointed November 8 in planning and executing the various arrangements with the postal system on an Island-wide basis.

(51) AMFA continued to finance the deficits of the various social insurance agencies, although demands generally showed a decrease. A program was also formed to amalgamate 4 of the units in the complicated scheme of health insurance.

(52) AMFA's advances to the banks at the end of November were 504 million while cash deposits with AMFA totaled 787 million, indicating a healthy banking situation. Advances to the State Railways of 23,700,000 lire and of 45,000,000 to the post offices were made in November, the latter largely exceeding advances for October by reason of withdrawals. During the month the following amounts were paid out by AMFA to the various units of the Armed Forces:

U.S. Army	90,000,000 lire
U.S. Navy	nil
British Navy	2,000,000 "
Italian Navy	5,000,000 "

A more complete statement of AMFA's operations is included in the report of the Finance Subcommission annexed as Exhibit A.

Property Control

(53) In Palermo province all Allied properties have now either been taken into custody or handed over to accredited representatives of the owners, except in 10 cases.

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(54) In Messina province the A.C.P. has taken custody of some of the more valuable villas in Taormina belonging to British and American Nationals, and is busily engaged in the examination of the other villas there, and also in the preparation of inventories, checking of accounts, etc. Except for these Taormina villas, the numerous Allied properties in Messina province would appear to be of little value or importance.

(55) Some Allied properties sustained war damage, and where monies are in hand for the account of the owner, essential repairs have been or are being executed. Where, however, there are no such monies, the question of providing the necessary finance raises a serious problem. The Legal Subcommission have

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expressed the view that Proclamation No. 6 does not in fact confer upon the C.P. the power of raising a mortgage on any property. The whole question of providing funds for maintenance and management, and special repairs necessary to prevent further deterioration of war damaged buildings, in the case of Allied properties which are at present producing insufficient or no income to meet these expenditures, has been referred to higher headquarters.

(56) It is clear that unless some practical financial arrangements can be made the Controller of Property will in many cases find himself unable to perform the essential duties of protecting Allied property.

(57) The maintenance and control of Italian State property has been handed back to the Intendenza di Finanza, subject, however, to supervision by the Controller of Property.

(58) The first report of the Special Commissioner to reorganize the semi-statal undertaking known as Ente di Colonizzazione del Latifondo Siciliano (E.C.L.S.) has now been received. These measures will result in an estimated net saving of lire 4,700,000 per annum, and include the reduction of the administrative sections of the Ente from 8 to 5, the abolition of its seven branch offices, and the dismissal of 113 superfluous employees.

(59) In the course of the month all the 18 Consorzi di Bonifica in Sicily have been placed, by order of the A.C.A.C., under the administrative direction of Dr. Paravina, as Special Commissioner of E.C.L.S. This ensures a unified direction of the Consorzi, and will avoid any conflict of policy or procedure as between such Consorzi and the E.C.L.S.

(60) In view of the transfer to Regional basis, it has been deemed advisable to create an organisation to coordinate the liquidation of Fascist organisations. A judge has been nominated by the President of Tribunale Civile to superintend the liquidators in each province, appointed with approval of the S.C.A.C. and Prefect, and all under control of Controller of Property. The proceeding will be carried out as far as possible under Italian Law and controlled from Palermo. The unblocking and transfer of Fascist funds will also be dealt with in this way.

(61) G.I.L. and Dopolavoro property who transferred into the control of the Prefect of Province in which property is situated, under the general control of Public Welfare Officer of the province. In the case of Province of Palermo, this covered over 150 properties.

(62) From the information so far supplied by Italian officials, there would appear to be no property belonging to enemy governments in Region I, with the exception of the German Consulate at Palermo, which is at present occupied by the Armed Forces. Information as to property of enemy nationals has been requested, but has not yet been furnished.

Public Health

(63) An important step forward in the administration of public health in Sicily was the issuance of Order No. 9 which established the autonomous Provincial Departments of Public Health, with power to control and coordinate all organisations and materials concerned with the administration of public health

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Public Health

(63) An important step forward in the administration of public health in Sicily was the issuance of Order No. 9 which established the autonomous Provincial Departments of Public Health, with power to control and coordinate all organizations and materials concerned with the administration of public health within their particular provinces. This was well received by the Medici Provinciali and the medical profession as a whole since it centralized and consolidated into one organization what had previously been a conglomeration of different agencies, often working at cross purposes or in duplication. Another very important aspect was the fact that the purchase and distribution of all medical supplies was also controlled through the new organization.

(64) The following cases of diseases were reported during the month:

Typhoid fever	501	Diphtheria	7	Measles	1
Tuberculosis	51	Whooping cough	9	Infantile paralysis	1
Malaria	757	Meningitis	3	Puerperal fever	1
Trachoma	4	Scarlet fever	1	Scabies	221
Syphilis	16	Undulant fever	2	Animal bites	9

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(65) The most important factor was the rise in the venereal disease rate though this is an inevitable phenomenon wherever the presence of a large body of troops exists. The exact percentage is difficult to determine because syphilis and gonorrhea are not reportable diseases, except when treated in public dispensaries. In the dispensaries 481 individuals were treated, of which 88 were gonorrhea cases and the remainder syphilis. Clandestine prostitution increased, and surveys showed that approximately 40% of these girls were infected.

(66) The Italian Red Cross began to function more satisfactorily during November and on the eastern side of the Island it assumed the care of the Italian units on duty there.

(67) The pharmaceutical laboratory, in charge of Professor Oddo and Professor Greco, was established to conduct research into native resources and to explore new methods of developing pharmaceuticals from local products. 50,000 doses of smallpox vaccine have already been produced.

(68) No serious evidence of malnutrition developed during the period in question in spite of the considerable reductions in the actual bread rations, although a continuation on this basis must undoubtedly produce ill-effects during the winter months.

(69) The first preoccupation of the Regional Public Welfare Division was to prepare and issue the necessary orders and instructions placing the administration of Public Welfare on a uniform basis in every province, in order to control and administer adequately the relief system of the island from the Regional level. By November 30, 1943 Public Assistance (cash relief) programs were operating in all provinces along the lines laid down by Regional headquarters. In the provinces of Palermo, Catania, Messina, Trapani, and Caltanissetta the necessary orders establishing provincial departments of Social Welfare had been issued and the offices had begun to function.

(70) On the basis of the reports for October 1943, Public Assistance costs for that month were approximately 50,000,000 lire for the entire island. This amount was paid to some 200,000 families at an average monthly cost per case of 300 lire. On a population of 4,000,000 the monthly per capita cost is 15 lire. As nearly as can be determined, Public Assistance costs are still lower than the amounts formerly paid by Italian authorities for the Sussidi Militari (military allowances to the families of soldiers) during the months preceding the invasion.

(71) During November by the use of three officers "loaned" to Region I by the Allied Control Commission, and by using six American Red Cross Field Representatives it was possible to cover all the provinces with welfare personnel. The Red Cross Representatives were of value when working under the direction of an experienced AMG welfare officer, but only one or two were able to carry on without close supervision.

Economics and Supply

(72) The food situation in the island at the end of October had become serious, as the total amount of wheat amassed amounted to approximately one

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(70) On the basis of the reports for October 1943, Public Assistance costs for that month were approximately 60,000,000 lire for the entire island. This amount was paid to some 200,000 families at an average monthly cost per case of 300 lire. On a population of 4,000,000 the monthly per capita cost is 15 lire. As nearly as can be determined, Public Assistance costs are still lower than the amounts formerly paid by Italian authorities for the Sussidi Militari (military allowances to the families of soldiers) during the months preceding the invasion.

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Economics and Supply

(72) The food situation in the island at the end of October had become serious, as the total amount of wheat amassed amounted to approximately one third of the crop after permitted withholdings, while arrivals of imported flour were very far behind schedule. Requisitions had been placed by AMG for 24,000 tons of flour to arrive by the end of October and for an additional 15,000 tons to arrive by the end of November, but by the end of November only 9,000 tons had been received.

(73) During the month Regional order and instructions by which the amounts of grain authorized to be retained by producers and non-producers in possession of milling cards were reduced, and they were required to turn the excess in to the Ammassi. Any surplus grain retained for seed was also to be turned in, and confiscation was threatened if these measures were not complied with by December 15. The bread ration throughout the island was fixed [illegible] maximum of 200 grams per person daily, and the production of pasta was prohibited.

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(74) To supplement the new regulations all [illegible] were urged to make every effort to increase the flow of grain into the legal channels, which activity was increased, and likewise to limit the local operations formed to enforce compliance with our instructions. In spite of these measures, however, the situation reached a crisis in mid-November. The failure of the bread ration for several days caused riots in various localities and the continued removal of grain from the area of production for transfer to the newly provinces also produced discontent and disturbances. Several of the large cities were practically without bread. Meadna's ration was about 100 grams daily from October 24 to November 30. Citrula had only one day's supply left when a small arrived on November 20. Sirocuse ceased to maintain a daily ration of 150 grams for some time, and when was able to resort to imported beans when the bread ration fell. In Palermo the average daily ration for the month was 112 grams.

(75) In order to ensure an equitable distribution of the dire oil crop for the year at legal prices it was decided to continue the Armani system and to issue a monthly ration of 1/2 litre per person. Despite the large price increase to the producer, it soon became obvious that the larger producers were diverting a large proportion of the crop into black market channels, and the amounts of oil actually passed were comparatively small.

(76) Several ships have taken citrus fruits and nuts to Malta, which has sent back some oil. A cargo of 2,000 short tons of lemons, 150 tons of purée, 285 tons of grapefruit juice, 200 tons of citric acid, and 65 tons of almonds, 15 tons of wine, 200 tons of citric acid, and 65 tons of sulphur was prepared for shipment from Palermo to England at the end of November. A large consignment of the crop has also been exported from Citrula and Siracuse.

(77) The entire port area of Palermo, and to a lesser degree those of Siracuse, Citrula, Meadna, and Messina, have been subjected to intensive bombing as the most practicable control possible in order to prevent the export of citrus products. A large and efficiently run warehouse in Citrula holds up to 5,000 tons of goods and the work is done by civilians supervised by two officers. There are also overall warehouses ready in case of need. In Palermo, Siracuse, Citrula, Meadna, and Messina up to 10,000 tons can be stored, but space is available for present be withdrawn to localities under AMG control as further amounts.

(78) The checking of invoices, the issue of the [illegible] and the [illegible] are carried out by the Italian authorities with the help and supervision of AMG officers. The [illegible] in Palermo, and involved keeping in touch with the [illegible] Base Section, [illegible] part of this headquarters, and [illegible] for certain [illegible] and supervision of [illegible] and [illegible] Section, 10th

time, and then was obliged to resort to imported pasta when the bread ration failed. In Palermo the average daily ration for the month was 112 grams.

(75) In order to ensure an equitable distribution of the olive oil crop for this year at legal prices it was decided to continue the ammassi system and to issue a monthly ration of 1/2 litre per person. Despite the large price increases to the producer, it soon became obvious that the larger producers were diverting a large proportion of the crop into black market channels, and the amounts of oil actually ammassed were comparatively small.

(76) Several ships have taken citrus fruits and nuts to Malta, which has sent back some coal. A cargo of 2,000 short tons of lemons, 150 tons of pumice, 285 tons of sumac, 750 tons of almonds, 15 tons of mustard seeds, 100 tons of wine, 200 tons of citric acid, and 65 tons of sulphur was prepared for shipment from Palermo to England at the end of November. A large tonnage of sulphur has also been exported from Catania and Porto Empedocle.

(77) The entry ports are mainly Catania, Palermo, and to a lesser degree Siracusa. Unloading, warehousing and trans-shipment have to be arranged, as well as the most rigorous control possible in order to prevent theft and diversion. A large and efficiently run warehouse in Catania holds up to 5,000 tons of goods and the work is done by civilians supervised by two AMG officers. There are also overflow warehouses ready in case of need. In Palermo up to 10,000 tons can at present be warehoused in locations under AMG control and space is available for further amounts.

(78) The mechanism of handling these imports and exports was highly complicated in Palermo, and involved keeping in touch with the Navy, Island Base Section, 10th Port of Embarkation, the railway and truck transportation sections of this headquarters, and civilian labor. In addition, coasters have been provided for carrying flour and sugar to Messina, which is almost inaccessible by land.

(79) Requirements of certain industries whose products were required by the United Nations were surveyed, and assistance was provided to obtain materials for the plants and raw materials for the industries. The status of the principal of these was as follows:

(a) "Montecatini". Reports on these fertiliser plants at Palermo and Crotone were submitted to AFHQ. A vigorous policy of cannibalization and restoration was embarked upon in respect of the Palermo plant, and AFHQ was asked to provide one or more ships to take sulphur from Sicily to Africa and bring back phosphate rock for this plant.

(b) Asphalt. Production was continued in the mines at Ragusa; about 2,000 tons a month of powdered asphalt was produced. Conferences were held with the Property Controller, the Managing Director of the mines, and the Financial Subcommission with a view to fixing a price for asphalt but no decision was reached by the end of the month.

(c) "Arenella." In Palermo was set in operation, with the provision of fuel and the repair of water-mains, to produce 3 tons of citric acid a day. Makeshift materials were obtained such as sugar bags and selvage blankets for filters, lead and copper from a disused plant, etc.

(d) Hemp. Enquiries were made by the Combined Chiefs of Staff about the hemp industry in Region III; this was being investigated by Adv. Adm. Echelon, AFHQ.

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(85) During the month 7th Army and Island Base Section turned over to AMG many of the communication circuits throughout the island and operations of repair and reintegration on a larger scale than before were made possible. The lack of transport proved serious. The highly important Palermo-Catania underground cable was dead for two days, owing to the fact that no transport was available to carry the repair squads. Eventually military transport was forthcoming.

(86) During the period, control of the Societa Generale Elettrica della Sicilia in Western Sicily was exercised by the Engineer, Island Base Section. All requests by civilians for electric power were submitted to the Region Utilities Officer. Those classified as essential were authorized and the Engineer, Island Base Section, ordered their connection.

(87) On October 21 the No. 1 District had turned control of the operations of S.C.E.S. in Eastern Sicily over to AMG Hq, Catania province, for operation. On November 5 an office was established in Catania and an officer from Regional Headquarters assumed jurisdiction for the Region Utilities Section.

(88) Large works of demolition, debris removal, and repairs were in process in Palermo, Messina, Catania, Siracusa, Trapani, and other cities which suffered damage. Many of these jobs were started before the activation of the Regional Headquarters, but information has been requested from the S.C.A.Os so that a complete list of all this work can be compiled for record purposes. It was obviously necessary for the S.C.A.Os to proceed with the most urgent works before any detailed directive was issued regarding priorities. The activities of the Regional Public Works Section were directed towards obtaining a uniform island-wide administrative procedure and towards coordinating civilian organizations and supplies in order that the work should be carried out according to the proper priority.

(89) With the reopening of railroad services throughout practically the whole island, the postal services showed the greatest progress forward and practically every post office on the island of Sicily was linked up with mail service. 645 offices were opened and functioning with one or more postal services out of a possible total of 727, as of November 30.

(90) Seeing the necessity of establishing a centralised control and supervision of the Postal and Telegraphic activities in Sicily, there was established by Order No. 23, a General Inspectorate for the Island of Sicily. The results of this new organization quickly showed a greater coordination in postal matters and a greater uniformity in provincial procedure, where previously there had been a great disparity, resulting in general inefficiency and loss of time.

(91) The Provincial Directors of Enna, Messina, Ragusa, and Agrigento were suspended from their offices for a period of three months for reasons of inefficiency and lack of cooperation with AMG officials. This was done after warnings had been issued to these officials to the effect that drastic action would be taken in continued cases of negligence and inefficiency. After con-

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Sicily in Western Sicily was exercised by the Engineer, Island Base Section. All requests by civilians for electric power were submitted to the Region Utilities Officer. Those classified as essential were authorized and the Engineer, Island Base Section, ordered their connection.

(87) On October 21 the No. 1 District had turned control of the operations of S.C.E.S. in Eastern Sicily over to AMG HQ, Catania province, for operation. On November 5 an office was established in Catania and an officer from Regional Headquarters assumed jurisdiction for the Region Utilities Section.

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(92) Prisoner of War mail steadily increased and the latest figures showed that 102 sacks of P/W mail arrived here for distribution and 60 sacks were dispatched. P/W mail for occupied Italy continued to arrive and at the end of the month 50 sacks of mail were ready for onward transmission to the mainland.

(93) Attempts were made to start an insured and registered service for banks and public institutions so that valuable documents and cash might be sent through the mails, but the censorship office was not in a position to handle this type of mail. However, a registered service for the use of Post Offices only was approved, whereby records and remittances might be dispatched between Post offices and Provincial capitals.

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(e) Silk. An officer was sent to Calabria to investigate the possibility of restarting this highly important industry. As a result of his favorable report, a request was made to the British Ministry of Supply to purchase 9,000 ounces of silkworm eggs from Turkey, proposed prices were referred to COS, repairs to filatures were begun, and Regions were instructed to start spinning last year's cocoons as soon as possible.

(f) On the request of AFHQ, an analysis was made on 4,000 tons of steel ingots located at Palermo. These were believed to have been intended for railway trucks.

Transportation, Communications - Public Works & Utilities

(80) Prior to the promulgation of General Order No. 14 labor conditions on the State Railway were very tense and the situation became so bad that a general strike was imminent. It was averted by an order of the R.C.A.C. permitting the advance of one month's salary to all employees, this advance to be paid back by them during the following year.

(81) The reduction in the amount of military traffic and the consequent easing of the coal situation made it possible to increase the daily commuter passenger service into Palermo. Nine daily round trips were announced and the previous requirements for permits to travel were removed. On November 22 an island-wide civilian passenger service was instituted, which connected each of the provincial capitals, with the exception of Messina. Direct communication between Palermo and Catania has not yet been possible because of a bridge destroyed across the Simeto River, however, trains do run by way of Caltanissetta, Ragusa and Siracusa.

(82) As the military traffic decreased it became possible to carry more civilian goods. Until November 22 civilian goods were only carried after an application had been made through AMG channels. This proved so cumbersome that it was decided to start regularly scheduled freight services which would be available to civilians upon application to the railway, as in normal times. Both I.S.S. and No. 1 District approved the schedule, which was commenced on November 22. The Division prepared a list of priorities of goods to guide the railway in accepting shipments. The schedule of trains was based upon the minimum requirements of the island so as to conserve coal supplies to the greatest extent. As an illustration of what has been accomplished, there were 1,494 tons of civilian goods moved from November 1 to November 21 inclusive. From November 22 to November 30 inclusive, with the starting of the scheduled services, 1,767 tons of civilian goods were moved.

(83) The highway transport division has 34 trucks of its own and 21 trucks belonging to INT under its supervision. The 34 trucks mentioned are either captured enemy vehicles or requisitioned private equipment. Of these 55 trucks it was possible to keep approximately 30 of them on the road daily. The others could not be used because of lack of tires, batteries, or other deficiencies. Most of these trucks were used almost exclusively in caring for the needs of the Economic and Supply Division of this headquarters. However, the trucks were so controlled and dispatched that on those occasions when Economics and Supply Division had no use for them they were used for civilian traffic. No dispatching was allowed unless the person desiring to send a truck load from Palermo could also ensure a return load.

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(84) Upon the starting of the railway passenger service on November 22 the bi-weekly bus service conducted by UNRRA on the circuit Palermo, Agrigento, Licata, Ragusa, Siracusa, Catania, Enna, Caltanissetta became unnecessary. Since Messina was not served by connecting rail lines a new bus service was substituted. This connected Palermo-Messina-Catania daily in each direction. The previous service was intended to be restricted to certain classes of important civilians. So much difficulty was experienced in this restriction that it was abandoned with the institution of the new service. The service was placed on a "first come, first served" basis. The lack of bus tires made it impossible to provide any more extensive service. A service truck was detailed to follow the buses, which carried baggage and mail. This was necessary in order to prevent buses from becoming disabled on the road without the proper means of repair.

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Labor

(94) At the time Region I was activated the AMG labor policy had already been established, and the groundwork had been laid for the development of Italian labor offices which would eventually assume responsibility for the handling of all labor problems. The Regional Labor Division proceeded to develop the actual administrative structure of the organization, to ensure that in each province the labor offices were functioning properly, and to establish a competent island-wide controlling and coordinating agency.

(95) On November 1 Avv. La Loggia was appointed Acting Director of the Regional Labor Office, with the following jurisdiction:

(a) General supervision and coordination of the Provincial Labor Offices.
(b) Collation of labor information and statistics on an island-wide basis.
(c) Conciliation and arbitration of inter-provincial labor disputes.
(d) Supervision of the activities of the Ispettorato del Lavoro, which was responsible for the inspection of industrial plants, safety precautions and the like.

(96) On November 20, 1943 General Order No. 14 granting a temporary wage adjustment was published, granting salary increases to governmental employees in accordance with a stipulated schedule and permitting private employers to make increases in accordance with the same schedule.

(97) During the month considerable labor unrest was evident, traceable to two causes:

(a) Lack of an adequate supply of food at reasonable prices.
(b) Wages insufficient to maintain a minimum standard of living in view of the general economic conditions.

(98) An example of the kind of situation that arose is that of the Societa' Generale Elettrica della Sicilia. On November 8, 650 employees of the Societa' Generale Elettrica della Sicilia in Palermo left work to search for flour substitutes, leaving 50 essential workers at the plant. At the conference held that day, the workers insisted their action was not a "strike" but a human and necessary attempt to obtain food for their families. At the same time increased wages were demanded. The workers returned to work when it was explained that efforts were being made to make food available and that a wage increase was under immediate consideration. Further unrest among these employees was evident when the announcement of the wage increase was delayed. On November 29 the employees of the company in the Agrigento area threatened to strike, demanding additional food and the full increase allowable under General Order No. 14, including the indennita' di presenza. These workers were assured that the full amount of their bread ration would be available regularly, and Societa' Generale Elettrica della Sicilia agreed to grant the full amount of the wage increase permissible under General Order No. 14, including the indennita' di presenza where it was previously paid. The employees remained at work on the basis of these assurances.

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(99) The issuance of General Order No. 14 undoubtedly reduced the demand for higher wages; however, the wage increases did not compensate for the actual increases in the cost of living. The scarcity of food, the increasing black market, and the rising cost of living continued to contribute to labor unrest at the end of the period under review.

(100) Although a scarcity of workmen in some skilled trades was reported, in many industrial and commercial classifications, and more particularly still, among clerical workers, there was a great deal of unemployment. Naturally with the dissolution of the Fascist bureaucracy many office workers were deprived of employment. The sulphur mines in the center of the island were also great centers of unemployment during this period, but preparations for reopening the mines were being made and a solution of this problem appeared to be in sight.

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Education

(101) Arrangements were made during the month for the operating of the three Sicilian Universities. The University of Catania opened on the 4th of November and the Palermo University opening was arranged for December 5. Extensive damage to the University buildings at Messina has delayed opening, but it is hoped that sufficient repairs may be carried out to enable this University to open in January.

(102) Arrangements have been made to open about 75 per cent of the schools in Sicily on 1 December. The opening of the remainder will depend on the time of their evacuation by troops and in some cases on repairs. One church school at Mussara is already open. The committee appointed to examine text books has completed its work and a sufficient number of books is available for immediate requirements; some few pages containing fascist teaching having been removed. Similar arrangements are in hand in Region II. A check has been made of the personnel of other educational and scholarly institutions to ensure their freedom from notorious fascists.

(103) Two broadcasts were prepared and radiated during the month, in consultation with P.W.B. The first was a brief report of the opening of the first school. The second was a 15 minute talk on the work of the division, the plans for reopening of Universities and schools and the removal of fascist elements from education.

Monuments, Fine Arts and Archives

(104) Arch. Dr. Guiotto, the Superintendent of Monuments for western Sicily, reports that he has brought to completion certain of the projects submitted in his original program at approximately the cost estimated, but that many there have proved more costly than the estimate for two reasons:

(a) The rapid increase in the cost of labor and materials.
(b) The discovery on closer inspection that more had to be done to conserve the fabric than had seemed necessary on a preliminary inspection. It is inevitable that these factors make preliminary estimates tentative. The total sums expended until 15 November have been approximately lire 1,071,612.

(105) The Genio Civile has exhausted his initial appropriation of lire 800,000 for his part of the work on monumental and cultural buildings and has requested a second appropriation. In view of the difficulties of securing cooperation between the Genio, the Superintendent, and the Ecclesiastical authorities, it is hoped to establish a committee of representatives of these officials and of the advisors to examine jointly projects and priorities.

(106) Work has been done by the Superintendent of Monuments and the Genio on such monuments as the following:

(a) Still in progress: Churches of S. Giuseppe, SS. Salvatore, S. Matteo, Sta. Maria di Valverde, Real Maglione, Sta. Maria della Catena,

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(b) Completed: Churches of SS. Annunziata, Sta. Zita, Sta. Maria degli Angelini, Sta. Maria della Pieta', Oratories of Sta. Zita and S. Lorenzo.

(107) Signora Dr. Maroni, the Superintendent of Antiquities, and the Genio Civile have repaired windows and roofs in the Museo Nazionale. Prof. Dr. Pietro, the Superintendent of Galleries, has continued the restoration of pictures in the Palazzo Reale by the restorer, Prof. Violante, and the preparation of rooms in the storage place outside of Palermo for work there. Since Prof. Di Pietro has exhausted the first appropriation of lire 220,000 for three months, it has been continued by an appropriation of lire 250,000. Signora Donato, Acting Director of the National Library at Palermo, has continued the transfer of books and book-cases from the bombed library to the Palazzo Mazzarino. She has arranged the installation of the catalogue and of electric lights in the Palazzo.

(108) Dr. Dillon, Superintendent of Antiquities for eastern Sicily reports that work is progressing on the Castello Ursino, on the Church of St Benedict and on other Churches in Catania.

(109) He reports further on the continuance of work to recover the choir-stalls of S. Domenico at Taormina and on the work in progress on the churches of Enna and Assoro.

(110) It now seems certain that the Greek manuscripts from the University library of Messina were stored with other books from that library and from Catania at Bronte and are safe.

(111) At Agrigento work is in progress on the Monastery of S. Spirito and repairs have been effected to the Museum. Projects for work of conservation to the temples have been initiated which, though not directly necessitated by war damage, are urgent and have been approved.

Press and Public Relations

(112) The "Sicilia Liberata" and "Corrieri di Sicilia" continued in circulation though the shortage of newsprint was a cause of considerable anxiety. There is no doubt that these publications have gained for themselves a reputation for fair and free comment. Supervision has been made by PWB in close cooperation with the PRO in Palermo.

NOTES ON THE PROVINCES INDIVIDUALLY

(113) The major problems confronting AMG officers in the provinces were naturally the local manifestation of the island-wide difficulties referred to in the reports of the Regional Divisions, particularly of course those involving food supply, the increase of crime, the spiral of prices, and unemployment. The task of the Senior Civil Affairs Officers in administering the territory assigned to them was further complicated by the reductions to their staffs occasioned by the transfer of officers to the mainland. However, by the end of November in most fields of endeavor the broad outlines of administration had been established, and gradually the weight and responsibility for the operation of the economic affairs of the island was shifted over to the Italians themselves.

Agrigento

(114) Demonstrations occurred in several localities as a result of Order No. 13 which reduced the retention of grain held by producers for family use. Discontent was also stimulated by the transfer of grain from this province, one of the largest producers, to other needier localities. One successful kidnapping case was reported, where the ransom of 500,000 lire was duly paid, and the victim promptly released.

Caltanissetta

(115) Two AMG employees in an AMG car were held up by armed bandits on the Mazzarino-Reisi road. In the ensuing struggle one of the bandits was

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Caltanissetta

(115) Two AMG employees in an AMG car were held up by armed bandits on the Mazzarino-Reisi road. In the ensuing struggle one of the bandits was killed and an AMG employee wounded. Two men were brought to trial before an AMG court and were sentenced to death. All the sulphur mines in the province were amply supplied with electricity and were able to resume operations.

Catania

(116) During the month five men were found guilty of highway robbery and given sentences of ten years each. There was an abundant crop of lemons and mandarines, a great deal of which was available for export. Cabbage, cauliflower, and lettuce were also very plentiful.

Enna

(117) In view of the fact that this province produced little wheat and wheat, olives, and almonds the Consorzio Agrario was instructed to work out

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exchange agreements with the Consorzi of other provinces. The economy of the province was greatly assisted by this step, by which cheese from Ragusa, oil and cement from Messina, salted sardines from Trapani, and fresh fish from Agrigento and Palermo were imported in exchange for grain, table olives, and almonds. A British Army Remount Depot was established in one of the communes and engaged in extensive purchasing of mules, causing a further drain on civilian supplies since large quantities of barley, oats, and fodder had to be supplied through the Consorzio Agrario.

(118) The arrival of an Italian Army Division created an increased demand for water and electricity services and housing. However, the troops were all satisfactorily accommodated, and conferences were begun to consider the possibilities of using them for guard and other duties.

Messina

(119) The shortage of bread was somewhat relieved due to greater imports from other provinces, and a general improvement in public morale could be noticed. The alimentation problem continued to be the most pressing one but the greater coordination of the entire food resources of the island undoubtedly operated for the benefit of this province, which had always been greatly dependent on the more productive areas of the island.

(120) Repair of the many public buildings was retarded due to the scarcity of various building materials, but requests were forwarded to the Regional Economics and Supply Division for some items and it was hoped that these would be complied with.

Palermo

(121) The situation regarding the bread ration improved during the month owing to the importation of grain from Caltanissetta and the arrival of some American flour. Minor disturbances arose in several communes but there were no serious outbreaks, and due to the efforts of Sindaci and other responsible officials a general understanding of the situation was fostered among the people as a whole.

(122) The general state of crime in the province showed an increase in armed robberies, but prompt action on the part of the Carabinieri and severe sentences by AMG courts were an effective deterrent to any general lawlessness.

Ragusa

(123) Evidence of the existence of a political party by the name of "Ferrea" was discovered in the commune of Scicli, but special police measures were instituted and no developments other than the issue of manifestos were reported. A number of cases of typhoid developed at Vittoria but close supervision was exercised by the Provincial Doctor, the outbreak was definitely localized, and the number of new cases declined rapidly.

Siracusa

[illegible] presented a

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Siracusa

(124) The scheduled reopening of schools on December 1 presented a problem since many school buildings were still occupied by troops. The minimum accommodation required was assured by the end of the month and it was hoped that the movement of the military units would further improve the situation before the resumption of classes.

(125) A large amount of shipping space was urgently required in order to export the record surplus of oranges, tangerines, and lemons, and representations were made to the appropriate Division at Regional headquarters.

Trapani

(126) A known undercurrent of political activity existed in the province but without any open demonstration. Control measures were limited to the enforce-

ment of the AMG prohibition of public meetings of a political nature, since there was no evidence of subversive activities.

(127) A report was received from the Alimentazione office to the effect that farmers were not planting grain for the 1944 harvest, stating that with the present cost of farm labor they could not afford to raise grain at the price of 500 lire per quintal. The suggestion was put forward that an announcement should be made immediately to the effect that the price of grain for the next harvest would be 1,000 lire per quintal so as to ensure that an adequate crop would be planted.

SECTION II

Political

(128) The consensus of opinion is that the morale of the civilian population in the five provinces of Calabria and Lucania improved on balance during the month.

(129) The improvement was more marked in Matera and Potenza than in Reggio, Catanzaro and Cosenza. In the first two provinces, the grain supply was adequate to permit the issuance of the full daily ration of 150 grams of bread per person. In the other three provinces, the supply of grain and flour was inadequate, and the nominal ration of 150 grams was, in fact, reduced to 100 for a large part of the month, and in some cases nothing could be provided.

(130) Positive factors contributing to the improvement in morale were the growing confidence in the fairness of AMG officials, the sincerity of their professions that they wanted to help the people, the removal of Fascist officials, the absence of large bodies of allied troops, and a resumption of the payment of the military subsidy as of November 1st.

(131) The most aggressive "parties" are the Communists and the Socialists, and competition between these two for positions of influence became rather sharp in Cosenza province. When the R.C.A.P.O. and other AMG officers discussed the situation with some of the Communist leaders they agreed that since we were fighting their battle and trying to help them, they would suspend political agitation and try to prevent the occurrence of disturbances of public order as long as we remained in control, but that they would do all they could to embarrass the Badoglio Government when it took charge. An indication of the state of political opinion is given by the fact that when the publication of newspapers was permitted in the province of Cosenza, eleven were started within a few weeks, each representing a different hue of political opinion.

(132) On November 8, the R.C.A.P.O. and a Legal Officer, when visiting Rossano to deal with the cases of certain political prisoners, were informed by the Carabinieri Maresciallo that the Communists had arranged a public mass meeting to follow a procession through the town later that day. Because of the high feeling between the Communists and the Socialists, he feared trouble would result. In this fear, the Podesta concurred. The R.C.A.P.O. thereupon called the leaders of both groups together and obtained from them an agreement to suspend

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Political

(128) The consensus of opinion is that the morale of the civilian population in the five provinces of Calabria and Lucania improved on balance during the month.

(129) The improvement was more marked in Matera and Potenza than in Reggio, Catanzaro and Cosenza. In the first two provinces, the grain supply was adequate to permit the issuance of the full daily ration of 150 grams of bread per person. In the other three provinces, the supply of grain and flour was inadequate, and the nominal ration of 150 grams was, in fact, reduced to 100 for a large part of the month, and in some cases nothing could be provided.

(130) Positive factors contributing to the improvement in morale were the growing confidence in the fairness of AMG officials, the sincerity of their professions that they wanted to help the people, the removal of Fascist officials, the absence of large bodies of Allied troops, and a resumption of the payment of the military subsidy on of November 1st.

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(132) On November 5, the R.C.A.P.O. and a Legal Officer, when visiting Rossano to deal with the cases of certain political prisoners, were informed by the Carabinieri Maresciallo that the Communists had arranged a public mass meeting to follow a procession through the town later that day. Because of the high feeling between the Communists and the Socialists, he feared trouble would result. In this fear, the Podesta concurred. The R.C.A.P.O. thereupon called the leaders of both groups together and obtained from them an agreement to suspend political agitation, and devote themselves to cooperating with AMG, which would welcome suggestions for the improvement of conditions, submitted through the Podesta. The Communists, who had painted the hammer, sickle and star emblem on many buildings in the town, at the suggestion of the R.C.A.P.O. painted them out within two hours.

(133) Subsequently, an order prohibiting all public meetings and demonstrations, other than for religious purposes, was sent to all S.C.A.Cs.

(134) The occurrence of a fair number of apparently spontaneous demonstrations all over the Region, conforming to the same pattern and ostensibly caused by trivial complaints, led to the suspicion that there might be some form of organization and control direction behind them. The R.C.A.P.O. was directed to explore this possibility.

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(135) The process of replacing incompetent and fascist officials made considerable progress during the month. The most important change occurred in Cosenza. On the 4th of November, during the temporary absence of the S.C.A.O. and the C.A.P.O., a mob apparently inspired by the Communists, rushed the Prefettura, assaulted the Prefect, and obtained his resignation. The S.C.A.O. had decided previously to remove this official, and had been considering various persons for the appointment. He now appointed Signore Mancini, a former member of Parliament, a lawyer by profession, who had been imprisoned three times by the Fascists.

(136) By the end of the month, 93 new mayors had been appointed in the 152 communes of Cosenza. Approximately 100 have been appointed in the 154 communes of Catanzaro, and 70 out of 89 in Reggio; 27 out of 32 in Matera, and approximately 70 out of 91 in Potenza. Most of the important communes had been covered, and in some of those where no change had been made it was difficult to find any competent person to replace the incumbent.

