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MONTHLY REPORTS (1944)
JAN. 1944 - JAN. 1945

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CONFIDENTIAL

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

Ref/63/CA

11 February 1944

SUBJECT: Monthly Report for January 1944 of AMG Administration

TO : Military Government Section, AFHQ
General Officer Commanding-in-Chief, HQ AGMP

(1) This report covers the administration of Military Government in Region I (Sicily) and Region II (Calabria, Lucania and the province of Salerno) for the month of January 1944. On February 11 this territory was turned back to the Italian Government so that no further report of Military Government in this area will be submitted.

ADMINISTRATION

Headquarters

(2) During the greater part of the month this headquarters maintained liaison with the other headquarters in the field of Military Government in an effort to establish uniform policies for all of Italy and Sicily. On January 15 Lieut. General Sir Noel Mason MacFarlane was appointed Deputy President and Chief Commissioner of the Allied Control Commission and C.C.A.O. of territory under Allied Military Government.

(3) On January 25, 1944 all headquarters and units carrying on Military Government or control in Italy, Sicily and Sardinia were placed under the command of Lieut. General Sir Noel Mason MacFarlane. The other headquarters were amalgamated with this headquarters to form HQ, A.C.C. at Naples and Salerno. By the end of the month, therefore, Lieut.General Sir Noel Mason MacFarlane was the Commanding General of a united headquarters under which all Military Government and Civil Affairs were administered in Regions I, II, III, IV, VI, and King's Italy and, on technical matters, by S.C.A.Os 5th and 8th Armies.

(4) By the end of the month it had again become apparent that the turnover of Regions I and II to the Badoglio Government was imminent. Accordingly, on January 23 a directive (Exhibit A hereto) was issued to all field personnel instructing them in general upon their duties under A.C.C. conditions. Subsequently, specific instructions were issued to the field personnel of each Subcommission having a substantial number of officers in the Regions. The transfer of Regions I and II to the Italian Government became effective on February 11, 1944.

(5) By the beginning of February the internal organization of HQ, A.C.C. had been reorganized in accordance with the chart attached hereto as

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(5) By the beginning of February the internal organization of HQ, A.C.C. had been reorganized in accordance with the chart attached hereto as Exhibit B. It will be seen from this chart that a Food Subcommission was organized to assume responsibility for the importation, warehousing and rationing and distribution of food, these functions being then removed from the Interior, and Industry and Commerce Subcommissions. When the various Military Government and A.C.C. headquarters came under the command of Lieut. General MacFarlane, the Central Economic Committee was abolished, its functions being taken over by Headquarters, A.C.C.

(6) During the month approximately 100 experienced American officers left Region I and headquarters for ETOUSA. It was agreed that during February approximately another hundred would be withdrawn from the other Regions and headquarters. In addition, a certain number of experienced British officers will be withdrawn during February. The vacancies resulting from these moves will be filled by officers coming from Tizi Ouzou, many of whom arrived during the month and all of whom were expected to arrive before the end of February.

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(7) On January 27 the bulk of the personnel of the Administrative Section of this headquarters moved to Salerno. This move, which is not altogether convenient, was made necessary by the impossibility of housing this entire headquarters and also the Italian Government in any one place.

Region I

(8) In Region I the program of developing a Regional Italian organization for Sicily to work with the High Commissioner, which it is expected the Italian Government will appoint after the transfer, proceeded satisfactorily. Regional Finance, Supply, and Welfare organizations were created during the month.

(9) On January 4 Lampedusa and Pantelleria were placed under the jurisdiction of the provinces of Agrigento and Trapani respectively, on which they had previously depended. One CAO has been left in each island.

Region II

(10) At the beginning of the month 113 officers and 100 EM/ORs were assigned and 9 officers were attached (7 as civilian censors) to this Region. At the end of the month 97 officers were assigned and 10 attached (including the 7 censors) and 104 EM/ORs were assigned exclusive of personnel assigned to Region V. During the month the bulk of the Region V personnel arrived and a substantial portion of them were attached to Region II to gain experience. At the end of the month 42 officers and 11 EM/ORs were attached to Region II, although owing to the activation of Region V it is probable that some of these will shortly be called to other stations.

(11) As of February 11, the date of the transfer of Regions I and II to the Italian Government, the four lower provinces of Apulia came under the jurisdiction of the Regional Commissioner of Region II.

(12) Considerable progress was made in Region II, along the lines previously developed in Region I, in reestablishing the provincial Giuntas or other similar representative bodies for the purpose of developing a sense of local responsibility. No Italian governmental function is handled on a regional basis in Region II as is the case in Region I.

POLITICAL DEVELOPMENTS.

(13) Public morale improved considerably owing to the arrival of adequate food supplies and the appearance for distribution of Red Cross clothing.

(14) The Bari conference went off quietly, perhaps owing in part to the interest in the Allied Beachhead at Anzio which was then current. The trend of sentiment was definitely towards the left, against the King and the Badoglio Government. It is believed that the population on the whole feel that the Allied Military Government has endeavoured to do what it could for them and they are not enthusiastic about seeing it come to an end.

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(15) On January 29 a Congress of the most important political parties outside of the Government met at Bari. Thirty representatives from Sicily and a large representation from the mainland were present. The conference accepted unanimously a compromise program calling for:

(a) The creation of a Government to include representatives of the six parties.
(b) The creation of a constituent assembly as soon as hostilities cease.
(c) The abdication of the King.

(16) The Congress also voted for the establishment of an Executive Committee composed of representatives of each of the six parties for the purpose of securing the foregoing demands. The Congress considered that the King's abdication was an essential condition for the unification of the Italian people. It would appear that the representatives of this conference were only agreed

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on the necessity for the abdication of the King, but were not agreed either on their own future course of activity or on the exact type of Government which Italy should have.

(17) During the month authority was given in Regions I and II for the resumption of political activity and the holding of peaceable meetings for the purpose. Only a moderate amount of political activity followed the issuance of this authority. The Free Sicily Movement is declining in power. There appears to be antipathy to the King and some lack of confidence in the Badoglio Government. Small communist party meetings have been held. This movement is not, however, very strong. Activity in Palermo province can be cited as an example of public apathy towards political meetings. There are 10 so-called political parties in this province, seven of which have held meetings. The attendance was negligible. Only in the case of the communist and Free Sicily meetings was any interest evinced.

(18) The relations between Regions I and II and the Badoglio Government have improved considerably during the month. There have been few cases of unwarranted interference by officials of the Badoglio Government and in general an agreement has been reached and kept providing that all communications prior to the transfer of territory between Italian officials in King's Italy and Italian officials in territory under Allied Military Government be channeled through the R.C.A.O.

Public Safety and Law Enforcement

(19) The following important Proclamations and Decrees were issued:

(a) General Order No. 17 - authorising Italian employees freely to organize for the purposes of collective bargaining.
(b) General Order No. 18 - restoring to Italian citizens and foreigners of Jewish race their full civil and political rights.
(c) Proclamation No. 15 - authorizing the inclusion of French property & that of its nationals under Article IV of Proclamation No. 6.
(d) General Order No. 19 - implementing Proclamation No. 15.

(20) A simplified procedure was worked out under which the decrees issued by the Italian Government in Apulia, which for the sake of uniformity or for other sound reasons should be made applicable in occupied territory, were made so to apply without the necessity of their formal promulgation as a Proclamation or General Order.

Crimes

(21) Crime returns do not appear to be excessive when compared with recent years and detections are high. No cases of sabotage or subversive activities were reported, but there were several cases of violence. The shooting or stabbing of British soldiers was reported, in each of which cases arrests were made.

(22) The morale and efficiency of the police agencies improved.

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(22) The morale and efficiency of the police agencies improved. The crime figures in Region I continued to be high but there was a noticeable decrease when compared with December 1943. Available records reveal the following figures:

	December 1943	January 1944
Murders	43	25
Robberies	204	92

Most of the murders occurred in the province of Trapani and were attributable to armed robberies. Every effort was made by the various Police Agencies, although the lack of transport and communications were retarding factors, particularly as most of the serious crimes occurred in rural areas to make arrests.

(23) There were 130 cases of forging and altering of Allied Military currency in Region I from the date of invasion to 31 December 1943. In 127 cases

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the denomination had been altered by the addition of "0." The remaining had the figures materially altered. The total original value of the forged notes was £4,165 and the forged values was £42,630. The £50 note was used in 67 cases and £1 in 52 cases.

(24) The generally good record of Public Safety and Law Enforcement in Region II was extended during the month of January. Three of the six provinces reported no major civilian crimes during the month. In the other three there were 7 homicides and three armed robberies. Arrests have been made in four of the homicide cases, and, in another, one of the murderers was killed in the execution of the crime. There were, as usual, a large number of cases of petty thefts.

(25) Black market cases were still numerous, but apparently the rate slackened if it did not slightly decrease. This improvement may be due to the effective establishment in both Regions of a large number of road blocks, night patrols, and the greater efficiency of the Italian police. There were only five organized demonstrations in Region II during January. None of these were really serious.

(26) Only one serious disturbance occurred in Region I when 50 persons on January 25 forced their way into the municipio at Caltigirone where they burned a few papers in protest against the low bread ration and the payment of certain taxes.

Allied Courts

(27) The number of prosecutions in Allied Courts in Regions I and II is now definitely showing a downward trend, by reason of the policy of trying all cases in the Italian Courts which do not affect the war effort directly. The following two charts show the prosecutions and acquittals in Sicily and the breakdown by provinces.