(137) Captain Vesselo, representing the Educational Adviser, was attached to the Region during the month and began a survey of the educational system, in which he paid particular attention to the qualifications and suitability of the Provveditori degli Studi.

(138) Schedi Personale were printed and distributed to all provinces in order to obtain the basic information with respect to all important officials.

(139) On the 9th of November, information was received that Lt. Gen. Marcolli, commanding the 31st Italian Army Corps, had notified the Prefects in Calabria to submit the names of all proposed appointees as new mayors of communes to him for approval, prior to appointment. Since this was in direct interference with AMG, the R.C.A.C. went to Catanzaro, where he learned that Lt. Col. Rodd, S.C.A.O. of the Compartimento of Calabria, had objected to this order immediately upon receiving it, and had demanded its cancellation three days previously. On the evening of November 10 he had received no reply. The R.C.A.C. therefore summoned Gen. Marcolli to a conference the next morning and discussed the situation with him. The General stated that he had not understood the limitations upon his authority, had received no instructions, but desired to cooperate with AMG, and that he had already cancelled the order.

(140) Immediately after the assault upon the Prefect of Cosenza, Gen. Marcolli, without consulting Lt. Col. Rodd, had moved troops into Cosenza and issued orders that one of his subordinates was taking over command of the "Presidio" of Cosenza. It was explained to him that AMG was charged with the maintenance of public order and that he would take no action in that field except upon request of AMG, and he was specifically informed that he had no control over the Carabinieri and that he would not issue any orders to them. He agreed to these limitations.

(141) While on this trip, the R.C.A.C. also learned that on November 9 a Lt. Col. Simonetti, of the 7th Italian Army, had issued an order to seize the POL supplies of AMG in Cosenza, amounting to 250 drums. He had forbidden the issue of any of this fuel under pain of prosecution before an Italian Military Court. General Marcolli stated that Col. Simonetti was not under his command, but agreed to inform him that this seizure of AMG supplies would halt the distri-

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(142) Later in the month it was learned that Major General Medore, commanding a division of the Italian 31st Army Corps with headquarters in Cosenza, had made a strongly Fascist, anti-Allied speech to his officers. The foregoing were the outstanding matters in a series of incidents with the Italian Army during the month.

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Public Safety and Law Enforcement

(143) While detailed reports have not been received from the provinces, superior officers of the Carabinieri state that the number of serious crimes of violence has decreased almost 75% since the occupation, as compared with the previous year. The most common form of crime is dealings on the black market. During the month further information was received concerning black market activities centering in Cosenza and using Bari as their chief source of supply. There were also reports of dealings in lire-dollar exchange at other than the legal rate. These are being investigated by the C.A.P.Os.

(144) On the 24th of November a hand grenade was thrown into the printing office of a Communist newspaper at Catanzaro. Nobody was injured and only slight physical damage was done. It is suspected that the culprits were soldiers of an Italian parachute regiment stationed nearby. These troops, which the Commanding General of the 31st Italian Army Corps admitted were ill disciplined, were moved to the King's territory on the 29th of November.

(145) The work of reviewing the cases of 287 civilians who had been arrested in Region II on security grounds by P.S.S. and other military units, and confined in civilian prisons was completed during the month. This review showed clearly that the work of P.S.S. was very slip-shod. In some 60% of the cases, no arrest slips were found, and in many other cases the slips were practically valueless because of the paucity or quality of the information contained. The statements "A spy. Dangerous type who should be shot rather than arrested. Recommended for deportation," and "Anti-Allied propaganda overheard by witnesses. Dangerous to security - recommended for eight months imprisonment," are of small value.

(146) All of these cases were dealt with by C.A.P.Os under an agreement with 5th Army G2I after the Region was turned over to AMG, and our recommendations were approved without exception.

(147) The improvement in the discipline and reliability of the Carabinieri which began in October continued during November. C.A.P.Os inspected the men and barracks in many places and ordered improvement in their personal appearance and a cleaning up of the stations. Many Marescalli were shifted to new posts. The R.C.A.P.O. had several conferences with the General and Colonel of the Corps at Bari, respecting general conditions, and transfers of Lt. Col. Commanding at Cosenza, and the Majors in charge of Matera and Potenza provinces. It will take a considerable period of time to undo all the harm which the Fascist regime has wrought upon the morale and efficiency of this once fine police force.

(148) Early in November, the R.C.A.P.O. investigated the histories of more than 100 Public Security Agents in Matera province. A number were found to have bad records, five were OVRA agents, others were Squadristi and ardent Fascists, and still others had given much assistance to the Germans. Six were dismissed forthwith and ordered out of the province. Fourteen more, stationed at Pisticci, were not only useless, but a bad influence in the neighborhood; these were given indefinite leave. Twenty-two out of forty others, stationed at Matera, were disbanded, and some of them ordered to leave the town. The remainder were retained on trial. In the brief period which has elapsed since this

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(145) The work of reviewing the cases of 267 civilians who had been arrested in Region II on security grounds by P.S.S. and other military units, and confined in civilian prisons was completed during the month. This review showed clearly that the work of P.S.S. was very slip-shod. In some 60% of the cases, no arrest slips were found, and in many other cases the slips were practically valueless because of the paucity or quality of the information contained. The statements "A spy. Dangerous type who should be shot rather than arrested. Recommended for deportation," and "Anti-Allied propaganda overheard by witnesses. Dangerous to security - recommended for eight months imprisonment," are of small value.

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Local

(149) Instructions were given to R.C.A.P.C. Region II to take the necessary steps in order to publish General Order No. 12 (Reorganization of the Italian Carabinieri) as soon as local conditions would permit.

(150) The number of cases to be heard by Allied Military Courts in Region II continued to be very small. In Potenza province only one case was tried; the defendant was acquitted by a Superior Court of the charge of making

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remarks hostile to the Allied Forces. In Matera a Summary Military Court convicted two defendants of operating a passenger bus on nafta contrary to the orders of the Allied Military Government and fined them each 5,000 lire. Although a full report from Calabria has not yet been received it is believed that only five Summary Court cases were heard, all in Reggio. At Crotone a court composed of three judicial officers heard charges of the unlawful killing of an Allied soldier by an Italian civilian and convicted the accused. The appointment of the Tribunal as a General Military Court is now awaited, and upon its receipt the defendant will be sentenced. In all of the provinces of the Region there are a substantial number of cases under investigation and awaiting trial by Military Tribunals.

(151) The Committee which was established in Potenza for the investigation of crimes committed during the last years of the Fascist regime and which, for political reasons were never prosecuted, has been operating efficiently and industriously. Some thirty cases have been investigated by the Committee, and, in accordance with the procedure established in the Order establishing the committee, fourteen have been referred to the Procuratore del Re for further investigation and possible prosecution in accordance with Italian law. One case referred by the Committee to the Procuratore, and involving the continuous violation of Italian law both before and after occupation, has already been tried by the Tribunals and resulted in a conviction. The Procuratore, feeling that the court showed excessive leniency in its sentence and in its finding of not guilty on one of the five counts, is appealing the case to the Corte d' Appello. The Committee has appointed an investigating agent in the Province of Matera whose responsibility it will be to report to the Committee on cases in Matera of the character with which the Committee is concerned. All reports indicate that the formation of the Committee and its work to date have done much to give the population confidence in the integrity and good faith of AMG.

Finance

(152) The banks in Region II continued to operate efficiently and without any important incidents during the month of November. The only thing worthy of mention with respect to currency during the month was the information of deals in lire-dollar exchange at other than the legal rate.

(153) The method of financial control set up by the R.C.P.C. was thoroughly discussed with the Chief Officers of the Finance Section at a conference in Palermo early in the month. The essentials of the plan were, in substance, continued, but three additional Finance Officers were sent to the Region so that it would be possible to have one in each provincial capital to check the civilian governmental finance operations.

(154) On the whole, bank deposits have recovered to the level of June, 1943, and cash ratios have greatly improved, but banking profits are suffering greatly from non-payment of the state debt and the limited opportunities for commercial credit, particularly due to the reduced activities of the Consorzio Agrario. Some managers have expressed doubts as to their ability to maintain existing deposit rates. All have expressed a strong desire to participate in the financing of reconstruction projects, and in the activities of AMG Industry, Supply and Export Trade Sections.

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(155) Post Offices have been opened where physical conditions permit for normal deposit business and for effecting the payment of various public employees and beneficiaries.

(156) The payment of military separation allowances was resumed, non-retroactively, effective from November 1, except that payment to the families and dependants of the Fascist Militia were abolished. This step was very well received by the public.

(157) The 31st Italian Army Corps stationed in Calabria to guard the lines of communication and repair roads and bridges, informed the R.F.C. in October that their expenses were 50,000,000 lire per month, that they were without funds, and that pay was in arrears. An advance of 17,000,000 lire was

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arranged with the Bank of Italy, but further such arrangements were suspended on orders from AMG HQ. The serious situation resulting from the presence of this large body of troops on our main line of communication between Sicily and the mainland was bad enough, considering the attitude of the commanding officers, which amounted to scarcely veiled hostility, the incompetence of the officers, and the very low state of discipline and morale. Fortunately, permission was received during the month to advance 50,000,000 lire to the Commanding General.

Posts, Telegraphs and Telephones

(158) Postal service was limited to the transmission of official mail on a very restricted basis by the use of all possible makeshifts. In the province of Matera, a wood burning bus provided a weekly service to the neighboring province of Potenza, and to the chief communes in Matera province. Toward the end of the month it was found possible to send and receive telegrams to and from Apulia, Cosenza and Potenza, but the service was very erratic. The same was true of telephone service with Potenza and Apulia for official business.

Property Control

(159) Particulars furnished by Provincial Prefects confirm that with the exception of some A.G.I.P. (ex Nafta and Shell) installations, Allied properties in Region II are few in number and of no great value. They have however been taken into custody. Except for some salvaged material valued at 7,000 lire from a British ship "Vision of St. Anthony," the properties all belong to American nationals. In the provinces of Matera and Catanzaro there are a few properties which belong to French subjects, but as Proclamation No. 6 has not been extended to French property, they have been left in the hands of the Italian sequestrators.

(160) Italian State property has not been taken into custody, in view of Italy's new status of co-belligerent and the prospective handing over of the general administration to the Italian Government. Reports from Prefects have not so far disclosed any properties belonging to any enemy states or nationals thereof, beyond the small orange grove belonging to a German citizen in the province of Reggio, mentioned in the October report.

Economics and Supply

(161) The general trend in wages and prices continued upward, with the inevitable demoralizing effect upon the public at large and as a distinct stimulant of the black market. This stimulant was aggravated by purchases of supplies for Army units and messes without any reference to AMG officials. It is believed that such purchases are usually made at rates far above the official prices, and there is also reason to believe that the agents used to make these purchases took advantage of their connection with the military to cover black market activities on their own account. Definite evidence is very hard to obtain because the first information is usually received after the transactions have been completed, and the purchasers have departed.

(162) The harvesting of grain practically ceased during the month. The official price for grain has not been changed. In many cases, therefore, producers sustain an actual loss when they harvest their grain, while they can make a substantial profit from what they can sell on the black market. The result is obvious.

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(163) The prospects for the next grain crop are discouraging. The supply of fertilizers is extremely short. Even the small amount of artificial fertilizer at the Montecatini Plant in Crotone has not been distributed for lack of transportation. There is a marked shortage of seed potatoes and seed wheat. Some of the seed wheat available has had to be used to maintain even a 100 gram bread ration in Calabria. Transportation and sacks are lacking to bring seed wheat from Foggia, where a small amount has been allocated. Some reports indicate a slight increase in the acreage sown to wheat in Matera and Potenza provinces. On the other hand, reports have been received that some peasants have drawn their seed wheat, and then changed their farms, selling the seed wheat on the black market and applying for another issue.

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(164) The olive oil crop has, on the whole, been good and there will be some surplus available for export from Calabria. The chestnut crop in the Calabrian mountain districts and Potenza has been fair. Efforts are being made to gather these chestnuts and use them as a substitute for grain rations.

(165) No additional supplies of coal have been received. None is being used for the heating of buildings or domestic purposes except in the case of a few hospitals. It is estimated that the supply on hand for railroad purposes will last until approximately the end of December. There is a considerable amount of charcoal on hand in the mountain districts, but transportation to move it to the consuming areas is lacking. It is reported that there are 16,000 tons of a poor quality of lignite above ground at the Castelluccio mines, southwest of Lauria, near the Potenza-Cosenza border. Lack of transportation prevents the movement of this coal.

(166) Because of the prospects for a good crop of olive oil, and discovery of the fact that in some places a considerable quantity of the previous crop had not been moved to market for lack of transportation, the olive oil ration was increased to a litre per person per month. This immediately reduced the black market price materially and brought it to a point where it was only slightly above the ration price.

(167) The bread supply for ration purposes was in a desperate situation at the beginning and end of the month, and only fair at any time. Matera and Potenza provinces were able to maintain the normal ration of 150 grams per person, but in Calabria all three provinces were completely out of grain and flour at various times during the month. The only supplies received during the month were some 4,000 tons of flour from the Near East, which was landed at Brindisi and trans-shipped by rail and water to Reggio and thence to the three Calabrian provinces. The transportation conditions were very bad. The interruption of rail traffic by the washing out of bridges also interfered with distribution. There were a small number of food demonstrations during the month, but the number was actually smaller than might well have been expected under the circumstances. At the end of the month the only information of prospective supplies was notice of a shipment of 1,600 tons destined for Reggio.

(168) The continuance of the practical paralysis of ordinary business and industry keeps unemployment at a high level. This unemployment will probably increase as the sowing of crops and the harvesting of olives comes to an end.

Education

(169) One private girls' school under church auspices was opened in the town of Matera with approximately 120 pupils. Work was started on reopening the public schools throughout the Region. Previous to his arrival, a committee appointed at the institution of the A.C.A.O. of Matera province had drawn up a plan for reorganizing the schools which was approved by AMG HQ. Arrangements were made for holding examinations and the task of weeding out undesirable administrative and teaching personnel was begun. The plans of this province and of Potenza were upset to a considerable extent by the information that a Division of troops was coming to each of these provinces for training purposes, and that it would be necessary to use a considerable number of schools for billets.

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Education

(169) One private girls' school under church auspices was opened in the town of Matera with approximately 125 pupils. Work was started on reopening the public schools throughout the Region. Previous to his arrival, a committee appointed at the instigation of the S.O.A.O. of Matera province had drawn up a plan for reorganizing the schools which was approved by AMG Hq. Arrangements were made for holding examinations and the task of weeding out undesirable administrative and teaching personnel was begun. The plans of this province and of Potenza were upset to a considerable extent by the information that a division of troops was coming to each of those provinces for training purposes, and that it would be necessary to use a considerable number of schools for billets.

Public Health

(170) The position during the month was satisfactory, both in regard to the general state of health and medical supplies. A survey of hospitals was made during the month by two officers from headquarters.

Refugees

(171) During the month information was received that the facilities in Apulia for accommodating refugees from the combat zone were reaching the saturation point, and that Region II should make preparations to receive an unknown number of such people. Work was immediately started, and within three days

plans were ready to accommodate up to 5,000 people in Matera province. The prospective arrival of the division for training necessitated reducing this number to about 3,000. Plans were also prepared for Potenza province, and preliminary notice was given to the Calabrian provinces. It is not, however, deemed desirable to send any refugees to Calabria until the food supply for the present population becomes more regular. If any considerable number of refugees is sent to the Region, their food will have to be provided, in a large part, from outside supplies. In the preparation of these plans for handling refugees, some Red Cross personnel who were then in the Region were veryhelpful.

+ + + +

Regions I and II confirmed the wisdom of decentralising AMG administration into the regional set up. Under conditions prevailing in occupied territory, with transportation and communications still unavailable in any satisfactory degree for military government purposes, considerable independence of action by AMG officials in the field was found to be essential as a practical matter. Centralizing this authority at the regional level has maintained a channel between general headquarters and the field and at the same time has given the officers at the provincial level specialized assistance to a degree which is not practicable from the higher headquarters.

(173) A general tightening up of local administration and placing of responsibility on Italian officials was noticeable in Region I during the fourth month of the Sicilian occupation and in Region II as well.

Respectfully submitted,

CHARLES M. SPOFFORD
Colonel, G.S.C.
Deputy Chief Civil Affairs Officer

Encl - 1
Finance Report - Exhibit A

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S E C R E T

APPENDIX A

REPORT ON THE ACTIVITIES OF FINANCE SUB-COMMISSION, HQ., AMG/ACC DURING NOVEMBER, 1943

To : Colonel C.M. Spofford,
C.C.A.O., A.M.G. SICILY.

15 December, 1943

I. Introduction

During the first week of November, the bulk of the Finance Sub-Commission personnel arrived at Palermo from Tizi-Ouzou. Planning and operations could thus be carried forward under circumstances of more intimate collaboration with A.M.G. finance personnel already established in Sicily. During the month, planning for expanded operations on the Italian mainland was further developed, and numerous activities were engaged in. A detailed description follows under the appropriate organizational sub-headings.

II. Representation at Command Post of A.C.C. at Brindisi

The Finance Sub-Commission sent forward the D.C.F.O. and an assistant as its representation to the Command Post of A.C.C. established at the seat of the Italian Government. It carried on extensive negotiations with Lieut.-Colonel Guido Jung, the Under-Secretary of Finance with respect to the following matters:

(a) Scale of Wages for Governmental and Private Employees

The Finance Sub-Commission was opposed to an increase in such wages in view of the inflationary situation, but nevertheless, such a wage increase was ordered in Region I and no further objection could be made to wage increases by the Badoglio Government.

(b) Wheat Prices

In line with the suggestions of the Finance Sub-Commission, the Badoglio Government did not fixed any price for next year's crop of wheat.

(c) Tobacco Monopoly

Arrangements have been made to import as rapidly as possible stocks of tobacco paper so as to increase revenue returns from the tobacco monopoly.

(d) Payment of Italian Bonds maturing December 15,1943

Arrangement were worked out the payment by the Italian Government of the December 15 maturity of Italian Government Bonds throughout the non-German occupied parts of Italy. Up to three hundred million A.M. lire are being advanced by A.M.F.A. to the Italian Government and the Bank of Italy for this purpose.

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In line with the suggestions of the Finance Sub-Commission, the Badoglio Government had not fixed any price for next year's crop of wheat.

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(e) Metropolitan Currency

Negotiations were begun for the Italian Government to print its own currency which it would use in lieu of A.M. lire.

(f) Advances to the Italian Government

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A preliminary examination has been made of the general Budgetary deficit of the Italian Government for the month

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of December, including the needs of its armed forces. A request by the Badoglio Government for an advance of [illegible] billion lire is being carefully scrutinized.

(B) Control of Sales and Transfers of Land

Lieut- Colonel Guido Jung has agreed with our point of view that, in order to curb inflationary tendencies, sales and other transfers of land should be subject to control.

III. Inflation

1. The Finance Sub-Commission has been giving a great deal of study to the various aspects of the inflation problem and has prepared a number of memoranda describing the inflation aryand cost of living situation in Sicily and outlining a programme of study and action.

2. The Finance Sub-Committee opposed the proposed order to increase wages because, standing alone, it would aggravate the inflationary situation. The rise in prices which has occurred during the year and a half since the last wage adjustment has no doubt reduced sharply the purchasing power of the Sicilian workers' wages. However, the Finance Sub-Commission took the view that an increase in wages would give workers only temporary relief and would in fact injure them by adding to the inflationary pressure through the increased flow of purchasing power and increased cost of production. Moreover, a general wage increase would be generally interpreted by the local population as an acceptance on the part of the Allied Military Government that inflation was inevitable. Accordingly, the Finance Sub-Commission took the view that the welfare of the working population could be secured only by a stabilization of the cost of living. To this end, it urged that the wage increased be approved only as part of a thorough going stabilization and adjustment programme, including plans for:

(a) the diversion of purchasing power from consumers' expenditures,

(b) the increase in the supply of civilian consumers' goods, and

(c) the enforcement of inflation control regulations.

Although it was finally decided to is issue the wage increase order the attention of the whole Headquarters has been focused on the inflation and food problem, and measures have been taken to increase the importation of wheat.

3. We have also participated in many situations involving the fixing of prices for imports and exports and of other goods in Sicily from the point of view of its effect on the inflation ary situation.

In an effort to keep abreast of the cost of living situation and to obtain the necessary data, arrangements have been completed for the calculation of a cost of living index for all occupied territory. All Regions have been supplied with schedules on which they will submit weekly reports of legal and prevailing black market prices for 12 basic commodities. On the basis of this information, the Headquar-

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4. The Currency and Exchange adviser and another Officer of the Sub-Commission attended in Naples the first Conferences of the Allied National Resources (Italian) Board Sub-Committee relating to the subject of wages and other conditions of labour, availability of surplus products for the Armies and prices to be fixed on goods sold on the mainland. A report prepared as a result of the study of the price and inflationary situation in Naples indicated that the situation in Region III was fundamentally the same as that in Sicily.

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Contract of Alaska Transportation
Report of Activities
of the Finance Sub
Committee, AMS&DC,
during November 1943
9 Documents
9 Items

10556/101/501

IV. Governmental Expenditures and Revenue

During the month extensive Conferences were held with representatives of Financial Sections of all areas in Italy on the subject of clarifying our system for the control of the Budgets of the State, Provinces and Communes. As a result of these discussions and studies there was issued the Memorandum on Control of Budgets and Expenditures and Method of Approval and Payment of necessary Advances dated 22 November, 1943 which stated the procedure to be followed in controlling State, Provincial and Communal Budgets and advancing A.M.F.A. funds to cover the deficits. The forms used in connection with these instructions were printed and instructions and forms were issued to Regions I and II and were also sent to A.M.G. 15 Army Group and to Region VI in order that a coordinated programme of budgetary control could be followed throughout Italy under our control. Basically, these new instructions centralised at the Regional level final decisions over permissible expenditures and advances of funds and represented the third phase in budgetary control since Sicily was occupied. In the first phase after occupation budget control and advance of funds was to a large extent in the hands of C.A.Cs. In the second phase, the Provincial Finance Officer was given increased authority in this field. With the improvement in communication and transportation and increased knowledge as to the function of local budget systems it has been possible to achieve greater coordination of control and more prompt knowledge at Regional Headquarters as to the purpose for which A.M.F.A. funds are being advanced by the programme of budgetary control which has now been adopted.

2. It was also realized that with the imminent turning over of Regions I and II to the Italian Government, as well as the need of the Italian Government for funds, it was necessary to consider the financial control policy and the mechanism by which advances to the Italian Government would be made. This problem was studied extensively and was the subject of many cables and memoranda between this Headquarters, A.F.H.Q. C.C.S. and Brindisi. C.C.S. sought to define its policies on this matter in TA 66 and TA 86. In TA 66, C.C.S. authorised the resumption of Italian debt services and revoked Paragraph 17 of the Monetary Directive of June 1, 1943 which had prohibited the use of A.M.F.A. funds for payment of principal or interest of the Italian debt. In TA 66 C.C.S. also advance the general principle that Italian needs should be handled through regular banki[illegible] and A.M. lire supplied to the banks when[illegible] TA 86 C.C.S. agreed to the advance of fun[illegible] Italian Government including funds needed f[illegible] for the payment of the Public Debt, pro[illegible] seemed desirable in view of military nece[illegible]nces. The two cables taken together auth[illegible] either directly to the Italian Governmen[illegible] banks which would in turn [illegible] which method enabled us

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Government wo these instructions, the Ita-
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of gross figur expenditures by categories
and the source is with the best available
past date. In nder of the financial year
were requested ce Sub-Commission are now wor-
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Because of the shortage of funds by the Italian Government, we advanced A.M. lire for payment of the Italian armed forces and agreed to furnish funds to the Italian authorities through the Bank of Italy if needed in connection with the December 15 maturity of Italian Government Bonds.

3. Revenue

The State Revenue position in Region I is given in the following figures which show the total receipts from all sources:

(in thousands of lire)

Provinces	Year 1942/43 to dates banks closed in July 1943	YEAR 1943 - 1944 July	August	Sept.	Oct.	Total four months
Agrigento	90.254	407	125	5.800	786	7.118
Caltanisetta	174.380	305	-	2.520	3.240	6.065
Catania	784.820	1.040	16	765	12.952	14.773
Enna	47.000	1	-	1.250	3.510	4.761
Messina	298.925	297	81	41	6	425
Palermo	808.020	1.320	-	551	19.070	20.941
Ragusa	60.100	120	2.234	840	-	3.194
Siracusa	151.270	303	91	296	7.250	7.912
Trapani	258.556	402	-	3.350	4.786	8.338
Island Total	12.673.325	3.995	2.547	15.415	51.600	73.557

The figures given for 1942-43 include the following items from which at present practically no revenue is being received:

Customs..... Lit 101.800.370
Monopoly..... Lit 624.165.000
Lottery..... Lit 177.750.895

Although the figures show a steady rise indicating the return to more normal conditions it is clear that considerable further time must elapse before collections reach normal budget estimates.

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	Receipts of tax banks closed in July 1943	July	August	Sept.	Oct.	Total four months
Agrigento	90.254	407	125	5.800	786	7.118
Caltanisetta	174.380	305	-	2.520	3.240	6.065
Catania	784.820	1.040	16	769	12.952	14.773
Enna	47.000	1	-	1.250	3.510	4.761
Messina	298.925	297	81	41	6	425
Palermo	808.020	1.320	-	551	19.070	20.941
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/Sheet 5

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V. CONTROLLER OF FINANCIAL INSTITUTIONS SUB-SECTION.

1. Reorganization.

One of the first steps taken on arrival at Palermo from Tivoli Caracu was the allocation of personnel and certain over-lapping activities between the C.F.I., H.Q. and Finance Division, Region I. Several officers on the staff of the latter were thereupon attached to the staff of the former. Certain activities about which there might be duplication of effort were allocated either to Region I or to Headquarters. In the latter category were the following questions:

(a) The reopening of the Bank of Italy in Sicily.

(b) The broad question of re-establishment of full service within and between regions of the postal banking syste.

(c) The lack of commercial insurance in Sicily and in other parts of liberated Italy.

2. Agreements between AMFA and Sicilian Banks.

The existing agreements between AMFA and the banks of Sicily began to mature during the month, the first terminating on November 20, and it was therefore necessary to deal with the question of the renewal of this agreement and the terms thereof. This matter was considered by a committee consisting of representatives of H.Q. and Section I. A plan for renewal was agreed upon and individual contracts have been revised accordingly. The essence of the renewal agreement is to continue all existing contracts until December 31 pending decision (discussed in the succeeding paragraph) on future activities of the Bank of Italy.

3. Re-opening of Bank of Italy.

The question of the use of the Bank of Italy in Sicily as a control bank set by AMFA was then studied by a committee composed of representatives of Headquarters and Region I. . In due course a recommendation was made to the C.F.O.which has since been approved by A.F.H.Q. that subject to specific agreements on its part, the Bank of Italy be opened for normal activities at the earliest possible moment. Steps are being taken to accomplish this if possible by December 15.

4. Need for an Italian Governmental Institutions to Advance Credits.

In view of the probable need of local industry and commerce for financial assistance through the normal channels, which [illegible]

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3. Re-opening of Bank of Italy.

The question of the use of the Bank of Italy in Sicily as a central bank and by AMFA was then studied by a committee composed of representatives of Headquarters and Region I. , in due course a recommendation was made to the C.P.O.which has since been approved by A.F.H.Q. that subject to specific agreements on its part, the Bank of Italy be opened for normal activities at the earliest possible moment. Steps are being taken to accomplish this if possible by December 15.

4. Need for an Italian Governmental Institutions to Advance Credits.

In view of the probable need of local industry and commerce for financial assistance through the normal channels, which in many instances may be available, study is now being given to the question of re-establishment in liberated Italy of one of the former Government financial institutions which could fill this need.

Already there have been instances in which AMFA has had to consider either advancing funds or guaranteeing loans and it is envisaged there may be considerable future need for this type of financing.

5. Insurance.

No commercial insurance is available to business, industry or individuals in liberated Italy. The need for such financial facilities is now being made the subject of study in Sicily and if it is found to exist effort will be made to work out a plan looking toward the re-establishment of various forms of insurance.

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6. Assistance to Region I Staff.

By arrangement between Headquarters and the C.P.O. of Region I members of the insurance department of the Headquarters section are continuing to work on severed complicated social insurance problems all confined to Region I activities.

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VI. AMFA and Currency.

1. At the beginning of the month, in accordance with decisions reached on 3 October 1943, a Headquarters unit of AMFA was established, for the purpose of determining the policy of the organization. Recurrent operations remained in the hands of the branch offices at Palermo and Naples. Headquarters, at present consisting of three officers and one enlisted man, is a part of and located with H.Q., Finance Sub-Commission. The first branch outside Palermo had been established at Naples on October 22. On 5th November an officer was sent to Bari for the purpose of opening a branch office of AMFA there. This was followed on 11 November by the dispatch of another officer to Sassari, where the fourth branch office has been organized. It is thus evident that AMFA will operate throughout Italy, regardless of the particular Allied authorities who are responsible for a given area. Each branch is being provided with necessary supplies of AM Lire notes through instructions from Headquarters.

2. Each branch will maintain separate accounts and also a separate note register, in the form specified on page 1 of the accounting instructions. Headquarters will communicate direcly with branches and will receive from each branch a statement of Assets and Liabilities, with supporting schedules, as explained in these instructions. This will make it possible for Headquarters to be currently informed as to the cash position and current operations of each branch. Consolidated statements of assets and liabilities will be prepared at the end of each month, by the Chief Accountant. AMFA Headquarters will also be responsible for ordering AM Lire from Washington and for directing the movement of currency in wholesale amounts to the branches, from incoming shipments, or from one branch to another. If in the future an alternative Lire currency is provided by the Italian Government or from any other source, AMFA Headquarters will control the ordering and distribution of such currency to AMFA branches or in any other manner which may be deemed expedient.

3. In order to exercise more effective scrutiny over advances to the Italian Government, to local governments, and to parastatal institutions, the Chief Revenue Officer on November 25 issued revised instructions covering such advances in Regions I and II. In brief, statements of estimated revenue and expenditure during the month will be required of all such public bodies to be submitted, in various cases in the preceding month. These will support the requests for advances, which will in all cases be approved by the Prefect or the Provincial Intendente di Finanza.

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the purpose of opening a branch office of AMFA there. This was followed on 14 November by the dispatch of another officer to Sassari, where the fourth branch office has been organized. It is thus evident that AMFA will operate throughout Italy, regardless of the particular Allied authorities who are responsible for a given area. Each branch is being provided with necessary supplies of AM Lire notes through instructions from Headquarters.

2. Each branch will maintain separate accounts and also a separate note register, in the form specified on page 4 of the accounting instructions. Headquarters will communicate direcly with branches and will receive from each branch a statement of Assets and Liabilities, with supporting schedules, as explained in these instructions. This will make it possible for Headquarters to be currently informed as to the cash position and current operations of each branch. Consolidated statements of assets and liabilities will be prepared at the end of each month, by the Chief Accountant. AMFA Headquarters will also be responsible for ordering AM Lire from Washington and for directing the movement of currency in wholesale amounts to the branches, from incoming shipments, or from one branch to another. If in the future an alternative Lire currency is provided by the Italian Government or from any other source, AMFA Headquarters will control the ordering and distribution of such currency to AMFA branches or in any other manner which may be deemed expedient.

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posed this the Bank is [redacted] any [redacted] to 100 [redacted] as possible. The [redacted] as this [redacted] is still under review in Washington.

5. The Banco di Roma has been able to provide the necessary assurances to [redacted] of a deposit of AM lire [redacted] by [redacted] of exchange credit [redacted] zone in Sicily. The [redacted] Quarry activities on 20 [redacted] Reports on December [redacted] officials with the exploitation of Italy in Sicily and [redacted] Agreement to furnish [redacted] in the dispatch [redacted] Deposit for [redacted] the assets of [redacted] The Bari branch, in the other hand, has permitted banking activities in addition [redacted] by [redacted] Office, who has in practice [redacted] of Italy for the purpose of [redacted]

6. During the [redacted] on AM lire directly to [redacted] with the Italian [redacted] only to the British [redacted] Deputy Governor in Chief, Sliters. Formerly received an [redacted] from AMGOT, but the Army Government [redacted] by the Armed Forces.

7. During the [redacted] from American [redacted] to the British Security [redacted] opened accounts [redacted] Italian [redacted] with a view to obtaining the British Forces, none of which have as yet [redacted] Italian [redacted] the extent [redacted] in which [redacted] South Africa [redacted] Quarter [redacted] to [redacted] in words, in both English and Italian.

8. [redacted] South African [redacted] Large [redacted] of AM lire notes [redacted] some of the revised type in 500 and 1000 lire [redacted] Quarter Deterrent to [redacted], the denomination [redacted] been added to [illegible]

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in this way, the number of aircraft will be held to a minimum consistent with the safety and efficiency of the operations in the field will be accomplished by two officers in the field will be under control.

This function, however, will require the services of the Bank of Sicily.

4. In view of the urgency of the operations from the United States to Sicily, it is essential that the Bank of Sicily be requested to transfer the funds to the Bank of Sicily, Washington, D.C. to the credit of the Bank of Sicily, New York, N.Y. to the credit of

9. A further payment of 8.940.000 lire was made on 9 November for citric acid, lemon essence and similar commodities for shipment to the United States.

10. The Statement of Assets and Liabilities of AMFA as of the close of business on 30 November 1943 shows the following major items.

Assets

(Expressed in thousands of lire)

1.	Cash on hand and in banks		
2.	Other balances with banks:		
	(a) Provisions against unutilized credits to Banks	769.705	
	(b) Funds deposited by banks with AMFA	787.500	
	(c) Time deposit with Banco d'Italia, Naples	600.000	2.157.205
3.	Funds held by Acctg.Officers in the Field.		1.916.648
4.	A.M. Stamps (incl.those delivered to Post Office		86.71
5.	Payments for account of Civ. Sup.Div.		18.250
6.	Advances to Italian Governmental bodies and others		1.674.868
7.	Loans to Banks and others		504.482
8.	Payments on Account of Occupation Costs		
	(a) To United States Army	4.838.656	
	(b) To United States Navy	70.466	
	(c) To British Army	3.077.574	
	(d) To French Armed Forces	506.560	
		8.493.256	
	(e) Less net A.M.G. Revenue	20.451	8.463.805
			17.515.605

Liabilities

1.	Deposits by A.M.G. Divisions		31.419
2.	Funds obtained from Banks and others by acctg Officers in the field		33.959
3.	Deposits		
	(a) By Banks	787.500	
	(b) By Controller of Property	5.684	
	(c) By Others	51	793.235
4.	Receipts for A.M.G. Econ. Sup.Div.		2.400
5.	New A.M. Lire N tes Recds		16.567.968
6.	New AM. Stamps Recd.		56.714
			17.515.695

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	Balances with banks:		
	(a) Provisions against unutilized credits to banks	769.705	
	(b) Funds deposited by banks with AMFA	767.500	
	(c) Time deposit with Banco d'Italia, Naples	600.000	2.137.205
3.	Funds held by Acctg.Officers in the Field.		1.916.648
4.	A.M. Stamps (incl.those delivered to Post Office		86.71
5.	Payments for account of Civ. Sup.Div.		16.250
6.	Advances to Italian Governmental bodies and others		1.674.668
7.	Loans to Banks and others		504.482
8.	Payments on Account of Occupation Costs		
	(a) To United States Army	4.838.656	
	(b) To United States Navy	70.466	
	(c) To British Army	3.077.574	
	(d) To French Armed Forces	506.560	
		8.493.256	
	(e) Less net A.M.G. Revenue	20.451	8.163.805
			17.515.605

Liabilities

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5.	New A.F.Lire Notes Recds		16.567.968
6.	New AM. Stamps Recd.		86.714
			17.515.695

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11. Total Assets and Liabilities of Lire 17.515.695.149 compare with Lire 12.408.053.254 at the end of October. The increase of approximately 5108 million Lire is accounted for principally by:

(a) The receipt 4.810 million lire in new A.M. Notes.
(b) Increased deposits by banks in the amount of 415 millions, on which AMFA was paying interest at 2 per cent in most cases.
(c) Repayment of 154 millions to various banks and military finance officers, outstanding since the early days of occupation, so far as accounting records are concerned.
(d) Deposits and receipts of the Economics and Supply Division in the amount of 31 million lire, representing proceeds of sales to civilians.

12. Comparison with the Statement of 31 October shows the following:

(a) Funds held by accounting officers in the field were reduced in the net amount of 1136 millions, as amounts reclassified to other accounts upon receipt of full accounting statements exceeded new advances to the field officers.
(b) Purchases for export were made as follows:

Exports of citric and tartaric acid to U.S.	8.773.284
Exports of sulphur to North Africa	2.902.891
Exports of lemons to United Kingdom	884.770
	11.660.945

(c) Advances to governmental bodies and others increased 1138 million lire, chiefly as a result of amounts reclassified from the account "funds held by accounting officers in the field". Most of these advances were actually extended in September and October. The cumulative total of such advances, definitely accounted for is distributed as follows:

To State Treasury and State Institutions	Bari	Naples	Palermo	Sassari	Total
	(in millions of lire)				
	5.9	0.1	615.6	407.9	1029.5
To Provinces	0.2	---	313.7	----	313.9
To Communes	3.3	0.3	311.4	----	315.0
To Others	0.1	---	16.4	----	16.5
Total Local	3.6	0.3	641.5	----	645.4
Total	9.5	0.4	1257.1	407.9	1674.9

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in the amount of 31 million lire, representing proceeds of sales to civilians.

12. Comparison with the Statement of 31 October shows the following:

(a) Funds held by accounting officers in the field were reduced in the net amount of 1135 millions, as amounts reclassified to other accounts upon receipt of full accounting statements exceeded new advances to the field officers.

(b) Purchases for export were made as follows:

Exports of citric and tartaric acid to U.S.	8.773.264
Exports of sulphur to North Africa	2.902.891
Exports of lemons to United Kingdom	884.770
	11.660.925

(c) Advances to governmental bodies and others increased 1388 million lire, chiefly as a result of amounts reclassified from the account "funds held by accounting officers in the field". Most of these advances were actually extended in September and October. The cumulative total of such advances, definitely accounted for is distributed as follows:

To State Treasury and State Institutions	Bari	Naples	Palermo	Cagliari	Total
	(in millions of lire)				
	5.9	0.1	615.6	407.9	1029.5
To Provinces	0.2	---	313.7	----	313.9
To Communes	3.3	0.3	311.4	----	315.0
To Others	0.1	---	16.4	----	16.5
Total Local	3.6	0.3	641.5	----	645.4
Total	9.5	0.4	1257.1	407.9	1674.9

Most of the advances made in November, and also many of those made by Bari and Naples in earlier months, have not yet been reclassified from "funds held by accounting officers in the field". In Sicily, however, it has now been determined that 388 mn. Lire of the total of 1257.1 mn. lire shown above under the Palermo column was extended in October.

(d) Loans to banks increased from 380 to 505 million lire. The balance of AMFA's commitment under credit lines extended to commercial banks in Sicily, which expire 31 December 1943, is 1194 millions.

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(e) Disbursements to the Armed Forces in November were as follows:

	Bari	Naples	Palermo	Sassari	Total
			(in millions of lire)		
U.S.Army	---	678.6	288.8	121.5	1088.9
U.S.Navy	---	---	---	---	---
British Army	1026.3	---	2.0	0.5	1028.8
French Armed Forces	---	---	506.6	---	506.6
	1026.3	678.6	797.4	122.0	2624.3

(f) A.M.G. Expenditure less Revenue. AMFA's net expenditure was 137.192 lire. Neither interest payable nor interest receivable has been carried to account. The other divisions of AM.G. reported a cumulative excess of revenue over expenditure in the amount of 29.588.524 lire.

13. Currency movements in November were as follows:

Cash on hand and in banks (incl. mutilated) as of 31 October	1.045.359.354
New A.M. Lire notes received	4.510.184.000
	5.555.543.354
Cash on hand in banks (incl.mutilated) as of 30 November	2.691.743.279
	3.161.800.075

14. Holdings of yellow seal dollars and AMA currency increased from $ 545.970.00 and £ 11.946/3 on 31 October to $ 1.297.631.07 and to £ 73.532/0/5 1/2, respectively, on 30 November.

15 The total amount of A.M. lire outstanding as of 30 November was 14.035.669.647 lire.

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1026.3	675.6.	797.4	122.0	262.3	

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New A.M. Lire notes received	4.810.184.000
	5.855.543.354
Cash on Hand in banks (incl.mutilated) as of 30 November	2.693.743.279
	3.161.800.075

14. Holdings of yellow seal dollars and BMA currency increased from $ 545.970.00 and £ 41.916/3 on 31 October to $ 1.297.631.07 and to £ 73.832/0/5 1/2, respectively, on 30 November.

15 The total amount of A.M. lire outstanding as of 30 November was 14.035.669.647 lire.

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VII. Accounts

1. Accounts of AMFA. Concurrent with the opening of AMFA Branches in Palermo, Bari, Naples and Sassari, accounting instructions were prepared for each Branch giving full instructions as to the opening of the books and the subsequent procedure for preparing the periodical statements of Assets and Liabilities and for recording transactions between Branches and Headquarters. Journal entries were prepared giving the necessary figures to enable the Branches to open their books. Pro-forma specimens of the Statement of Assets and Liabilities and supporting schedules were also prepared and sent to the Branches. In the case of the Sassari Office, the books were purchased and the opening entries made therein by the Accounts Department at Headquarters.

Letters describing the procedure for coordinating the AMG accounts with the AMFA Branch accounts were sent to the Regional Accountants of Regions II and III.

Books of account were also purchased for the AMFA Headquarters and the opening entries made therein.

Accounting instructions for AMFA Branches and Headquarters were prepared for inclusion in the "AMG Accounting Manual."

Arrangements have been made for the printing of a supply of statements of Assets and Liabilities for the various Branches.

2. Accounting Procedure in Regions II, III, IV, Apulia and 15 Army Group. A letter was sent to the D.C.F.O. of AMG HQ who was then in Brindisi, for discussion with the C.F.O. of 15 Army Group, setting out fully suggestions by this headquarters for the accounting procedure to be adopted in the various areas. In particular the procedure for the coordination of the AMG and the AMFA Accounts and the relationship of the various areas to one another was dealt with.

3. Economic and Supply Division Accounts. A large part of the staff of the Accounts Department has been employed in investigating the stores accounting of the Economic & Supply Division in the Sicily Region. The instructions laid down for the procedure to be adopted by Provincial Economic & Supply Division Officers and S.C.A.Os. when receiving or selling supplies had not been followed, with the result that it was found at the end of October that large quantities of supplies had been sent to S.C.A.Os and had not been accounted for. In particular it was found that the position at Messina was most unsatisfactory.

It was consequently decided and agreed with the Economic & Supply Division of Sicily Region that the headquarters Accounts Department should loan them such accountant officers as were available in order that a tour of inspection might be carried out in each province and the whole position investigated. A letter was sent by the R.C.A.O. to all S.C.A.Os in the Sicily Region calling their attention to the unsatisfactory state of affairs and informing them that in future the accounting instructions should be adhered to.

As at 30 November 1943 the provinces of Palermo and Trapani had been

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As at 30 November 1943 the provinces of Palermo and Trapani had been visited and the position at 31 October clarified. Instructions were also left with the local supply officers for the preparation of their returns in the future. Investigations are at present in progress at:

Catania and Messina
Ragusa andSyracuse
Agrigento

Owing to illness among the staff of the Accounts Department it has not yet been possible to send an officer to Caltanissetta and Enna but it is hoped that these remaining provinces will be visited shortly. On the completion of these visits a full report will be prepared showing the position throughout the whole island.

Draft instructions for an "Addition to the Accounting Manual" have been prepared calling for a monthly summary of Stock Movements. This will be completed on the completion of the investigations in the provinces.

Discussions were held with the Regional Chief Finance Officer and the Economic & Supply Division of the Sicily Region on the subject of canalising all sales through one official organisation, such as the Sezione Provinciale dell' Alimentazione. Draft instructions were prepared by the Accounts Department to put this procedure into force and these instructions are now being sent to all provinces by the R.C.A.O. of Sicily Region.

4. Controller of Property Accounts. Several discussions took place with the Controller of Property Accountant and draft accounting instructions for this Subcommission have been prepared for subsequent inclusion in the "AMG Accounting Manual."

5. Displaced Persons Subcommission. Various discussions were held with this Subcommission on the financial and accountancy aspects of their work. The procedure they will adopt for dealing with internees and displaced Italian subjects and their arrangements with the Italian Government are as yet too undefined to permit definite accounting instructions to be prepared. Draft instructions on general lines have however been drawn up for their guidance.

6. A.G.I.P. Discussions have been held with the Controller of Property and with the Management of the A.G.I.P. with a view to regularizing the accounting for petroleum supplies to the A.G.I.P. A tour of inspection throughout the island has just been carried out by the Controller of Property's representative, an officer from the Economic & Supply Division and the manager of the A.G.I.P. The reports on this tour are now being studied and an officer from the Accounts Department has been designated to investigate the whole position. Meanwhile, at the instigation of the Chief Accountant, the sum of lire 4,000,000 has been paid in by A.G.I.P. to AMFA pending a final settlement.

7. Asphalt Mines, Ragusa. Discussions were held with other interested departments as to the financing and working of these mines and the fixing of prices. At the present stage the Accounts Department are not directly interested in this matter and the Chief Accountant acted merely as an instigator and coordinator of the discussions. This department has also cooperated with AMFA in negotiations for the collection of the sum of approximately lire 1,692,000 due by the U.S. Air Force for purchase of Asphalt, which sum is expected to be recovered shortly.

8. Visit from Region III Chief Accountant. The Chief Accountant from Region III visited headquarters from 27 to 30 November. He studied the accounting system in force here. General discussions were held on the accounting problems in Region III and he was supplied with the latest instructions issued in Region I on the subject of the control of expenditures by Communes, Provinces and State Institutions and the procedure for making advances to same.

9. Purchases of Sardinian Coal and Financing of Sardinian Coal Mines. At a meeting with representatives of Region VI, it was agreed that the Allied Commission should purchase from the Carbo Sarda, the company owning the Sardinian coal mines, all coal for export from the island at the same prices as obtain for sales within the island. As these prices are well below cost of production, it was agreed that AMFA should finance the mines to enable them to continue production, and that advances for this purpose should be treated as advances to the Italian State. The nature and extent of the control to be exercised over the

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[illegible] on the financial and accountancy aspects of their work. The procedure they will adopt for dealing with internees and displaced Italian subjects and their arrangements with the Italian Government are as yet too undefined to permit definite accounting instructions to be prepared. Draft instructions on general lines have however been drawn up for their guidance.

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VIII. Customs.

Intensive study has been made of the Customs Regulations, Customs Administration Law and the Italian Tariff Law and Schedules and many conferences have been held with the Italian Customs' officials and others with a view to obtaining all necessary data on Customs procedure and its legal foundations, and the current customs situation.

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Examination has also been made of water-front facilities in Palermo affecting customs, and similar facilities will be examined in other parts of Sicily and on the mainland since such are the pre-requisite to sound action being taken looking towards rehabilitation of the Italian customs. Memoranda are being prepared setting forth findings resulting from the foregoing activities and containing recommendations and suggestions for the rehabilitation of Italian customs service and other related services.

/s/ B. Bernestin
/t/ B. BERNSTEIN
Lieut. Colonel

For

R. A. MARLYN
Brigadier
Finance Subcommission

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CONFIDENTIAL

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 394

AMG/319.1

SUBJECT: Monthly Report for December 1943 of AMG Administration

TO : Military Government Section, AFHQ
General Officer Commanding-in-Chief, HQ AFI

(1) Herewith is the report of AMG administration during the month of December 1943 as conducted from AMG HQ in Palermo and Naples. The report covers Region I (Sicily) and Region II (Compartimenti of Calabria and Lucania and the Province of Salerno). The form of the report has been altered in view of the fact that the bulk of the operational work is conducted under the supervision of the R.C.A.Os in the regions. It is expected that a consolidated report along the lines of this report will be used in the future.

I - ADMINISTRATION

Headquarters

(2) During the first week of December, Brigadier General Frank J. McSherry, was relieved of his duties as D.C.C.A.O. and departed to a new assignment outside of the theatre. At the same time Colonel Charles M. Spofford was appointed D.C.C.A.O. AMG HQ. A chart showing the organization of the various Allied Military Organizations concerned with government in Italy and Sicily during the month is attached hereto as Exhibit A.

(3) During December headquarters was moved from Palermo to Naples. Officers began to move forward early in the month and continued to move throughout the month by road, sea and air. Those going by road made visits of inspection in Regions I and II. The main convoy, consisting of all the records and the bulk of the enlisted and officer personnel, left Palermo by road on December 18, arriving in Naples on December 24.

(4) The move to Naples enabled the headquarters to establish close working relations with other Military Government groups, thereby tending to reduce the difficulties incident to the split headquarters. The advanced headquarters of A.C.C. remained at Brindisi with the result that many of the senior officers in the Subcommissions were not available at the Palermo-Naples headquarters. The contemplated move of these advanced A.C.C. headquarters to Salerno should make the problem of communication with that headquarters much less difficult.

(5) The administration at headquarters, on orders from higher authority, continued to parallel the proposed administrative arrangement for

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(5) The administration at headquarters, on orders from higher authority, continued to parallel the proposed administrative arrangement for A.C.C. so that the transfer would be simple when territory was handed over to the Italian Government. By the end of the month the Vice President and Deputy Vice President of the Economic and Administrative Section were installed in Naples and had commenced to assume responsibility for the operations of the Subcommissions in that Section.

(6) By the first of the month a workable division of power and authority between AMG HQ and the Regions had been worked out in the form of a directive, copy of which is attached hereto as Exhibit B.

Region I

(7) During the month the program, previously commenced, of drawing the C.A.Os and C.A.P.Os in from the field to Provincial Headquarters continued.

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By this means the Italian communal officials were given greater responsibility. The Region still retained some 275 officers, many of whom were merely attached pending their transfer to other areas. The regional organization, which still contains a large percentage of the original AMG officers, was running smoothly and is believed to be adequate to meet any emergency likely to arise. The program of creating some Italian administrative control on a regional level proceeded satisfactorily.

Region II

(8) The transfer of Salerno province from Region III to Region II, in accordance with the agreement reached with Major General Lord Rennell on November 21, became effective December 3.

(9) Organization within the Region on the basis of the compartimento was tried in this Region from the last week of October to the end of November. It was very unsatisfactory. The existence of an echelon between Region and Provinces greatly slowed the already bad communications, caused confusion in policies, made control over Italian civilian officials so remote as to lose effectiveness, and dissipated some of the still scanty personnel. There were no opposite numbers in the Italian administration, so Prefects were at a loss whether to deal with the P.C.A.O. or the compartimento C.A.O. Authority to abolish the compartimento and return to the Region-Province plan was granted early in December. The necessary shifts and reassignments were completed during the month, and the beneficial results were already apparent on January 1, 1944.

(10) On December 1 sixty-eight officers and 57 EM/ORs were assigned to the Region, and 20 officers and 21 EM/ORs were attached (chiefly to Salerno Province). On December 31, one hundred thirteen officers and 10 EM/ORs were assigned and 9 officers were attached (7 as Civilian Censors). During the month approval was secured for the movement of all personnel assigned to Region V plus 36 vehicles from Tizi Ouzou to Region II. The movement was scheduled to take place in January. When it is completed, Region II should be staffed on a basis which will enable it adequately to cover the large territory subject to its jurisdiction with a population of three and one half million, and very poor communications.

Central Economic Committee

(11) On December 23 by AFHQ Administrative Memorandum No. 92 dated 19 December 1943 the Central Economic Committee was formed to coordinate the activities of the three headquarters - AMG headquarters, AMG 15th Army Group and A.C.C. (King's Italy) - on matters relating primarily to the importation and distribution of civilian supplies. However, the authority of this committee was very broad and included the specific power:

(a) To determine the essential requirements of the civilian population.
(b) To control and allocate local resources of essential civilian supplies in coordination with the Local Resources (Italian) Board, and particularly to control the collection and distribution of wheat and olive oil.
(c) To coordinate the work of the ACC/AMG representatives on committees and subcommittee of the Allied Force Local Resources (Italian) Board

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(c) To coordinate the work of the ACC/AMG representatives on committees and subcommittee of the Allied Force Local Resources (Italian) Board.
(d) To make necessary arrangements for the receipt, warehousing and distribution of supplies imported for the civilian population.
(e) To establish the prices at which supplies imported for the civilian population will be sold, and to establish uniform or standard prices for such other essential commodities or services as may be considered necessary.
(f) To establish such uniform or standard wage scales for civilian employment as may be considered necessary.
(g) To coordinate requests for transportation of civilian supplies by facilities under the control of the Allied Military services. The internal transportation subcommission will exercise such functions as may be delegated to it by the Central Economic Committee and shall be subject to its authority insofar as matters outside the jurisdiction of the A.C.C. are concerned.

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(h) To coordinate the use of motor and sea transportation under control of ACC/AMG in the transportation of civilian supplies, including the requisitioning and pooling of civilian motor transport if this should be necessary.

(i) To undertake such additional functions as may be recommended by the committee and approved by this headquarters, or as assigned to it from time to time by this headquarters.

(12) The personnel of the committee was to be drawn from the three headquarters above mentioned. Lt. Col. A. I. Henderson was appointed Chief Executive of the committee and was transferred from AMG headquarters to AFHQ for the purpose. Seven other officers from these headquarters were loaned to the committee before January 1.

(13) At the first meeting of the committee held December 27, 1943 the provisional organization of the committee was decided upon, to consist of the Chairman, the Deputy Chairman, the Chief Executive, and Deputy Chief Executive, one member representing the Military Transport Services, one member representing AMG 15th Army Group and one member representing ACC/AMG. It was determined that the primary function of the committee should be to coordinate the supply activities of the various AMG and ACC headquarters, and, as contemplated in the directive, to coordinate prices and wage matters to ensure uniformity of policy throughout the entire occupied and controller territory.

II - POLITICAL DEVELOPMENTS

Political Activity

(14) With several notable exceptions there were no outstanding political developments during the month. The gradual process of political reawakening continued to be retarded by the ban on overt political activity which continued in effect in both Regions I and II. In both Regions orders were issued prohibiting public meetings and open action by political parties. Close touch with all developments was maintained through public safety channels and in Region I by liaison with military security organizations. It was the judgement of the public safety officials that because of the tension between certain political groups in some towns there might be serious disorders if public political meetings were permitted.

(15) The parties, so-called, continued, however, privately to crystalize their programs by private discussions. The membership of these groups were drawn from the small middle and upper classes, particularly intellectuals and professors, and a handfull of professional politicians who, together with a leftist nucleus, fought Fascism underground during the late regime.

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(16) In Sicily the United Front for Liberty consisted of the 6 anti-Fascist groups, a coalition which was based on abolition of the monarchy, and collaboration with the separatists and Allies to combat Fascism. There was evidence of activity on the part of the separatists whose backing and adherence have been described in previous reports, but the group does not appear to have regained the influence it lost in the early days of the occupation when it was made clear that it could not look to the Allied Military Government for support.

(17) On the peninsula the communists continued to be the most active and aggressive of the so-called parties. They were active in the Calabrian provinces where a number of small new papers made their appearance. The communist leaders cooperated with AMG on the theory that the Allied Forces were fighting their battle and they did not wish to give the Fascist element

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or the Italian army an excuse for drastic action against them. There have been several indications of communist action in the provinces of Cosenza, Reggio and Salerno aimed at dividing land among the peasants, one of which led to a planned raid on the Municipio in a small commune for the purpose of destroying ration cards and tax registers. The plan was known and resisted, but in the consequent affray 8 civilians were killed and 10 wounded, one seriously, and a Lieut. in the Italian army and one soldier were seriously wounded.

(18) The pending turn over of responsibility for civil administration to the Badoglio Government was not viewed very enthusiastically and the attitude of political groups in the occupied territory has caused some misgiving to public safety officials. In Sicily this led to an attempt to effect a reconciliation or at least an exchange of views by the officials of the island and the Badoglio Government. The A.C.C. made arrangements for Vito Reale, the Minister of the Interior, to be present at a meeting of the Prefects in Palermo on December 14. The Minister spoke at some length, expressed his appreciation of the sentiments of the Prefects, who had already made it clear that they would not swear an oath of allegiance to the King, and explained the difficulties of the entire situation to them. He pointed out that until all Italy had been liberated the final settlement of their form of government should not, and could not, be resolved. The final sentiment of the meeting was expressed in the order of the day, which pledged the Prefects to the union of all effort in order to drive the German invader from Italian soil, and claimed administrative autonomy for the Region with freedom of decision for all regarding the problem of the Crown.

Relations with Badoglio Government

(19) As the Badoglio Government has become organized in King's Italy it has commenced communicating with officials in occupied territory. This was not objected to initially since it was felt that an exchange of information and personal contact with AMG appointees would ease the problems incident to the transfer. However a number of incidents occurred during the month which led to a definitely unsatisfactory situation in Region II. Certain Ministries proceeded to appoint officials in occupied territory and in one case one of the Ministers threatened certain AMG officials with subsequent reprisals for acts which he had taken on orders of AMG, indicating that the appointments by the Allied Forces were provisional only. A similar situation occurred to a lesser extent in Region I. As a result of these incidents representations have been made to the Badoglio Government and an understanding reached which should eliminate the source of dissatisfaction in the future.

Development of Local Responsibility

(20) The progress for the development of local government in Region I covered two major points:

(a) The creation of Italian offices on the regional level so that provincial action could now be controlled on a regional basis with the help of AMG and later could be controlled on a similar basis without the reference of all important matters directly to Rome, and

(b) The activation of provincial giuntas or other similar bodies which

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(b) The activation of provincial giuntas or other similar bodies which would give representation to the citizens of the province on a geographical basis and which would assist the Prefect in legislating for his territory.

Both of these developments were designed to increase local responsibility and appeared to be successful insofar as any claim to success could be predicated upon the short opportunity for experiment and trial thus far afforded.

(21) Local government in Region II has progressed more slowly, in part due to the fact that the territory is sparsely settled and communication is poor. Catanzaro was the only province which had a giunta or similar body on which the citizenry were represented. The giuntas in the other provinces consisted of office holders sitting ex-officio. Progress in Reggio, due to

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the fighting and the distance separating it from regional headquarters, and in Salerno, which is loaded down with troops and was the scene of much destruction, has been slow.

III - PUBLIC SAFETY AND LAW ENFORCEMENT

Legislation

(22) Since Sicily has now been under Allied Military Government for approximately five months and Region II for almost four months, there was little need for new legislation. During the month the Italian Gazettees were published, and also one Proclamation (No. 14) covering the further delegation of the powers of the COMO and two General Orders (Nos. 15 and 16), the first withdrawing the restrictions placed upon the operation of the Bank of Italy in Sicily and the second extending the jurisdiction of the Property Controller to property of all the United Nations and their nationals. The general orders previously published in Sicily were published in Region II wherever they were appropriate.

Crime

(23) In Sicily there had been a large increase in crime in August, September and October over the same three months of 1942. This increase continued in December. The incidence of crime in Region II was lower than normal. The crimes in most cases were crimes of violations of the Italian penal code rather than direct violations of the Allied Proclamations. There were two cases of kidnapping in Agrigento Province and four cases of public disturbances in Sicily, each of which was handled by the CC.RR.

(24) Particularly in Region II, Black Market activities were rife, and apparently increasing, until the last week of the month. Then the trial of a leading Black Market operator in Cosenza, on the charge of selling lire for dollars in excess of the legal rate, resulting in his conviction and sentence to a fine of 500,000 lire and three years imprisonment by a Superior Military Court, had a salutary effect. This case, with restrictive measures imposed by the officer in charge of the Ferramonte-Tarsia, Interment Camp, greatly reduced the Black Market traffic centering at that camp, and considerably curtailed the activities in Cosenza itself.

(25) Shortly before the end of the month, the C.A.P.Os in Matera province arrested six substantial Black Market operators in grain, and reported that they have a strong case which is now being prepared for trial. In Salerno province, with the cooperation of certain Army personnel, a Black Market dealer in pasta and several confederates were caught red-handed, with approximately three tons of pasta. In Salerno province, a sizable seizure of cigarettes was also made. At the end of the month, the C.A.P.O of Cosenza had approximately 50 cases of Black Market dealings in tobacco in hand. It is proposed to try these before Italian Courts.

(26) In combatting Black Market activities, AMG officers were handicapped by the fact that many purchases were being made by military units, without notification to AMG. It was customary for such units to send a truck

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(26) In combatting Black Market activities, AMG officers were handicapped by the fact that many purchases were being made by military units, without notification to AMG. It was customary for such units to send a truck into the Region carrying a driver and a civilian. The civilian was given a pass authorizing him to buy food supplies, and frequently assistance was requested. Cases were reported where such foraging parties have been instructed to buy: (1) six tons of pork, six tons of mutton, 100 turkeys, and chickens and fruit; (2) pork, and when caught, the truck had 13 pigs and one cow aboard; (3) two cows, and fruit; (4) instructed to buy fruit and nuts, but when caught, also had flour and olive oil aboard. Such purchases were usually made without regard for official price lists, and there was some ground for the belief that the civilians used their status as quasi-military agents to cover Black Market activities on their own account. Such transactions also decreased the available supply, especially of meat. Steps have been taken to check practices of this sort.

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(27) Reports were received of Black Market dealers offering Allied truck drivers substantial sums for the use of the vehicle and the driver's services to transport Black Market goods. One case of this resulted in arrests, through the honesty of the truck driver. Among the agents employed by military units was one woman known as a clandestine prostitute, one scalawag who had narrowly escaped arrest on several occasions, and three others commonly known to be Black Market operators.

(28) An experiment was tried in Catania city to check the Black Market. Special shops were opened by the Consorzio Agrario. They sell such commodities as fruit, vegetables, meat and fish at prices, which while showing a reasonable profit, are much below the majority of the shops. It is expected that when trade comes to these shops the prices in other shops will be forced down.

(29) A specially appointed commission heard the case arising out of the conditions on the island of Ustica, where the Fascists kept civilian internees prior to the occupation. The testimony taken and a report thereon were forwarded to AFHQ. Two other cases of war crimes, involving alleged German atrocities in Matera, were reported. Until the position of these headquarters regarding such cases is clarified any cases coming to their attention will be documented but no action taken.

Allied Courts

(30) Cases heard by the Allied Military Courts in Regions were reviewed. There was a marked increase in the number of serious cases in Sicily, where 1636 cases were heard in December, as against 3354 during Nov.

(31) In Region II only forty-three (43) cases were heard, most of which were of a trivial nature. One case, as mentioned above, concerned illegal transactions in currency by a former civilian internee who had been released by the Allied Forces from the camp at Ferramonte-Tarsia, Cosenza. In two cases the death sentence was imposed, both of them in Region I.

(32) The following statistics indicate the activity of the Allied Military Courts in Sicily both during the month and, by totals, during the period of occupation.

Breakdown by Province of all Cases Reported

Province	General Courts		Superior Courts		Summary Courts		Totals Dec 1 - Dec 31	Totals July 1 - Dec 31
	G	NG	G	NG	G	NG		
PALERMO	33	12	57	9	463	109	709	4369
CATANIA	0	0	47	5	327	56	437	1799
MESSINA	1	4	7	4	68	12	96	416
AGRIGENTO	0	0	30	7	145	9	191	1924

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AGRIGENTO	0	0	30	7	145	9	191	1924
TRAPANI	2	0	1	0	111	25	139	789
SIRACUSA	0	0	6	1	1	0	8	583
RAGUSA	0	0	0	0	0	0	0	206
CALTANISSETTA	2	0	8	3	1	0	14	141
ENNA	1	0	29	3	7	6	46	75
TOTAL	39	16	185	32	1143	221	1636	10302

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Convictions 1 Dec. 1943 to 31 Dec. 1943

Province	Black Market		Thefts, and poss. of Military Property		Curfew Blackout Circulation		Poss. of fire arms		Wire Cutting		All others		Totals	
	G	NG	G	NG	G	NG	G	NG	G	NG	G	NG	G	NG
PALERMO	168	18	141	52	131	13	72	12	0	0	61	28	573	130
CATANIA	67	8	130	34	32	1	26	5	1	0	58	15	374	63
MESSINA	2	0	12	8	12	0	5	1	0	0	25	11	75	20
AGRIGENTO	39	12	58	3	58	0	5	0	0	0	20	1	175	16
TRAPANI	5	2	8	0	84	13	14	0	0	0	3	10	114	25
SIRACUSA	0	0	4	0	2	0	1	1	0	0	1	0	7	1
RAGUSA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CALTANISSETTA	0	0	4	0	0	0	7	2	0	0	0	1	11	3
ENNA	10	8	4	0	0	0	20	3	0	0	3	0	37	11
TOTAL	291	48	441	104	311	27	150	24	1	0	171	38	1367	269

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G	NG	G	NG	G	NG	G	NG	G	NG	G	NG
141	59	131	13	72	12	0	0	61	28	573	130
100	34	32	1	26	5	1	0	58	15	374	63
12	8	12	0	5	1	0	0	25	11	75	20
58	3	51	0	5	0	0	0	20	1	175	16
8	0	64	13	14	0	0	0	5	10	114	25
4	0	1	0	1	1	0	0	1	0	7	1
0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	7	2	0	0	0	1	11	3
4	0	0	0	20	3	0	0	3	0	37	11
441	104	311	27	150	24	1	0	171	38	1367	269

Italian Courts

(33) The Italian Court system was functioning throughout the area. An order of the D.C.C.A.O. filling vacancies and shifting certain Italian Judicial officers in Sicily was issued and carried out. A uniform procedure with regard to the handling of these courts has been established and it is hoped that, by liaison with 15th Army Group, the same procedure will be used in the Regions controlled by it. The cases are coming up for trial as quickly as possible in view of the poor communications and the number of witnesses absent.

(34) The Tribunale Militare di Guerra pressoil Corpo d'Armata continued to function in Catanzaro. This tribunal deals exclusively with crimes committed by Italian Military personnel and is not controlled by any Allied officers.

Civil Police

(35) As of Decemberl the superior command of the CC.RR. in Sicily was dissolved and General Sannino was appointed commanding general Naples Division. General Branca became commanding general of the CC.RR. in Sicily. A proposal for the recruitment of men for two battalions of CC.RR. each of 500 men was approved. These men were now being recruited, organized and trained in and about Palermo. Difficulties were experienced in securing clothing and equipment for them. Type "B" rations, British, were authorized in order to feed the CC.RR. on the mainland. It is hoped that soon this ration will be extended to Sicily. It is believed that the morale, discipline and efficiency of the CC.RR. are steadily improving.

(36) The Questurini are likewise showing some improvement. Apart from criminal investigations, they have been directed to give considerable attention to the control of prostitutes, both clandestine and in brothels. Many infected women have been arrested and confined to hospitals for compulsory treatment, but the general situation with respect to venereal disease is still far from satisfactory. The Guardia di Finanza, Forestry Police and Municipal Guards have performed their duties in a manner which resulted in no complaints, but their general level of efficiency still leaves much to be desired.

(37) The Guardia di Finanza are having considerable difficulty in patrolling the straits of Messina to prevent smuggling because of the lack of boats and personnel. The Colonel in charge of the Bari command has consented to transfer 250 fully equipped men from the mainland, of whom 150 will be assigned to the Messina Legion and 100 to the Palermo Legion. This transfer has not yet been completed. The municipal guards are still suffering from the fact that they are grossly underpaid.

(38) It is believed that the civilian police are continuing to perform their duties loyally. At the beginning of the year the maintenance of law and order, together with the services connected with it, seemed well in hand.

Anti-Fascist Activity

(39) In Sicily the program of vetting all public officials and such private citizens as were the subject of complaint or suspicion continued. From the date of occupation over 1500 civilians have been interned, of whom 971 have so far been released.

(40) The two committees of AMG officials and leading Anti-Fascists in Potenza province worked diligently during the month. The first committee reviewed at least 17 important cases involving 73 people. In the only case brought to trial, a doctor was convicted of selling medical supplies given him for free distribution among the poor. The other committee investigated the cases of 221 leading Fascists, including both office holders and non-office

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(38) It is believed that the civilian police are continuing to perform their duties loyally. At the beginning of the year the maintenance of law and order, together with the services connected with it, seemed well in hand.

Anti-Fascist Activity

(39) In Sicily the program of vetting all public officials and such private citizens as were the subject of complaint or suspicion continued. From the date of occupation over 1500 civilians have been interned, of whom 971 have so far been released.

(40) The two committees of AMG officials and leading Anti-Fascists in Potenza province worked diligently during the month. The first committee reviewed at least 17 important cases involving 73 people. In the only case brought to trial, a doctor was convicted of selling medical supplies given him for free distribution among the poor. The other committee investigated the cases of 221 leading Fascists, including both office holders and non-office holders. It recommended the deportation of six, and the imposition of "confino" (compulsory change of residence) for 43. A number of others were given a sharp warning.

(41) During the month, Lt. Gen. Mercalli, of the 31st Italian Army Corps, and Major Gen. Modero, commander of the Italian Division with headquarters in Cosenza, were removed by order of General Alexander, after evidence of non-cooperation, interference with AMG, and anti-Allied utterances had been submitted to AMG 15th Army Group, and G.O.C., District 2, by officers of this Region. Their successors, during the short time that they have been at their posts, have shown a much more cooperative and respectful attitude.

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IV - ECONOMIC RESOURCES AND SUPPLY

Importation of Food

(42) The heart of the problem in the economic field continued to be that of feeding the civilian population. Civilian morale continued to depend on the size of the bread ration received. During the month the most acute shortage was in Region II, rather than Region I as heretofore.

(43) On December 10 three ships arrived in Palermo, Siracusa and Catania carrying some seven thousand tons of flour or wheat. The receipt of this flour and wheat sent the black market price of bread from 120 lire down to between 70 and 80 lire a kilogram. The total imports of flour and wheat into Sicily during the month were as follows: (tons)

Port	Wheat	Flour	Total
Palermo	2899.5	5062.5	7962
Siracusa		1020	1020
Catania	1455	2650	4105
Messina		1200	1200
	4354.5	9932.5	14287

The ration of bread was maintained at 150 grams a day except that in the three producing provinces it never went below 200 grams. This ration was substantially supplemented at Christmas. It is intended to raise the island ration to 200 grams as soon as it is possible to ensure the continuance of such a ration.

(44) As the result of the actions of No. 1 District and particularly Island Base Section in giving or selling extra bread and other rations to civilians employed by them, and even to civilians in concerns having military contracts, a serious situation had developed. Various strikes were threatened on account of the discrimination. Since it was impossible to remove this discrimination entirely, the Army workers naturally resisting a cessation of extra rations, a uniform arrangement was made for the whole island whereby an extra 10 grams daily were issued through the regular ration system from stocks imported for civilian use, to workers certified by the Army, Navy and Air Force as heavy workers paid by them.