PROVINCE	GENERAL COURTS		SUPERIOR COURTS		SUMMARY COURTS		TOTAL CASES Jan 1 Jan 31 1944	TOTAL CASES July 12, '43 to Jan 31, 1944
	G	NG	G	NG	G	NG		
PALERMO	4	0	60	7	665	94	820	5092
CATANIA	4	0	54	9	219	27	293	1371
MESSINA	0	0	23	10	6	0	49	395
TRAPANI	1	0	4	0	61	9	75	826
AGRIGENTO	0	0	15	4	212	37	268	2065
SIRACUSA	0	0	1	0	5	0	7	241

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SIRACUSA	0	0	4	0	3	0	7	949
RAGUSA	0	5	5	0	0	0	5	216
CALTANISSETTA	0	0	6	2	6	0	14	151
ENNA	5	0	35	8	0	0	48	106
TOTALS	14	0	196	40	1162	167	1579	11369

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ANALYSIS OF CASES ACCORDING TO CATEGORIES

PROVINCE	Black Market		Thefts, & Poss. of Military Prop.		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	92	16	183	27	171	0	93	6	0	0	180	52	719	101
CATANIA	2	0	129	22	0	0	52	4	3	0	64	10	257	36
MESSINA	3	1	8	2	9	0	22	3	0	0	6	4	39	10
AGRIGENTO	112	16	51	6	5	0	19	2	1	0	40	17	227	41
TRAPANI	6	0	1	0	0	0	15	1	0	0	44	8	66	9
SIRACUSA	0	0	3	0	0	0	0	0	0	0	4	0	7	0
RAGUSA	0	0	2	0	0	0	1	0	0	0	2	0	5	0
CALTANISSETTA	0	0	3	0	0	0	7	1	0	0	2	1	12	2
ENNA	2	2	0	0	0	0	30	2	0	0	8	4	40	8
TOTALS	217	35	380	57	176	0	249	19	4	0	350	96	1372	207

(28) Approximately the same number of cases were tried in this Region in January as December. During January 166 appeals were received as against 192 in December from Region I. All cases, in which a sentence in excess of six months was rendered, will be reviewed at the time of the turnover. All cases in which the sentence exceeds two years or a fine of L. 50,000 must be reviewed at H.Q. A.C.C., other cases may be reviewed by the Chief Legal Officer in the Region.

(29) One hundred and seventy cases were tried by Allied Military Courts in Region II. In one case a General Court passed one sentence of death. Superior Courts have tried several cases of local disorders connected with the distribution of grain. Sentences were meted out ranging from two years imprisonment downwards. In the Province of Matera considerable assistance has been rendered in the harnessing of grain, by prompt prosecutions of offenders found there. The other large group of cases involved illegal passage across the straits of Messina.

Italian Courts.

(30) Italian Courts and Bar Associations are satisfactorily functioning in all Provinces. At Palermo, the Committee of Investigation and the Committee of Security, previously described, are still in operation. The Court of Appeal at Reggio has been temporarily transferred to Messina and negotiations are in progress in order to work out a system whereby the Court will sit in the place where the most efficient use of its personnel can be effected.

[illegible]	1	1	8	2	0	0	22	3	0	0	6	4	39	10
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Civil Police.

(31) During the month the issue of 244,000 rations to the Italian Military Forces, including the Carabinieri in southern Italy, was authorised. These rations consisted of approximately 200,000 of the British type "B" ration, and the remainder American type ration. Efforts are being made to include the Carabinieri stationed in Sicily and Sardinia in this issue. The uniforms and equipment of the regular members of the Carabinieri are in very poor condition. No replacements are available and no equipment is available for new members who must be recruited. The Officers' uniforms and equipment are in better condition.

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(32) A special force of Carabinieri consisting of 1300 men plus the necessary officer personnel have been furnished from Sardinia, and 1000 Carabinieri plus 13 officers from King's Italy, for the policing of the city of Rome. This Force is being organized and trained under the supervision of this H.Qs. The special force has also had transferred to it, 30 specially trained Carabinieri squads of 1 N.C.O. and 4 men each from Region II. A force of approximately 500 members of the Guardia Di Finanza has been transferred from King's Italy for duty in Rome. One hundred of these men will, however, be sent to Sicily. The program for recruiting additional Carabinieri in Sicily is progressing slowly. By the end of the month it was hoped that 250 would be enrolled. After February 1st their training commences.

Anti-Fascist Activity.

(33) Efforts continued to replace public officials with prominent Fascist records. To-date 700 Scheda Personale were received. Investigations were completed concerning half of them, resulting in the dismissal of 62 officials and the internment of two. Eight communal officials, all of whom were squadristi, were removed from office in Catania Province during the month. Fifty-three public officials were removed in Foggia. In Trapani a new Sindaco and Giunta were installed in the Communes of Marsala, Castellamare and Gibellina. Replacements will be made shortly at Alcamo and Salemi, which will complete the removal of all Fascist mayors and Commissarios in this Province. Six postal officials were replaced.

Miscellaneous.

(34) Several special investigations were made by the Civil Police particularly in connection with the black market. Political meetings were observed. A mobile fire-fighting unit is being formed in Naples for use there and in Rome. The overcrowding of prisons continues to be one of the most acute problems as also does the lack of suitable institutional facilities for the housing and training of juvenile delinquents, although the Children's Home in Palermo has been the subject of considerable attention and now operates educational and sports classes for inmates. A new program for the licensing and registration of motor vehicles and the granting of circulation permits has been completed. Owing to the reported prevalence of rabies among dogs and cats on the mainland, veterinary services and police agencies are making special efforts to enforce the law in this regard. It was decided to permit the re-establishment of the Italian system of ammonizione and confino by which the Italians have since 1865, long before Fascism, dealt with highly dangerous criminal characters against whom sufficient evidence for conviction did not exist. The problem of the trial for desertion of Italian soldiers who deserted during the period when they were being urged to do so by the Allies is under consideration. The control of aliens, deportation of internees, and the issuance of passes for Italian public officials were also handled by the police.

ECONOMIC RESOURCES AND SUPPLY

Importation of Food

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ECONOMIC RESOURCES AND SUPPLY

Importation of Food.

(35) During the month the Food Sub-Commission was organized at H.Q. A.C.C. and assumed the responsibility for the importation, warehousing and distribution of food. Requisitions continue to be made through the Industry and Commerce Sub-Commission. A substantial portion of the staff of the Food Sub-Commission came from the Central Economic Committee and the balance from the Industry and Commerce Sub-Commission.

(36) Additional warehouse space is now required in order to provide for the bulk supplies now being imported. For operational reasons supplies are being received in bulk instead of when needed. For instance, 9,000 tons of sugar is expected shortly at Bari and Reggio which will be distributed over a considerable period of time.

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(37) The improvement in the food situation occurring at the end of December continued in Sicily, due to the adequate imports of wheat and flour, until the last week of January. It then became serious in Catania and Siracusa in Region I, due to the diversion of a vessel containing about 5,000 tons of flour, sent to Reggio Calabria instead of to Siracusa as scheduled.

(38) Arrivals in Sicily, in short tons, were :

Port	Flour	Wheat	Pasta	Total
Palermo	5450	7454		12904
Messina		2200		2200
Catania	414		117	531
Siracusa				None
	5864	9654	117	15635

Another vessel with over 6,000 tons of wheat destined for the island arrived at Palermo on 29 January.

(39) During the month the bread ration remained at 150 grams in Region I except in Enna, Agrigento and Caltanissetta, the grain producing provinces, where it was 200 grams. Heavy workers of the Allied Armed Forces received an extra 100 grams. An order was issued in Sicily authorizing a uniform scale for normal workers of 150 grams of bread per day throughout the island and an additional 100 grams of bread for heavy workers and of 250 grams of pasta per person per week after Feb. 14.

(40) In Region II the supply of grain and flour also showed a great improvement. Rail shipments from Reggio to Region II, initiated in October, were completed. Three ships with cargoes of 6174 tons of flour and grain arrived at Reggio and two ships with 5407 tons at Crotone. Unloading proceeded as rapidly as possible, but the extremely limited amount of motor transport and the shortage of railway cards for transhipment are still serious handicaps. It has been possible to give a ration of 150 grams of bread daily in Reggio Province, but shortage of transport has made it impossible to raise the ration above 100 grams in Cosenza and Catanzaro. Due to the priority of military operations in the Naples area, a temporary acute shortage developed in Salerno. There is sufficient flour and grain in Reggio and Crotone to feed the three Calabrian provinces on a 150 gram ration well into March, but 93% of the communes in Cosenza and Catanzaro have only enough for seven days at 100 grams. In an attempt to relieve the road transport situation in Calabria the experiment is being tried of making the issue of permits for trucks under the new regulations dependent upon the person applying for the permit agreeing to place his truck at the disposal of A.C.C. for a certain number of days a month at a fair rate of hire. Animal transport is used wherever possible, but is of real value only where the quantities to be moved are relatively small and the distances short.

(41) Twenty-five hundred tons of rock phosphate arrived in Sicily from North Africa to be used in the production of superphosphates for fertilizer as soon as supplies of mineric become available. Large quantities of dehydrated foodstuffs also arrived in Sicily. These articles are extremely difficult to distribute and are almost unsaleable to the civilian population. The downward tendency of food prices continued in Region I, bread being reported as low as 18 lire a kilogram in Agrigento.

5864	9654	117	15635

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(42) Fuel distributed in Sicily by AMG for civilian use during January 1944 was as follows :

P.O.L. (In U.S. Gallons)

	East Sicily	West Sicily
Diesel	51,600	332,985
Gas	51,600	284,400
Kerosene	14,400	39,000
Oil 10	300	2,960
" 30	780	20,640
" 50	660	2,070
Grease 1	750 lbs.	20,600 lbs.
" 3	590 "	13,600 "

5664

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Coal

	East Sicily	West Sicily
Steam coal	1,210 tons	858 tons
Bituminous coal		1,459 "

In accordance with directions received from Headquarters, the distribution and requisitioning of F.O.L. were turned over on 31 January to C.I.R.

(43) In order to prepare the way for the transfer of territory to the Italian Government a regional civilian supply office was created in Sicily and the Prefect of Caltanissetta was appointed as its chief. He will coordinate the various civilian agencies interested in feeding the public.

Exports.

(44) An export program of some volume got under way in Sicily in January. Four ships for the U.K. were loaded at Sicilian ports during the month, two at Palermo, one at Catania and one at Messina, while at the end of the month four more ships were being loaded, or were shortly due, at Palermo, Catania, Messina and Siracusa. The four ships which sailed during January carried over 7,500 tons of lemons, 25,000 pounds of lemon oil, 800 pounds of tangerine oil, 3,700 pounds of bitter orange oil, 7,300 quintals of nuts, 300 tons of citric acid, 100 tons of assorted wines, 82,000 kilos of pumice, 33,000 kilos of sumac, and 45,000 kilos of sulphur.

(45) The four ships which have sailed were destined for the U.K., as are the four which are now loading. One hundred tons of wine have been ordered for the United States. No shipments have been made to the United States apart from a small amount of tartaric acid in October. While the United States is interested in certain Sicilian products, such as citric and tartaric acid, the amounts available have not been large enough to warrant the allocation of a ship. Moreover, these amounts have been taken by the U.K. to which they could readily be sent in the ships allocated to carry the lemons. The only other exports to be recorded during the month are small quantities of sulphur to North Africa and of oranges to Malta.

(46) A considerable amount of effort was devoted to the very difficult problem of getting lumber for making lemon crates into Sicily from Calabria. By the end of January it is believed that in the neighbourhood of 1000 tons had been obtained, either by rail to the East Coast or by ship to Palermo. Eighty tons of nails for the lemon crates, and 20 tons of paper for wrapping the fruit, were procured in Naples. In addition to these materials required in Sicily for packing citrus fruits, preliminary steps were taken to obtain the materials needed in Marsala for making wine casks.

(47) Exports from Sicily over the next few months may be expected to consist of the same products, probably in roughly the same proportions, as were exported in January. The attempt is being made to ship to the U.K. approximately 30,000 tons of lemons in the present export season which will end during the second half of March. Some oranges are now being loaded at Siracusa, but exports in total will probably not exceed 1000-2000 tons as the voyage to the U.K. under present conditions is long for this fruit. Purchases for export are being made of all of [illegible] essential oils and citric acid.

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(48) No exports thus far have been made from the mainland of Italy, and the possibilities from the area now under Allied control are small. Silk production is being revived in Calabria from where it is hoped some silk may be available for export in the late spring. Efforts are also being made to revive hemp production in the vicinity of Naples. Some bergamot oil now being manufactured under order in southern Calabria, will be exported through Catania. Supplies of brierwood, and particularly a stock at Reggio, are being investigated as this product is wanted in both the U.S. and U.K. Possibly further investigations will uncover other products which could be exported from the mainland.

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Survey and Development of Industry.

(49) In continuation of the active program for the collecting and card-indexing of industrial data, extensive investigations of works, and of available commodities and materials were carried out. It was decided not to rehabilitate the sugar beet industry, owing to the fact that the fuel and machinery needed to start it exceeded the tonnage of sugar to be produced. With a view to taking over the Cement Industry from the Military, the cement plants at Ilva (Bagnoli) and Segni (Cva Villamaro) were inspected and the question of coal supplies for the plants discussed with the coal controller (A.F.H.Q. Adv. Adm. Echelon). The supply of coal also governed the possible restart of the Glass Industry in April. It was decided after investigation to facilitate production in the hemp and silk industry and it was ascertained that there were adequate facilities in liberated Italy for soap production if caustic soda was available: an inventory was taken of the caustic soda stocks at C.I.S.A. Visocsa and further reports are awaited from Region I on available supplies.

(50) The Industrial Gases Plant of Industriale Meridionale Azotto e Derivati, Naples, was inspected and it was decided to facilitate maximum production. Investigations into the following industries are being carried out and reports in progress: nitrogenous fertilizers, leather, clothing, textiles, shipyards, flour milling. An investigation was made on behalf of R.E.M.E. through the Local Resources Board to locate auxiliary workshops on the Adriatic Seaboard with negative results.

(51) The location and capacity of available dyeworks in occupied Italy has been investigated, and an apportionment was made of the available stocks of paper to meet the requirements of the Armed Forces and the civilian population. One hundred and thirty seven tons of watermarked paper were selected and assigned to this H.Q. for ration card printing.

(52) Some small local tanneries in Region II are operating with locally produced tanning agents. Silk filatures are all being put to work to produce silk for parachutes. Arrangements have been made for the importation of silk worm eggs from Turkey and for their refrigeration until the proper season for incubation. A large cotton mill and a cement plant in Salerno resumed operations during the month.

Survey and Development of Mines.

(53) The final corrected figures show that the December production of coal in Sardinia was 33,077 metric tons. A total of not less than 37,500 metric tons would have been produced had certain supplies requisitioned in October been received. The following figures indicate percentages of total production according to sizes :

Size 10 x 0 = 48% of total production.
Size 30 x 10 = 25% " "
Size 50 x 30 = 17% " "
Size + 50 = 10% " "

The estimated output for January will easily meet the requirements set by A.F.H.Q. for 25,000 tons. A total of 1200 cubic metres of mine timbers was awaiting shipment from Crotone to Sardinia for use as pit props at the end of the month. Efforts were continued to secure mine timbers from Corsica.

(54) A detailed report has been submitted on the Sicilian sulphur mining

available supplies.

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(54) A detailed report has been submitted on the Sicilian sulphur mining industry together with supply requisitions for the immediate and long term requirements. The present program calls for capacity production and complete rehabilitation of the Sicilian sulphur mining industry. The production of sulphur in Sicily is still negligible. About 400 tons were loaded for export at Catania during the month. The difficulties of restarting the industry are many, but none are so great as the lack of desire of the Sicilian to do anything for himself. The miners themselves are reluctant to leave their towns and work outside in the mines, pleading that the rations are insufficient and the pay too low. Carbide and pit props were obtained but there were continued efforts to prove that the new price of 2200 lire per ton of sulphur was too low.

(55) Twenty-five tons of Steatite grey block talc were shipped by air from Sardinia to the U.S. This talc is to be treated for possible use for radio sockets. Production in Sardinia of grey block talc of the special specifications required for this purpose continues at the rate of approximately 20 metric tons a month. This talc has been established at 450 lire per quintal.

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(56) It has been decided that for the present no bauxite will be shipped either to the U.K. or U.S. Plans are being made for increasing production of asphalt from Ragusa. Rehabilitation of the production of lignite depends on the rehabilitation of rail transportation facilities. Existence at Crotone of 750 metric tons of slab zinc has been reported. Zinc stocks in Sardinia total 1796 metric tons of zinc metal and 38,150 tons of zinc concentrate have been reported. A total of 1200 metric tons of Sardinian pig lead will be held there. The balance of approximately 2,600 tons will be exported as soon as prices are negotiated. It has been reported that the Sardinian lead zinc mines are to be reopened. This can not be done until adequate supplies are received. Metallic antimony still remains stockpiled in Sardinia. Apparently it is not needed by U.K. or U.S.

Agriculture, Forests and Fisheries.

(57) Surveys of agricultural problems continued during the month, as did the re-organization of the various Italian Ministries concerned with the subjects indicated under this heading. Accurate estimating plans and procedures were worked out with the Italian Ministry of Agriculture. It was decided that the sugar beet industry of southern Italy should not be rehabilitated owing to the quantity of imported manufacturing supplies needed.

(58) The Italian Forestry Services have been re-activated including the Royal Forestry Corps. As a result of a survey of the timber potentialities in southern Italy it was decided that the Calabrian output could not supply Sardinian mines and that production in Corsica would have to be started. A survey of timber resources and saw mills in Region III was conducted with particular reference to the timber in Avellino Province which will be needed for reconstruction work.

(59) Recommendations to permit night fishing off the mainland have been submitted. A fish marketing plan has been developed similar to those in use in Sicily. One hundred and forty tons of hemp were released to Sicily and sixty tons to the mainland for use in the repair of nets and to meet other fishing requirements. A survey of the fishing fleet in Apulia discloses ninety trawlers in Bari, Brindisi, and Taranto, which were inoperative due to lack of naptha, hemp and cotton. Requisitions have been handled for these items. In Region I there is more fresh fish coming in to Palermo from Trapani. Free fishing prices have been established and this has resulted in a slight but perceptible increase in prices in Palermo. Action has been taken to discourage the practice of fishing with explosives. A survey of the fish marketing in Palermo disclosed that 721 quintals of fish arrived in December 1943 in comparison with 394 quintals in December 1942, and 381 quintals in December 1941.

(60) The amassing of olive oil, which was ordered in all provinces during October and November, has been a complete failure. It has been discontinued in Region I.