(45) Before the middle of December it appeared that no flour or grain whatever was left in Reggio, Catanzaro and Cosenza provinces and that only 100 grams a day had been issued during the previous two weeks. Nothing had been received from requisitions and bids totalling some 22,000 tons. The situation was temporarily relieved with the transfer of 1500 tons from Sicily and 3800 tons received from the middle east. The desperate situation was in part caused by the similar situation in Region I in November as a result of which 1200 tons had been diverted from Reggio to Sicily by AFHQ. Arrangements had been made to move 500 tons of flour from Naples and 2500 tons of grain from Foggia. By the end of the month 320 tons of flour and 1150 tons of grain had been shipped, but since the combined consumption of the three provinces at 180 grams is 6000 tons of flour per month, more was needed. Promises were made of further shipments but at the end of the month actual stores were non-existent. The provinces of Matera and Potenza are considered self-sufficient

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(46) Fruit and vegetables were plentiful but military foraging parties drained off many of the turkeys, chickens and pigs at inflated prices. It is believed in several quarters that the occupants of the refugee camp at Ferramonte were responsible for a considerable amount of this activity and also for some large scale black market operations. As stated elsewhere herein, Allied Military Courts had been granted jurisdiction over these civilian internees and efforts were being made to stop these unfortunate practices.

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(47) The total imports received in Region I apart from flour were a few hundred tons of seed potatoes. A potato expert from the British Ministry of Food arrived in Sicily early in the month to assist and advise in the planting of these potatoes. On December 29 it was believed that 200 tons of medical supplies had arrived in Naples for the use of all regions, including relief clothing and footwear. Almost no imports of any sort, except flour, were received in Region II, although 785 tons of milk, 600 tons of sugar, 50 tons of caustic soda, 1500 tons of dried vegetables, 430 tons of dehydrated soup, 100 tons of roofing material, 200 tons of clothing and 150 tons of medical supplies had been requisitioned and bid through channels. Except for a small quantity received at Reggio on the 8 of September, all of which was reserved for hospitals and special cases, no sugar was received, and no civilian stocks existed. Supplies were very urgently needed for the children and the sick. Arrangements were being made to reopen the beet sugar factory at Santa Eufemia when the next crops come in, and this factory will be able to meet a small part of the needs of the Region. Supplies of condensed and evaporated milk were being distributed solely to nursing mothers, pregnant women, children under five and invalids. Supplies were very low at the end of the month, but 150 tons are expected in January. Soap was also in very short supply and urgently needed. The lack of caustic soda prevented a number of small soap factories from resuming production, using olive oil residues.

Exports

(48) The first export cargo to leave Palermo since the occupation was loaded during the last half of the month. This cargo consisted of (in short tons):

685.35	Almonds (11,061 bags)
1958.5	Lemons (48,963 crates)
250.	Citric Acid (1729 casks)
160.6	Wines (371 casks)
82.	Pumice (1648 bags)
45.	Sulphur (738 bags)
33.15	Sumac (854 bags)
Total 3214.60	

The cargo was sent to the United Kingdom. Two more cargoes for ships promised in January were ordered to be delivered to Palermo along similar lines.

(49) Other activity relating to the development of an export trade was necessarily sporadic and diverse. A representative of the British Ministry of Food arrived in Sicily to assist and advise on the export to the U.K. of citrus fruit derivitives. He gave a definite ruling on dry peal citrus pulp preserved on SO_2 and other similar products. Owing to the coal shortage the Aranello plant could not produce beyond 3 tons of citric acid a day. Subsequently, an allocation of several hundred tons of imported coal was made, which, when mixed with an equal amount of Sardinian coal, enabled production to be stepped up to 5 tons a day. Officers were sent from Sicily to Region II to try to arrange shipments of lumber to Siracusa for packing citrus fruits and to Region III for nails and tissue paper. Five thousand tons of sulphur were accumulated at Porto Empedocle and Licata but no ships

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(50) No exports were made from Region II except lumber from Calabria to Sardinia for pit props and to Sicily for boxing fruits.

Survey and Development of Industry

(51) An active program of collecting and card indexing industrial data was begun during the month, and a survey of essential industries in Sicily and at Crotone and Bagliona was completed.

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(52) A number of steps were taken to enable industries to recommence operations. For example, it was decided that transformers would be set and power allocated in January to enable the Panzera Machine Shop, Forge and Foundry in Palermo to operate as a general salvage and repair shop. It was recommended that a supply of tanning chemicals be secured at Catania to maintain manufacturing operations of leather. Efforts were being made to locate these supplies. Silica sand was discovered for the glass plant at Trapani but soda was still required. The glass plant at Salerno was studied and it was decided to use coal to operate the plant. A survey was made of timber prices for submission to the Central Economic Committee. On receipt of information that silk worm seeds were being purchased in Turkey efforts were made to start spinners going. One silk spinning mill in Cosenza was put into operation and preparations were made for opening several other such mills in Calabria and for importing silk worms for the next crop. The question of the price to be paid for raw silk was still under discussion at the end of the month. The Montecantini Fertilizer Works has been taken under control by the Army, and an expert chemist visited the plant to appraise its possibilities for production. A cotton mill in Salerno province was in full operation producing camouflage cloth for the Armies. Arrangements were being made to import Sicilian cotton for use in this mill which suffered only very slight damage.

(53) The importation, allocation and distribution of petroleum products were handed over to the Petroleum Section of AFHQ Advanced Administrative Echelon during the month.

(54) During the month 519, 140 litres of gasoline, 1,167,340 of nafta and 164,904 of kerosene were distributed to the provinces of Region I. This was 70% of the total requested. A total of 4769 long tons of steam coal and 1025 of Sardinian coal was distributed to the provinces chiefly to bakers, millers, blacksmiths, small foundries, hospitals and essential industries.

Survey and Development of Mines

(55) As a result of recommendations for the reorganization of the Sardinian coal industry made in October by these headquarters, the production increased from approximately 20,000 tons in November to an estimated 30,000 tons in December, 17,000 tons of which were exported during the month. Factors making this increase in production possible were numerous, including the increase in the number of mine workers available by the use of demobilized soldiers, the establishment of a training program and a training school for skilled workers, the receipt of supplies, and the repair of the harbor of Santi Antiacco. Continued increases in production depend upon the receipt of additional material, particularly pit props. The greatest single obstacle is the lack of transport.

(56) The investigation was continued of the Bauxite industry in southern Italy, particularly of the Giovanni Rotondo mine in Foggia. The mine was found to be a modern one in good condition, capable of producing from 13,000 to 15,000 metric tons a month. Approximately 21,000 tons were found ready for immediate shipment at the port of Manfredonia, and an additional 23,000 tons are awaiting shipment from the mine to the port. The ore reserve

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(57) A survey was made of the Lignite deposits in southern Italy. It was found that the average monthly production for all mines was 5811 tons for the first 7 months of 1943 and that the maximum monthly production for the same period was 8211 tons. It is believed that most of the mines can be restored to efficient operation if the lack of transportation facilities can be overcome and certain essential equipment can be secured. Twenty thousand tons of lignite were located ready for shipment, 5,000 at Moroone, and 15,000 tons at Castellucco Inferiore. The only means of moving this stock is by road transport

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over extremely bad surfaces until the railroad bridge at Lauria can be replaced. This lignite, although it has a high sulphur content, has been used successfully when mixed with charcoal to operate locomotives. It could also be used for domestic and a number of industrial purposes. Further production has been suspended pending restoration of transportation facilities.

(58) The price for sulphur at the ports was raised to a base of L. 2200 per tonnellata for all sulphur produced after August 1 until further notice. At the end of the month there was approximately 1200 tons of sulphur at Porto Empedocle, 3800 tons at Licata, and 50 tons at Catania.

(59) During the month power for pumping water from partially flooded sulphur mines in Sicily was made available as well as a small amount of power for operating those mines. Approximately 5,000 tons of sulphur were produced. Lack of supplies will hamper further production.

Agriculture, Forests and Fisheries

(60) Generally speaking, the sowing of grain for next year's crops shows an increase of about 25% in acreage in the provinces of Matera and Potenza, but a decline in Cosenza and Catanzaro, where much of the seed grain has been consumed for food, owing to the acute shortage of grain or flour. If seed normally obtained from Sicily can be imported, it is still possible to plant some spring wheat in the provinces of Calabria. Ordinary wheat planted in spring gives an unremunerative yield. A total of 2478 tons of seed potatoes were imported into Sicily during the month and a potatoes expert from England arrived to assist in planting them. None of the fertilizers had arrived up until the end of the month, but 1100 tons of muriate potash were expected early in January.

(61) Amassing of olive oil inRegion I was slow and the legal ration of 1/2 liter per month could not be met. Olive oil produced in Calabria, though good, was less than it might have been because of the shortage of workers to harvest the crop. The net surplus available for export is estimated at 10,000 tons, after allowing for the needs of Salerno, where almost three quarters of the crop (the whole of the "plains" product) was lost during the military operations. The institution of what is virtually a free market for olive oil in Calabria has been very effective. Some reports were received of Black Market sales at less than the official prices. Since the amassing of olive oil in Potenza was not working well and growers seemed to be holding back to sell to the Black Market, arrangements were made for an immediate shipment to Potenza of 2,000 quintals from Cosenza, with a further 1,000 quintals each month for as long as seemed necessary. Early reports indicated that it was having a favorable effect on would-be Black Marketeers, but it is still too early to draw definite conclusions. It is planned to do the same for Salerno as soon as possible.

(62) The following surveys were made during the month:

(a) A comprehensive analysis of Corsican forest supplies. As a result of this survey arrangements were made to secure pit props for the Sardinian coal industry. The survey indicated that the proper timber existed, that civilian axemen were available to some extent, that the French had made available a mule group to snake the logs

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(b) The preparation of a schedule of sprays needed for 1944 crops.
(c) A survey on the fertilizer plant situation.
(d) A survey of Caltanissetta and Enna provinces in Sicily to find a supply of beans & chic peas which might be used in making bread and for seed. None were located.

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(e) An investigation of seed producing firms in certain areas of southern Italy.
(f) A survey of the hemp industry in southern Italy.
(g) A survey of the various needs for timber.

(63) During December the main timber producing areas in Catanzaro and Cosenza were divided between PBS and DEW for production of considerable quantities of timber and lumber for military use. This action has brought this important industry to an operating rate above normal. Production was not satisfactory because of the inability to grant forest workers the extra rations needed for this heavy work, and also for lack of proper clothing, especially shoes. Second-hand Italian army boots easily brought a thousand to one thousand five hundred lire. Lumber for fruit crates was cut, but since the rail transportation is not entirely adequate for military purposes and food transportation, it is anticipated that great difficulty will be found in moving this material to points where it is needed or can be transported to Sicily. Timber was hauled at the rate of 75 cubic meters per day from the forests of Calabria to the port of Crotone for export to Sardinia where this timber will be made into pit props. It is believed that sufficient timber exists to satisfy all reasonable needs.

(64) As a result of negotiations with the Allied navies the ban on night shipping was raised throughout Sicily. This step resulted in a great increase in fish landings and an average drop in the price of fish from 100 lire per kilo to 45 lire per kilo. A uniform set of fishing regulations and a licensing system were set up.

(65) In Region I an investigation to determine the feasibility of the Lentini Lake fishing projects was started. A study was made of the proposed development of a marine fishing propogating project near Marsala. Fish were transferred from Trapani where there was an abundance to Palermo where the fish were needed. Several new boats were collected which were not needed by the military and were turned over for fishing purposes. Net makers were sent to Calabria to purchase hemp. The Navy was again asked to investigate the existence of flooting mines off the coast.

V - PUBLIC WORKS AND UTILITIES

(66) The program for rebuilding the roads and bridges in both Regions I and II progressed under the supervision of provincial Engineers as fast as the weather and the shortage of essential supplies permitted. Little was able to be done in connection with the repair of public or private buildings, except where they were needed for military use or where they had some great cultural or historic significance,

(67) During the month the Public Works Subcommission was given responsibility by APHQ for a program of highway construction to be performed by Italian civilian personnel in Regions II and III up to a point directly behind the 5th and 8th Armies. In order to do this work efficiently, it was necessary to reorganise the Italian Public Works organization in these Regions from a departmental to a regional basis so that

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(68) In Region I considerable work was done at Palermo in connection with local housing problems, Public Works problems and the rehabilitation of the Palermo Water Company. In the latter instance reservoirs and springs were inspected and tests taken throughout the general water distribution system.

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(69) Arrangements were made during the month with the Italian State to finance the repair to the General Electric Power System of Sicily and to finance its operating deficit. Studies were made of the power supply for the southern part of Italy. Inspections were made of the system of hydro-electric plants and also of one steam plant and one diesel plant in Naples as well as numerous transmission lines and substations.

(70) The control of operations of Societa Generale Elettrica della Sicilia was turned over to AMG as of December 3, 1943, by the Island Base Section. AMG control was partly decentralized, as (a) the Managing Director was given full authority for control within policies specified to him; and (b) loads vital to local life were placed under the control of S.C.A.O's. All others and all new constructions were retained under central control.

(71) Increasing rainfall through the month of December permitted supplying several important loads, though some were intermittent. Included were sulphur mines, chemical works, crating lemons for export, sharply limited tramway service, cement clinker grinding, and lumber production. The Margi River project was reactivated for diverting water into the Prizzi reservoir for the San Carlo hydro power group. This is expected to increase the potential hydro storage by about 2,000,000 kwhrs. per year, of which perhaps about a million kwhrs. can be realized in the summer of 1944.

(72) Maintenance of aqueduct systems continued to be largely in the hands of the S.C.A.O's. Negotiations proceeded for the reactivation of the Ente Acquadotti Siciliani to provide a unified control and systematized maintenance throughout the island of Sicily.

(73) No public works programs are conducted in order to provide jobs or relief.

VI - LABOR

Wages and Prices

(74) Wages for employees of privately owned organizations continued to rise to keep pace with the upward trend of prices, which have greatly out-distances all wages paid to public officials.

(75) In December increases in wages and salaries for public employees were authorized in Regions I and II, and authority was given for the adjustment of wages between private employers and employees. The order was naturally well received by private employees, but as has been pointed out elsewhere the effect it had in helping them has been nullified by the rapid increase in prices. Prices have risen sharply, particularly in Region II in the provinces bordering on Apulia and Campania. This was caused in part by foraging parties entering the Region, with or without permits, to buy food-stuffs. Lack of personnel made effective control of these actions practically impossible, especially with respect to those operating under the cloak of military authority, against whom civilian police could not be expected to take

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him; and (b) loads vital to local life were placed under the control of S.C.A.Os. All others and all new constructions were retained under central control.

(71) Increasing rainfall through the month of December permitted supplying several important loads, though some were intermittent. Included were sulphur mines, chemical works, crating lemons for export, sharply limited tramway service, cement clinker grinding, and lumber production. The Margi River project was reactivated for diverting water into the Prizzi reservoir for the San Carlo hydro power group. This is expected to increase the potential hydro storage by about 2,000,000 kwhrs. per year, of which perhaps about a million kwhrs. can be realized in the summer of 1944.

(72) Maintenance of aqueduct systems continued to be largely in the hands of the S.C.A.Os. Negotiations proceeded for the reactivation of the Ente Acquadotti Siciliani to provide a unified control and systematized maintenance throughout the island of Sicily.

(73) No public works programs are conducted in order to provide jobs or relief.

VI - LABOR

Wages and Prices

(74) Wages for employees of privately owned organizations continued to rise to keep pace with the upward trend of prices, which have greatly outdistances all wages paid to public officials.

(75) In December increases in wages and salaries for public employees were authorized in Regions I and II, and authority was given for the adjustment of wages between private employers and employees. The order was naturally well received by private employees, but as has been pointed out elsewhere the effect it had in helping them has been nullified by the rapid increase in prices. Prices have risen sharply, particularly in Region II in the provinces bordering on Apulia and Campania. This was caused in part by foraging parties entering the Region, with or without permits, to buy foodstuffs. Lack of personnel made effective control of these actions practically impossible, especially with respect to those operating under the cloak of military authority, against whom civilian police could not be expected to take any action. Some illustrations of the extent to which prices have risen in Region II, largely as a result of such foraging parties, may be cited. On the coastal road south of Taranto fowl which previously sold at 25 to 35 lire now bring 150 to 200, while turkeys previously obtainable at 150 to 200 lire now sell for 800 to 1200. Eggs which were in ample supply at 3 to 4 lire early in October, are now practically unobtainable at 14 to 15 lire. Preliminary reports on a black market grain case indicate that several tons of wheat were sold originally for 1600 lire per quintal and resold for 2300.

Labor Policy

(76) Uniformity has been secured in the field of labor as a result of close cooperation between the various headquarters and the circulation of labor officers from one headquarters to another.

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(77) As a result of the action of IBS in selling Army rations and bread to selected groups of heavy workers in November a brief wave of strikes and threatened strikes occurred in Sicily. After various conferences had been held an arrangement was worked out whereby the sale of 100 grams of bread daily to a selected group of 630 workers hired by IBS in Palermo province and 380 additional workers employed by the Air Corps and the Navy was agreed upon. It is believed that the procedure whereby regular rations are supplemented in the case of employees of the armed services is dangerous and provocative of labor unrest and every effort is being made to discourage the practice. (See also Para 44 hereof.)

(78) The Italian Resources Board appointed a wage control committee on which these headquarters were represented. This committee drew up a uniform wage scale governing wages to be paid civilians employed by the armed forces in Italy. Approval of the order is being awaited.

(79) General Order No. 14 increasing wages was published in Regions II and III in the same form as in Sicily. It has been published by the Italian Government at Brindisi and it is believed that Region IV will soon take similar steps. Accordingly, the wage formula being used and the percentage of wage increase allowed is substantially the same in Sicily and in Italy; although the increase was retroactive in Region I and Apulia to November 1, and was only retroactive to December 1 in the case of Regions II and III. General Order No. 8 which abolished the corporative syndical system in Sicily was followed in Regions II and III and it is believed that it will soon be followed in Region IV and in Apulia.

(80) As a result of a report of an unhealthy situation in labor conditions in Catania province a special survey was prepared on the matter and appropriate action taken.

(81) Considerable unemployment still exists. The situation in Calabria has been relieved by the revival of the lumber industry. Difficulties are being encountered in keeping the provincial labor offices set up under General Order No. 8 out of politics in Sicily. It was found that the Regional Labor Office did not have sufficient power to take corrective action. Steps were being taken to increase the authority of this office.

(82) Provincial Labor Officers (Italian) were appointed in the six provinces of Region II and are functioning satisfactorily. Approximately fifty-five new non-Fascist labor unions have made their appearance, chiefly in Sicily and Cosenza province.

(83) During the latter part of the month authority was given by AFHQ and CCS to permit, on a strictly voluntary and democratic basis, employees to organize and to select unpaid shop stewards or representatives for the purposes of collective bargaining. Authority to approve or to disapprove any collective agreements is reserved to the Allied Forces. It is expected that this authority will be implemented during January.

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VII - FINANCE

Price Policy

(84) During the month considerable effort was devoted to the preparation of a concrete price policy to present to a price conference at AFHQ early in January. The price policy formulated by these headquarters for presentation at the Algiers conference is set forth in Exhibit C, which is attached hereto.

(85) As stated above in connection with labor, the recent salary increases, effective December 1, which ranged from 10% to 70%, did not increase the purchasing power of the salaried workers who represent 30% of the total in Region II and a substantial percentage in Region I, because of the con-

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tinued rise in prices. Relief payments were not increased and the position of the persons with a fixed income became very difficult. The supply of goods available for purchase was so inadequate that no amount of additional currency would do more than raise prices still further.

Public Revenue and Expenditures

(86) Revenues are still not satisfactory owing to disturbed economic conditions and to apathy on the part of both tax payers and tax officials, collections remaining at about 70% to 80%. Among the State taxes, those from direct taxation produce the greatest yield. Out of a total of State revenues in Sicily of lire 48,550,309 for November, the Imposte dirette yielded 25,612,023 lire. Imposte sugli Affari (taxes on business) produced 19,747,247 lire. Customs produced a very small sum. It became known that the preparation of the 1944 tax assessments had fallen badly into arrears, and in some cases collections will not be possible before April. Tax collectors, who are mostly individuals or private concerns working under contracts, have applied for adjustments of these contracts in accordance with the increase in wages. These contracts are often highly involved, and some time will probably elapse before the matter can be adjusted. To correct this situation six financial officers were assigned for thirty days to Regions I, II and VI. Work was pressed forward at the same time on a tax revision plan. The budget control program previously advanced was put into effect in all occupied territory as far as it is applicable.

(87) The customs facilities in Sicily were badly damaged but the personnel was available and operating. The Guardia di Finanza is badly in need of vehicles and small fast boats, as from 2/3 to 3/4 of its work is ordinarily concerned with customs activities.

Financial Institutions

(88) The Sicily branches of the Bank of Italy were opened on December 13. Subsequently the Naples branch of the Bank of Italy was opened as temporary head office for liberated Italy and Sicily. The President of the Bank of Naples was arrested, and conferences are taking place looking to the appointment of a successor.

(89) Deposits in private banks continued to show a limited but steady increase. There was, however, a considerable drain on the funds of the bank of Italy at Catanzaro and Reggio, which was partially offset by the increased cash holdings and discounts of the private banks. The bank managers believed that the delay in the payment of the state debt decreased the confidence of the public in the banks. Operations by the Post Office Savings Banks have been small, and practically limited to the savings bank operations on a purely local basis.

(90) The postal savings operations initiated in Palermo in October now cover all of Sicily. The trend in the areas where the offices were first opened is for deposits to equal or exceed withdrawals, but for the island as a whole withdrawals still exceed deposits, although the peak has been passed and the margin is decreasing. Up to December 15 deposits equalled

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(91) Istituto di Previdenze Sociale is rapidly reaching the point of normal operations in Region I. All benefits are being paid, including family allowances, and the Istituto is preparing, in accordance with AMG instruction, to take over the payment of the family allowances of Cassa Mutua Malattie Commercio. The amount of cash required for the month of December was 11,744,000 lire, compared with 12,826,000 for November. Total advances to the end of December are 135,589,000 lire.

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(92) Istituto d'Assicurazione control gli Infortuni sul Lavoro has continued to operate without requests for financial aid. Its operating statement for December shows a deficit of 1,273,120 lire, but this is more than covered by bank balances totalling 4,864,388 lire. An order was issued by the R.C.A.O. fixing the rate of 15 lire per ton of sulphur exported or consumed in Sicily, as premium from this group of employers and the collection of this is entrusted to the customs officials.

(93) Because the local managers in Sicily were hesitant to establish a value for government bonds accepted as collateral on loans to banks, it was agreed that all existing loans of this type should not be called by the Bank of Italy until a policy could be established for the Bank of Italy system as a whole. The credit agreements between AMFA and the various banks in Sicily were not renewed as of 1 January 1944. The policy arranged with the Ministry of Finance in regard to the Bank of Italy was that it would accept as collateral short dated Treasury bonds and Government securities at par (with appropriate banking margins up to 30%) and longer term bonds at a small discount, in making loans to banks. Instructions to this effect have been issued to all Bank of Italy managers by the Ministry of Finance. It is believed that this arrangement gives the banking system ample protection and liquidity and eliminates the need, in practically all cases, for AMFA support in the future.

Public Financing

(94) During the month there was a partial resumption of the servicing and amortizing of the Italian State debt, which was received very favorably by the public. The amount of Italian 4% Treasury Bonds, 1934-1943 issued in Sicily and Region II was small, and the repayments to date have involved an even smaller cash turn over than was anticipated. The resumption of full dealings in 1-year Treasury Bonds on December 15 (in Salerno for technical reasons on December 22) has resulted in new subscriptions (except in Salerno and Reggio) which already exceed the repayment of three month's arrears in maturities and the sales of unmatured bonds.

(95) A program has been worked out for financing certain Italian industries, with the Italian Government guaranteeing the loans. No industry will be financed with government aid except where production will further the war effort, unless, (a) the enterprise will be able to become self-supporting in the future, and (b) materials to be purchased are available without creating competitive buying and hence an upsurge in prices. Loans have already been made to two war industries in Sicily, both in the public utility field.

(96) It was decided to resume the servicing of postal savings bonds and to permit the sale of new bonds as soon as possible. As soon as a sufficient supply of new bonds has been distributed, redemptions and sales will be resumed throughout liberated Italy.

AMFA

(97) Total receipts of AM lire during the month amounted to 22,824,320,000, bringing the total received to date to 39,392,268,000 lire. This cash on hand will cover all requirements in the presently occupied area

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AMFA

(97) Total receipts of AM lire during the month amounted to 22,824,320,000, bringing the total received to date to 39,392,288,000 lire. This cash on hand will cover all requirements in the presently occupied area for at least three months.

(98) During the month, arrangements were made to supply the Royal Treasury Section of the Bank of Italy with the funds needed to redeem the portion of the Buoni Novenali maturing on 15 December which was held in occupied territory. Also, a credit of 200,000,000 lire was opened by AMFA in favor of the Italian Treasury. Insofar as the Treasury was unable to secure funds required for other purposes from revenue or from the sale of short-term securities to the Italian banks, AMFA made additional lump-sum advances to the Government, but only on a month-to-month basis. Such short-term securities have been sold to banks on the mainland, but not as yet to those in Sicily. A statement of the amounts involved is not available at this time.

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(99) Arrangements were completed for direct advances from AMPA to the Royal Navy and to the Royal Air Force, but only in areas where the British Army paymasters were not in a position to service the other two arms of the service. AMPA also agreed to open deposit accounts in favor of "A" Force, from which payments could be made by qualified Allied officers to Italians. In this way these payments can be made by any AMG officer if no accredited "A" Force officer is available. Up to December 21, the sums of 1,505,300 in yellow seal dollars and £487,750 in BMA pounds were returned to the paymasters of the respective Allied Forces.

(100) As a result of the unwillingness of the Bank of Sicily to accept an exchange risk in holding dollars, CCS suggested that dollars and sterling deposited abroad be held by the bank for account of AMPA. This procedure was found acceptable. It was proposed that one remittance per household per quarter, not to exceed $100, be transferred, at a flat charge, by the Bank of Sicily or the Bank of Naples (in Region II). The U.S. correspondent bank would transmit a list of such remittances, in duplicate, via AMPA to the Italian bank once a month. Likewise a monthly list of payees who could not be found would be returned to the correspondent bank via the appropriate AMPA branch. AMPA would hold the dollar balances, and no payment of these dollars would be permitted by the U.S. Treasury Department unless certified by AMPA. However, AMPA would accept no responsibility for payment to the payee in lire. The procedure for remittances from the United Kingdom was very similar, although the Bank of England would act as sole correspondent of the Italian bank, and payments would be limited to £25 per individual per quarter. These proposals are now being presented to the Bank of Sicily before being transmitted to CCS.

(101) Careful audits were made of the accounting of the Economics and Supply Division (ESD) of Region I; the accounting for petroleum products and medical supplies; the balance sheets of AMPA as of 30 November; the bookkeeping of AMPA HQ; and the accounts for the period up to 30 October from Regions I, II and III.

(102) The full report of the Finance Subcommission without exhibits is attached hereto and marked Exhibit D.

VIII - COMMUNICATIONS

Telecommunications

(103) Efforts were made during the month to provide a long distance network of telecommunications for the joint use of AMG and the Italian Government in the southern part of Italy. Sufficient transport was obtained to enable the civilian authorities to move their essential maintenance men and their equipment to routes on which repairs were necessary. Further progress could not be made because the use of all stores was restricted due to the possibility of their being required by the Signal Corps.

(104) The National Government's Communications circuits in Sicily were nearly all completed in December. The following circuits were released by CSO 1 District and Signal Officer ISS:

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(104) The National Government's Communications circuits in Sicily were nearly all completed in December. The following circuits were released by CSO 1 District and Signal Officer IBS:

(a)	Palermo - Caltanissetta	Underground cable
(b)	Palermo - Catania	
(c)	Caltanissetta - Catania	
(d)	Catania - Messina	
(e)	Catania - Reggio	Submarine cable
(f)	Catania - Siracusa	Overhead routes
(g)	Siracusa - Ragusa	
(h)	Caltanissetta - Agrigento	
(i)	Caltanissetta - Enna	

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(105) On December 22 at a conference held between representatives of IBS, Seventh Army, No. 1 District, Air Formation Signals and the Regional Communications Officer, the maintenance of the open wire circuits were handed over to AMG. The RCO was asked to accept responsibility for maintaining the underground cable as soon as transport and material were available. The GSO II CSO's Branch 1 District stated that no material would be forthcoming from military sources and that maintenance would have to be carried out with material recovered from "dead" routes.

(106) During the month the Azienda di Stato per i Servizi Telefonici and the private SET (telephone) company were financed. The SET received as a loan from the State lire 180,000 for salaries and expenses. The Azienda received lire 900,000 for salaries and the repair and rehabilitation of the state underground cable. Italcable was placed temporarily under the Postal Administration for salaries and expenses. This private firm has few employees in Sicily but is a firm of very great initiative and will prove a useful factor in the restoration of Italy's overseas communications.

(107) Trunk circuits are now available between the following points: Palermo and Caltanissetta; Palermo and Catania; Caltanissetta and Catania; Catania and Messina; Siracusa and Ragusa; Catania and Reggio. It is believed that early in January the circuit between Catania and Siracusa will be completed, at which time telephone service will be available between all provincial capitals in Sicily. Local civilian authorities during the month took over the maintenance of the main trunk cables and many overhead routes from the Armies in Region II as well as Region I (104).

(108) A survey of work necessary to restore telegraph service was commenced. Telegraph service for official purposes was established between all provincial capitals in Region II except Salerno. In addition, telephone service is available to a limited number of people in most large towns. Good telephone service was established between Matera and Potenza. At times it was possible to communicate by telephone between Matera and Bari, Naples and Salerno. It is expected that the telephone service will be gradually extended with assistance from 31st Corps of the Italian Army.

Postal Communications

(109) On December 20 the internal mail service in and between the four southern provinces of Apulia, and the provinces in Region II was authorised to commence on a limited basis. Before the end of the month authority was granted to commence internal mail service in and between the aforementioned provinces and Sicily and Sardinia. This mail service was limited to postcards and letters. No single letter, not on official business, was permitted to exceed ninty (90) grams in weight. Some delay in effecting the mail service in outlying areas is expected until means of communication are improved. Censorship officers are on duty in each province. The resumption of money orders in Region II and the four southern provinces of Apulia is also authorized.

(110) Postal services as previously established continued in Sicily. The following is a list of all the Post Offices in each province in Region I together with the number now opened for one or more postal services a

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Province	No. of P.O.	No. opened
Palermo	145	128
Siracusa	35	33
Ragusa	25	21
Messina	205	194
Catania	119	107
Caltanissetta	36	31
Trapani	62	39
Agrigento	64	42
Enna	28	28

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In December 42 bags of POW mail were dispatched and 102 bags distributed in Region I. A limited registered mail and insured service w[illegible] established for banks and financial institutions in the island.

Shipping

(111) Although these headquarters have authority to utilize Italian shipping under 500 tons found in Regions I and II, this authority has proved to a large extent illusory. Most shipping of any value had already been chartered by the various branches and units of the Army and Navy before the Shipping Subcommission was organized and, therefore, was not available. The balance was hidden away in small coves and was being used by local Italians for fishing and other purposes. Accordingly, it was virtually impossible for AMG to put any shipping at the disposal of either the military units or AMG or the civilian authorities interested in transporting civilian supplies. Close liaison was maintained with Admiral Barrone, the Commander of the Italian merchant marine, and his assistance secured in the establishment of a central shipping pool to control all auxiliary motor schooners available.

(112) During the month port officers were appointed in each of the following ports: Palermo, Catania, Siracusa, Porto Empedocle, Messina, Crotone, Reggio, and Salerno. The duties of these port officers were, in general, to keep in touch with all civilian and Allied shipping entering or leaving the port with cargoes intended for civilian use; to see that these cargoes were properly unloaded and warehoused; and that they were not confused with military cargoes and did not suffer diminution by reason of civilian handling.

(113) There was considerable coastal shipping in Sicily for the purpose of conveying civilian supplies from one point on the island to another. There was also some shipping across the straits of Messina. In Region II there was almost no coastal shipping for civilian purposes. All boats had been either requisitioned, seized, or chartered by the military or naval authorities or were being used for fishing. Efforts are being made to assist in solving the transportation problem in Region II by small schooners which can load and unload at a number of small ports and even on beaches along the Calabrian coast.

Rail and Motor Transport

(114) The railroads in the eastern half of Region I and in all of Region II were still controlled by the Armed Forces and were not an AMG responsibility. In Sicily during the month civilian freight traffic averaged about 14% of the total. There were, from 29 November to 26 December, 423 freight trains operated, which moved 6409 loaded cars; of these 809 were loaded with civilian freight, totalling approximately 13,000 tons.

(115) The main roads in Region I were still passable but the roads in the interior continued to present great obstacles including the absence of bridges eliminated by the fighting. The roads in Region II are exceedingly few and those which exist are required to wind about interminably in order to cross the many mountain ranges and, in many instances, are rendered impassable in wet weather by reason of blown bridges or war damage.

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other purposes. Accordingly, it was virtually impossible for AMG to put any shipping at the disposal of either the military units or AMG or the civilian authorities interested in transporting civilian supplies. Close liaison was maintained with Admiral Barrone, the Commander of the Italian merchant marine, and his assistance secured in the establishment of a central shipping pool to control all auxiliary motor schooners available.

(112) During the month port officers were appointed in each of the following ports: Palermo, Catania, Siracusa, Porto Empedocle, Messina, Crotone, Reggio, and Salerno. The duties of these port officers were, in general, to keep in touch with all civilian and Allied shipping entering or leaving the port with cargoes intended for civilian use; to see that these cargoes were properly unloaded and warehoused; and that they were not confused with military cargoes and did not suffer diminution by reason of civilian handling.

(113) There was considerable coastal shipping in Sicily for the purpose of conveying civilian supplies from one point on the island to another. There was also some shipping across the straits of Messina. In Region II there was almost no coastal shipping for civilian purposes. All boats had been either requisitioned, seized, or chartered by the military or naval authorities or were being used for fishing. Efforts are being made to assist in solving the transportation problem in Region II by small schooners which can load and unload at a number of small ports and even on beaches along the Calabrian coast.

Rail and Motor Transport

(114) The railroads in the eastern half of Region I and in all of Region II were still controlled by the Armed Forces and were not an AMG responsibility. In Sicily during the month civilian freight traffic averaged about 14% of the total. There were, from 29 November to 26 December, 423 freight trains operated, which moved 6409 loaded cars; of these 809 were loaded with civilian freight, totalling approximately 13,000 tons.

(115) The main roads in Region I were still passable but the roads in the interior continued to present great obstacles including the absence of bridges eliminated by the fighting. The roads in Region II are exceedingly few and those which exist are required to wind about interminably in order to cross the many mountain ranges and, in many instances, are rendered impassable in wet weather by reason of blown bridges or war damage.

(116) During the month plans were perfected in Region I for the taking over by the Istituto Nazionale Transporti of the operation of captured enemy vehicles under the control of AMG. It is anticipated that little difficulty will be experienced in the turn over to ACC if all vehicles in the possession of AMG are in the control of an Italian governmental agency. It is estimated that the plan can be put into complete operation in the month of January.

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IX - PUBLIC HEALTH AND WELFARE

Control of Communicable Diseases

(117) The whole standard of sanitation in Sicily has been improved to a degree perhaps unknown in peace time. No malnutrition made itself apparent. No communicable disease, except venereal disease, caused difficulty. An officer was assigned during the month to study the venereal disease problem. There were 326 cases of typhoid and 425 cases of malaria during the month which is normal for the area. Typhoid was even less than in peace time in some parts of the island. During the month of December the following other diseases were reported in Sicily: Morbillo 1 - Scarlattina 1 - Varicella 1 - Difterite 11 - Whooping courg 28 - Influenza 12 - Meningitis 3 - Febbre tifoide 319 - Infezione Paratifo 23 - Disenteria amebica 1 - Febbre Ondulante 5 - TBC polmonare 50 - Sifilide 32 - Malaria 138 - Tracoma 6 - Scabbia 105 - Pustola Maligna 2. They show the advent of 3 cases of meningitis and an increasing whooping cough rate.

(118) Medical supplies generally were now available; but there was still a great shortage of ambulances, because so many of them have been immobilized owing to a scarcity of essential parts. IBS took over all captured Italian medical supplies, which left Region I without opiates. Biologicals such as insulin are very scarce. Basic pharmaceuticals are being slowly placed in a few pharmacies for sale to the public. Prof. Addo of Palermo produced a sample of sulpha drug which is highly soluble in water. If it proves to be an active sulpha, it will be a great contribution to the people. The Provincial Medical Officer (Italian) was given more responsibility. Consideration was given to the supply of larvacides and the organization of malaria units for the coming season. A winter program of ditch cleaning and repairs for malaria control purposes was initiated in Salerno. It is believed that the problem of malaria control should be passed over to the Italian officials as soon as possible.

(119) The two most serious health problems facing Region II were the entry of refugees and the possibility of a typhus outbreak. The Public Welfare Officer visited all provinces and initiated plans for the reception of refugees, disinfestation, feeding, clothing and distribution. Preliminary plans were made for combatting typhus, supplies were requested and a survey of disinfestation equipment was in process. Present indications were that such equipment was inadequate to disinfest any large number of people, should an epidemic of typhus break out in the Region. Dependence will have to be placed on Serbian barrels manufactured on the spot.

(120) With respect to venereal disease, civil police in Region II were ordered to arrest and prosecute all unlicensed prostitutes. Civil medical examination of the inmates of all licensed houses was continued and prophylactic stations were opened in the towns. The military and civilian police authorities were all requested to cooperate to check this evil, and their response has been very satisfactory.

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(121) The presence of Allied troops in Potenza and Matera caused such a drain on the water supplies that these became non-potable. Catanzaro also had non-potable water. No supplies of chlorine were obtainable at any of these towns, but so far no disease epidemics have resulted. All troops were advised to chlorinate their water.

Medical Supplies

(122) A conference was held at the request of 15th Army Group on the subject of the warehousing and distribution of medical supplies. By the end of the month a coordinated program had been developed under which centralized supervision of incoming medical supplies could be obtained. This involved the establishment of a central medical supply depot in Naples to which all medical

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supplies for civilian use would be shipped and from which an equitable distribution could be made. In the mean time, by agreement with 15th Army Group and Region III, an officer from these headquarters was assigned to Region III to operate the warehouse which now contains medical supplies belonging to Regions II, III, and IV. It is operated as a central store on an informal agreement between the headquarters involved.

(123) During the month it was decided that a new price list for imported medical supplies would have to be prepared based on a unit cost plus 28% to cover the cost of transportation. A further delay in securing a price schedule resulted. In the mean time, supplies were being consumed without any fixed price and no present payment is being received for them.

Public Welfare

(124) In this field the following work was undertaken:

(a) A plan was drafted and put into effect in Sicily for the consolidation and reorganization of the Casse Mutue di Mallettia di Lavore dell'Industrie dell Credito e Assicurazione.
(b) A survey was made covering the operation of the Enti Zolphi. As a result of the survey it was recommended that the reorganization of the welfare services of this unit should be deferred until the mines were reopened and the territory had been handed over to the Italian Government.
(c) The responsibility for the operation of the Palermo camp for former internees, particularly Yugoslavs, was again assumed by the Public Health Officer Region I on a temporary basis because the Displaced Persons Subcommission was operating largely on the east side of the peninsula.
(d) Several orphanages were reorganized during the month under an officer stationed in Region I to coordinate the child welfare programs generally. An investigation was made into the possibility of furnishing substitute facilities for retraining delinquent children in Palermo institutions which had been closed.
(e) A survey was made on complaints received from the Boccone dell Povero. Deplorable conditions were found to exist in Palermo and action was taken to correct them.

(125) At the end of the month 320 tons of Red Cross clothing was received in Naples for free distribution in Regions I, II, III, and IV. These headquarters will assist the Red Cross in the large task of warehousing and distributing these goods.

Refugees

(126) There were comparatively few refugee problems in Sicily owing to the difficulty of crossing the straits of Messina. In Region II the refugee problem was considerably more acute owing to the evacuation of Foggia and other areas for military reasons. During the month a few refugees were received in the province of Matera and efficiently handled by the Prefect with AMG supervision.

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X - EDUCATION

Reopening of Educational Institutions

(127) The schools of Sicily were opened in December wherever the condition of the school buildings permitted. All of the texts were carefully screened before their use was permitted. "Programs of Studies" were issued for schools in Region I, which consist of a series of pamphlets as a guide to teachers on plans and methods. Sources of paper have been located and the printing of new text books has been begun.

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(128) Palermo university opened on December 5. At the opening ceremony honorary degrees were conferred upon Lt. General Patton, Major General Lord Rennell, Brigadier General McSherry, Lt. Col. G. R. Gayre (Chief of the Education Subcommission), Lt. Col. Charles Poletti (R.C.A.O. Region I), Lt. Col. T. V.Smith (DeputyChief of the Education Subcommission), and Major Aldo Raffa (Political Intelligence). Committees of theRoyal Academy of Palermo and the Academy of Science were formed for the removal of Fascist members and the election of others to take their place. In both Sicily and on the mainland the program of investigating all teachers and professors in order to eliminate Fascists proceeded. A visit was made to Catania to conduct investigations concerning the members of the staff of the university. It is expected that this university will be open by January 15. The university of Messina will open January 3.

(129) As a result of the foregoing the following university personnel in Sicily were found to have some Fascist background and were replaced as indicated:

(a) The rectors of the University of Palermo, Catania and Messina were all removed.
(b) Six deans of Faculty were replaced at the University of Palermo.
(c) Six deans of Faculty were replaced at the University of Catania.
(d) Four deans of Faculty were replaced at the University of Messina.
(e) Prof. Gaetano Zingali of Catania University has been suspended for six months.

(130) During the month most of the elementary schools in Matera province were opened, and all other available schools will be operating shortly. January 16 was set as the date for opening the schools in the other provinces except Catanzaro where there will be a delay because of the necessity of removing or strengthening the Provveditore. The Papal Seminary in Potenza had been operating since October.

(131) From an educational point of view, Region II was found to be isolated both physically and spiritually from other parts of Italy, chiefly owing to the great distance which separated its comparatively small centers of population. Teachers once stationed in a place have almost no facilities for contact with other teachers or with advances in teaching theory. The illiteracy rate is high and the level of education, both of teachers and people is low. Furthermore the villages, of which there are many, suffer because the cost of maintaining village schools falls upon the communes, whereas the cost of maintaining school buildings in the towns was frequently born by the Central Government. It is believed to be of great importance to raise the educational standards in this area in order to stimulate the spirit of independence and to stiffen the moral fiber of the people so that they will be less likely to provide such a hunting ground for the clever politician. However, there is a reluctance on the part of the officials in office to go too far because of a fear of reprisals when the Badoglio Government takes over.

(132) All Provveditori were replaced in Sicily. New Provveditori were appointed in Matera and Potenza. The incumbents were retained in Reggio and Cosenza. The incumbents at Salerno and Catanzaro probably will be replaced.

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(132) All Provveditori were replaced in Sicily. New Provveditori were appointed in Matera and Potenza. The incumbents were retained in Reggio and Cosenza. The incumbents at Salerno and Catanzaro probably will be replaced. Educational committees of six or seven persons, headed by the Provveditore and composed of respected citizens, were constituted in each province in Region II as in Sicily. They have reviewed school personnel and text books. Even in Sicily it has not yet been possible to review the records of the 9000 teachers on the island but all Provveditori, all school administrators and all known Fascists have been screened. All text books in Region I have been cleared for use in the schools in accordance with the program explained in the October report. In Region II a similar program is in progress. A directive on text books similar to that used in Region I was sent out to all provinces in Region II and the Fascist "Diario" was banned. Ten thousand copies of the Elementary School Syllabuses and a thousand copies of the Piano di Studi per le Scuole Medie Inferiori are being prepared and will be distributed as soon as received.

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XI - PROPERTY CONTROLLER

(133) During the month the responsibility of the Property Controller was extended to the property of all the United Nations, and their nationals, and was about to be extended to the property of the French Government and its nationals at the end of the month.

(134) In Messina 20 additional properties were taken into custody. All Allied properties have now been inspected in Region II and formal custody taken of 3 villas in Salerno province. Blocked accounts of Allied nationals have not yet been taken over. Formal custody was taken of two French properties at Crotone to prevent their molestation by the troops or civilians. The question of providing funds for the maintenance and management and essential repairs of war damaged buildings was still under discussion. The question is pressing because of the inability of AMG/A legally to advance the funds to make these necessary expenditures and because of the damage being done by the rains.

(135) G.I.L. and the Dopo Lavoro property has been transferred in Sicily to the prefects of the various provinces under the supervision of the Public Welfare Officer. Liquidation of other Fascist organizations continued to proceed rapidly. The cash resources of E.C.L.S. were exhausted and a new method of financing these concerns in the light of existing work which is necessary for the conservation of the properties was being and still is being sought.

(136) The Vice President of C.I.P., the organization formed on the mainland to take over rationing and distribution of oil products under the direction of AFHQ Petroleum Section, was in process of reorganizing A.C.I.P. in Sicily. A number of problems were handled in connection with the operations of the asphalt mines in Ragusa. No new semi-statal organizations were taken into custody but the E.N.I.C. (cinemas) and the Unione Militari continued to be operated, the former having made a profit of over 1,000,000 lire in the last quarter of 1943.

(137) A copy of the complete report of the Property Controller is attached hereto and is marked Exhibit E.

XII - MONUMENTS AND FINE ARTS

(138) In general the progress made in repairing monuments and works of art was satisfactory. Certain projects were completed but many are still in progress because of the difficulties of transportation, bad weather and lack of materials. Because of the rising costs of materials that are available appropriations for certain projects were exhausted and additional funds were requested and, in some cases, approved. It is anticipated that these requests will increase and it is the policy of the Advisers carefully to examine such requests individually with a view to keeping expenditures at a minimum.

(139) The superintendent of Monuments in Palermo has submitted a supplementary program of 17 monumental churches requiring urgent repairs, divided into two groups: (a) those included in the original, approved

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(139) The superintendent of Monuments in Palermo has submitted a supplementary program of 17 monumental churches requiring urgent repairs, divided into two groups: (a) those included in the original, approved list of August 1943 but which require additional work, unforeseen at the time; (b) those of artistic importance which were not included in the original list. The estimates for this program total lire 2800,000. Approval has been granted for appropriation of this sum in order that works already initiated may be carried to completion and others begun. The sum of lire 1,300,000 (lire 500,000 for Aug.-Oct. and lire 800,000 for Nov.-Jan.) already appropriated has been exhausted and experience has demonstrated that, in some cases, work has been stopped at a critical stage because of lack of funds. The Genio Civilie of Palermo has also submitted a list of 25 monumental churches (in addition to those in the superintendent's of Monuments list) for which the estimates of repairs total lire 1,867,000. This sum has been approved, the total appropriation (lire 1,600,000) to date being exhausted.

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(140) In Palermo restoration of paintings from damaged churches and of certain objects belonging to the Museo Diocesano has continued. An appropriation of lire 150,000 has been approved for the restoration of the famous fifteenth century fresco of the "Triumph of Death" in the severely damaged Palazzo Sclafani. Because of the precarious condition of the wall it has been found necessary to remove the fresco from its present position and transfer it to a place of safety. The work of protecting the surface by means of a covering of linen has already been completed. The work of recovering archives in the badly damaged Gancia building has been completed; openings have been closed and a large part of the debris removed. Approval of an appropriation of lire 468,000 for additional necessary repairs to the building is pending. A grant of lire 35,000 has been approved for boarding up windows, transportation of archives and equipment from the Catena building to the Gancia, and arrangement of the collections.

(141) In Agrigento repairs of the Archaeological Museum have been completed. Repairs of the monastery of S. Spirito are in progress. An appropriation for certain minor repairs of the Temple of Concord and the Ponte dei Morti has been approved, which also covers treatment of planting in the temple area damaged by passage of troops.

(142) In Messina repairs to the Cathedral and National Museum are in progress. In Ispica repairs to the Church of S. Maria Maggiore were completed.

(143) The War Office has forwarded a list of contents of church treasuries throughout the island, which the Advisers are in process of verifying. The treasuries at Catania, Randazzo, Siracusa, Caltagirone, Enna, Assoro, Agrigento, Marsala, Erice, and Mazzara del Vallo have been checked and contents found intact. Archives and certain other volumes belonging to the library of the Conservatory of Music, Palermo, which had been stolen, were traced to Alcamo, where they were being sold as wrapping paper. The Subcommission was able to recover a portion of these.

(144) Summary of appropriations approved since the Allied occupation of Sicily for urgent and necessary repairs due to war damage follows:

(a)	Monuments & Antiquities in western Sicily	lire	9,511,668.00
(b)	" " " eastern "		3,530,207.00
(c)	Works of Art		620,000.00
(d)	Archives		623,000.00
(e)	Libraries		200,000.00
	Total		14,484,675.00

(145) The province of Matera has suffered virtually no war damage, the only damage to be reported from this province being in the city of Matera where fighting between the local populace and German troops on 21 September caused the following:

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(a) Duomo: Two external bas-reliefs (16th Century) flanking the main portal were pitted by German mortar shells; no repair is needed. The roof of theDuomo was hit and broken by a shell. It has been repaired by the Genio Civile.
(b) Loggetta del Moro: This picturesque archway over Via del Duomo was severely damaged by German shells. It has been fully repaired by the Genio Civile as a matter of public safety.

(146) The city of Potenza, a rail center and the seat of a school for officers, was severely bombed on 9 and 10 September 1943. Among the many structures damaged are the following cultural monuments:

(a) Cattedrale: The reconstructed apse was struck and its roof damaged. There followed a fire; this burned the apse, choir, and sacristy, melting some silver objects in the Treasury and scarring the modern (1935) frescoes of the church itself. The roof of the apse is being repaired; no further repair is needed to prevent damage from the elements.

(b) Seminario and Vescovado: These 18th Century buildings, adjoining the Cathedrale, were all but gutted by fire. Since neither the Adviser nor the Soprintendente at Bari considers these structures of true monumental importance, no steps will be taken by them beyond surveillance of whatever reconstruction is undertaken by other authorities, so as to protect the aesthetic character of the locale.

(c) S. Michele Arcangelo: The added fourth aisle of this small Romanesque church was struck and damaged. Since the damaged portion is not part of the original structure, the Soprintendente has suggested considering its entire removal. Final determination on this must await further inspection by the Adviser and Soprintendente together.

(d) Museo Provinciale Lucano: This small, undistinguished modern building was practically demolished. Repair is not proposed. Fortunately most significant objects in the collections were saved by Director Concetto Valente.

XIII - PUBLIC RELATIONS AND THE PRESS

(147) Three authorized newspapers continued to operate in Sicily:

(a) Sicilia Liberata - Palermo
(b) Corrieri di Sicilia - Catania
(c) Notiziario di Messina - Messina

PWB had approved a plan under which a newspaper would be published in each provincial capital, but this plan could not be put into effect because of the shortage of newsprint and military censors. Notification has been received that a new body "The Allied Publishing Board" has been created to control the press in Sicily. As yet no further particulars have been received.

(148) The general plan of propagandizing the Sicilians in an effort to assure greater cooperation with AMG continued.

(149) Several small newspapers were published in Region II, including a few sponsored by political parties, particularly the communists. However, it is believed that many of these will cease to exist shortly because of the absence of newsprint.

(150) The Public Relations Officer continued his practice of channelling information from AMG HQ to Allied press and other publicity representatives with a view to presenting to the public the fairest and most comprehensive picture of the purposes and accomplishments of Allied Military Government in Italy and Sicily. Close contact was maintained between the PRO and the representatives of the Allied press and on a number of occasions they were escorted to places in which they could see AMG officers and men at work.

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(147) Three authorized newspapers continued to operate in Sicily:

(a) Sicilia Liberata - Palermo
(b) Corrieri di Sicilia - Catania
(c) Notiziario di Messina - Messina

PWB had approved a plan under which a newspaper would be published in each provincial capital, but this plan could not be put into effect because of the shortage of newsprint and military censors. Notification has been received that a new body "The Allied Publishing Board" has been created to control the press in Sicily. As yet no further particulars have been received.

(148) The general plan of propagandizing the Sicilians in an effort to assure greater cooperation with AMG continued.

(149) Several small newspapers were published in Region II, including a few sponsored by political parties, particularly the communists. However, it is believed that many of these will cease to exist shortly because of the absence of newsprint.

(150) The Public Relations Officer continued his practice of channelling information from AMG HQ to Allied press and other publicity representatives with a view to presenting to the public the fairest and most comprehensive picture of the purposes and accomplishments of Allied Military Government in Italy and Sicily. Close contact was maintained between the PRO and the representatives of the Allied press and on a number of occasions they were escorted to places in which they could see AMG officers and men at work.

+ +

(151) While AMG headquarters was actively engaged during the month in assembling information and formulating policies in the various fields, particularly finance and economics, the active operations of military government were conducted through the regional organization. Region I, under Lt. Col. Charles Poletti, completed its second full month. The month saw progress in further developing the Italian administrative procedure with a view to facilitating the turn over to the Badoglio Government. A detailed

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report for the month of the activities of AMG in Region I is attached as Exhibit P. The personnel in Region I, many of whom had served since the first days of occupation in Sicily, continued their task with energy and competence under Lt. Col. Charles Poletti, whose intimate knowledge of the people of Sicily and administrative experience contributed largely to the progress in every field.

(152) Region II, under Lt. Col. George McCaffrey, was in an earlier phase owing to the facts that the occupation had taken place later than in Sicily and to the continued shortage of personnel. The results achieved with very limited personnel and with communications still far from satisfactory, reflect great credit upon Col. McCaffrey and his hard working staff.

Respectfully submitted,

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

Encls. - 6

DISTRIBUTION:

MCS, AFHQ	25
GOC-in-C, 15 Army Group	2
ACC Brindisi	1
Files	2
Spares	20

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CHARLES M. SPOFFORD
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D.C.C.A.O., AMG HQ

Encls. - 6

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CHART SHOWING PRESENT ORGANIZATION OF ALLIED MILITARY GOVERNMENT

and

ALLIED CONTROL COMMISSION (ACC)
AFHQ (Algiers)
M.G.S.
(General J. C. Holmes)

AFHQ
Adv. Adm. Echelon (Naples) MGS
(Lt. Col. Alex Henderson)

AMG HQ NAPLES (Provincia Bldg.)
Rear HQ (temporary) - Palermo
Col. C. M. Spofford - DCC.O

REGION I (Sicily)
HQ Palermo
Lt. Col. Chas. Poletti

REGION II
(Provinces of Reggio)
Catanzaro, Cosenza,
Matera, Potenza,
Salerno) Lt. Col. Gen.
McCaffrey (HQ Matera)

ACC ADVANCED HQ
(Brindisi)
Maj. Gen. Kenyon Joyce
This group maintains relations with the Badoglio Govt. & supervises the operation by the Italian Govt. of the four provinces of Apulia, south of Foggia. It is contemplated that this group will shortly cease to Salerno. The advanced party has already arrived in Salerno under Brig. Gutterbook.

AMG - 5th Army
Col. E.L. Hume
(HQ 5th Army)

HQ AMG - 15
Bari (Brig.
Forward HQ
Harvey Gour

AMG 8th Army
Gp. Captain
Benson (HQ
8th Army)

AMG Naples Provinc
Kinnard (H

AMG City of Naple
Col. Kin

NOTE: This HQ is now referred to as AMG/ACC HQ because AMG HQ is set up along parallel lines with the ACC Advanced HQ at Brindisi and has many of the personnel assigned and to be assigned to ACC HQ. This HQ will be consolidated with the ACC Advance HQ when Regions I & II are handed over to the Italian Govt.

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CHART SHOWING PRESENT ORGANIZATION OF ALLIED MILITARY GOVERNMENT (AMG)

and

ALLIED CONTROL COMMISSION (ACC)

AMG (Algiers)

M.G.S.
(General J. C. Holmes)

AMG
Adv. Adm. Echelon (Naples) MGS
(Lt. Col. Alex Henderson)

ACC Adv. HQ
(Brindisi)
Maj. Gen. Kenyon Joyce
This group maintains relations with the Badoglio Govt. & supervises the operation by the Italian Govt. of the four provinces of Apulia, south of Foggia. It is contemplated that this group will shortly move to Salerno. The advanced party has already arrived in Salerno under Brig. Gutterbock.

HQ AMG - 15 Army Group HQ
Bari (Brig. Lush, DCCAO)
Forward HQ Naples (Lt. Col. Harvey Corry) (Provincial Bldg.)

AMG - 5th Army
Col. E.L. Hume
(HQ 5th Army)

AMG 8th Army
Cp. Captain
Ponson (HQ
8th Army)

REGION III
(Provinces
of Avel-
lino, Bene-
vento, Naples)
HQ Prefetum,
Naples - Lt.
Col. Knapp
DCAO

REGION IV
Provinces of
Foggia only
at this time.
HQ Naples,
Provincial
Bldg. - Brig.
Carr

AMG Naples Province (Naples) Lt. Col.
Kinnard (Municipio)

AMG City of Naples (Municipio) Lt.
Col. Kinnard

to as AMG/ACC HQ because AMG HQ
l lines with the ACC Advanced HQ
y of the personnel assigned and
). This HQ will be consolidated with
egions I & II are handed over to

EXHIBIT "A"

EXHIBIT "B"

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 512

27 November 1945

GENERAL ORDER)
:
NUMBER 8)

RELATIONS WITH REGIONAL H.Q.

1. General Principles. The Regional Civil Affairs Officer (RCAO) shall be responsible to the CCAO for the administration of military government in his region. Generally speaking he will have full power of command and decision on all matters relating to government, subject to the following limitations:

(a) Action taken will be within the framework of policies established by AMG HQ by proclamation, order, directive or otherwise. Interpretations issued by AMG HQ of proclamations and orders will be binding upon each region. Questions of interpretation raising any point likely to effect other regions must be resolved by AMG HQ.

(b) Certain institutions or activities which by their nature must be dealt with on a uniform basis throughout occupied territory are specifically reserved from the scope of authority of the RCAO in Appendix A attached hereto and action in such cases will be directed from AMG HQ. AMGOT is one activity so reserved. Other activities so reserved will be separately notified from time to time hereafter.

(c) Matters on which policy has not been established and which do not effect an activity specifically reserved to AMG HQ will nevertheless be referred to AMG HQ when:

(i) The subject matter is likely to affect occupied territory as a whole, as opposed to the specific region (e.g. price, wage and ration scales.)

(ii) The subject matter involves some relationship with other regions (e.g. inter-regional shipments, inter-regional supply movement, movement of refugees.)

(iii) The subject matter raises legal, political or ecclesiastical questions of a character which may require handling by AMG HQ or higher headquarters (e.g. policy as to internees and foreign nationals, matters affecting ecclesiastical personnel, repeal or suspension of Fascist laws.)

(iv) The subject matter involves a substantial change in Italian law or administrative procedure, other than of local application (e.g. modification of social insurance systems, agricultural control, tax structure, labor laws).

(v) The subject matter involves policy affecting institutions organized or operating on a national basis (e.g. banks, insurance

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RELATIONS WITH REGIONAL H.Q.

1. General Principles. The Regional Civil Affairs Officer (RCAO) shall be responsible to the OCAO for the administration of military government in his region. Generally speaking he will have full power of command and decision on all matters relating to government, subject to the following limitations:

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(iv) The subject matter involves a substantial change in Italian law or administrative procedure, other than of local application (e.g. modification of social insurance systems, agricultural control, tax structure, labor laws).

(v) The subject matter involves policy affecting Institutions organized or operating on a National basis (e.g. banks, insurance companies.)

(d) Appointments or removals of Prefects and other administrative officers of like rank will be subject to prior approval by AMG HQ. Appointments or removals of certain judicial, educational and other officials, some of whom are mentioned in Appendix B hereto and others to be seperately notified, will also be subject to such prior approval. Appointments or removals of all officials will be reported to AMG HQ.

2. Personnel. RCAOs will command all personnel assigned to their respective regions. RCAOs, together with the senior regional officer of the opposite nationality, will have the power to discipline personnel under their command and will make recommendations for promotions and transfers to or from the Region.

In the case of many officers and some EM/ORs assigned to regions, the field of activity in which they are to be engaged will be specified. The assignments of such specialist personnel must be observed except in case of emergency and then only for the duration of the emergency.

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3. Communications. Orders to personnel in the regions, including specialist personnel, will be issued only by the RCAO. Communications on technical matters from a Sub-Commission or Division Chief AMG HQ to the specialist personnel in the regions must be sent through the RCAO.

Officers from AMG HQ may and will make frequent inspection trips within the regions. On such occasions they will make their presence and the nature of their mission known to the RCAO, or where impracticable, to the nearest SCAO. No orders or directives will be communicated by such officers to the specialists in the field. Technical observations may, however, be so communicated from HQ personnel to specialists in the Regions or vice versa. If these are in written form, copies will be furnished to the RCAO.

4. Procedure. For obvious reasons it will be desirable that procedure adopted by RCAOs, particularly in dealing with the Italian administration, shall be uniform as between the regions. In cases where uniform procedure has been or is hereafter prescribed by AMG HQ, such procedure will be binding uniformly on the staffs in each Region.

5. Proclamations and Orders. Proclamations and orders of a public nature which are published by posting up or publication in a newspaper are of three types, Proclamations, General Orders and Regional Orders. (See Appendix C hereto.)

(a) Proclamations. All proclamations are signed by the Military Governor and will only be issued on the authority of AMG HQ.

(b) General Orders. All General Orders are signed by the CCAO or his Deputy and will only be issued on the authority of AMG HQ.

(c) Regional Orders. RCAOs may publish within their Regions orders signed by the RCAO which shall be described as "Regional Order No.....".

6. General Uniformity. It is obviously impracticable to establish by specific category all of those matters which are within the authority of the RCAO and those which are reserved for AMG HQ. If the subject of any proposed action is not specifically dealt with herein or in memoranda supplemental hereto, it will be referred to AMG HQ when good judgement would indicate that uniformity of action is required or that a major matter of policy is involved.

By Command of Brigadier General McSHERRY:

OFFICIAL:

E. L. CLOKEY,
Lt.Col., A.G.D.,
Actg. Adjutant General

Acting Chief of Staff

DISTRIBUTION:

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By Command of Brigadier General McSHERRY:

A. T[illegible]
Brigadier
Acting Chief of Staff

OFFICIAL:

E. L. CLOUGH,
Lt.Col., A.G.D.,
Actg. Adjutant General

DISTRIBUTION:
"A"

3 Incls:-
Incl 1 - Appendix A
Incl 2 - Appendix B
Incl 3 - Appendix C

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

(Appx. A C.C.-S Hq. ANZ 2) Nov 45)

APPENDIX A

ACTIVITIES TO BE DEALT WITH BY JAG HQ.

1. The following activities will be dealt with under specific instructions from Headquarters until further notice:

(a) A.M.F.A.

(b) The fixing of rates of exchange.

(c) Accounting.

(d) Foreign exchange.

(e) Freezing controls.

(f) Matters relating to currency problems.

(g) Matters falling within the jurisdiction of the shipping sub-commission.

(h) Control and operation of semi-statal or privately owned industries controlled by the Property Controller where the activities of the industry extend to more than one Region.

(i) The sale of any captured enemy war material or stores.

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NO. 785015

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(Appx B, Sec I, Hq AMG, 2 Nov 43)

APPENDIX B

SPECIFIC LIMITATIONS ON THE POWERS OF RCAOs

Public Safety

1. No public official in this field having jurisdiction over more than one province will be appointed without the prior approval of AMG HQ. No Brigadier General or higher ranking officer of the CCFR may be appointed or removed without the prior approval of AMG HQ. Except as stated above, any public official in this field may be removed by the RCAO without prior approval.

Industry and Commerce

2. No plant shall be rendered substantially less effective by cannibalization except upon prior approval of AMG HQ.

3. No goods in transit or in storage in warehouses or at other points pending their removal to their eventual destination shall be consumed unless prior authority is received from AMG HQ.

4. Prices of rationed articles and prices of other basic or generally used articles or commodities which are likely to affect prices in other regions must be approved by AMG HQ.

Communications

5. General. The rates charged for utility services shall not be altered except after prior approval from AMG HQ.

6. Internal Transportation. No action will be taken in any Region with reference to railroads under the control of the Allied Forces except in accordance with AFHQ Administrative Memorandum No. 76 of 9 Nov. 1943.

7. Postal.

(a) No change shall be made in any censorship regulations pertaining to civilian mail without prior approval of AMG HQ.
(b) No change in postal rates or postage stamp requirements will be made without prior approval from AMG HQ.
(c) No substantial extension of postal services will be made without prior approval from AMG HQ.

8. Telecommunications.

(a) No new construction of telecommunication facilities will be made without approval of AMG HQ.
(b) No equipment or supplies in stock will be utilized without approval of AMG HQ except for routine maintenance and repairs and reconstruction of telecommunication facilities necessary to meet Allied Military and essential civilian requirements in the Region, including such telecommunication facilities and services as may be

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

...prior approval of AMG HQ. Except as stated above, any public official in this field may be removed by the RCAO without prior approval.

Industry and Commerce

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(b) No equipment or supplies in stock will be utilized without approval of AMG HQ except for routine maintenance and repairs and reconstruction of telecommunication facilities necessary to meet Allied Military and essential civilian requirements in the Region, including such telecommunication facilities and services as may be necessary for the initial operation of the Italian Government.
(c) No telecommunication supplies, materials or equipment will be shipped from one region to another without AMG HQ approval.
(d) Release of inter-urban telecommunication facilities for restricted civilian use will be made only after AMG HQ has procured ENC approval.

Property Control

9. The following will be treated as matters of policy, and no action by Regional chiefs will be taken except in accordance with instructions from AMG HQ.

(a) Classes of property to be taken into custody, (e.g. U.S., British, Greek, French, etc., Italian Government, Fascist Party, "Parastatal," etc.).
(b) Methods of disposal, recording and accounting for properties taken into custody, e.g. bank balances, Fascist funds, [illegible] etc.

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(c) Industrial concerns (whether Allied or otherwise) whose activities extend beyond a single region (e.g. AGIP, MMIC, etc.)

10. The Regional C.P. shall have delegated to him all general powers of the D.P.C. with respect to properties in his Region, except that he shall not without the authority of the D.P.C.,

(a) in the case of real property raise money on the security of any property for its maintenance beyond the limit of 40,000 lire;
(b) in the case of commercial enterprises, etc., (i) contract any loans other than temporary advances obtained in the normal way of business, (ii) pledge any of the assets of the company or concern (iii) close down any business in his custody;
(c) borrow or expend monies for the reparation of damage due to faits de guerre;
(d) enter into any legal contract or execute a deed necessary for the exercise of any of the powers of the D.P.C., except for the purposes laid down in General Administrative Instructions No.10, para 22 (a) to (c).

Labor.

11. Any announcement of labor policy affecting hours of work or collective bargaining or changing substantially conditions of work will be submitted to AMG HQ before it is published.

12. No change in the Italian law on the subject of wages, regulations and inspection measures and methods; supply, registration and distribution of manpower; industrial and labor relations; employee and employer organizations; hours of work; or absorption of demobilized soldiers in the economy will be made without the prior approval of AMG HQ.

Public Works & Utilities.

13. Materials which may be from time to time declared critical by this Sub-Commission will not be used for ordinary maintenance without prior authority from AMG HQ.

14. All contracts for public works or utility construction or services are subject to prior approval by AMG HQ, except where the contracts do not exceed 100,000 lire and only involve the use of local materials.

15. Engineering, structural or building material or contractors' plants shall not be moved out of the Region in which they are located without the approval of AMG HQ.

16. No person shall be appointed to or removed from any of the following offices without the prior approval of AMG HQ.

(a) Compartimental Chiefs of A.A.S.S. (Public Highways).
(b) Compartimental Chiefs of the Provveditorato alle opere publiche.

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(b) Compartimental Chiefs of the Provveditorato alle opere publiche.

Education.

17. The following subjects are reserved from the scope of authority of the R.C.A.C. and action thereon will be directed from AMG HQ.

(a) The procedure for the appointment or removal of all school personnel.
(b) Conditions under which schools and universities will be opened or closed.
(c) The establishment of school programs, text books and school organization.
(d) Alterations in the existing types of schools.
(e) Appointment or removal, in all universities and institutions of similar rank, of
    (i) Rectors and heads,
    (ii) Presidi of faculties
    (iii) Titular professors, all members of the Senatus Academi-
    [illegible] removal of equivalent [illegible].

(f) The establishment or abolition of chairs in universities or other institutions of similar rank (to be specified later).

18. All inter-Regional allocation of seeds, seed potatoes, artificial fertilizers, insecticides, fungicides, and farm machinery shall be made by AMG HQ.

19. Production goals for agriculture, forestry or fisheries will not be established without prior approval by AMG HQ.

20 No alteration in producer prices or in the quantities retainable by producers for consumption or seed will be made with respect to controlled commodities, except after prior approval by AMG HQ.

21. No Italian governmental agency or quasi-governmental agency in this field will be substantially altered or abolished without the prior approval of AMG HQ.

22. No appointment or removal of the Chiefs of the Ispettorato Agrario Compartimentale or Provinciale will be made without the prior approval of AMG HQ.

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Declassified E.O. 12356 Section 3.3/NND 785015

(Appx C, GAO-8, Hq AMG, 23 Nov 43)

APPENDIX C

1. AMG HQ will be responsible for the preparation and printing of all Proclamations and General Orders and for their distribution to Regions who will be responsible for the actual publication thereof.

If any RCAO considers that any matter should be dealt with by Proclamation or General Order he will submit a report in writing to AMG HQ.

2. Regional orders will make it plain in the body of the Order over what territory such Regional Order is applicable. All such Orders will be numbered consecutively and 6 copies thereof sent to AMG HQ on the day of publication.

3. Region No. 1 shall publish from time to time further numbers of the Sicily Gazette which shall contain copies of all Proclamations, General Orders and Regional Orders published in Sicily subsequently to those contained in Sicily Gazettes No. 1, 2 and 3.

4. All Regions (except Region No. 1) shall from time to time publish Gazettes which shall be entitled

"Italy Gazette
Region No. "

Such Gazettes shall be numbered consecutively starting with No. 2 and shall contain copies of all Proclamations, General Orders and Regional Orders published in the Region subsequent to those published in Italy Gazette No. 1 now being printed.

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EXHIBIT "C"

SECRET

HEADQUARTERS
ALLIED MILITARY GOVERNMENT

ECONOMIC DIRECTORATE

2 January 1944

MEMORANDUM: Views of ACC/AMG on Price Policies in Italy

1. It is the unanimous policy of AMG/ACC to retard the upward movement of prices affecting the cost of living in Italy by every means available to both the Allied and Italian Governments. It is recognized that a general increase in Italian prices cannot be prevented. Two decades of Fascism and an undisciplined population that has not complied with price controls long before our arrival, the unsuccessful prosecution of the costly war, and the destruction of industrial plant and equipment, and the increased expenditures resulting from the presence of the armed forces combine to produce inflationary pressures which cannot be kept entirely in check. But efforts can and should be made to retard them. Main attention must be given to the major commodities entering into the cost of living such as wheat and flour for bread and pasta.

2. All goods imported for Italian civilian consumption should be charged to the account of the Italian Government at a landed cost price in Dollars, Sterling or North African Francs, depending upon whether the goods come from U.S., U.K. or North Africa. For this purpose, it will be necessary for C.C.S. and A.F.H.Q. to furnish current information on landed costs for imported commodities.