(61) Grain planting figures for the next harvest indicate that in Matera and Potenza the wheat acreage has been increased about 25%, but in Cosenza there is indication of a 10% decrease, and in Catanzaro a 25% decrease is expected. Peas have been well planted in all provinces and an extra 1,000 quintali of seed has been allotted to Cosenza and 2,000 to Palermo from stocks in Matera. Seed potatoes arrived at Catania and Siracusa and totalled approximately 4,000 short tons, of which 2,500 were allocated for planting to Catania, 1,000 to Messina and 500 to Siracusa. Stocks of seed potatoes are reported to be on their way to

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(62) Opposition to the laws relating to the amassing of grain continued. In one of the Communes in Matera a committee was formed composed of the Sindaco, Pretore, Maresciallo of Carabinieri, a representative of the local Consorzio Agrario, the communal Tecnico and several citizens familiar with agricultural conditions in the Commune, in order to stimulate the amassing which had until then been almost a complete failure. This committee disregarded the declarations previously submitted by the farmers and prepared new declarations as substitutes therefor.

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The determinations contained in these declarations were reached by considering the type of land, the number of hectares planted, the amount of seed sown, seasonal conditions, previous production, and the efficiency of the producer. Allowance was made for the authorized retentions for the family of the grower, his employees, and for seed. The remainder was the amount which should have been amassed. The farmers were then ordered to bring in the difference between this amount and the amounts actually amassed. It was determined that approximately another 2,000 quintali should have been delivered. To avoid the customary procrastination, late in December an AMG order was issued fixing January 10th as the latest date when grain could be amassed.

(63) The results are extremely interesting:

From July 1st to Nov. 30, 3500 quintali had been amassed,

From Nov. 1st to Dec. 31, 40 odd additional quintali,

From Jan. 1st to Jan. 10, 178 quintali were amassed.

On January 11th, an AMG officer summoned all of the twenty four cases who had failed to complete their amassing, according to the committee's figures, to appear before an AMG Military Court on the 14th. In three days 1132 quintali were brought into the Consorzio. All 24 cases were heard by the Court, however; three were dismissed on their merits, 12 were dismissed because they had amassed the full amount of their assessments prior to the Court hearing. Fines totalling 123,400 lire and various sentences of imprisonment were imposed upon the remaining nine defendants. The fines were immediately paid. The imprisonment was suspended for two weeks to permit further amassing. At the end of that time, more than 700 additional quintali had been amassed, making the total for the month more than 2,000. Only two of the original twenty-four summoned had failed to meet their assessment. One was short eighty quintali and the other twenty-five. Both have been arrested and further proceedings to collect their grain are in progress.

(64) The publicity given to the work of the committees and the Court trials are believed to have had considerable effect in reducing black market activities, but the rather discouraging aspects are the practical helplessness of the Italian officials in the face of the situation which confronted them and the fact that the communal committee really functioned effectively only when an AMG officer was with them.

(65) There is no doubt that the amassing system is most unpopular. This is partly due to its connection with Fascism and corruption, and partly to the Allied radio and other propaganda urging the people not to turn in their products to the Ammasi, which continued until the armistice. That propaganda was effective in embarrassing the Fascist regime, but it is now reacting to our own disadvantage. The alternative solutions are to conduct an extensive and intensive propaganda campaign, or to find a workable system acceptable to the Italian producers.

PUBLIC WORKS AND UTILITIES.

(66) The highway construction program outlined in the December report has made considerable progress. This work has been handled in connection with

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PUBLIC WORKS AND UTILITIES.

(66) The highway construction program outlined in the December report has made considerable progress. This work has been handled in cooperation with the appropriate officials of the Italian Government. Under this program the Army fixes priorities, the Italian Engineering officials make a survey of the materials needed and of the local availability of those materials. The Army furnishes those materials that are not locally available. H.Q. A.C.C. supervises the execution of the work, and makes certain that the money is properly spent and that the priorities are maintained. Most of the work is handled directly from H.Q. rather than through the Regions so that one group can deal with the reorganized Italian Engineering authorities. This program includes improvement not only in general maintenance but also an extensive program for the reconstruction of bridges. The first part of the program covers 2500 kilometres of roads including those linking Naples, Salerno, Cosenza, Reggio, Taranto, Brindisi, Bari, Foggia, and other principal towns. The network of roads both in the Army areas and in the rear areas are being more and more turned over to this H.Q. for supervision.

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(67) Efforts are being made to repair the damaged railway bridge at Lauria, which would re-open the rail route to the Castelluccia group of Lignite mines where approximately 26,000 tons of fuel are awaiting transportation. Repair of the railroad bridge at Santa Lucia in Matera Province is progressing satisfactorily and should be finished during February. The completion of this bridge will permit through operation from Bari to Montalbano. The Matera-Miglionico-Potenza route (National Route No.7) was opened during the month. The Italian Army reports that 48 out of 50 breaks in the main convoy routes in Calabria were repaired or replaced by the end of January, and the remaining two would be finished in February. One bridge on the railroad between Salerno and Potenza gave way during the month, necessitating a detour of about five miles.

(68) In Palermo a large reservoir has been repaired and restored to service. Studies have been made in connection with the supply and distribution of electricity in the Rome area, and priorities have been worked out. The question of increasing utility rates charged to consumers has been a subject of considerable thought and discussion. The advisability and desirability of rationing electricity to particular classes of consumers has been considered, especially in view of the imminent electric operation of the railway between Naples and Foggia, and the position which may have to be faced when Rome falls. Considerable work has been done in rehabilitating a number of damaged buildings in Palermo and Naples.

(69) Plans were formulated for the supply of power generally. During the month the pylons and lines between Prattamaggiore and Misturno were replaced by Societa Meridionale Elettrica under the supervision of H.Q. A.C.C. These lines are expected to supply Rome with power. The Capuano Steam Station was restored. Assistance was rendered in the placement of proper requisitions for portable generating equipment for Rome. Inspections were made of damage caused by enemy demolition to generating, switching and sub-station equipment. Information was compiled on the basis of which the rationing of power will be undertaken on the mainland.

(70) Power production in Region I during January was better than in previous months, but it diminished during the latter part of the month due to lack of rainfall. The daily production for Western Sicily was from 200,000 to 250,000 kwhrs a day; and for eastern Sicily 300,000 to 400,000 kwhrs a day. It was possible to supply every important load requested by military or AMG authority, although special lines still could not be built to give service to small individual consumers. Rationing of electricity is still required and water storage in the various reservoirs is still below that of last year. Efforts are being made to repair and put into full operation the steam generating plants at Palermo and Porto Empedocle. Considerable difficulty has been encountered owing to the high sulphur content of the Sardinian coal available.

(71) To-date approximately 50 bridges have been completed and over 300 kilometers of roads repaired in Region I. A program for reconstruction in the province of Messina, particularly Messina city, has been prepared. The amount involved is over 100 million lire and an expenditure of 28 million lire for February has been approved. The Genio Civile also repaired a number of light houses. A total of 364,880,771 lire was approved for repairing bridges, roads, sewers, aqueducts, public buildings, hospitals and for demolition and clearing.

LABOR.

(72) General Order No.1 dated 12 January giving employees the right to organize and select representatives of their own choosing for the purpose of collective bargaining was promulgated in Regions I and II. It is believed that the

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of increasing utility rates charged to consumers has been a subject of considerable thought and discussion. The advisability and desirability of rationing electricity to particular classes of consumers has been considered, especially in view of the imminent electric operation of the railway between Naples and Foggia, and the position which may have to be faced when Rome falls. Considerable work has been done in rehabilitating a number of damaged buildings in Palermo and Naples.

(69) Plans were formulated for the supply of power generally. During the month the pylons and lines between Prattamaggiore and Minturno were replaced by Societa Meridionale Elettrica under the supervision of M.G. A.C.C. These lines are expected to supply Rome with power. The Capuano Steam Station was restored. Assistance was rendered in the placement of proper requisitions for portable generating equipment for Rome. Inspections were made of damage caused by enemy demolition to generating, switching and sub-station equipment. Information was compiled on the basis of which the rationing of power will be undertaken on the mainland.

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LABOR.

(72) General Order No.17 dated 18 January giving employees the right to organize and select representatives of their own choosing for the purpose of collective bargaining was promulgated in Regions I and II. It is believed that the political parties will not interfere with the infant labor organizations until they are formed, after which they will no doubt of necessity have some connection with politics. A few new labor unions have been formally organized since the authority for employees to organize for the purpose of collective bargaining was received. However, many unions were already organized without that authority and no particular stimulus seems to have resulted from the issuance of the General Order.

(73) During the month a revision of the Italian law was studied which would enable the Allied Armed Forces to retain Italian labor after the turnover where that was necessary. A special study of the wage structure for Agricultural workers was conducted with special reference to Sicily and the problem of the latifundo which exists there. During the month final approval and distribution of the "Uniform conditions of employment and wage scales for civilian employees employed by the Allied Forces" was made. The reorganization of [illegible]mployee Exchanges in

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Sicily was undertaken, as the present system of registration has proved to be useless. In Catania reports of a proposed black market in skilled labor were received. An Order mobilizing all labor is being prepared in the event that it is necessary to use it.

(74) Final steps were taken in Sicily for the reorganization of Provincial Labor Offices so that they covered more territory directly under the supervision and administrative control of the Regional Labor Director for Sicily. In Region II the establishment of the Provincial Labor Offices has been completed.

FINANCE.

Price Policy.

(75) Considerable attention has been devoted to the fixing of prices of specific commodities, particularly Sardinian coal, sulphur and medical supplies. At the price conference held in Algiers on January 5 and 6, it was stated that the ACC/AMG price policy submitted with the December report was a matter left to the field for decision as A.F.H.Q., M.G.S. was only interested in general policy. A proposal by the Italian Government for a 100% increase in railroad freight rates was disapproved because of the policy under which price increases in the case of locally produced commodities and services should not be authorized except in extreme emergencies, where a price increase was essential to insure the flow of necessary supplies of the particular commodity or service through legal distribution channels.