3. To keep governmental subsidies as low as practicable, the imported commodities should be sold in Italy, on behalf of the Italian Government, at not less than the landed cost basis except where, as in the case of wheat or coal, such action would result in such a price rise over the existing legal price for that commodity as to threaten to disturt the general price structure. An examination of the 1 November 1943 schedule of landed costs for imported commodities indicates that in the case of many commodities, this policy can be pursued without damage to inflation control.

4. In the case of imported wheat and flour - food stuffs essential to subsistence - the governing consideration in determining the price for resale on behalf of the Italian Government is keeping down the cost of living. It has been and will continue to be necessary to sell these items below landed costs. Imported wheat and flour should be sold through the normal distribution channels at the legal prices for Italian produced wheat and for flour processed therefrom, even though such prices are substantially lower than the landed cost of imported wheat and flour.

5. It is intended that as long as wheat and flour are to be imported, the legal price for bread throughout areas under our control will for the time being be 3.60 lire a kilo. To enable this to be done, imported flour should be sold to the baker at 3.10 lire a kilo and imported wheat should be sold to the miller at a price to enable him to produce flour to sell at 3.10 lire a kilo. Accordingly, imported wheat and flour should be sold to the Consorzi and the Alimentazione at a price to enable them to sell the imported wheat and flour to the miller and baker at prices to accomplish the foregoing. In any locality where production and transportation costs make it impossible for a baker to sell bread profitably at 3.60 lire if he pays 3.10 lire for flour, appropriate financial assistance will be given by the local government authority.

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6. In the case of food stuffs other than wheat or flour it will generally be possible to charge landed costs. Milk for small children and expectant or nursing mothers, requires special consideration. Landed cost figures as of 1 November 1943 indicate that milk can be charged at landed cost. However, if the landed cost is revised upward and requires charging consumers prices appreciably in excess of 9 lire for a 12 oz. can or 11 lire for a 14 oz. can of evaporated milk, the question should be reconsidered.

7. Medical and other supplies and equipment, and industrial and agricultural equipment and supplies should be resold in Italy on behalf of the Italian Government at a price equivalent to landed cost. Fertilizers and insecticides are essential to maximize Italian agricultural production. These commodities, and imports entering into their manufacture should be resold at this time at prices which will not increase 1942/43 legal prices by more than 60% or 70% the price paid by agricultural producers for fertilizers and insecticides.

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8. Landed cost figures as on 1 November 1943 indicate that laundry soaps and toilet soaps can be charged at landed costs; however, if 1 November 1943 landed cost price is revised upward and requires consumers' prices appreciably in excess of 25 lire per kilo for laundry soap and 36 lire per kilo for toilet soap, the question should be reconsidered. It is noted that if, in lieu of soap, Italy were supplied with caustic soda - the ingredient required for domestic soap production - valuable shipping space could be saved, and local materials and labour could be employed. This matter should be brought strongly to the attention of C.C.S., since soap is being shipped and caustic soda refused us.

9. Imported coal should be sold on behalf of the Italian Government for 1200 lire per metric ton CIF Italian ports, compared with the landed cost of between 2500 and 3000 lire per metric ton. In the case of Sardinian coal, a price of 400 lire per metric ton in Sardinia is recommended for fine coal (less than 20 m.m. in size) and 500 lire per metric ton for coarse coal (20 m.m. or more in size). These prices, it is estimated, will cover cost of production. The price for the two grades of Sardinian coal elsewhere in Italy should be 550 lire and 650 lire per metric ton CIF Italian ports (except Sardinia) to cover cost of production and shipping. Differential prices for various types of users of coal are not considered desirable at this time.

10. The information we have available from Regions I and II indicates that petroleum products are an important factor in transportation costs and transportation is an important factor in the cost of food. Therefore, unless these statements of fact are invalidated, a maximum price of 11 lire per litre of gasoline and corresponding prices for other petroleum products are recommended. It is suggested that out of these 11 lire, there be paid in order of priority:-

(a) Distribution costs and dealers' margins (an effort being made to keep these as low as possible).

(b) Italian import duties and excises.

(c) Balance being credited to the account of landed cost. The deficit in landed cost not covered by the 11 lire price, would be charged as a subsidy.

11. The difference between landed cost charged to the Italian Government and the internal sale price charged on behalf of the Italian Government for all imported commodities would be treated as a subsidy by the Italian Government. These procedures would in no way alter the existing arrangements whereby the public and private organizations or individuals to whom the imported commodities are turned over for distribution are required to pay cash lire for such commodities at prices fixed by the Allied authorities, if possible after agreement with the Italian Government.

12. Even though legal retail prices are not fixed, we desire that imported goods should not be sold to consumers at a price too high in view of what is charged to the distributor. Accordingly, Allied authorities will watch and if necessary control the retail price of imported goods. The Allied authorities will also, in appropriate circumstances, jointly consider with the Italian Government the retail prices to be charged for imported goods.

13. Exportable surpluses should be purchased from Italian producers at prices in lire sufficient to cover actual costs at times of production plus a fair profit. This, however, would not affect the position where goods can be obtained

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13. Exportable surpluses should be purchased from Italian producers at prices in lire sufficient to cover actual costs at times of production plus a fair profit. This, however, would not affect the position where goods can be obtained in the open market at lower prices.

14. Exports from Italy should be sold abroad as far as practicable at prices equivalent to prices prevailing in foreign markets concerned, whether such prices are in excess of or less than prices paid to the Italian producers. In the case of exports to the U.S., U.K. and French North Africa, payment will be respectively in Dollars, Sterling or Francs, credited to an Italian Government account; in the case of exports to neutral countries, further consideration should be given to whether the payment should be in the currency of that country or in Dollars or Sterling credited to the Italian Government's accounts held by or under the control of the British and American Governments. The Dollar, Sterling or Franc accounts of the Italian Government would not be credited for exports if such exports did not arrive at their destination. This would place the risk for loss of exports on the Italian Government, just as the risk for [illegible] by the Allies

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15. The question of actual payment over by the Italian Government of Dollars, Sterling or Francs with which it is charged for imports and the actual payment over of Dollars, Sterling or Francs credited to the Italian Government for exports can be left to the future for settlement as part of the larger financial relations which will have to be worked out between the Allies and Italy. However, existing procedures and arrangements will be continued whereby the distributors who obtain imported commodities are required to pay to AMG cash lire for such commodities, and Italian producers are paid by AMG cash lire for exports, at prices agreed upon. In the ultimate financial settlement with the Italian Government, lire thus received or paid out will be dealt with in the accounting.

16. Under the foregoing proposals normal Italian taxes and imposts could, at least in the future, be applied, except possibly in the case of goods given as relief and in the case of some of the few imported commodities that will be sold below landed costs. Even where goods are sold below landed costs, we should have no objection to the imposition of normal Italian taxes and imposts if we are credited with full landed costs in Dollars, Sterling or Francs and the Italian Government is charged with the subsidy.

17. The foregoing price proposals, so far as affects the relations between the Allies and the Italian Government, should be applied to imports and exports since the beginning of the occupation of Sicily and the Italian mainland. It would be quite desirable, although not absolutely essential, to obtain the agreement of the Italian Government to such of the foregoing proposals as are agreed to by the various interested Allied Headquarters before action is taken to implement such proposals.

18. To provide an instrumentality for the accounting of imports and exports, and for handling other operational matters relating to imports and exports, an import-export agency should be created under arrangements to be worked out between ACC/AMG and 15 Army Group. This agency might be given status within the Industry and Commerce Sub-Commission similar to the status of AMFA within the Finance Sub-Commission. It would be authorized to deal directly with all AMG Regions and Italian areas in which the Allied authorities are functioning.

19. With regard to domestic prices of Italian produced commodities and services.

(a) The proposed 100% increase in passenger railway rates at this time should be disapproved. A doubling of rates for a service provided by the Italian Government would set a precedent for corresponding increases in other prices, without discouraging the actual amount of traffic carried by the railroads, and without improving noticeably the financial position of the railroads. Increases in freight rates should also be resisted at this time because they affect the cost of living.

(b) Italian public utility service rates have been kept to artificially low levels. In some cases these rates can be raised sufficiently to eliminate the need for government subsidy without affecting appreciably the cost of living. With this in mind, the Public Works Sub-Commission has been authorized to examine the rate structures of those public utility institutions seeking rate increases with a view to recommending such increases as are consistent with our overall

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18. To provide an instrumentality for the accounting of imports and exports, and for handling other operational matters relating to imports and exports, an import-export agency should be created under arrangements to be worked out between AOC/AMG and 15 Army Group. This agency might be given status within the Industry and Commerce Sub-Commission similar to the status of AMFA within the Finance Sub-Commission. It would be authorized to deal directly with all AMG Regions and Italian areas in which the Allied authorities are functioning.

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20. The desirability of continuing to keep in effect the detailed legal domestic price lists was considered but no conclusions were reached. In Region I, AMG legal prices are now prescribed for only bread, pasta, olive oil, sugar, milk, coal, petroleum products and soap. The communes are authorized to fix prices on the other commodities. In Region II, the original detailed AMG legal price list, modified in a few instances, remains in effect.

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R.A. HAMLEN,
Brigadier,
Acting Economic Director.

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EXHIBIT "D"

SECRET 12 January 1944

REPORT OF THE FINANCE SUB-COMMISSION, HQ AMG/ACC FOR DECEMBER 1943

I. Establishment of Headquarters at Naples

During the month of December, Headquarters of the Finance Sub-Commission AMG/ACC and AMFA Headquarters were moved from Palermo to Naples. Several officers arrived in Naples by air in the second week of December to obtain office space and furniture. The majority left Palermo by overland convoy on 18 December and arrived at Naples on 24 December.

Representation of this Sub-Commission at Command Post of ACC Brindisi was maintained throughout the month of December. Further important negotiations continued with Lt Colonel Guido Jung, Under Secretary of Finance; a report of the DCFO who has led these negotiations is attached. Some of the contents of this report are repeated in the main report of the Finance Sub-Commission, but it has been thought desirable to include it in its entirety in view of the high importance of the matters dealt with.

II. Price Policy

1. On the basis of two draft memoranda * submitted by AFHQ, and in anticipation of consideration of the problem by the Economic Directorate, the Finance Sub-Commission explored the problem of price policy for Italy. Later, it participated in the meetings of the Economic Directorate held to discuss price problems and in the drafting of a memorandum on the subject. In anticipation of the meetings on price policy scheduled to be held at AFHQ in January 1944, members of the Economic Directorate including representatives of the Finance Sub-Commission met with representatives of Regions I and II to discuss the various aspects of the price problem. The conclusions reached in these conferences were included in a memorandum titled "Views of ACC/AMG on Price Policy in Italy", which incorporated the unanimous views of the Economic Directorate and of ACC/AMG Headquarters as well. In response to its request, a copy of the memorandum was transmitted to the Central Economic Committee, and later was discussed with a representative of 15 Army Group and the Central Economic Committee. Lt Colonel Bernstein and Capt Baker-Baez went to AFHQ on 4 January 1944 to participate in the conferences on price policy in Italy.

2. With regard to imports, it was recommended that:

(a) imported goods should be charged against the account of the Italian Government at landed cost in the currency of the country of origin; and that

(b) to keep subsidies as low as practicable, imported commodities should be sold in Italy, on behalf of the Italian Government at not less than the landed cost basis, except where, as in the case of wheat or coal, such action would result in such a price rise over the existing legal price for that commodity as to threaten to disturb the general price structure. The differences, if any, between landed cost charged

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3. With regard to commodities exported from Italy, it was recommended that exportable surpluses should be purchased from Italian producers at prices in Lire sufficient to cover actual cost at time of production, plus a fair profit unless the goods can be bought in the open market at lower prices.

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* "Price Policy to be followed by AMG/ACC in Italy - Recommendations as to" - prepared by MCS 7 Dec 1943.

and

"Italy - Price of Coal and Handling of Coal" - prepared by Coal Section 5 Dec 1943.

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4. It was recommended that exports from Italy should be sold abroad as far as practicable at prices equivalent to prices prevailing in the foreign markets concerned and the payment for exports to the U.S., U.K. and French North Africa should be respectively in Dollars, Sterling or Francs, credited to a special account held by or under the control of the British and American Governments.

5. Recommendations were also made with regard to passenger railway rates, Italian public utility rates and the price of coal and petroleum products.

III. Government Expenditure and Revenue

1. Revenue. Owing to the time spent in moving from Palermo to Naples, adequate information on tax collections has not been obtained. Revenues are not satisfactory, however, owing to disturbed economic conditions and, in part, to apathy, both of tax payers and of tax officials.

2. Field Workers. To meet this situation, six financial officers have been assigned for 30 days temporary duty in Regions I, II, and VI.

3. Taxation Plans. Study of the Italian tax system is continuing and new sources of information, both governmental and academic, have been consulted in Naples. It is intended within a few weeks to redraft the tentative tax revision plan previously submitted into a definitive programme for action.

4. Budget. The budget control proposals described in the November report went into effect in the latter part of December. The CRO 15 Army Group has also put into effect such of the proposals as were applicable to his problems. It is too early to assess the results of this program.

5. Personnel. Lt Colonel Cross, CRO, has joined the group at the Command Post AOC at Brindisi. Major Nash, DCRO, is stationed at Naples.

IV. Financial Institutions

1. The Bank of Italy. Arrangements for the opening of the Sicily branches of the Bank of Italy were completed early in December and they reopened for business on 15 December 1943. Experience in Sicily indicated the possible need of a temporary head office for the Bank of Italy. Accordingly, discussions were held with Lt Colonel Jung of the Ministry of Finance and a plan was devised for designating the Naples branch of the Bank of Italy as temporary head office for liberated Italy and Sicily. Two individuals have been selected to be the administrative and policy heads respectively of this office, and discussions with them are now in progress.

Because the local managers in Sicily were hesitant to establish a value for government bonds accepted as collateral on loans to banks, it was agreed that all existing loans of this type should not be called by the Bank of Italy until a policy could be established for the Bank of Italy system as a whole. The credit agreements between AMFA and the various banks in Sicily were not renewed as of 1 January 1944. The policy arranged

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2. December maturity of Government bonds. An issue of Italian Government 4% bonds matured on 15 December 1943. Decision having previously been reached to redeem that part of the issue held in liberated Italy (estimated by the Finance Ministry at about 500,000,000 Lire), arrangements were made with AMFA to advance to the Bank of Italy branches throughout Sicily and

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the liberated mainland such funds as were required. Information on the net cash requirement for this transaction has not yet been received. It is believed from certain reports we have received that that part of the issue held in German occupied Italy was also redeemed.

3. Financing of Industry. Studies, begun in November, established the need for some form of Italian government financial assistance to industry. Such financing is now available in liberated Italy under a plan worked out with Lt Colonel Jung, Under Secretary of Finance. Applications in Sicily will be made to the Bank of Sicily and in the mainland to the Bank of Naples. These banks will study the applications together with AMG/ACC officials, and, on being convinced that financing should be furnished, arrangements will be made with the Italian government to guarantee the loans.

The plan contemplates that the following classes of enterprise shall be financed:

(a) Those whose products or services are necessary to the war effort.

(b) Those whose products or services are necessary to maintain or to aid the economic well-being of liberated Italy.

(c) Those whose reestablishment will employ labor and will produce vitally needed materials to be used elsewhere in the rehabilitation of liberated Italy.

No enterprise, however, will be financed with government aid except in instances where production is required to further the war effort unless:

(a) the enterprise is one which will be able to stand on its own feet and become self-supporting in the future.

(b) materials - raw or finished - to be purchased are available in sufficient quantities to obtain necessary amounts without creating competitive buying and hence an upsurge in prices.

Loans have already been arranged for two enterprises in Sicily, the products of both of which are being used by the armed forces, and other loans are under discussion in both the Sicily and Naples area.

4. Postal Savings System. Estimates obtained from the Ministry of Finance indicate that the resumption of full service on postal savings bonds would not cause a drain on the Government's financial position, except possibly for the first two or three weeks. In view of the desirability of absorbing excess currency in circulation, it has been decided to resume such service and to permit the sale of new bonds as soon as possible. Steps are being taken to obtain paper and printing facilities. As soon as a sufficient supply of new bonds has been distributed, redemptions and sales will be resumed throughout liberated Italy.

5. Bank of Naples. Since the arrest of Frignani, President of the Bank of Naples, that institution

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5. Bank of Naples. Since the arrest of Frignani, President of the Bank of Naples, that institution has been without a directing head. This situation being obviously undesirable, AMG 15 Army Group and HQ AMG/ACC after investigation, have made arrangements with the Ministry of Finance for the selection of two individuals to take over the general management of the bank. One of these is a banker and will become the administrative head; the other is an industrialist of Naples and will become the director of policy. Discussions with these two men are now taking place, and it is hoped that an announcement of the appointment can be made in the near future.

V. AMFA

1. Receipts of New AM Lire. During the month large shipments of AM Lire notes were received, for the first time providing cash on hand sufficient to cover estimated needs for currency for more than one month in advance.

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It is now possible to estimate that cash on hand will cover all requirements in the area now occupied by Allied Forces for at least three months. Total receipts during the month amounted to 22,824,320,000 Lire, bringing the grand total received to date to 39,392,288,000 Lire. As the total ordered from the Treasury Department was 43,340,368,000 Lire, there remain to be delivered to AMFA only 3,948,080,000 Lire. No further orders have been placed with the Treasury Department for AM lire notes.

2. Payments to the Italian State and its Armed Forces. During the month, arrangements were made to supply the Royal Treasury Section of the Bank of Italy with the funds needed to redeem the portion of the Buoni Novenali maturing on 15 December which was held in occupied territory. Also a credit of 200,000,000 Lire was opened by AMFA in favour of the Italian Treasury. In so far as the Treasury was unable to secure funds required for other purposes from revenue or from the sale of short-term securities to the Italian banks, AMFA made additional lump-sum advances to the Government, but only on a month-to-month basis. Such short-term securities have been sold to banks on the mainland, but not as yet to those in Sicily. A statement of the amounts involved is not available at this time. The sale of bonds to the banks means that AMFA's advances no longer account for the entire deficit of the Italian Government, and the amount of this deficit must now be obtained from reports of the CRO.

Payments to Italian troops are now being made by the Bank of Italy from Treasury funds transferred to Italian paymasters by means of vaglia cambiari. In areas where the Bank of Italy is short of cash, AMFA will advance funds for account of the Italian Treasury either to the Bank of Italy, or in exceptional cases, to the Italian paymaster.

3. Payments to Allied Armed Forces. Arrangements were completed for direct advances from AMFA to the Royal Navy and to the Royal Air Force, but only in areas where the British Army paymasters were not in a position to service the other two arms of the service. AMF. also agreed to open deposit accounts in favour of "A" Force, from which payments could be made by qualified Allied officers to Italians. In this way these payments can be made by any AMG officer if no accredited "A" Force officer is available.

4. Redemption of Yellow Seal Dollars and BMA Pounds. During the month of December, the branch office in Palermo continued to pay out AM Lire to the Sicilian banks in exchange for yellow seal dollars and BMA pounds. The latter are being taken in by the banks in Catania in the amount of 1 to 2 million Lire per day. Prior to 21 December, the sums of 1,305,300 in yellow seal dollars and £487,750 in BMA pounds were returned to the paymasters of the respective Allied forces. Contrary to the original proposal, however, the Allied paymasters gave receipts in dollars and pounds, respectively, instead of AM Lire. Accordingly, new sub-heads in these currencies were added to the occupation costs accounts.

5. Remittances from U.S. and U.K. As a result of the unwillingness of the Bank of Sicily to accept an exchange risk in holding dollars, CCS suggested that dollars and sterling deposited abroad be held by the Bank for account of AMFA. This procedure was found acceptable, and a means of effecting remittances was discussed with the Finance Officers of Regions I and II. It is proposed that one remittance per household per quarter, not to exceed £ 100, be transferred, at a flat charge, by the Bank of Sicily or the Bank of Naples (in Region II). The U.S. correspondent bank would transmit a list of such remittances, in

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6. Emergency Advances to British and American Nationals. Pending the establishment of a procedure by the State Department, the Sassari branch was authorized to make payments not exceeding 4,000 Lire per month per person, or 8,000 Lire per month per household, on proper proof of eligibility. In other regions similar payments are being made by Finance Officers. On a more permanent basis, AMFA

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will serve as a paying bank, but other AMG or State Department officials will undertake the task of approving applicants.

VI. Accounts

1. ESD Sicily Region. A report on an investigation into the accounting of the Economic and Supply Division (ESD) of Region I, and accounts showing the stock movements in quantity and the sales in quantity and in value were, together with a report dated 29 December on the general situation, submitted to the Chief Finance Officer on 31 December. Investigations into the accounting for petroleum products and medical supplies were also begun.

2. AMFA. The balance sheets of the various AMFA branches as of 30 November were reviewed and a consolidated balance sheet was prepared. The AMFA Headquarters bookkeeping was supervised.

3. AMG. Accounts for the period to 30 October were received from Regions I, II, and VI. These were examined, and those of Region I were discussed with the Regional Accountant. Accounts from Region III have not yet been received.

4. General. Senior officials of the accounting section were among those cooperating with representatives of the Industry and Commerce Sub-Commission on the subject of price policy.

Advance party to open Naples office arrived there on 15 December 43, and arranged premises at 51 Via Santa Brigida.

The Chief Accountant arrived 30 December 43, leaving a rear party still in Palermo, after clearing the accounts of the Economic and Supply Sub-Division. Two additional officers have been ordered forward from Tizi-Ouzou to replace vacancies caused by sickness.

VII. Customs

1. Translation of Italian Customs Law. The translation of the Italian customs law was completed, but considerable editing of the translation is still necessary. The index to the customs regulations has been translated and edited.

2. Guardia di Finanza. Conferences were held with Colonel Biondi, Commandante of the Guardia di Finanza for the Palermo District, and with his Adjutent General. These conferences revealed that that corps is ready to operate in the Palermo district and that its personnel is well organized. The corps suffers, however, from a lack of vessels. In ordinary times from 2/3 to 3/4 of the business of the Guardia di Finanza is concerned with customs activities, and it is obvious that if the customs business is to receive the support from the Guardia di Finanza that is necessary to proper functioning, vehicles and small fast craft should be made available to the Guardia.

3. Sicily Customs. Further conferences were held with Olgo Zucchi, Inspector General of Customs for Sicily, who had completed his tour of inspection of his compartment, and a copy of his report was received. It appears that customs facilities have been badly damaged over all of Sicily, but the personnel is on hand and operating. Stocks of forms are now on hand and work is commencing.

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4. Duty on Allied Imports Turned Over to the Italian Government or Civilians. The question of whether or not to collect duties on imports of the Allied Governments handed over to the Italian Government or Italian consumers was studied with Region I and other Finance Sub-Commission officers. A memorandum advocating collection of duties in all cases from the Italian consignee of the merchandise was prepared, together with a plan for effecting the collection.

5. Memoranda on Functions of Italian Customs Service. Work has progressed on a series of memoranda setting forth the functions of the Italian customs service and the related functions of the Guardia di Finanza and the Capitanerie. These will be presented in a week or so.

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6. Personnel. The activities of the Customs Section during the month of December were hindered by absence of senior staff owing to other duty and sickness. Namely:

Chief of Section, sick 3 - 19 Dec 43.
Asst. Chief of Section, duty 1 - 19 Dec 43.
Capt Marshall, duty 5 Dec and still away.

CARL A. MILLER,
Lieut-Colonel,
for R.M. Hamlyn,
Brigadier,
Chief Finance Officer.

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EXHIBIT "E"

REPORT OF THE CONTROLLER OF PROPERTY AMG FOR DECEMBER 1943

1. General.

As the result of four months experience, the work of the Sub-Commission in Region I can be said to have established a normal routine, that is to say, the supervision and management of properties already taken into custody, the maintenance of records and accounts in respect of the same, and the preparation of inventories, checking of accounts, etc, in connection with such Allied properties as still remain to be taken into custody. In general, the work of the Division during the month under review has been in accordance with such routine, but its scope has been increased by the extension of Article IV of Proclamation No.6, firstly to the sequestrated properties of the Governments and Nationals of all the United Nations, and secondly to sequestrated French properties, as more particularly mentioned in para 3 below. The work at Headquarters during the month under review was somewhat intermittent owing to the uncertainty as to future developments, and to the moves involved in the division of AMG ACC HQ between Naples, Palermo and Brindisi, which made it difficult to reach decisions on policy, e.g, with regard to the Bronte Estate (see below - para 4).

2. Personnel.

HQ AMG was transferred to Naples with effect from 19 Dec 43, and Major Bovard(A) has represented the Division there since 26 Dec 43. The rest of my HQ Staff remained in Palermo throughout the month. On 31 December, orders were received for Major Sansome (A), Major Evans (B) and Capt.Sirota (A) to proceed to AMG HQ Naples for special duty, without either warning or consultation. While not disputing that the exigencies of the situation may demand this sudden transfer, I must point out that the work of this Sub-Commission has been prejudiced by the sudden removal of two accounting specialists, one of whom was forced to leave an audit of a firm half finished.

No other changes in the personnel of the Sub-Commission or their respective assignments occurred during the month, except that Major King (A) of the A.C.C joined my HQ Staff on the 19 Dec 43.

In the early part of the month, Lt.Col. Bennett (B) of HQ accompanied Captain Hellmuth (B), R.C.P Region I, on a visit of inspection to the Provinces of Catania and Messina. Arrangements were also made for either myself or Lt.Col.Glenn (A), accompanied by Major Bundy (B), to make a tour of inspection of Region II, but owing to the move of HQ AMG to Naples and the non-availability of the necessary transport, this tour had to be postponed. I hope however that it will be possible to make it during January 1944.

3. Extension of Property Control.

By General Order No.16 of AMG dated 7 Dec 43, the provisions of Article IV of Proclamation NO.6 were extended to the property of all the United Nations, in accordance with the provision contained in Section 5 of Article IV of Proclamation No.6. The Order, which is applicable to Regions I and II, became effective on the date of its first publication therein. At the end of the month under review, authority was received from AFHQ to extend the same Article to the property of the French Govern-

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REGION I

4. Real Estate.

(A) Allied Property.

Further Allied Property has been taken into custody, particularly in the Province of Messina, where the A.C.P, Lieut.Beeson (B), has taken custody of a further 20 properties. In many cases it has been found that a legal representative of the owner is present, and where this is so, the property has been left in his hands.

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As mentioned in para 4 (a) (iv) of my report for Sept 43, the Ente di Colonizzazione del Latifondo Siciliano (E.C.L.S), while in possession of the Bronte Estate, entered into certain contracts for the cutting of timber, in particular with the firm of Minoo and Rizzo. Their contract has now been formally terminated by an agreement between all parties concerned, that is to say, E.C.L.S, Minoo and Rizzo, and R.C.P, Region I. In the result, E.C.L.S is absolved from any further liability under the original contract, whilst a considerable quantity of timber and charcoal has been made available to Civilian Supply. Further timber which had been requisitioned by the Italian Military authorities, cut but not taken away, has also been made available to the same Division. The Bronte Estate continues to be administered by Signor Modica. Its general operation is proceeding satisfactorily, and a considerable cash surplus is in hand as the result of the trading during the past three months. The question of the disposal of the orange-crop is however a serious one, and every effort is being made to find a market for it at a reasonable price.

As regards all Allied properties which were administered by the Bank of Sicily as sequestrator, and are now administered by it on my behalf, the Bank is furnishing full accounts up to 30 Nov 43, and has been instructed to render similar accounts at two-monthly intervals.

The question of providing funds for (a) maintenance and management, and (b) essential repairs to war damaged buildings, to which I referred in para 3(A) of my report for November 43, is still unsettled. The Acting Chief of the Military Government Section at AFHQ has ruled that though AMFA is empowered to make loans, including loans to individual persons, "a mere unilateral expenditure for the benefit of some absent owner is not a loan", and therefore the funds required for the above purposes cannot be made available by AMFA. In the circumstances, the matter will be taken up with the Italian Government with a view to their providing the necessary monies, seeing that under the conditions of Armistice they are bound to take such steps as the United Nations may direct to safeguard the persons and property of foreign nationals. In the meanwhile, properties which should be repaired if funds were available, in particular the Whitaker property Villa Cavour in Palermo, are deteriorating by reason of the wet weather.

Time has not permitted any positive action with regard to properties coming within the provisions of General Order No. 16 referred to in para 2, apart from the initial step of instituting enquiries with a view to obtaining full particulars of the same.

Property of Mr.J.R.M.Fell, H.M.Consul, Madrid.

Orders were received by Mr.Bell, the representative in Palermo of the Ministry of War Transport in London on December 26th, instructing him to arrange for the effects of Mr.J.R.M.Fell, H.M.Consul, Madrid, who until the rupture of diplomatic relations between Italy and the U.K had been H.M.Consul in Palermo, to be shipped to Madrid. These effects had been taken into custody by me in August 1943. Among these was a motor car, which I requisitioned for the use of this Sub-Commission on 12 Nov 43, as the staff car allotted to me had been assigned to other duties. About 15 days later Lt.Col.Brown, G-4, HQ AMGOT, informed me that the car was urgently needed for temporary duty by the Public Safety Sub-Commission, and I agreed to surrender it on condition that it should be returned to my safe keeping when the move of the main body of AMG ACC HQ to Naples had been completed. On January 1st I was informed by G-4 that this car had been sent for by Brig.Outerbock and that it had been sent to Naples on December 22nd.

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The question of the legal ownership of the Bronte Estate (see para 3 of my report for August 43) has again been raised with the Legal Division with a view to re-establishing Viscount Bridport's title thereto, either by

(i) An order of the C.C.A.C confirming the annulment of the decree of expropriation by virtue of Article IV of Proclamation No.6, or

(ii) Negotiation with the Italian Government.

The matter was raised as one of urgency, in view of the imminent handing over to the Italian Government, but no reply has yet been received.

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(B) Enemy State Property (Italian).

Discussions have taken place during the month under review on the general question of the internal administration of E.C.L.S, referred to above, and a list of the staff has been submitted to the Prefect of Palermo for checking.

Many of the "Borghi" belonging to E.C.L.S are at present deserted, and measures have had to be taken for their protection. They were badly pillaged in the early days of the occupation.

The cash resources of E.C.L.S are now exhausted, and the general financing of this concern is being considered in the light of the essential work which is necessary for the conservation of its properties.

(C) Property of Fascist Organisations.

The liquidation of Fascist organizations, to which I referred in para 3 (c) of my report for November 43, is now well in hand, Judge Criscuoli having been appointed chief liquidator, with his office in Palermo. Sub-liquidators have also been appointed to assist him. Questions as to the general policy to be followed have in most cases been decided, and it is intended to make as much use as possible of the Intendenza di Finanza, so avoiding the employment of extra staff.

G.I.L and Dopolavoro property has been transferred to Prefects of the various Provinces under the supervision of Public Welfare, but questions of policy are still under consideration and no decision has yet been reached regarding the disposal of bank balances.

(D) Abandoned Property.

The general scheme for dealing with abandoned property (see para 4 (d) of my report for Sept 43) is now in full operation throughout Region I. In the case of abandoned properties which have been taken into custody, arrangements are being made for the appointment of "curatore", who will take over the administration.

5. Industrial and Commercial Concerns.

(a) Bomb Bros.

The policy of keeping sales down to the minimum necessary to defray expenses has been continued. Sales carried out during the period of administration by the C.P show a large profit. Audit of the accounts for the year 1943 and preparation of inventory and balance sheet was being carried out by Capt. Sirota, with a view to establishing the shortages referred to in my previous reports for September and October 1943. Unfortunately Capt. Sirota was compelled to leave his audit uncompleted owing to his transfer to Naples. After examination of the accounts the future operation of this business will be considered, and certain economies are contemplated by the C.P.

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(b) L'Insulare.

As a result of the preliminary examination of this concern, Controller of Property has taken the property into custody in the interests of the British shareholders. The original contract made with Messrs. Spero has been ratified for the current year. Certain assets (cash and securities) have been earmarked to cover undistributed dividends due by the company to the British shareholders. On the basis of the present contract a net annual profit of approximately Lire 180,000 should accrue. This is considered by Controller of Property to be preferable to the other alternatives:

(a) care and maintenance - costly and unsatisfactory.
(b) operation on our account - at present time speculative, with considerable risk of substantial loss due to divers causes.

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to necessitate certain instructions from AFHQ. This confirmation defining the exact powers of C.I.P is in process of being obtained.

(d) Corriere di Sicilia.

The control of this paper has continued on lines laid down in report Controller of Property November 1943. Certain investaigation of accounts has been carried out, as a result of which certain staff changes have been made. The question of ownership has been examined, and a full report is to be submitted to R.L.O for consideration. There is little doubt that the property was Fascist Property at date of occupation, obtained by typical Fascist methods.

(e) Asphalt Mines - Ragusa.

As a result of consultation with Avv.Cartia, the legal advisor to the British interests, and now Prefect of Ragusa Province, it was decided that the most important question was to re-establish immediately the mining concessions of the English Companies, although Proclamation No.6, Article IV, Subsections 3 and 4 does affect this it was considered necessary to have an Order prepared defining the position, and have the Register in the Tribunale Civile in Ragusa adjusted. This order has now been prepared. It was further decided that to avoid any possibility of "the conflicting interests" factor, Signor Noy should not be appointed to administer the British interests (he already representing A.B.C.D under Order No.67), but a nominee be appointed who should delegate the technical operation of the English plant to Signor Noy. This is now in course of being effected. The proposal of a lease of the English interests to A.B.C.D, mentioned in my report for November 43, has now been abandoned, owing to the Italian law on the subject under which the rights under the concession might be jeopardised. Arrangements have now been made for Controller of Property to visit Ragusa, examine the situation and arrange for purchase of English rock by A.B.C.D (who have now arranged finance), the price to be fixed by Controller of Property, who will take expert advice before doing so. In this way I have ensured that the "capital" assets of the English companies have been recognised with the return of the concessions. The mines will be operated equitably by Signor Noy, and as from date of agreement, all rock extracted will be paid for and lodged for credit of English interests. Records of all previous mining etc from date of sequestration will be retained by Controller of Property, pending the arrival of the competent authority to deal with the claim.

6. Semi-statal Institutions.

(a) Unione Militare.

Sales have continued in both Palermo and Messina branches on prescribed lines. The usual checking of accounts has been continued.

(b) E.N.I.C.

The general work of repair and re-opening of ENIC Cinemas has been continued. During the month the Rex Cinema in Ionia was re-opened and is now doing excellent business. The Reale in Catania is due to open shortly, the repairs having now been completed. The "contribution" by ENIC of Lire 160,000 (covered by set off against any payment which may be received from Italian Government for War Damage or any increase in rental) should be covered in two months time. The present lease expires in 1950. The projected repairs to Cinemas Nazionale and Supercinema have had to be deferred owing to difficulties in obtaining

(c) A.G.I.P.

The general process of completion of records has been continued. The Vice-President of C.I.P, the organization formed on the mainland to take over rationing and distribution of oil products, under the direction of AFHQ Petroleum Section, is now in Sicily in process of re-organizing and co-ordinating the plant and installations of A.G.I.P on basis of control of C.I.P, who are operating all oil installations in Italy under direct control from AFHQ.

There still appears to be some considerable divergence in methods adopted in the Provinces in the handling of oil products, and to eradicate this appears to necessitate certain instructions from AFHQ. This confirmation defining the exact powers of C.I.P is in process of being obtained.

(d) Corriere di Sicilia.