(76) Retail prices and the cost of living continued to rise. The cost of living in the areas indicated rose as follows from December 7 to January 7 :

	December 7	January 7
Instep	50-90	80-100
Heel	70-110	100-150
Sardinia	100-110	no data
Toe	100-150	140-180
Sicily	130-170	165
Shin	300	300-350

On pages 13, 14, 15 and 16 of Exhibit "C" hereto appear the results of current surveys regarding retail prices and the cost of living.

Public Revenue and Expenditure.

(77) The collection of revenue continued at a low rate. In Reggio collections for the six months' period ending January 1 were about 30% of those in the corresponding period for the previous year. However, they were 70% for the month of December. On the other hand, the returns for King's Italy, where no military campaigns were fought, showed an increase in all provinces other than Teramo. A detailed list of the tax receipts in millions of lire appears on pages 6, 7, and 8 of Exhibit "C" hereto.

(78) The receipt of State revenue in Sicily for the months of October and December were as follows :

Oct. 1943 Dec. 1943

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(75) Considerable attention has been devoted to the fixing of prices of specific commodities, particularly Sardinian coal, sulphur and medical supplies. At the price conference held in Algiers on January 5 and 6, it was stated that the ACC/AMG price policy submitted with the December report was a matter left to the field for decision as A.F.H.Q., M.G.S. was only interested in general policy. A proposal by the Italian Government for a 100% increase in railroad freight rates was disapproved because of the policy under which price increases in the case of locally produced commodities and services should not be authorized except in extreme emergencies, where a price increase was essential to insure the flow of necessary supplies of the particular commodity or service through legal distribution channels.

(76) Retail prices and the cost of living continued to rise. The cost of living in the areas indicated rose as follows from December 7 to January 7 :

	December 7	January 7
Instep	50-90	80-100
Heel	70-110	100-150
Sardinia	100-110	no data
Toe	100-150	140-180
Sicily	130-170	185
Shin	300	300-350

On pages 13, 14, 15 and 16 of Exhibit "C" hereto appear the results of current surveys regarding retail prices and the cost of living.

Public Revenue and Expenditure.

(77) The collection of revenue continued at a low rate. In Reggio collections for the six months' period ending January 1 were about 30% of those in the corresponding period for the previous year. However, they were 70% for the month of December. On the other hand, the returns for King's Italy, where no military campaigns were fought, showed an increase in all provinces other than Taranto. A detailed list of the tax receipts in millions of lire appears on pages 6, 7, and 8 of Exhibit "C" hereto.

(78) The receipt of State revenue in Sicily for the months of October and December were as follows :

		Oct. 1943	Dec. 1943
		(In thousands of lire)	
I.	Imposte Produzione	2,072	2,831
II.	Dogane	1,664	400
III.	Finance Locali	6	91
IV.	Monopoli	nil	2,829
V.	Lotto	"	783
VI.	Imposte Dirette	36,191	52,686
VII.	Demanio	41	43
VIII.	Imposte sugli affari	13,309	25,405
IX.	Provvedimento	64	295
X.	Tesoro	2,297	1,293
XI.	Giustizia	-	20
XII.	Affari Esteri	-	-

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		Oct. 1943	Dec. 1943
		(In thousands of lire)	
XIII.	Educazione Nazionale	8	3
XIV.	Interno	-	1
XI.	Comunicazioni	-	-
XIV.	Aeronautica	-	-
XVII.	Agricoltura e Foreste	14	52
	Totals	L.55,670	L.86,577

(79) In an effort to increase revenue in Sicily, the Lotto has been recommenced in Messina, Trapani, Caltanissetta, and Palermo. To-date it has not produced any net profit. The tax collectors are still demanding an increase in their commission and some adjustment will probably have to be made in order to prevent the collapse of the tax collecting system. Revision of these contracts of "Esattori" in Region II necessitated by the wage increases authorised in December is now being left for reconsideration in each individual case to the Intendente di Finanza after discussion with the Esattore concerned. It is practically certain that the 1944 communal tax assessments cannot be made before April 1944.

(80) AMFA advances are at present the only indication of Italian Governmental expenditures. AMFA advances for Oct., Nov., and Dec. were as follows :

	October	November	December
	(Millions of lire)		
To the State	216.0	811.2[1]	889.8 [2, 3]
To Provinces	125.1	196.0	49.0
To Communes	86.3	275.1[1]	289.7
	427.4	1,282.3	1,228.6

1. Includes December advances in Messina province.
2. Includes January advances in most of Region I.
3. Includes advance of 490 million lire to Badoglio Government.

(81) The total amounts advanced by AMFA in Sicily up to the end of January to meet budgetary deficits are as follows:

To Italian Armed Forces	L. 10,100,000
To Italian State bodies (including Financial Institutions of the State, e.g. Post Offices, Social Insurance Institutions, etc.)	1,499,057,671
To Provinces	364,558,220
To Communes	704,390,889

(82) Total advances in Region I were approximately 2,400,000,000 after deducting 169,000,000 advances to the postal system which showed an average monthly deficit for the Region of approximately 400,000,000 lire. Analysis indicated decreasing deficits in the communes and provinces but increases in the State bodies, which might be cut down with a more complete operation of the State railways on a commercial basis, the resumption of customs operations, more normal operation of the State monopolies and post offices, including the reopening of the telegraph system and the improvement in the collection of State revenues. Cuts in personnel are also required which the public officials in authority are unwilling to make.

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(80) AMFA advances are at present the only indication of Italian Governmental expenditures. AMFA advances for Oct., Nov., and Dec. were as follows :

	October	November	December
		(Millions of lire)	
To the State	216.0	611.2[1]	889.8 [2, 3]
To Provinces	125.1	196.0	49.0
To Communes	86.3	275.1[1]	289.7
	427.4	1,282.3	1,228.6

1. Includes December advances in Messina province.
2. Includes January advances in most of Region I.
3. Includes advance of 450 million lire to Badoglio Government.

(81) The total amounts advanced by AMFA in Sicily up to the end of January to meet budgetary deficits are as follows:

To Italian Armed Forces	L. 10,100,000
To Italian State bodies (including Financial Institutions of the State, e.g. Post Offices, Social Insurance Institutions, etc.)	1,499,057,671
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(83 Advances to be made by AMFA for Region I have been approved for January and February as follows:

	January	February
Communes		
Total number in Region	353	353
CRO-7 received	281	297
Approved advances	123	148
Amount advances	L.20,071,597	L.31,007,227
Previously advanced	25,599,048	5,684,627
Total for month to date	L.45,670,645	L.36,691,854

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	January	February
Provinces		
Total in Region	9	9
Provinces sending requests	8	5
Amount advanced	L.15,718,000	L.11,268,000
Previously advanced	7,168,000	- -
Total for month to date	L.22,886,000	L.11,268,000
State Bodies		
Other than E.C.A.	L.297,941,600	L.255,414,751
E.C.A. (relief)	104,109,104	112,564,747
Total for month to date	L.402,050,704	L.377,979,498

These advances indicate that the total advanced for the Region is 470,607,349 as against 609,000,000 for December and that the expenditure control being exercised has already had the effect of reducing the demand for funds from AMG.

(84) There has been a definite tendency in Region II to expand the communal budgets for the first quarter of 1944, with very little effort on the part of the Italian officials to keep expenditures down. On the other hand, increased expenditures are the inevitable result of the higher cost of living, relief measures and essential expenditures to repair war damages. Pending approval of the January to March budgets, only the minimum expenditures and pensions and salaries, will be permitted. The hope that budget deficits would to some extent be met by the sale of one-year treasury bonds has failed except in the province of Matera, where sales have exceeded repayments.

(85) During the month authority was given for all public offices in Sicily to increase the indennita di missione, di permottenza and di trasferta by 70% because of the increased cost of travel. Preoccupation debts of the various State, provincial and communal bodies were still not being paid, except in a very few emergency cases. The servicing of the municipal bond issues and the repayment by provinces and communes of tax anticipation loans were still held in suspense. Most local bodies have large debt arrearages extending back for several years.

(86) Information received from the Polizia Tributaria Investigativa indicated that for the months of December-January, 260 cases of tax evasion were discovered in Region I and a total of L. 777,113 of revenues collected which would have been lost to the State but for the work of this organization. These cases will be prosecuted. The maximum fines involved total L. 5,700,000.

Public Financing

(87) The treasury section of the Bank d'Italia resumed payment of interest on government obligations and the redemption of ordinary treasury bonds, matured and to mature, as of January 1944. In Sicily the following report can be made to date:

Ordinary Treasury Bonds Issued	
By Palermo Branch, up to January 31	L. 170,335,000
By all other Sicilian branches, to Jan. 20	103,436,500
	273,771,500
Ordinary Treasury Bonds Redeemed	
By Palermo Branch, up to January 31	56,403,500
By all other Sicilian branches, to Jan. 20	131,139,500

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(84) There has been a definite tendency in Region II to expend the communal budgets for the first quarter of 1944, with very little effort on the part of the Italian officials to keep expenditures down. On the other hand, increased expenditures are the inevitable result of the higher cost of living, relief measures and essential expenditures to repair war damages. Pending approval of the January to March budgets, only the minimum expenditures and pensions and salaries, will be permitted. The hope that budget deficits would to some extent be met by the sale of one-year treasury bonds has failed except in the province of Matera, where sales have exceeded repayments.

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Public Financing

(87) The treasury section of the Banca d'Italia resumed payment of interest on government obligations and the redemption of ordinary treasury bonds, matured and to mature, as of January 1944. In Sicily the following report can be made to date:

Ordinary Treasury Bonds Issued	
By Palermo Branch, up to January 31	L. 170,535,000
By all other Sicilian branches, to Jan. 20	105,436,500
	275,771,500
Ordinary Treasury Bonds Redeemed	
By Palermo Branch, up to January 31	56,403,500
By all other Sicilian branches, to Jan. 20	121,139,500
	177,543,000
Difference, i.e. excess of cash inflow over outflow	96,228,500

Figures showing payments by the Treasury Sections on account of interest on the government debt are not available except for the Palermo Branch, which up to December 31 paid out L. 16,0[illegible],6[illegible]. Redemptions of the Nine Year 4% Bonds which matured December 15, 1943, are reported by Banca d'Italia Treasury Sections for Region I as follows:

Palermo Office, up to January 31, 1944	L. 3,880,000
All other Sicilian branches, to Jan. 20	7,656,500
Total	11,536,500

This total compares with an estimated amount of approximately 54,000,000 lire of such bonds outstanding in Sicily.

5666

(88) It is expected that in Sicily a substantial amount of new money can be raised through the sale of ordinary maturing bonds at 3, 6, 9 and 12 months at rates of interest from 3.75 to 5%. Under the system of expenditure control now in effect the treasury sections of the Banca d'Italia are informed of the ordinary expenditures of state bodies which they may pay. The treasury section then informs AMG of revenue available and request AMG to make up the deficit. Proceeds of the sale of bonds will now be available to meet such expenditures and should reduce the advances required from AMF. still further.

Financial Institutions

(89) With reference to loan operations of banks with Banca d'Italia, effective January 5 the price of all government bonds for valuation as collateral was set at par, or nominal, value, with a maximum margin of 30% of par. The bank was obliged to lend at least 70% of the par value of government obligations pledged. Deposits by banks with Banca d'Italia increased. Loans to banks dropped, as would be expected under present conditions. AMFA's deposit of 150,000,000, reduced to 135,000,000 lire has remained steady at the latter figure.

(90) Istituto di Previdenza Sociale conducted its operations satisfactorily both as to its collections of premiums and as to its payments of the various benefits. Advances from AMG funds to this institution in January were L. 21,329,000. Total advances to date are L. 164,708,000. Istituto d'Assicurazione Contro gli Infortuni sul Lavoro continued to function without requesting any advances of AMG funds. January operations showed a deficit of L. 2,254,000, which was more than covered by cash in banks of L. 4,864,000. Benefits as well as contributions were paid in full. The three offices of Ente di Previdenza ed Assistenza per i Dipendenti Statali, now operating in Sicily, located in Palermo, Catania and Messina, were reactivated. All benefits were being paid, but contributions, which were derived from State agencies, were far below normal. Total advances to the three branches to date are L. 1,399,394.

(91) Efforts were continued to standardize the regulation of claims payments by private insurance companies, many of whom have conflicting instructions from their head offices in northern Italy or no instructions at all. Consideration was also given to the social insurance payments to be made by civilian employees and the benefits to be received by them under the very complex Italian social insurance system which failed to operate during the disorganization which followed the military activities. Consideration was also given to an insistant demand for an upward adjustment of pensions which as yet has not been authorized.

AMFA

(92) Credit granted by AMFA Palermo to banks expired December 31, 1943. During January the loans to banks decreased from 566 million to 212 million lire. These loans are due for repayment in 3 installments at the end of January, February and March. AMFA's deposit in Sicily with Banca d'Italia stood during the month at 135,000,000 lire. During the month banks in Sicily began to draw down their deposits with AMFA Palermo, as AMFA ceased to pay interest on deposits as of 1 January 1944. The total on deposit had been reduced from 1,263,500,000 lire on 31 December to 1,059,690,000 lire on 15 January. AMFA has found it unnecessary to make fresh loans or deposit new funds with Italian banks. The commercial banks in Naples report that private transactions in government securities are taking place at somewhat higher prices as a result of the decision to resume payment of accrued interest on Treasury obligations and to repay them upon maturity, as from 1 January 1944.

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(93) Complete figures in Sicily of AMG revenue and expenditure for the months of October, November and December were as follows:

	Revenue	Expenditures	Surplus of Revenue over Expenditures
October	L. 10,909,387	L. 3,026,287	L. 7,883,100
November	14,741,501	4,176,207	10,565,294
December	21,736,267	6,188,121	15,548,146

(94) A procedure has been worked out whereby remittances can be made from the U.S. and U.K. through the Bank of Sicily to civilians located in Region I.

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Under this procedure each remitter will be limited to one remittance per quarter, not to exceed 10,000 lire, and each Sicilian household may receive only one remittance per quarter. Communications will be limited to one document each way per month from and to each correspondent bank, each of which will pass through AMGOT, Palermo. All dollars and sterling will be held for the Bank of Sicily for account of AMFA in post-liberated blocked accounts, from which payments will be permitted only on the express authorization of AMFA. AMFA will open a dollar account and a sterling account with the Bank of Sicily, and the balances in these accounts will always reflect the total sums in the Bank of Sicily's post-liberation blocked accounts in the U.S. and the U.K. corresponding to sums paid to foreign banks by remitters, after allowance for items in transit. The accounting procedure was so devised as to show as an asset the cumulative total of remittances actually paid in lire.

(95) A system was worked out whereby advances will be made to British and American nationals located in Italy, Sicily and Sardinia so that they will receive some assistance other than that provided by the Italian relief payments. Emergency advances in excess of Italian relief scale were made to all Allied nationals pending approval of some program by higher authority.

(96) During the month a standard procedure was established for the deposit of funds of U.S. Army units in approved banks (Bank of Italy, Bank of Naples, Bank of Sicily), for account of AMFA branches. As the War Department requires that such accounts be held in dollars, each branch was directed to secure and hold yellow seal dollars up to the total amount of its liabilities to such military units. Branches continued to receive yellow seal dollars and BMA pounds in exchange for lire. AMFA began to charge amounts in yellow seal dollars and BMA pounds to occupation costs, when the dollars or pounds are turned over to finance officers of the respective armies in return for receipts expressed in those currencies.

(97) During the month the remainder of the A.M. lire ordered from Washington except 29,600,00 lire was all received. The existing supplies of A.M. lire notes are expected to cover the period up until the 15th of April 1944 for the requirements of territory now under Allied control as well as for some additional territory, including Rome.

(98) A complete copy of the Report of the Finance Subcommission (without exhibits) is attached hereto as Exhibit C.

COMMUNICATIONS

Telecommunications

(99) During the month the national government communication circuit from Catania to Licata and Agrigento was for operational reasons handed back to the military. The circuits from Palermo to Trapani and from Catania to Siracusa were completed on January 30 and that from Marsala to Trapani on January 17. ASC was responsible for the maintenance of 15,000 miles of military telephone and teletype service in Region I during the month.

(100) A circuit has been established from the civilian exchange at Reggio to the military exchange at Messina. Progress has been made in repairing the break in the trunk telephone cables due to the destruction of the Repeater Station at Castrovillari. Upon the completion of this [illegible]

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COMMUNICATIONS

Telecommunications

(99) During the month the national government communication circuit from Catania to Licata and Agrigento was for operational reasons handed back to the military. The circuits from Palermo to Trapani and from Catania to Siracusa were completed on January 30 and that from Marsala to Trapani on January 17. AMC was responsible for the maintenance of 15,000 miles of military telephone and teletype service in Region I during the month.

(100) A circuit has been established from the civilian exchange at Reggio to the military exchange at Messina. Progress has been made in repairing the break in the trunk telephone cables due to the destruction of the Repeater Station at Castrovillari. Upon the completion of this work telephone communication will be open between Matera, Calabria and Sicily.

Postal Communications

(101) Due to the temporary suspension of the railways in Region I, all mail had to be dispatched to the provincial capitals by the AMC courier and then routed to its destination from there. All censorship of civilian correspondence with Allied military personnel has been removed in Sicily. A system has been worked out for transmittal of mail through Vatican channels to and from northern Italy. 66 sacks of prisoner of war mail arrived in January and 44 sacks were dispatched. A limited system for registration and insurance of money and important documents was operated for banks and financial institutions with a weight limit of 2 kilograms.

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During the month postal service with all provinces of Region II and Naples Italy was in operation.

Shipping

(102) During the month the duties of the Shipping Subcommission were transferred to MMSBO and that organization, headed by Mr. Ian Campbell, has been acting as the Shipping Subcommission. The chief problem in this field is the effective control of Italian coastal schooners. To handle this problem a Schooner Committee was formed to allocate vessels against demands. During the month 400 schooners were classified and registered. Registrations will continue and should be completed shortly. Conferences were held with Comitato Armatoriale Italia to determine the employment and conditions of all Italian ocean-going vessels. It has been necessary to advance 10 million lire to the Comitato to meet the current running expenses of vessels requisitioned by the Italian Government and placed at the disposal of the Allies. This advance will be deducted from monies which accrue when the charter party terms have been finally negotiated.

(103) Efforts have been constant to rehabilitate the services of the Capitaneria di porto. A considerable amount of salvage work has been done in the harbors of Palermo and Trapani where vitally needed cargoes have been rescued for civilian use.