The control of this paper has continued on lines laid down in report Controller of Property November 1943. Certain investaigation of accounts has been carried out, as a result of which certain staff changes have been made. The question of ownership has been examined, and a full report is to be submitted to R.L.O for consideration. There is little doubt that the property was Fascist Property at date of occupation, obtained by typical Fascist methods.

(e) Asphalt Mines - Ragusa.

As a result of consultation with Avv.Cartia, the legal advisor to the British interests, and now Prefect of Ragusa Province, it was decided that the most important question was to re-establish immediately the mining concessions of the English Companies, although Proclamation No.6, Article IV, Subsections 3 and 4 does affect this it was considered necessary to have an Order prepared defining the position, and have the Register in the Tribunale Civile in Ragusa adjusted. This order has now been prepared. It was further decided that to avoid any possibility of "the conflicting interests" factor, Signor Noy should not be appointed to administer the British interests (he already representing A.B.C.D under Order No.67), but a nominee be appointed who should delegate the technical operation of the English plant to Signor Noy. This is now in course of being effected. The proposal of a lease of the English interests to A.B.C.D, mentioned in my report for November 43, has now been abandoned, owing to the Italian law on the subject under which the rights under the concession might be jeopardised. Arrangements have now been made for Controller of Property to visit Ragusa, examine the situation and arrange for purchase of English rock by A.B.C.D (who have now arranged finance), the price to be fixed by Controller of Property, who will take expert advice before doing so. In this way I have ensured that the "capital" assets of the English companies have been recognised with the return of the concessions. The mines will be operated equitably by Signor Noy, and as from date of agreement, all rock extracted will be paid for and lodged for credit of English interests. Records of all previous mining etc from date of sequestration will be retained by Controller of Property, pending the arrival of the competent authority to deal with the claim.

6. Semi-statal Institutions.

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6. Semi-statal Institutions.

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Sales have continued in both Palermo and Messina branches on prescribed lines. The usual checking of accounts has been continued.

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The general work of repair and re-opening of ENIC Cinemas has been continued. During the month the Rex Cinema in Ionia was re-opened and is now doing excellent business. The Reale in Catania is due to open shortly, the repairs having now been completed. The "contribution" by ENIC of Lire 160,000 (covered by set off against any payment which may be received from Italian Government for War Damage or any increase in rental) should be covered in two months trading. The present lease expires in 1950. The projected repairs to Cinemas Nazionale and Supercinema have had to be deferred owing to difficulties in obtaining

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EXHIBIT "E"

REPORT OF THE CONTROLLER OF PROPERTY AMG FOR DECEMBER 1943

1. General.

As the result of four months experience, the work of the Sub-Commission in Region I can be said to have established a normal routine, that is to say, the supervision and management of properties already taken into custody, the maintenance of records and accounts in respect of the same, and the preparation of inventories, checking of accounts, etc, in connection with such Allied properties as still remain to be taken into custody. In general, the work of the Division during the month under review has been in accordance with such routine, but its scope has been increased by the extension of Article IV of Proclamation No.6, firstly to the sequestrated properties of the Governments and Nationals of all the United Nations, and secondly to sequestrated French properties, as more particularly mentioned in para 3 below. The work at Headquarters during the month under review was somewhat intermittent owing to the uncertainty as to future developments, and to the moves involved in the division of AMG ACC HQ between Naples, Palermo and Brindisi, which made it difficult to reach decisions on policy, e.g, with regard to the Bronte Estate (see below - para 4).

2. Personnel.

HQ AMG was transferred to Naples with effect from 19 Dec 43, and Major Dovard(A) has represented the Division there since 26 Dec 43. The rest of my HQ Staff remained in Palermo throughout the month. On 31 December, orders were received for Major Sansome (A), Major Evans (B) and Capt.Sirota (A) to proceed to AMG HQ Naples for special duty, without either warning or consultation. While not disputing that the exigencies of the situation may demand this sudden transfer, I must point out that the work of this Sub-Commission has been prejudiced by the sudden removal of two accounting specialists, one of whom was forced to leave an audit of a firm half finished.

No other changes in the personnel of the Sub-Commission or their respective assignments occurred during the month, except that Major King (A) of the A.C.C joined my HQ Staff on the 19 Dec 43.

In the early part of the month, Lt.Col. Bennett (B) of HQ accompanied Captain Hellmuth (B), R.C.P Region I, on a visit of inspection to the Provinces of Catania and Messina. Arrangements were also made for either myself or Lt.Col.Glenn (A), accompanied by Major Bundy (B), to make a tour of inspection of Region II, but owing to the move of HQ AMG to Naples and the non-availability of the necessary transport, this tour had to be postponed. I hope however that it will be possible to make it during January 1944.

3. Extension of Property Control.

By General Order No.16 of AMG dated 7 Dec 43, the provisions of Article IV of Proclamation NO.6 were extended to the property of all the United Nations, in accordance with the provision contained in Section 5 of Article IV of Proclamation No.6. The Order, which is applicable to Regions I and II, became effective on the date of its first publication therein. At the end of the month under review, authority was received from AFHQ to extend the same Article to the property of the French Govern-

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REGION I

4. Real Estate.

(A) Allied Property.

Further Allied Property has been taken into custody, particularly in the Province of Messina, where the A.C.P, Lieut.Beeson (B), has taken custody of a further 20 properties. In many cases it has been found that a legal representative of the owner is present, and where this is so, the property has been left in his hands.

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The question of the legal ownership of the Bronte Estate (see para 3 of my report for August 43) has again been raised with the Legal Division with a view to re-establishing Viscount Bridport's title thereto, either by

(i) An order of the C.C.A.G confirming the annulment of the decree of expropriation by virtue of Article IV of Proclamation No.6, or

(ii) Negotiation with the Italian Government.

The matter was raised as one of urgency, in view of the imminent handing over to the Italian Government, but no reply has yet been received.

As mentioned in para 4 (a) (iv) of my report for Sept 43, the Ente di Colonizzazione del Latifondo Siciliano (E.C.L.S), while in possession of the Bronte Estate, entered into certain contracts for the cutting of timber, in particular with the firm of Minee and Rizzo. Their contract has now been formally terminated by an agreement between all parties concerned, that is to say, E.C.L.S, Minee and Rizzo, and P.C.P, Region I. In the result, E.C.L.S is absolved from any further liability under the original contract, whilst a considerable quantity of timber and charcoal has been made available to Civilian Supply. Further timber which had been requisitioned by the Italian Military authorities, cut but not taken away, has also been made available to the same Division. The Bronte Estate continues to be administered by Signor Modica. Its general operation is proceeding satisfactorily, and a considerable cash surplus is in hand as the result of the trading during the past three months. The question of the disposal of the orange crop is however a serious one, and every effort is being made to find a market for it at a reasonable price.

As regards all Allied properties which were administered by the Bank of Sicily as sequestrator, and are now administered by it on my behalf, the Bank is furnishing full accounts up to 30 Nov 43, and has been instructed to render similar accounts at two-monthly intervals.

The question of providing funds for (a) maintenance and management, and (b) essential repairs to war damaged buildings, to which I referred in para 3(A) of my report for November 43, is still unsettled. The Acting Chief of the Military Government Section at AFHQ has ruled that though AMFA is empowered to make loans, including loans to individual persons, "a mere unilateral expenditure for the benefit of some absent owner is not a loan", and therefore the funds required for the above purposes cannot be made available by AMFA. In the circumstances, the matter will be taken up with the Italian Government with a view to their providing the necessary monies, seeing that under the conditions of Armistice they are bound to take such steps as the United Nations may direct to safeguard the persons and property of foreign nationals. In the meanwhile, properties which should be repaired if funds were available, in particular the Whitaker property Villa Cavour in Palermo, are deteriorating by reason of the wet weather.

Time has not permitted any positive action with regard to properties coming within the provisions of General Order No.16 referred to in para 2, apart from the initial step of instituting enquiries with a view to obtaining full particulars of the same.

Property of Mr. J. R. M. Pell, H.M. Consul, Madrid.

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the Italian Government, but no reply has yet been received.

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Property of Mr. J. R. M. Fell, H.M. Consul, Madrid.

Orders were received by Mr. Bell, the representative in Palermo of the Ministry of War Transport in London on December 26th, instructing him to arrange for the effects of Mr. J. R. M. Fell, H.M. Consul, Madrid, who until the rupture of diplomatic relations between Italy and the U.K had been H.M. Consul in Palermo, to be shipped to Madrid. These effects had been taken into custody by me in August 1943. Among these was a motor car, which I requisitioned for the use of this Sub-Commission on 12 Nov 43, as the staff car allotted to me had been assigned to other duties. About 15 days later Lt. Col. Brown, G-4, HQ AMGOT, informed me that the car was urgently needed for temporary duty by the Public Safety Sub-Commission, and I agreed to surrender it on condition that it should be returned to my safe keeping when the move of the main body of AMG ACC HQ to Naples had been completed. On January 1st I was informed by G-4 that this car had been sent for by Brig. Gutersock and that it had been sent to Naples on December 22nd.

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(B) Enemy State Property (Italian).

Discussions have taken place during the month under review on the general question of the internal administration of E.C.L.S, referred to above, and a list of the staff has been submitted to the Prefect of Palermo for checking.

Many of the "Borghi" belonging to E.C.L.S are at present deserted, and measures have had to be taken for their protection. They were badly pillaged in the early days of the occupation.

The cash resources of E.C.L.S are now exhausted, and the general financing of this concern is being considered in the light of the essential work which is necessary for the conservation of its properties.

(C) Property of Fascist Organizations.

The liquidation of Fascist organizations, to which I referred in para 3 (c) of my report for November 43, is now well in hand, Judge Criscuoli having been appointed chief liquidator, with his office in Palermo. Sub-liquidators have also been appointed to assist him. Questions as to the general policy to be followed have in most cases been decided, and it is intended to make as much use as possible of the Intendenza di Finanza, so avoiding the employment of extra staff.

G.I.L and Dopolavoro property has been transferred to Prefects of the various Provinces under the supervision of Public Welfare, but questions of policy are still under consideration and no decision has yet been reached regarding the disposal of bank balances.

(D) Abandoned Property.

The general scheme for dealing with abandoned property (see para 4 (d) of my report for Sept 43) is now in full operation throughout Region I. In the case of abandoned properties which have been taken into custody, arrangements are being made for the appointment of "curatore", who will take over the administration.

5. Industrial and Commercial Concerns.

(a) Scrab Bros.

The policy of keeping sales down to the minimum necessary to defray expenses has been continued. Sales carried out during the period of administration by the C.P show a large profit. Audit of the accounts for the year 1943 and preparation of inventory and balance sheet was being carried out by Capt. Sirota, with a view to establishing the shortages referred to in my previous reports for September and October 1943. Unfortunately Capt.Sirota was compelled to leave his audit uncompleted owing to his transfer to Naples. After examination of the accounts the future operation of this business will be considered, and certain economies are contemplated by the C.P.

(b) L'Insulare.

As a result of the preliminary examination of this concern, Controller of

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5. Industrial and Commercial Concerns.

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(b) L'Insulare.

As a result of the preliminary examination of this concern, Controller of Property has taken the property into custody in the interests of the British shareholders. The original contract made with Messrs.Spero has been ratified for the current year. Certain assets (cash and securities) have been earmarked to cover undistributed dividends due by the company to the British shareholders. On the basis of the present contract a net annual profit of approximately Lire 130,000 should accrue. This is considered by Controller of Property to be preferable to the other alternatives:

(a) care and maintenance - costly and unsatisfactory.
(b) operation on our account - at present time speculative, with considerable risk of substantial loss due to divers causes.

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(c) A.G.I.P.

The general process of completion of records has been continued. The Vice-President of C.I.P, the organization formed on the mainland to take over rationing and distribution of oil products, under the direction of AFHQ Petroleum Section, is now in Sicily in process of re-organizing and co-ordinating the plant and installations of A.G.I.P on basis of control of C.I.P, who are operating all oil installations in Italy under direct control from AFHQ.

There still appears to be some considerable divergence in methods adopted in the Provinces in the handling of oil products, and to eradicate this appears to necessitate certain instructions from AFHQ. This confirmation defining the exact powers of C.I.P is in process of being obtained.

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(e) Asphalt Mines - Ragusa.

As a result of consultation with Avv.Cartia, the legal advisor to the British interests, and now Prefect of Ragusa Province, it was decided that the most important question was to re-establish immediately the mining concessions of the English Companies, although Proclamation No.6, Article IV, Subsections 3 and 4 does affect this it was considered necessary to have an Order prepared defining the position, and have the Register in the Tribunale Civile in Ragusa adjusted. This order has now been prepared. It was further decided that to avoid any possibility of "the conflicting interests" factor, Signor Moy should not be appointed to administer the British interests (he already representing A.B.C.D under Order No.67), but a nominee be appointed who should delegate the technical operation of the English plant to Signor Moy. This is now in course of being effected. The proposal of a lease of the English interests to A.B.C.D, mentioned in my report for November 43, has now been abandoned, owing to the Italian law on the subject under which the rights under the concession might be jeopardised. Arrangements have now been made for Controller of Property to visit Ragusa, examine the situation and arrange for purchase of English rock by A.B.C.D (who have now arranged finance), the price to be fixed by Controller of Property, who will take expert advice before doing so. In this way I have ensured that the "capital" assets of the English companies have been recognised with the return of the concessions. The mines will be operated equitably by Signor Moy, and as from date of agreement, all rock extracted will be paid for and lodged for credit of English interests. Records of all previous mining etc from date of sequestration will be retained by Controller of Property, pending the arrival of the competent authority to deal with the claim.

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release from requisitioning authorities, who still have further use for part of these premises. ENIC has functioned very successfully during the month under the enthusiastic leadership of Signor Ralle. Accrued profits during just over three months of trading now amount to over Lire. 1,000,000. The general policy of progressive recreational entertainment is being continued, always, it should be mentioned, with the full approval and backing of P.W.B.

7.

REGION II

7. The work of this Region has devolved solely upon Major Meader (A), as his former assistant, Lieut.Strolla, has been transferred to the Electicity Sub-Comdission of A.C.C. Further, Major Meader has been handicapped by reason of communications, transportation and clerical staff being scarce or non-existent. All Allied properties have however now been inspected, and formal custody of the three important villas in Salerno Province, namely "Rufolo","Cimbrone" and "Rondinaio" has been taken.

Blocked accounts of Allied Nationals have not yet been taken over, as full returns are still awaited.

In this Region, the liquidation of Fascist organizations is being carried out through provincial committees.

Owing to the presence of troops and previous depredations in Cotrone formal custody has been taken of two French properties there, in order to ensure their protection.

C.P reports that there are twenty or thirty enemy aliens (German, Hungarian, etc) residing in Salerno Province.

C. R. S. HARRIS,
Lieut-Colonel,
Director of Property Control.

7 January 1944.

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7 January 1944.

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Exhibit "F"

REGION I (SICILY)

ADMINISTRATION

42. The administration of the Region during the period contemplated by the 2.C.A.O., directed along the lines previously laid down by the Allied Military Government towards the re-establishment of normal economic life, the decentralization of control, the increased emphasis on problems of Public Safety, the creation of Italian administrative control on a Regional level, and the ultimate transfer of responsibility from A.M.G. personnel to Italian civil officials.

43. The internal administration of the Region is basically unaltered except for minor changes and routine. The island-wide courier service was discontinued coordination with the military courier-island air service of which greater use is made at necessary. (See Memorandum No. 49).

44. The increase in the facilities and automobiles and equipment provinces was considerably accelerated. (See Memorandum No. 49).

to issue strict regulations regarding the safeguarding of civilian vehicles. (Memorandum Nos. 12 and 19). A new off-ice, staffed by an officer and two enlisted men, was created to handle the military administration of all American personnel in the Region and to issue the necessary instructions regarding movements through ports and similar matters. (See Memorandum No. 41).

POLITICAL ACTIVITIES

45. As conditions on the island gradually returned to normal, and workers and other groups began to organize in accordance with the democratic principles prescribed by A.M.G. Directive No. 1, it was felt necessary to emphasize the fact that political activity and to enforce the provisions of Directive No. 1 relating to political parties. Accordingly, a memorandum was drafted and distributed widely. Close touch with political developments was maintained through liaison officers and security organizations. The communist party was carefully watched and its activities were restricted to the extent necessary to maintain law and order. Close cooperation was established with the Carabinieri and the Public Safety Officer. Memorandum No. 41 was drafted to emphasize the freedom of political activity and to clarify

A2. The internal administration of the Regional organization remained basically unaltered except for minor changes in personnel and routine. The island-wide courier service was supplemented by coordination with the military inter-island air services, as a result of which speed of communication between Headquarters and the provinces was considerably accelerated. (See Memorandum No. 49). The increase in thefts of automobiles and equipment made it necessary to issue strict regulations regarding the safeguarding of both military and civilian vehicles. (Memoranda Nos. 18 and 19). A new office, staffed by an officer and two enlisted men, was created to handle the military administration of all American personnel in the Region and to issue the necessary instructions regarding morning reports and similar matters. (See Memorandum No. 41).

POLITICAL DEVELOPMENT

A3. As conditions on the island gradually returned to normal, and workers and other groups began to organize in accordance with the democratic principles prescribed by A.M.G., it was inevitable that political activity of an informal character would also begin to develop. This activity was naturally stimulated by the rumoured imminence of the transfer of governmental functions to the Badoglio government. It was felt necessary to clarify the position of A.M.G on political activity and to emphasize the previous order regarding open action by political parties. Memorandum No. 43 was accordingly issued and distributed widely. Close touch with all developments was maintained through public safety channels and liaison with military security organizations. The common denominator of all the larger parties was clear opposition to the monarchy and the strong desire for a republican form of government, and it was recognized that an attempt would have to be made to effect a reconciliation, or at least an exchange of views, between the leading officials of the island and the Badoglio government. The R.C.A.O. therefore made arrangements for Vito Reale, the Minister of the Interior, to be present at a meeting of the Prefects in Palermo on December 14, 1943. The Minister spoke at some length, expressed his appreciation of the sentiments of the Prefects, who had already made it clear that they would not swear an oath of allegiance to the King, and explained the difficulties of the entire situation to them. He pointed out that, until all Italy had been liberated, the final settlement of their form of government should not, and could not, be resolved. The final feeling of the meeting was expressed in the Order of the Day, which pledged the Prefects to the Union of all effort in order to drive the German invader from Italian soil, and claimed administrative autonomy for the region with freedom of decision for all

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regarding the problem of the Crown. The complete text of the Order of the Day was as follows:

"I prefetti della Sicilia riuniti sotto la presidenza del benemerito Colonnello Poletti riaffermano la loro unione al grande nome d'Italia.

Reclamano la piena autonomia amministrativa della regione.

Ritengono ancora che nella grave ora che il paese attraversa, sia necessario di unire tutte le forze del paese per affrettare la liberazione d'Italia, salvo ad ognuno la completa libertà di decigione sul problema istituzionale.

Deliberano

di fare appello alla concordia ed all'unione nella lotta contro il nemico tradizionale".

As a result of this meeting it was felt that the necessary groundwork for the eventual transfer to the Badoglio government had been laid and that the region was prepared to accept the political and governmental status quo at least until such time as all of Italy had been liberated.

PUBLIC SAFETY AND LAW ENFORCEMENT

A4. General Situation.

a. Public Disturbances.

(1) There was a total of four incidents during the month which represents a sharp reduction on the figure for November. All cases were handled by the CC.RR. without the use of troops. The disturbances were based primarily on the food situation which has been improved but which is still a threat.

b. Crime.

(1) Crime increased during the month. August, September and October figures showed a 100% increase over the same three months in 1942 and this increase continued during December. Fear, created by crime increase, has increased proportionately.

(2) During the month two kidnapings occurred in the Province of Agrigento.

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(2) During the month two kidnappings occurred in the Province of Agrigento.

c. Action against Fascism.

(1) The 'vetting' system continued in operation during the month under Regulations of A.M.G. and Region 1. From the date of Occupation to the end of December the number of civilians interned was 1427 and of this total 971 have been released.

A5. Organization of Public Safety Division.

a. Police.

(1) There existed at the end of the month the following Police organizations:

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CC.RR.,
Agents of Public Security,
Finance Guards,
Special Police (authorized by Provincial SCAO's)
Railway Guards (being disbanded),
Forest Guards (in process of organization),
Railway Police (to be organized in the near future).

(2) CC.RR. A Training Battalion of 500 men has been established and in addition it is anticipated to increase the strength of CC.RR. by a further 500 trained men from the mainland. About 100 of this group have arrived.

(3) Agenti di Publica Sicurezza. The Office of the Director of Public Security operates by virtue of powers vested therein by Order of the Regional Civil Affairs Officer and is now fully established. The organization of 13 nuclei and a Training School has been completed. Arrangements are also in hand to increase the strength by 150 Agents, 30 Officers and 20 Functionaries.

A6. Prisons.

The number of places of confinement is -

General Prisons	-	22
Reformatories	-	2
Criminal Insane Prison	-	1
Local Prisons	-	89

The Local Prisons are only used for the detention of prisoners serving a sentence of not more than 30 days or for persons awaiting trial.

The number of Prisoners is -

Men	-	3668
Women	-	252
Juveniles	-	350

A7. Control Measures.

a. Firearms. During the month new Regulations were introduced in respect of Firearms. The most important part of these was that permits to carry hand guns may be issued to a limited number of responsible persons.

b. Registration of Motor Vehicles. The original system of Registration of Motor Vehicles continued but plans for the new system, based on AFHQ directives were completed, to operate as from 1st February 1...

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A6. Prisons.

The number of places of confinement is -

General Prisons	-	21
Reformatories	-	2
Criminal Insane Prison	-	1
Local Prisons	-	89

The Local Prisons are only used for the detention of prisoners serving a sentence of not more than 30 days or for persons awaiting trial.

The number of Prisoners is -

Men	-	5666
Women	-	252
Juveniles	-	350

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a. Firearms. During the month new Regulations were introduced in respect of Firearms. The most important part of these was that permits to carry hand guns may be issued to a limited number of responsible persons.

b. Registration of Motor Vehicles. The original system of Registration of Motor Vehicles continued but plans for the new system, based on AFHQ directives, were completed, to operate as from 1st February 1944.

A8. The measures which have been adopted were drafted in order to enable the Italian Authorities to carry on without major changes or interruption. Immediate relief of the crime problem cannot be expected but continuance of the present program should slowly reduce it.

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4. Statistics

1. The following statistical tables show the convictions and acquittals of all cases, by Provinces, and also a breakdown by Provinces of the principal categories. 1636 cases were reported during the month of December as against 3358 for the month of November, 1943.

Breakdown by Province of all cases reported

Province	General Courts		Superior Courts		Summary Courts		Totals	Totals
	G	NG	G	NG	G	NG	Dec. 1 - Dec. 31	July 12 - Dec 31
[illegible]	33	12	57	9	483	109	703	4369
[illegible]	0	0	47	5	327	58	437	1799
[illegible]	2	4	7	4	68	12	96	416
[illegible]	0	0	30	7	145	9	191	1524
[illegible]	2	9	1	0	111	25	139	789
[illegible]	0	0	6	1	1	0	8	583
[illegible]	0	0	0	0	0	0	0	206
[illegible]	2	0	8	3	1	0	14	141
[illegible]	1	0	29	3	7	5	45	75
TOTAL	39	26	185	32	1143	221	1636	10300

Breakdown by Province of all cases reported

Province	General Courts		Superior Courts		Summary Courts		Totals	Totals
	G	NG	G	NG	G	NG	Dec. 1- Dec. 31	July 12 - Dec 31
[illegible]	33	12	57	9	483	109	703	4360
[illegible]	0	0	47	5	327	58	437	1799
[illegible]	1	4	7	4	68	12	96	416
[illegible]	0	0	30	7	145	9	191	1924
[illegible]	2	0	1	0	111	25	139	785
[illegible]	0	0	6	1	1	0	8	583
[illegible]	0	0	0	0	0	0	0	206
[illegible]	2	0	8	3	1	0	14	141
[illegible]	1	0	29	3	7	6	46	75
TOTAL	39	16	185	32	1143	221	1636	10309

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

G - Guilty

NG - Not Guilty

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Convictions 1 Dec. 1943 to 31 Dec. 1943

Province	Black Market		Thefts, and poss. of Military Property		Curfew Blackout Circulation		Poss. of fire arms		Wire Cutting	
	G	NG	G	NG	G	NG	G	NG	G	NG
PALERMO	168	18	141	59	131	13	72	12	0	0
CATANIA	67	8	190	34	32	1	26	5	1	0
MESSINA	2	0	12	8	12	0	5	1	0	0
AGRIGENTO	39	12	58	3	53	0	5	0	0	0
TRAPANI	5	2	8	0	84	13	14	0	0	0
SIRACUSA	0	0	4	0	1	0	1	1	0	0
RAGUSA	0	0	0	0	0	0	0	0	0	0
CALTANISSETTA	0	0	4	0	0	0	7	2	0	0
ENNA	10	8	4	0	0	0	20	3	0	0
TOTAL	291	48	441	104	311	27	150	24	1	0

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Convictions 1 Dec. 194[illegible] to 31 Dec. 1943

	Black Market		Thefts, and poss. of Military Property		Curfew Blackout Circulation		Poss. of fire arms		Wire Cutting		All Others		Totals	
	G	NG	G	NG	G	NG	G	NG	G	NG	G	NG	G	NG
	166	18	141	59	131	13	72	12	0	0	61	28	573	130
	67	8	190	34	32	1	26	5	1	0	58	15	374	63
	2	0	12	8	12	0	5	1	0	0	25	11	75	20
	39	12	58	3	53	0	5	0	0	0	20	1	175	16
	5	2	8	0	84	13	14	0	0	0	3	10	114	25
	0	0	4	0	1	0	1	1	0	0	1	0	7	1
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TTA	0	0	4	0	0	0	7	2	0	0	0	1	11	3
	10	8	4	0	0	0	20	3	0	0	3	0	37	11
TAL	291	48	441	104	311	27	150	24	1	0	171	38	1367	269

b. Review of Cases: The number of applications for review has shown an increase. For November the number was 106, and for December 192. The review by the C.M.C. (AS) Hq. has been accomplished with expedition and there is little delay between submission and decision. In proper cases, where new facts develop or great hardship would unnecessarily be inflicted upon the accused, petitions for clemency or rehearing are being submitted for action of higher authority. A small number of cases, which have been duly processed by Italian authorities, have been presented for the exercise of clemency which was heretofore exercised by the Minister of Justice at Rome.

c. Italian Courts: Italian Courts are performing their normal functions throughout Sicily. The order of General Rooberry, of November 30, 1943 designating new stations and advancing certain members of the Judiciary has been put into effect in this region.

d. General Courts: Several important General Courts have been held including the with death sentences resulting in Palermo and Caltanissetta. These sentences have not yet been confirmed by General Alexander. Pace and Catalano, both from Agrigento, were executed on December 29, 1943, their conviction having occurred in September 1943.

e. Directives: Under date of December 29, 1943 a general directive on sentences in serious cases was issued. On the same date a plan for the turning over to the Italian Government of legal affairs and the arrangements incidental thereto was prepared for distribution to all S.L.O.S.

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b. The remainder of the Khedive's [illegible] department duo
December 15 the Swan fell [illegible] possibly [illegible]
has undoubtedly created a [illegible] [illegible]
from the breach and against [illegible] [illegible]
the release [illegible] [illegible] [illegible]
against [illegible] [illegible] [illegible]
(December 31 for Palermo) [illegible] [illegible]
demand. The evidence [illegible]
either reserve, need that [illegible]
help [illegible] had been saved [illegible]
expedition.

All Postal Services

a. The postal service operations [illegible]
December was over the entire [illegible]
the offices were first opened [illegible]
withdrawal, but for the [illegible]
deposits, both the peak [illegible]
up to December 15 deposits [illegible]
37,000,035 lire. The [illegible]
for the period up to December 15 deposits [illegible]
of 14,901,160.

b. The postal money order system has been [illegible]
earlier to protect [illegible]
accordance with postal [illegible]
the issue of 662,900 lire. [illegible]
51,169 lire. [illegible]
(Does [illegible]
of the [illegible]
a special issue [illegible]
for an additional [illegible]

c. Savings Deposits

a. Istituto di Previdenza Sociale is [illegible]
operations. All [illegible]
the [illegible]
[illegible]
[illegible]
[

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A13 Postal Financial Services

a. The postal savings operations initiated in the city of Palermo in October now cover the entire island. The trend in the areas where the offices were first opened is for deposits to equal or exceed withdrawals, but for the island as a whole withdrawals still exceed deposits, though the peak has been passed and the margin is decreasing. Up to December 15 deposits have been 7,371,570 Lire, withdrawals 27,666,615 Lire. The current account section of the postoffice report for the period up to December 15 deposits of 7,376,551 and withdrawals of 12,901,160.

b. The postal money order system has been restored to activity, with safeguards to prevent against payment of orders not properly confirmed in accordance with postal regulations. Up to December 15 money orders have issued for a total of 662,802 Lire. Orders paid totalled 751,409 Lire. Preparations have been made for the possibility of an early initiation of the issuance and sale of Postal Savings Bonds (Buoni fruttiferi postali). Information has been furnished to AMG of the quantity of blank bonds in the possession of the post offices in Sicily, which, the Chief Inspector estimates, is sufficient for a normal issuance over a period of two months. Request has been made for an additional supply.

A14 Social Insurances

a. Istituto di Previdenza Sociale is rapidly reaching the point of normal operations. All benefits are being paid, including family allowances, and the Istituto is preparing, in accordance with AMG instruction, to take over the payment of the family allowances of Casse Mutue Malattie Commercio. The amount of cash required for the month of December was 11,740,000 Lire, compared with 12,028,000 for November. Total advances to the end of December are 135,58 ,000 Lire.

b. Istituto d'assicurazione contro gli Infortuni sul Lavoro has continued to operate without requests for financial aid. Its operating status at for December shows a deficit of 1,273,210 Lire; but this is more than covered by bank balances totalling 1,801,988 Lire. An order was issued by the AMG fixing the rate of 15 Lire per ton of sulphur exported or consumed in Sicily, as premium from this group of employers and the collection of this is entrusted to the custom officials.

c. Istituto per l'Assistenza di Malattie ai Lavoratori was set up by Official Order No. 62 of Dec. 22, absorbing the four Casse Mutue Malattie.

A15 AMA

a. During the month AMA increased its advances to the Postal System by 47,000,000 Lire, in connection with the postal savings, current account money order operations. Advances to Social Insurance Institutions during the month totalled 13,956,398 Lire. AMA also furnished to the Treasury Sections of the Banca d'Italia a total of 54,000,000 Lire for the redemption of the Government's Mini-Year 4% bonds maturing December 15.

b. Amounts deposited with AMA by the banks during December exceeded

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[redacted]

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custody have been completed. In many cases a responsible authorized representative has been found and in accordance with established principle, the property has been left in the hands of this administrator, the Bank of Sicily in furnishing full accounts for all properties made up to 30 November 1943 and will submit full accounts every two months thereafter.

b. The question of expropriation of the Grant Hotel has again been submitted to Higher Authority for further consideration on the basis of a further detailed analysis of the legal conditions underlying the decree. The general operations of the hotel in proceeding satisfactorily with a considerable cash surplus resulting from trading during last three months. The question of disposal of the orange crop is however receiving serious consideration and Controller of Property is making every effort to find a market at a reasonable price for this crop.

.17 Forestatal Concerns

a. A.A.I.S. The general work of repair and re-opening of S.I.C. Cinemas has been continued. Accrued profits during just over three months of trading now amount to over Lire 1,000,000. The general policy of progressive recreational entertainment is being continued, always, it should be mentioned, with the full approval and backing of F. . .

.18 Properties taken over under directions of SCAO/G-5

a. The organization created by Official Order No. 36 and No. 37 under the control of Judge Criscuoli has now started its work with offices in Via Siracusa No. 2 Palermo. The appointment of Sub-Liquidators is proceeding on lines indicated.

b. Ex-Italian Mines of Nagusa. As a result of consultation with Mr. Curti - the legal advisor to the British Interests - it was decided that the most important question was to reestablish immediately the mining concessions of the English Companies, although Proclamation No. 6 Article IV, Subsection 3 and 4 does effect this it was considered necessary to have an Order prepared defining the position and have the Register in the Tribunale Civile in Agrigento adjusted. This order has now been prepared.

.19 General

a. A further extension of the Controller of Properties' duties has taken place with the order extending them to cover property sequestrated of Governments of all the United Nations or their nationals. This does not go far enough to the French Government or its Nationals. The work of carrying out this order is now proceeding.

b. The question of measures to be taken against "enemy" private property should now be considered and returns have been asked for on all such property. Undoubtedly these assets should be sequestrated and it is suggested that the previous Italian arrangements for sequestration should be employed under general supervision of the Controller of Property.

PUBLIC HEALTH

.20 Diseases

a. During the month of December the following diseases were reported: Morbillo 1 - Scarlattina 1 - Varicella 1 - Idrofobia 1 - Whooping cough 20 - Influenza 12 - Meningite 3 - Febbre tifoide 319 - Infezione Paratifo A 23 - Dissenteria amebica 1 - Febbre Ondulante 5 - TBC polmonare 50 - Sifilide 32 - Malaria 138 - Trachoma 6 - Scabbia 105 - Pustola maligna 2. They show the advent of 3 cases of meningitis and an increasing whooping cough rate.

b. The main problem at this point will be typhus fever since its appearance on the continent. Preparations for protection have have been instituted; however, the control of civil port traffic has not yet been clarified. This should be handled by civilian health authorities as before, provided it does not interfere with security and the needs of the armed forces.

.21 Supplies

a. Medical supplies are arriving slowly. The amount is limited and, of course, only consist of basic pharmaceuticals. A.F.H.Q. has taken over all Italian captured stocks and the Nation is, therefore, without opiates such as morphine. In the near future a few pharmacies will be supplied with American supplies for general sale to the public on a rationing basis. Biologicals such as insulin are still very scarce and have to be watched closely. About 17 tons of soap has been divided among the provinces for institutional use also. There has been a division of 600 tons of condensed and evaporated milk. This too will be rationed by medical and civilian.

.22 Hospitals

a. The crying need here is equipment and linens. Some has been furnished by us but in small amounts. Efforts are being made to find some through civilian channels. X Ray films have been asked for repeatedly but so far none have been assigned. The stocks on the island are almost depleted. New rates should be established for hospitals and public institutions but this can best be done on a provincial basis only. Institutions vary greatly in size and in the number of inmates.

b. All hospital administrators have been asking for an increase in the bread ration to 300 grammes. This naturally should be done as soon as conditions warrant it.

.23 Public Health Personnel

a. All Italian personnel have been functioning well under the circumstances. They seem to have the feel of the situation again and a real desire to accomplish their objectives. The question of their salaries has been raised, but since it is set by civil service it would be a better plan to let the Italian government make any changes.

b. It is felt that with a regional director for public health the island could function on a civilian basis. This appointment

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A22 Hospitals

a. The crying need here is equipment and linens. Soap has been furnished by us but in small amounts. Efforts are being made to find some through civilian channels. X Ray films have been asked for repeatedly but so far none have been assigned. The stocks on the island are also depleted. War rates should be established for hospitals and public institutions but this can best be done on a provincial basis only. Institutions vary greatly in size and in the number of inmates.

b. All hospital administrators have been asking for an increase in the bread ration to 300 grammes. This naturally should be done as soon as conditions warrant it.

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b. It is felt that with a regional director for public health the island could function on a civilian basis. This appointment will be forthcoming after thorough investigation and consideration of all possible appointees.

A24 Miscellaneous

a. The creation of a pharmaceutical industry is progressing. Prof. Addo has produced a sample of sulfa drug which is highly soluble in water. Its activity is being tested biologically. If it is an active sulfa, it will be a great contribution to the people.

b. The actual functioning of the medical school has been made difficult because of war damage and occupation by armed forces. However some adjustments have been made and work is being done. Steps have been taken to have the medical school make a more active contribution to the public health of Sicily, by the actual retraining of physicians in schools of specialization in the various fields.