Rail and Motor Transport

(104) In Sicily due to heavy military movements and shortage of coal civilian traffic was drastically curtailed after January 9. All freight was embargoed except for essential food and fuel. All through passenger service was suspended. The coal allotment for the island was 7050 tons per month for all railway operations whereas military operations alone used 8589 tons of coal in January. Furthermore, the removal of the best and largest locomotives to the mainland increased the consumption of coal per mile on the remaining less efficient engines. In January civilian freight traffic averaged 12% of all goods shipped and included 642 of a total of 5025 cars loaded (a total of 96,000 tons).

(105) During the month working of the bidding system resulted in the movement of 31,259 tons of freight traffic on the mainland for civilian use broken down as follows:

Number of Bids			Tonnages Arranged				
Received	Rejected	Accepted	Foodstuffs, inc. Olive Oil & Vegetables	Fuel & Petrol	Clothing	Seeds Fertiliser	Miscellaneous
80	6	74	17,155	7,050	264	6,700	60

Civilian personnel were carried on the railways particularly across the peninsula, including 1300 Carabinieri and 1600 refugees. Freight traffic for coastal shipping resulted in the acceptance of seven out of eight bids with 4889 tons being moved. [illegible] arrivals in at the ports were distributed by rail. 5950 tons of emer-

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Civilian personnel were carried on the railways particularly across the peninsula, including 1500 Carabinieri and 1600 refugees. Freight traffic for coastal shipping resulted in the acceptance of seven out of eight bids with 4889 tons being moved. Large tonnages coming in at the ports were distributed by rail. 5650 tons of emergency freight traffic, the bulk of which consisted of food stuffs, were also moved.

(106) A regular civilian train schedule has been put into operation in accordance with the attached schedules which are marked Exhibit D. This transport is obviously very meager and has resulted in little or no capacity being available for civilian freight movements on a commercial basis. Such civilian traffic as there was had to be controlled by issuing a form of authorisation which was required to be completed by the consignor before any consignment requiring more than a car was accepted for loading.

(107) Arrangements were made by the Chief Commissioner with the military authorities to turn over 1000 trucks to this headquarters as soon as an organization could be set up to service and handle them, chiefly for use in handling civilian supplies. This organization is now being created. It will be operated by the Italians and generally supervised by [illegible]. A motor highway transport commission was set

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(114) At the end of the month the chief problems were the complete eradication of the typhus epidemic, the distribution of adequate food supplies, and the provision of officer personnel and transport to handle the distribution and warehousing of imported medical supplies.

EDUCATION

(115) Schools began to reopen, wherever school buildings were available, in Matera on January 3, in Potenza and Salerno on January 17, in Reggio and Cosenza on January 25, and in Catanzaro early in February. The Provveditore at Catanzaro has been dismissed. Other school officials are being carefully vetted to determine whether or not they should continue in office. All new appointments are being made only after careful investigation has been completed. In Matera the vetting of all assistant teachers is almost completed and between 20 and 30 out of between 400 and 500 are being dismissed. The Provincial Educational Committees are still functioning in an endeavor to provide a democratic system of education. In Region II revised syllabuses for elementary schools and Scuole Medie Inferiori have been printed and issued on the basis of one per teacher. Appropriate syllabuses for three types of higher schools are being printed and temporary syllabuses for other classes of schools have been supplied.

(116) During the month the first textbook for elementary schools was published in Region I and several others were nearing completion. The university of Messina was opened on January 3. The Anthropological Academy of Palermo on January 30. Work is being done looking to the reorganization of the Ente Autonomo Teatrale of Palermo. The active vetting of all school personnel continued as a result of which three of the incumbents were released for pro-Fascist activities.

PROPERTY CONTROL

(117) Very considerable progress has been made during the month with the taking into custody of the remaining British and American properties, particularly in Messina province. Those now remaining are small and relatively unimportant.

(118) To date only a dozen properties have been found in Region II which require the services of the Property Controller. Three additional properties were reported during the month and are being investigated to determine their status.

(119) The E.N.I.C. continues to operate very satisfactory. Up until the end of December after making general provision for contingent liabilities and appreciation, a net profit of 1,057,825.25 lire was shown, to which might be added the very considerable sum charged to the accounts in respect of abnormal repairs effected during the period.

(120) The general scheme previously in effect regarding abandoned property has continued but the number of applications has decreased considerably although it has been found that considerable difficulties have been encountered owing to false information and the doubtful honesty of certain individuals. It is essential that the most careful enquiries should be made to trace the whereabouts of both owner and tenant before any disposition is made of the property.

(121) From the Controller of Property's records of Dissolved Fascist Institutions, a Foreign Representative of the Library of Congress has extracted over [illegible] books, periodicals and 160 serial publications which should prove tremendously

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(121) From the Controller of Property's records of Dissolved Fascist Institutions, a Foreign Representative of the Library of Congress has extracted over 200 books, 800 pamphlets and 160 serial publications which should prove tremendously useful additions to the collections of the Library of Congress.

(122) The mining rights to the asphalt mines in Ragusa have been returned to the British concerns involved. A Special Commissioner has been appointed to operate the mines.

(123) A Proclamation has been signed by General Alexander enabling the C.C. to extend the D.P.C's control of property to that of French Nationals. This will be published in AMG Regions together with the necessary General Orders giving effect to the same. In Regions I and II the extension will be embodied in the decree to be passed by the Italian Government conferring the requisite powers on the D.P.C.

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up in each province of Sicily to handle the civilian transportation which had been turned over to AMT. Due to the increase in the price of fuel and lubricants, authority has been granted AMT to make compensatory increases in the tariff schedules.

PUBLIC HEALTH

(108) There was no unusual prevalance of infectious or contagious diseases during January. A survey of the hospitals in southern Italy revealed a shortage of drugs and medical supplies, which have since been supplied by imports. A survey of Region II indicated that the standard and amount of laboratory work in the area was amazingly poor, and that the services rendered the population were wholly inadequate.

(109) The chief problems which had to be faced during the month were those created by the presence of typhus and V.D. Definite plans for the assumption of the Typhus Control program are being completed in anticipation of the time when the Typhus Commission will be withdrawn. The control of typhus during the month made considerable progress and the number of cases reported sank from as high as 35 to 40 a day to approximately 17 to 25 per day. However, the danger is still present and the epidemic has by no means ceased. There was an increase in the number of cases occurring outside Naples along the main exits from the city. Steps were taken to establish powdering stations along the main road leading out of Naples, and at the steamer terminals. A dusting team has been established at the main Railway Station. A report of the Typhus Commission shows that 125,124 of the population in the city of Naples have been dusted, while 52,464 have been dusted outside the city. A total of 37,206 key persons, including Doctors, Nurses, Red Cross Workers, Dusting Teams, Railway and Municipal workers have been inoculated against the disease. There is still a large population inhabiting the Ricoveri in Naples and until these have been cleared, the epidemic will probably maintain its present height. Alternative accommodation for these persons now living in the Ricoveri are being sought.

(110) Hospitals have been established in Naples and elsewhere for the detection and treatment of affected women as part of the overall program of V.D. control. The incidence of venereal disease among the civilian population in Regions I and II was apparently about the same as before the war. Treatment clinics are located in all important communes of Region II but the system of treatment used by Italian physicians is considered to be below the standards prevailing in many other countries. Requisitions have been placed for larvacides as part of the program for malarial control for the coming season. Paris Green has already been received and Paris Green requested. It is expected that a Malarial Control Board, similar to the Typhus Control Board, will be established. In Region I active steps have been taken for the reestablishment of the production of biological preparations from Italian sources in order to ease the strain on Allied sources of supply. The laboratories at Naples and Palermo are the only ones south of Rome which exist for the production of these preparations. Steps are being taken to strengthen the laws controlling the slaughter of livestock, and the control of rabies, together with further controls on the milk supply. Surveys were made of the water supply. The situation in Region II had disclosed that the methods of water analysis were far from satisfactory by Anglo-American standards. The supply of the town of Matera again became potable.

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(111) The system of maintaining centralized control of the importation, warehousing and distribution of all incoming medical supplies has been completed. New price lists for imported supplies have been prepared and will be published shortly. Large consignments of clothing for the Italian civil population began to arrive and a committee known as the Central Clothing Committee was set up to deal with the warehousing, sorting and distribution of these supplies, 300 tons of which are now available.

(112) In Region I a Regional Welfare Department (Italian) was established which will have provincial counterparts. This should be an improvement on the Italian system previously in effect. It is estimated that at least 25% of the funds advanced by AMG in Sicily are for relief, which is believed to be much too high. Efforts have been made and are continuing to reduce this figure.

(113) The reception, distribution and placement of refugees has proceeded smoothly under the direct supervision of the Prefects of Matera and Potenza with frequent checks by AMG personnel.

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MONUMENTS, FINE ARTS AND ARCHIVES

(124) A letter from the C.-in-C., General Eisenhower, to all Commanders was issued on 29 December 1943 drawing attention to the importance of monuments and to the responsibility of all Commanders to protect them. AFHQ General Order No. 68, of the same date, prohibited the requisition of any monuments mentioned in the "Zone Handbooks" and placed upon AMG the responsibility for providing further lists of monuments of importance, which however are allowed to be occupied "when deemed necessary." A circular No. 37, dated 20 December 1943, issued by PBS, had to some extent anticipated these general orders so far as the PBS area was affected. An interesting development in this field during the month was the fact that American troops constructing an airfield near Paestum uncovered part of a previously unknown prehistoric necropolis. The American officers stopped any further destructive digging, and turned over to the Italian officials in charge some of the items which had been found.