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PUBLIC WELFARE

A25. Organization.

a. As of December 31, 1943 Provincial Departments of Social Welfare had been established in all provinces of Sicily and Italian officials had assumed administrative responsibility for public assistance and child welfare programs.

b. On December 17 and 18 an Island-wide conference of the newly appointed provincial welfare officials was held at Region I Headquarters. At this meeting each provincial welfare commissioner reported on progress made and problems encountered in his own province, questions requiring clarification, and entered into lively discussions as to the relative merits of the various policies and procedures under consideration. The exchange of experience was extremely valuable to both Italian officials and to A.M.G. Welfare Officers. As a direct result of questions raised at the conference Memoranda Nos. 46 and 57 were issued laying down detailed policies.

A26. Statistics.

The Public Assistance statistics as reported by Communal E.C.A.'s are shown below:

1943 MONTH	No. of COMMUNES	EXPENDITURE			POPULATION			CASES		UNIT COSTS	
										PER CAPITA	PER CASE
Oct.	252	61	736	499	3	456	541	193	389	18	319
Nov.	160	59	967	780	3	103	868	170	363	19	352

(1) Total Number of Communes 358
(2) Total Population of Sicily (Est.) 4,000,000

A27. The Sussidio Militare Problem.

a. Military subsidies paid to wives and children of Italian soldiers were discontinued at the time of the invasion. The general public assistance progra is taking its place for those cases who are in actual need. In the event that the Italian Government decides to resume sussidio militare payments in

the newly appointed provincial welfare officials was held at Region I Headquarters. At this meeting each provincial welfare commissioner reported on progress made and problems encountered in his own province, questions requiring clarification, and entered into lively discussions as to the relative merits of the various policies and procedures under consideration. The exchange of experience was extremely valuable to both Italian officials and to A.M.G. Welfare Officers. As a direct result of questions raised at the conference Memoranda Nos. 46 and 57 were issued laying down detailed policies.

A26. Statistics.

The Public Assistance statistics as reported by Communal E.C.A.'s are shown below:

1943 MONTH	No. of COMMUNES	EXPENDITURE			POPULATION			CASES		UNIT COSTS	
										PER CAPITA	PER CASE
Oct.	252	61	736	499	3	456	541	193	389	18	319
Nov.	160	59	967	780	3	105	868	170	363	19	352

(1) Total Number of Communes 358
(2) Total Population of Sicily (Est.) 4,000,000

A27. The Sussidio Militare Problem.

a. Military subsidies paid to wives and children of Italian soldiers were discontinued at the time of the invasion. The general public assistance program is taking its place for those cases who are in actual need. In the event that the Italian Government decides to resume sussidio militare payments in Sicily the following plan should be considered.
(1) Place the actual administration of the program in the hands of Provincial Departments of Social Welfare and the Commune E.C.A.'s in order to avoid duplication between assistance and subsidy payments as well as duplication in administrative machinery.
(2) In a great many Communes the personnel of the sussidio militare offices has been absorbed by the E.C.A.'s - another argument for consolidation

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(3) The new public assistance program adjusts grants to need on an individual case basis and in a great many instances pays more than the standard Sussidio Militare daily rates of L. 8 for the head of the family and L. 3 for the children. Hardship will result if these families are thrown back on the Sussidio Militare without supplementation. If both public assistance and the Sussidio are handled by the same agency, this can be managed; if under separate agencies, it will pro extremely difficult.

ECONOMIC RESOURCES, SUPPLY AND AGRICULTURE

A28. Food.

a. Bread.

(1) The situation at the beginning of the month was the most difficult since the occupation began, as only 2 day's bread was left for Palermo Province, for which 300 tons, the maximum available, had been already borrowed from Island Base Section, while Trapani, Ragusa, Messina and Catania Provinces all had less than a week's supply apiece. Fortunately, imports arrived before the bread ration had to be changed, and total arrivals in the Island, for wheat and flour, were as follows: (in short tons)

AT	Wheat	Flour	Total
Palermo	2699.5	5062.5	7762
Siracusa		1020	1020
Catania	1495	2650	4105
Messina		1200	1200
Totals	4354.5	9932.5	14287

(2) As the result of the actions of XV I District and particularly Island Base Section in giving or selling extra bread and other rations to civilians employed by them, and even to civilians in concerns having military contracts, a serious situation had developed. Various strikes were threatened on account of the discrimination. Since it was impossible to remove this discrimination entirely, the Army workers naturally resisting a cessation of extra rations, a uniform arrangement was made for the whole island whereby an extra 100 grams daily

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b. Olive Oil. Amassing continued in negligible quantities only, and in most Provinces the legal ration of 1/2 liter per month was not issued. Nevertheless it was decided not to free the product from the ammasso system, since if this were done the poorer people would be unable to make any purchases.

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c. Fish. Permission to fish at night was granted during the month and this considerably increased the catch. Supplies of fresh fish in coastal towns were in better volume but still not generally sufficient to reduce the price to reasonable levels, despite a noticeable decrease upon resumption of night fishing.

A29. Agriculture.

a. Seed potatoes asked for in the original requisition made in June and July began to arrive in the Island. Two shipments totalling 2478 tons were received and allocated to various Provinces as far as practicable on a basis of pre-war acreage. Instructions were issued to receiving Provinces to insure that the seed was so distributed as to procure maximum production and subsequent control of the crop.

b. None of the requisitioned fertilizers had arrived up to the end of the month but 1100 tons of muriate of potash were expected to arrive in the near future. Such supplies of locally produced fertilizers as were still available were being used on the potato crop.

A30. Fuel.

a. Petroleum.

(1) During the month 519,140 litres of gasoline, 1,167,340 of nafta and 164,904 of kerosene were distributed to the Provinces. Due to the fact that the total allotted for civilian purposes for the Island was only about 70% of the total requested, amounts sent to the Provinces averaged 70% of their requests.

(2) Due to the fact the APHQ allotment order is received several days after the first of each month, and that in December the bulk plants where P.O.L. is loaded were not available for A.M.G. loading until late in the month, deliveries were for the most part not received until near the end of the month.

b. Coal. A total of 4769 long tons of steam coal and 1025 of Sardinian coal was distributed to the Provinces during the month. Coal required by the Armed Forces, the railways, and the public utilities is not applied for or handled by this division. Principal users of the amounts distributed to the Provinces were bakers, flour millers, blacksmiths,

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A31. Other Critical Commodities.

a. A considerable number of applications were received from civilians for assistance to obtain commodities in short supply or frozen by the Army. The general impression seemed to be gaining ground that it was time for the Sicilian economy to get back to a peacetime basis. This pressure was resisted and help was provided only where it was directly of help to the war effort.

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b. Requests for permission, by owners of small craft, to sail to the mainland were received in increasing numbers. In very few cases were adequate grounds given and personal gain was the object of individuals in almost every case. There were few commodities in Sicily which were surplus and which were requested by the mainland. Region III had no surplus of interest to Region I. Region II had a surplus of olive oil but it was made clear that mainland areas to the North might have prior claim to these surpluses. Timber was in abundant supply in Region II but the difficulty of transport to coastal areas was an obstacle to export to Sicily. It was therefore obvious that inter-Regional trade would have to be carefully controlled in order to avoid waste of shipping. Individual attempts to trade between Sicily and the mainland were therefore prevented and towards the end of the month the system of authorising voyages was brought under strict control.

A32. Exports.

a. The first export cargo to leave Palermo since the occupation was loaded during the last half of the month. As it is difficult to purchase goods until a ship is promised and difficult to obtain a ship, given the world-wide shortage of bottoms, until a cargo is promised, the completion of the loading of this first ship was a matter for considerable satisfaction, and has already made possible the allotting of further ships for exports.

b. Following the principle that nothing would be exported which was needed in Sicily or not urgently wanted abroad, the first cargo from Palermo consisted of: (short tons)

665.35	almonds	(11,061 bags)
1958.5	lemons	(48,963 crates)
250	citric acid	(1729 casks)
160.6	wines	(371 casks)
82	pumice	(1645 bags)
49	sulpher	(736 bags)
33.15	sumac	(654 bags)
Total 3,214.60		

The above was sent to the United Kingdom, where the

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250	citric acid	(1769 casks)
160.6	wines	(371 casks)
82	pumice	(1646 bags)
45	sulpher	(738 bags)
33.15	sumac	(854 bags)
Total 3,213.60		

The above was sent to the United Kingdom, where the lemons in particular were expected to be very welcome. Two more cargoes for ships promised in January are being ordered and delivered to Palermo along similar lines.

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TRANSPORTATION, COMMUNICATIONS, UTILITIES, PUBLIC WORKS, MINING AND SHIPPING

.3 Transportation

a. Railways

(1) In order to clarify the responsibilities of the various military services and to unify direction, the Civilian Railway Administration Transportation Committee, Sicily, was formed on December 6, 1943. Represented on the committee are No. 1 District, I.B.S., AC Sicily Region, AG Palermo, and the Italian State Railways. The committee is responsible for determining all matters of policy for direction to the civilian administration. Lt. Col. Philip (B), A.A.M.G. (R) No. 1 District, is chairman. The creation of the committee has been authorized by letter from AFHQ.

(2) The committee has recommended to AFHQ in response to a request for opinion that the railways should be handed over to AC at the same time as the general change over occurs provided sufficient supervisory personnel was available. It was agreed that the minimum requirements were six officers to fill the following posts:

(a) General Manager
(b) Operating Superintendent
(c) Chief Mechanical Engineer
(d) Chief Engineer
(e) Storekeeper
(f) General Auditor

and that the General Manager should be an officer with considerable practical railway experience.

(3) During the month of December civilian freight traffic has averaged about 1/6 of all goods carried on the lines. From 29 November to 26 December there were 423 freight trains operated that moved 6409 loaded cars. Of these 849 were loaded with civilian freight. That means that approximately 13,000 tons of civilian freight was moved.

b. Highway Transport

(1) During the month plans were perfected for the taking over by the Istituto Nazionale Trasporti of the operation of approved enemy vehicles under the control of AMG. It is anticipated that little difficulty will be experienced in the turn over to AC if all vehicles in the possession of AMG are in the control of an Italian governmental agency. It is estimated that the plan can be put into complete operation in the month of January.

.4 Communications

a. The National Government's Communications circuits were nearly all completed in December. The following circuits were released by CSO 1 District and Signal Officer IBS:

(1) Palermo - Caltanissetta. } Underground cable
(2) Palermo - Catania. }

(2) The committee has recommended to .AM, in response to a request its opinion that the railways should be handed over to .CC at the same time as the general change over occurs provided sufficient supervisory personnel was available. It was agreed that the minimum requirements were six officers to fill the following posts:

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(1)	Palermo - Caltanissetta.	Underground cable
(2)	Palermo - Catania.	
(3)	Caltanissetta - Catania.	
(4)	Catania - Messina.	
(5)	Catania - Reggio	Submarine cable
(6)	Catania - Siracusa	Overhead routes
(7)	Siracusa - Ragusa	
(8)	Caltanissetta - Agrigento	
(9)	Caltanissetta - Enna	

b. On December 22 at a conference held between representatives of IBS, Seventh Army, No. 1 District, Air Formation Signals and the Regional Communications Officer the maintenance of the open wire circuits was handed over to .AM. The RCO was asked to accept responsibility for maintaining the underground cable as soon as transport and materials

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[redacted]

...ture well-kno... The ASO II (SOI's designation) i... detailed model of Cruiser-type ship... would have to be carried out with material...

c. Under the north Atlanta Treaty Organization (NATO) command were stationed... Iceland and the State Line 180,000 for stations... received Line 90,000 for stations... of the State Department cable. Inclosure... under the postal administration of Iceland... the use of power in Iceland, but is a... and will serve a useful purpose in the... communications.

35 Utilities

a. Electric Utilities

(1) The control of operations of coolie... State Line 1... Iceland has been... Iceland has central control...

(a) The Icelandic Director was given full... which policies specific to the...

(b) Lead trial to load [illegible] the... SC.0's. [illegible] and (1) was connected... under central control.

(2) For November the... with an [illegible]... 20,000,000 k. exclusive of coal (prices... the deficit through bank loans. Since... led to control its operations to meet... to show needs provided to pay for... funds cards for the deficit.

(3) Inasmuch as the... several hundred loads, the... very highly wired, chemical... (Until [illegible] service, small... Iceland production. The... dry which [illegible] the Project... [illegible] into the... [illegible] power [illegible]... Iceland storage is about 2,000,000 kwhrs... above a million kwhr. can be realized...

b. Water Systems

(1) [illegible] of Icelandic... is the [illegible]... Jurisdiction of the Keflavik North section...

(2) Negotiations continued for the reactivation... Cardinal to provide a critical control... Iceland.

36 Public Works

.35 Utilities

a. Electric Utilities

(1) The control of operations of Societa Generale Elettrica della Sicilia was turned over to AFHQ as of December 3, 1943, to the Inland Zone Section. AFHQ control was partly decentralized.

(a) The Managing Director was given full authority for control within policies specified to him.

(b) Loads vital to local life were placed under the control of SCAOs. All others and all new contractions were retained under central control.

(2) For November the SGES with an income of L. 6,000,000 spent nearly 10,000,000 L. exclusive of coal (price unknown). It is meeting the deficit through bank loans. Since the company is being compelled to continue its operations to meet public necessity, there must be some means provided to pay for this public service with public funds coming for the deficit.

(3) Increasing rainfall through the month of December permitted supplying several important loads, though some were intermittent. Included were sulphur mines, chemical works, erection of one for export, sharply limited tramway service, cement clinker grinding, and lumber production. The Hard Dyer project was conceived for diverting water into the Prizzi reservoir for the San Carlo hydro power group. This is expected to increase the potential hydro storage by about 2,000,000 kwhrs. per year, of which perhaps about 1 million kwhrs. can be realized in the summer of 1944.

b. Water Systems

(1) Maintenance of aqueduct systems continued to be largely decentralized to the SCAOs, though some of the larger systems were under the jurisdiction of the Public Works Section.

(2) Negotiations continued for the reconstruction of the Inter-Aqueduct Sicilian to provide a unified control and systematized maintenance throughout the island.

.36 Public Works

a. On receipt of requests from the Public Works and Utilities Sections of the AOC steps have been taken to collect information on all works projects and prepare a numbered, composite recapitulation of all jobs executed and in progress from the date of occupation up to date.

b. Numerous schemes from the provinces have been received. It has been noted that the tendency has been for local authorities to put forward huge works programs and present arguments for their initiation. The policy of this Section, however, has been only to authorize work of immediate necessity and avoid all jobs having the appearance of public works relief. As orders have been issued for all schemes to be presented to the Prov. AO.PP., for examination before forwarding to this office much of this work of examination should be eliminated in the future.

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A37 Mining

a. The price agreed to be paid by AMG for sulphur at the ports was raised to be a base of L. 2200 per tonnulate for all sulphur produced after 1 August 1943 until further notice. Transportation of sulphur to the ports contemped during the month but at a reduced rate due to lack of trucks. Arrangements were initiated to provide a stock pile of sulphur in Palermo for future shipments. On December 31, 1943 there was approximately 1200 tons of sulphur at Porto Empedocle, 3800 tons at Licata, and 50 tons at Catania.

b. Reopening of sulphur mines was still delayed by lack of electric power and of essential supplies. Besides the immediate deficiencies, uncertainty regarding future transportation, supplies, food for workers, costs of operation and electric power, is resulting in reluctance to reopen mines.

A38 Shipping

a. The activities of the Shipping Sub-Commission since it was placed on temporary duty with Region I have been concerned mainly with drawing up and putting into effect a fixed schedule of freight rates applicable to vessels of less than 500 tons operating between Sicilian ports and between Sicily and the mainland. These were published in Memoranda No. 47.

b. A new agents' shipping contract form was drawn up and the printing and distribution of this form contract to all agents and representatives in Sicilian ports is now being arranged.

LABOR

A39 The Regional Labor Office (Italian)

a. The Regional Labor Office continues to function in a vigorous manner in assuming its responsibilities for the coordination of the work of the Provincial Labor Offices and in handling other labor problems in Sicily. Field supervision and investigations are being increased as transportation facilities are becoming more readily available and employees are trained for such purposes. The personnel have been carefully selected and the Regional Office is well prepared for the administration of labor matters in Sicily.

b. The Regional Office appointed an Advisory Commission of leading persons in the community qualified to give advice on labor problems. The Commission meets whenever important questions are submitted to it. During the month it considered such questions as the revision of the pension systems, organization of the Provincial Labor Offices, and interpretation of General Order No. 18 relating to wage increases.

c. The Regional Office, in cooperation with the Labor Division, has also investigated the problem of the regulation of trade unions and the work of the Ente Nazionale di Propaganda per la Prevenzione degli Infortuni. The latter organization is engaged primarily in providing consulting services on accident prevention and in promoting safety campaigns. The organization has stopped functioning in Sicily because of lack of funds. The Ente has been engaged in

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b. The Regional Office appointed an Advisory Commission of leading persons in the community qualified to give advice on labor problems. The commission meets whenever important questions are submitted to it. During the month it considered such questions as the revision of the pension systems, organization of the Provincial Labor Offices, and interpretation of General Order No. 15 relating to wage increases.

c. The Regional Office, in cooperation with the Labor Division, has also investigated the problem of the regulation of trade unions and the role of the Ente Nazionale di Propaganda per la Prevenzione degli Infortuni. The latter organization is engaged primarily in providing consultive services on accident prevention and in promoting safety campaigns. The organization has stopped functioning in Sicily because of loss of contact with Rome and lack of funds. The Ente has been engaged in a useful work which should be continued. When the financial investigation is completed, it is proposed to provide funds for the organization to resume its work and to place its supervision under the Regional Labor Office until National arrangements can be made.

A40 Labor Disputes

a. Labor unrest has been less prevalent than in November due to the improvement in the food situation and to the increase in wages for governmental employees and for some private employees. The Provincial Labor Offices are doing good work in the conciliation of labor disputes as they occur. As an example of activity of this type, the Palermo office reports that it handled 104 controversies of all sorts in December. Workers not only consult the labor offices in respect to their collective and individual controversies with employers, but also in regard to questions on the various social insurances.

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b. The Labor Office conducts a formal [illegible] in the area of [illegible] in accordance with [illegible] Labor Order No. 11 in its [illegible] in all [illegible] by the [illegible] provide [illegible] in the

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[illegible] of labor organizations is reported in Trapani, 2 in Marsala, 7 in Agrigento, and 27 in Palermo. Other provinces have not provided reports on the number of organizations, but indicate that organization is proceeding. Clubs for discussions of problems concerning labor are also being formed. The "Petrolotti Club" in Ragusa, for example, is said to be well established and has received early demonstrations of interest.

.12 Unemployment

a. Seasonal unemployment continued in the coastal cities and in the sulphur mining area. Little or no unemployment is reported in agricultural areas. Unemployment can only be reduced by such a revival of activity in the building trades, mills, bakeries, commerce, and fishing. As the 500 fishermen were reported unemployed because of the lack of boats. Reports from all provinces stressed the need for materials in order to permit normal activities to be resumed.

CONFIDENTIAL

.13 Monuments

a. In general, progress of repairs of monuments and works of art has been satisfactory. Certain projects have been completed but many are still in progress because of the difficulties of transportation and lack of materials. Because of the rising costs of materials that are available, appropriations for certain projects have been exhausted and additional funds have been requested and, in some cases, approved. It is anticipated that these requests will increase and it is the policy of the Advisors to carefully examine such requests individually with a view of keeping expenditures at a minimum.

b. In Palermo work has continued despite bad weather and difficulties of obtaining certain material. Many repairs are nearing completion. The Superintendent of Monuments has submitted a supplementary program of 17 monumental churches requiring urgent repairs, and the estimates for this program total Lire 2,800,000. Approval has been granted for appropriation of this sum in order that works already initiated may be carried to completion and others begun. The Genio Civile of Palermo has also submitted a list of 25 monumental churches (in addition to those in the Superintendent of Monuments list) for which the estimates of repairs total Lire 1,667,000. This sum has been approved, the total appropriation (Lire 1,600,000) to date being exhausted.

c. Local persons responsible for repairs in the Eastern provinces have displayed considerable initiative with the result that many projects are nearing completion.

.14 Work of Art

a. Restoration of paintings from damaged churches and of certain objects belonging to the Museo Diocesano has continued. An appropriation of Lire 350,000 has been approved for the restoration of the famous early 14th century fresco of the "Triumph of Death" in the severely damaged Palazzo Sclafani.

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b. The War Office has forwarded a list of contents of church treasuries throughout the island, which the Advisers are in process of verifying. The treasuries at Catania, Randazzo, Siracusa, Caltagirone, Enna, Assoro, Agrigento, Marsala, Erice, and Mazzara del Vallo have been checked and contents found intact.

AA5 Summary of Appropriations

a. Summary of appropriations approved since the Allied Occupation of Sicily for urgent and necessary repairs of damages of war:

(1)	Monuments & Antiquities in Western Sicily	Lire 2,511,668.00
(2)	" " " Eastern "	3,530,207.00
(3)	Works of Art	420,000.00
(4)	Archives	833,000.00
(5)	Libraries	200,000.00
	Total	Lire 11,[illegible]75.0

EDUCATION

AA6 Opening of Schools

a. In spite of the plans developed and distributed in November numerous difficulties presented themselves with regard to the opening of the schools. All of the new documents outlining the approved program of study were not available on opening day. These were, however, distributed during the month as they came from the press. Objection to certain parts of the new study program were received from the Church and certain amendments had to be made.

b. School programs are a necessity, narrow but unfortunately war time conditions has led to a restricted teaching of physical education, domestic science, art, and manual training, in short, of the newer and more practical elements of the curriculum. Every possible effort is being made by this Division to effect such a trend. The Sicilian culture pattern reveals a clear need for an expansion of the very program elements that are being restricted.

c. The major task of opening universities, including the establishment of the revised program and the examination of the political character of major professors and administrators has now been substantially completed. The University of Palermo opened in December. The University of Messina will open January 3, and the University of Catania should be open by January 15.

AA7 Administrative and Legal Procedures

a. Conditions made necessary the reorganization of a large number of administrative procedures. The most notable changes were those contained in Numbered Memoranda No. 44. The regulations contained in this memorandum were recommended by the Provveditori, and were deemed essential to supplement existing legislation and to delegate power to the Provinces.

b. The question of the relation of church schools to the national system is still in an indeterminate state. A Director so nominated by the Cardinal has been appointed to consult with the Chief of this Division.

(5) Libraries 200,000.00

EDUCATION Total Lire [illegible]

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a. In spite of the plans developed and distributed in November numerous difficulties presented themselves with regard to the opening of the schools. All of the ad documents outlining the approved program of study were not available on opening day. These were, however, distributed during the month as they came from the press. Objections to certain parts of the new study program were received from the Church and certain amendments had to be made.

b. School programs are of necessity narrow but unfortunately war time conditions has led to a restricted teaching of physical education, domestic science, art, and manuel training, in short, of the more and more practical elements of the curriculum. Every possible effort is being made by this division to offset such a trend. The Sicilian culture pattern reveals a clear need for an expansion of the very program elements that are being restricted.

c. The major task of opening universities, including the establishment of the revised program and the examination of the political character of major professors and administrators has now been substantially completed. The University of Palermo opened in December. The University of Messina will open January 3, and the University of Catania should be open by January 15.

A47 Administrative and Legal Procedure

a. Conditions made necessary the reorganization of a large number of administrative procedures. The most notable changes were those contained in Numbered Memoranda No. 44. The regulations contained in this memorandum were recommended by the Provveditori, and were deemed essential to supplement existing legislation and to delegate power to the Provinces.

b. The question of the relation of church schools to the national system is still in an indeterminate state. A director to nominated by the Cardinal has been appointed to consult with the Chief of this Division.

c. It has been impossible up to the present for the division to examine the political records of the 2,000 teachers on the island but the following groups have been or are being examined.

(1) All Provveditori.
(2) All School Administrators.
(3) All teachers known to have a fascist record.

This process of examination has had a salutary effect on personnel and has also yielded an understanding of the extent of the corruption that existed in the educational system.

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POSTAL

A48. a. Censorship.

(1) To initiate action for the reconstitution of Italian Censorship for the island of Sicily, instructions were sent to all S.C.A.O.'s to authorize Prefects to reconstitute censorship within their own province. As I.M.C. is responsible for censorship of all civilian communications this was done with their approval. The payment of wages for these civilian censors will be paid by the Prefect. However as the Allied Control Censors hired other censors to re-censor the mail, it was agreed by AFHQ that A.M.G. should pay this type of employees. Latest reports show that Italian censors under the control of the I.M.C. are now operating in all Provinces of the Island.

b. P.W. Mail.

(1) Outgoing.

(a) The routing of P.W. mail has been drastically changed. Where previously all outgoing P.W. mail has been sent to APO 759, it is now separated into different countries and dispatched directly to that country. For the month of December 42 bags of P.W. mail were dispatched to all parts of the world.

(2) Incoming.

(a) Incoming P.W. mail continues to be concentrated in Palermo and for this month 10½ sacks of such mail arrived. As service between the mainland and Sicily has not been resumed all incoming P.W. mail destined for the mainland is being held pending resumption of service.

c. Registered and Insured Mail.

(1) The question of registered and insured mail for banks was again brought to the attention of the Censorship officials and after a conference with the Director of that Section, Col. Menapace, Directors of the Banks and the Inspector General of Posts it was decided that a limited registered and insured service could be permitted for banks and financial houses in Sicily only. The weight licit was set at 2 Kg. and the postage rates and indemnity for loss would be the same as was be-

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d. Stamps.

(1) AMGOT postage stamps are still being used and to date the following number of stamps have been received from AMFA:

15 Cent.	-	5,420,000
25 Cent.	-	4,760,000
30 Cent.	-	4,960,000
50 Cent.	-	7,300,000
60 Cent.	-	630,000
1 Lire	-	2,440,000
2 Lire	-	400,000
5 Lire	-	2,680,000
10 Lire	-	400,000

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(2) The question of increasing the postage rates, as much as double, has been considered and has been brought to the attention of Acting Director, Postal Sub-Commission, A.C.C. and as yet, no reply has been received.

(3) Another question which arises is whether AMGOT stamps will continue to be used when the Italian Government takes over. If so, a new supply must be received as the present supply will probably last for another three months or so.

e. Service with Mainland.

(1) Plans have been worked on to begin a mail service with the occupied provinces of the mainland, Sardinia and Sicily. The Regional Postal Officer went on a trip to Reggio and to Messina to make final preparations for the commencement of this service and the date was definitely established as the 1st of January. As Regions I and II are not ready to commence a two way service the service will be only one direction - Sicily to the mainland. All mail from Sicily would be concentrated in two towns - Palermo and Messina.

f. Personnel.

(1) A study is being conducted regarding the superflous number of Post Office employees in each Provincial Directorate. It is contemplated to dismiss all temporary employees who were employed during the emergency and who are superflous during normal times. In some provincial directorates a number of such employees have already been dismissed.

g. Italian Official Mail.

(1) Italian official mail from the Italian Government offices here in Sicily has been arriving by means of an airplane courier set up by the Italian Government. As this office had no information regarding the agreement between A.C.C. and the Italian Government for the dispatch of this mail it was brought to the attention of the R.C.A.O. It was agreed that this mail would continue to be dispatched after censorship. Since I.J.C. received instructions that this mail was not subject to censorship, instructions were given to

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h. Post Offices.

(1) Following is a list of all the Post Offices in each Province together with the number now opened for one or more postal services - latest report - December 15, 1943.

Province	No. of P.O.	No. Opened
Palermo	145	128
Siracusa	35	33
Ragusa	25	21
Messina	205	194
Catania	119	107
Caltanissetta	36	31
Trapani	62	39
Agrigento	64	42
Enna	28	28

PRESS AND PUBLIC RELATIONS

A49. a. The shortage of personnel has rendered it impossible to assign an officer specifically to this Division, important though it is recognized to be. The necessary work of liaison with the Psychological Warfare Branch and the other agencies, the suggestion of particular propaganda for the radio and the press, and the measures required to prevent unauthorized publication, have been handled by the Executive Officer at Regional Headquarters.

b. At present there are the following three authorized newspapers in Sicily:

(1) "Sicilia Liberata" - Palermo
(2) "Corrieri di Sicilia" - Catania
(3) "Notiziario di Messina" - Messina

c. A plan has been approved by P.W.B. whereby each provincial capital should have a newspaper, but this has been suspended due to lack of a steady supply of newsprint and lack of the staff necessary to insure proper military censorship. Continued representations have been made to AFHQ but no supplies have materialized and P.W.B. has refused to authorize any further newspapersuntil a steady flow of approximately 50 tons a month is assured.

d. A new factor has been injected into the situation

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d. A new factor has been injected into the situation with the notice received from AFHQ that a new press supervisory body for Sicily, to be known as "The Allied Publishing Board", has been created. The scope of the authority of the organization is not yet known, but in the meantime instructions have been received that no new newspapers are to be authorized until it arrives to take control.

e. The general plan, referred to in last month's report of propagandising the Sicilians in an attempt to 5408 sure greater cooperation with A.M.G. and the Allies was continued. No opportunity was lost to emphasize the basic principles of the plan, to the effect that

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the war still continued and that further restrictions and hardships would be required of the Sicilian people in order to bring it to a speedy and victorious end.

PROVINCES:

A50. a. General. The improvement in the food situation to the extent that the whole island was receiving the prescribed bread ration regularly every day rendered the task of the A.C.A.O.'s in controlling their provinces considerably easier. The issuance of a special additional Christmas ration of paste resulted in a further uplift in civilian morale and greater confidence in our administration. Reports from all areas indicated satisfactory progress in all fields of endeavor, though emphasis was naturally still placed on the problems of economic dislocation.

b. Agrigento.

(1) Political Tendencies. The SCAU and the CIC have each discovered a copy of a mimeographed leaflet, unsigned, which for the first time urges armed opposition to Allied Military Government. The authors are not known as yet and the distribution cannot have been very widespread since only two copies have been found and there seems to be no evidence that it is influencing any of the people. The Free Sicily movement has appeared to quiet down considerably in the past month. Ironically none of the appointees suggested by the Prefect have been members of this group. This fact seems to indicate a beginning of a parting between the Prefect and the leader of the Free Sicily movement in this Province(Guarino-Amelia) but such evidence of parting is not yet convincing.

(2) Taxes. Tax collections are in excess of expectations. Tolleranzas have been revoked as per instruction, except to prevent the sale of some sulphur mines scheduled to be sold for failure to make obligatory purchases of Italian Government bonds. In these cases the sales were postponed for four months, and within that period the mines must comply with the Italian law to be effective then.

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c. Catania.

(1) Wages and Prices. The position has slightly improved but prices are still all out of order in this Province. The Giunta Communale does not function energetically enough and prefers to leave everything to A.M.G. In this respect shops are being opened under the auspices of the Consorzio Agrario. These shops sell commodities such as fruit, vegetables, meat and fish etc. prices, which while showing a reasonable profit are much below the majority of shops. In due course trade will tend to come to these shops, with it is hoped, a resulting forcing down of

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[redacted]

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(2) Ports.

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d. Bizerta was designated by A.F.H.Q. as the Medi-
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would act as a receiving port for certain goods and
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Italian authorities would not
and clearance of Allied Shipping
Officer who would be responsible
Cial the military would designate
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trol was discussed specifically
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(1) The Consorzio Agrario Provinciale
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Consorzio Agrario Provinciale

trol was discussed specifically. It was agreed that the Military would designate an Immigration Officer who would be responsible for inspection and clearance of Allied Shipping. For schooners and other Italian vessels the local Italian Medical authorities would act. The Medico Provinciale was designated by A.M.G. as the Medical Officer responsible.

d. Enna.

(1) The Consorzio Agrario Provinciale has been loaned several trucks, and the Director sent to other Provinces to make agreements for the reprovisioning of the Province. This has met with considerable success as the high prices of the Black Market and the goods sold openly are a direct result of the speculation made by those fortunate few with means of transport available. By removing the ceans and assisting the Consorzio prices of certain goods have fallen and the amount available has increased. I am confident that if more transport was made available and utilized through a controlled agency such as the Consorzio Agrario, prices would be forced down to a sensible level which would benefit the great mass of the worker population.

(2) A start has been made in the shipment of sulphur to Catania but the narrow gauge line to Caltagirone has insufficient cars and locomotives. Owing to the shortage of trucks, it has been impossible to assign sufficient transport to the various mines to carry the sulphur from the mines to the railway in the western part of the Province for shipment to Licata. Cerride and pit-props are required in addition to a regular supply of electric current before it will be possible to re-open the mines and put to work the unemployed miners who present a social problem that it is difficult to solve by any other means.

(3) Co-operation with H. Qr. No. 1 District continued during the month. The requisitioning of feed, some of which may be needed badly here for live stock of the peasants, for the mule remount station at Piazza Armerina has proceeded as originally planned. Capt. Lane of Claims and Hirings was here for a short time and considered

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only a few of the many claims
ders of property taken, damaged
the army. Most of such claims
filed here during the last month
or forwarded through channels
The ones still on file here will
to Claims and Hiring with the
further investigation or process
may be requested of us and that
will result.

Enclosed:

(1) Circular.

Confidential Circulars Nos. 1 and 2.

(2)

Circular No. 1.

Restricted (Confidential)

Restricted--(Confidential)

(1) Circular.

(1) Currency. The A.M.G. lira is well accepted. Counterfeiting appears to be continued in raising the 50 lira notes to 500 liras. In future printing the notes should be designed so that counterfeiting is made less easy. Arrangements were concluded to have the Banca di Sicilia and the Banca d'Italia withdraw worn-out A.M.G. and Italian lira notes.

(2) Supplementary Christmas Rations. Supplementary Christmas rations were made available to all ration card holders throughout the Province on the following basis: Pasta--150 grams per person, Bread--100 (additional) grams per person. This extra ration was very well received by the public. The arrangements made worked smoothly, and it is stated that the paste made of an admixture of American and Sicilian flour is of superb quality. It is reported from one area that pasta of a very poor quality was distributed. Samples have been taken and an analysis is being made of the flour used. Appropriate action will be taken against the manufacturer or the miller when it is established who is responsible.

f. Refugees.

(1) Supply.

By the assistance of wagons of grain and flour from Palermo the Province has been getting a regular ration of 150 grams of bread daily. This ration, however, is far too low for very heavy workers such as miners who are unable to supplement it by purchasing vegetables or meat owing to the very high prices of all such commodities. It is suggested that the heaviest classes of workers and the CC.RR. at least should be allowed an extra 100 grams of bread daily.

(2) Labor.

The Labor Office is directing its attention with all possible energy to the interest of work people of all classes and to the solution of the unemployment problem so far as is possible. The position of the employees of the telephone service in this city presents a serious and somewhat complicated problem. The Labor Office has intervened and when the position is cleared up a separate report will be forwarded to the Division concerned. With regard to the conditions of the

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employees generally, those of the agricultural class are not unfavourable. In the field of industry the amount of unemployment is serious and the immediate practicable solution would be the institution of a general scheme for the reconstruction and repair of highways throughout the province.

g. Trapani.

(1) Currency, Banking and Financial Intelligence.
Deposits continue to increase, but dearth of applications for good loans is disturbing to bankers. They are unanimous in requesting that more private shipping be made possible, that the railroad gaps be repaired so as to improve inter-provincial business operations, and that telephone and telegraph lines be restored so that trade will be stimulated by better communications. Tax payments continue to improve also, a reflection on the abundance of cash in circulation.

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• better communications. Tax payers ...
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