(125) At Palermo, National Museum, the large courtyard was cleared of debris and the work of rebuilding the wall between the Museum and the church of the Olivella has commenced. The removal of the famous fresco of the Triumph of Death from one of the walls of the Palazzo Sclafani, Palermo, progressed satisfactorily. In the Palazzo Mazzarino, Palermo, approximately 300 meters of shelving were built, the material having been recovered from the severely damaged National Library Building.

PRESS AND PUBLIC RELATIONS

(126) There were 12 newspapers published in the town of Reggio at the end of January under general permission given on November 18, 1943. This permission included provision for post publication censorship, which really amounted to the right to suspend any newspaper which improperly published information about military operations or was inciting disorder. On the 29th of January, the Provincial Commissioner suspended the "Calabrian Liberal" for inflammatory and objectionable comment concerning the Italian Army and the Badoglio Government. It is probable that in the near future many of the newspapers in Calabria will be forced to shut down because of insufficient newsprint.

(127) In Salerno it was discovered that two newspapers, "Il Lavoro" and "Il Soviet" were being published clandestinely. They were extremely abusive and inflammatory, quite uncensored, and were ostensibly published in Bari. Publication was stopped and the responsible parties fined 10,000 and 30,000 lire respectively.

(128) The continued shortage of news print in Sicily precluded any increase in the number of authorized newspapers. A series of broadcasts was arranged and delivered over the Palermo radio, dealing with conditions before the occupation and the accomplishments under Allied Military Government since that time. Two newspapers which were published in Salerno under the censorship of the PBS were obliged to suspend when, because of military necessity, the PBS were moved to another station. It is hoped that the Allied Publicity Board or PWB will permit the resumption of publication under the censorship of an Italian speaking AMG officer. Approximately a dozen newspapers are published in Cosenza and a few more in Catanzaro. The PWB in Bari refused permission to start a newspaper in Matera because of the shortage of paper. This province, however, receives copies of the Bari newspaper daily so that the absence of a local newspaper is not seriously felt. The same situation exists in Potenza.

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(129) Region I continued to be administered locally by Lt. Colonel Charles Poletti and Region II by Lt. Colonel George McCaffrey. In both Regions continued progress was made in preparing the Italian officials for the responsibilities which they would have after the transfer of territory. A full copy of the report of the administration of Region II is attached hereto as an appendix and is marked Exhibit B.

Respectfully submitted,

/s/ Charles M. Stoppford
CHARLES M. STOPPFORD
Colonel, C.A.C.
D.A.C.A.O., AMG HQ

DISTRIBUTION:

MGS, AFHQ	25
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DECLASSIFIED

Exhibit "A"

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

23 January 1944.

MEMORANDUM

TO : ALL CONCERNED

1. Effective on a date to be announced, probably in the near future, the Allied Military Government will turn over to the Italian Government certain portions of the territory now occupied by the Allied Forces. At that time Allied Military Government will cease and the Italian administration will assume full responsibility for civil government in such territory.

This will involve the withdrawal of a part of the Allied Military Government personnel from the territory. The balance will continue as representatives of the Allied Control Commission.

This memorandum is to outline certain general principles which will guide A.C.C. personnel in the territories administered by the Italian Government.

Present Status - Co-belligerency

2. Effective September 3, 1943 the Italian Government concluded an Armistice with the Governments of the United States and Great-Britain acting in the interests of the United Nations. Subsequently the Italian Government signed an instrument of surrender governing the relations between the United Nations and Italy, which instrument contained various provisions designed to protect the interests of the Allies and to promote the war effort, and called for the appointment of a Control Commission to enforce and implement those provisions.

3. Following the declaration of war on Germany, Italy was accorded the status of co-belligerent. According to the tripartite statement of 13 October 1943 announcing this new status,

> "The relationship of co-belligerency between the Government of Italy and the United Nations' Governments cannot of itself affect the terms (of the Instrument of Surrender) recently signed, which retain their full force and can only be adjusted by agreement between the Allied Governments in the light of the assistance which the Italian Government may be able to afford to the United Nations' cause."

The situation of a co-belligerent does not mean that Italy is recognized as one of the United Nations or is admitted as an ally. It means that the Italian Government is fighting the same enemy and in this respect has the support of the United Nations.

General Functions Allied Control Commission

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General Functions Allied Control Commission

4. The general functions of the Allied Control Commission, as laid down in the directive of the Combined Chiefs of Staff, are as follows:

(a) To enforce and execute the Instrument of surrender under the orders and general directives of the Allied Commander-in-Chief.
(b) To insure that the conduct of the Italian Government conforms to the requirements of an Allied Base of Operations, especially transportation and communications.
(c) To be the organ through which the policy of the United Nations towards the Italian Government is conducted and the relations between the United Nations and the Italian Government are handled.

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RESTRICTED

Organisation of the Allied Control Commission

5. The Allied Commander-in-Chief will be ex officio President of the Commission. The General Officer Commanding-in-Chief, Allied Central Mediterranean Forces, will be acting President. The acting senior officer of the Commission will be Chief Commissioner who will serve as Deputy President of the Commission.

6. The Commission will be divided into five Sections: Economic, Administrative, Military, Political, and Communications. Sections will be in charge of Vice Presidents or Directors and, in each case, will comprise one or more Subcommissions. The tentative organisation of the Commission into its various Sections and Subcommissions is set forth in Appendix A hereto.

7. Each Section or Subcommission will maintain a headquarters staff. Some will also have representatives in the field. The existing regional organisations will be continued initially to correspond to such regional authority as may be set up by the Italian Government, or otherwise as administrative convenience may dictate.

8. A.C.C. personnel in the field will be known as Control Commissioners with designation of their particular specialist category where appropriate. For example, Control Commissioner (Legal), Control Commissioner (Public Health). The Chief Control Officer in the Region will be known as the Regional Control Commissioner (RCC).

Functions and General Duties of A.C.C. Officers in the Field

9. Particulars as to the nature of the duties of A.C.C. field officers will be specified by the Subcommissions to which they are assigned. However, the following guides are applicable to all:

(a) The primary function of A.C.C. officers in the field will be to give assistance and guidance to and to supervise the local Italian officials and to convey such instructions to them as may be authorised either in specific instances or generally under this and further directives.

(b) Each A.C.C. officer will also carefully observe the operation of the Italian Government in the area or administrative field of his responsibility in order to determine whether the terms of the surrender are being vigorously and effectively enforced. The results of such observations will be the subject of periodic or special reports to higher headquarters.

(c) A.C.C. field personnel will have no power to command or direct Italian officials in connection with the performance of their duties. In this respect their powers and duties are to be contrasted with those of officers of AMG.

(d) Particularly during the transition stage and until the authority of the Italian Government is fully established and the administrative machine is functioning smoothly, the Italian officials will probably require considerable advice, information and assistance from A.C.C. officers. It is entirely proper in this way to support the authority of the Italian officials. Care should be taken, however, not to interfere directly or to give the appearance of interfering directly in or with the local administration

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(c) A.C.C. field personnel will have no power to command or direct Italian officials in connection with the performance of their duties. In this respect their powers and duties are to be contrasted with those of officers of AMG.

(d) Particularly during the transition stage and until the authority of the Italian Government is fully established and the administrative machine is functioning smoothly, the Italian officials will probably require considerable advice, information and assistance from A.C.C. officers. It is entirely proper in this way to support the authority of the Italian officials. Care should be taken, however, not to interfere directly or to give the appearance of interfering directly in or with the local administration except in real emergency.

(e) A.C.C. personnel must also take great care to avoid becoming involved in political disputes or conflicts. A.C.C. officers will deal only with the officials selected by the Italian government. The competency of these officials and the quality of their administration will be the responsibility of the Italian government. However, when officials behave in a manner likely to prejudice the position of the Allied forces by violation of the terms of surrender or otherwise, A.C.C. personnel will take any action that may be authorized and promptly submit a report with recommendations to higher headquarters.

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(f) Close coordination will be necessary between A.C.C. and tactical and administrative forces in the area. Certain committees have already been established (i.e. Local Resources Boards). Information as to these committees and other inter-service agencies will be communicated to field personnel where necessary. It is essential in order that confusion be avoided that the channels of communication with the Italian authorities remain as few or as simple as possible.

10. The disposition of A.C.C. personnel and their operations will be communicated by Regional Commissioners or by A.C.C. HQ. The following general rules, will, however, apply:

(a) Generally there will be no A.C.C. field officers in the communes or in a position comparable to that of the C.A.O. or C.A.P.O. under AMG. General administration will, therefore, be subject to A.C.C. control at the provincial level. Such local inspection as may be required will be worked out from A.C.C. regional or provincial HQ.

(b) In the transition stage and until the Italian administration is functioning satisfactorily A.C.C. personnel will, subject to sub-paragraph (a) above, be disposed on a basis approaching that of AMG. An effort will be made to reduce numbers as quickly as conditions permit.

Regional Organization

11. It is understood that the Italian Government intends to appoint Italian Regional Commissioners in certain areas to function until the Italian Government can effectively communicate with and maintain control of the provinces. In other areas to be turned over, the Italian Government may communicate directly with the provincial officials. In either case, A.C.C. will initially appoint a Regional Control Commissioner. In regions in which there is an Italian Regional Commissioner the R.C.C. will, under directives of A.C.C. headquarters, establish control at the regional level and work with his Italian counterpart. In regions where there is no Italian commissioner the R.C.C. will serve as channel for communication with A.C.C. personnel in the field and as a regional representative of A.C.C. HQ.

Attitude toward Italian Officials

12. The members of the Commission, whether acting officially or otherwise, should maintain a correct attitude toward members of the Italian Government, neither autocratic on the one hand nor familiar on the other.

It must be emphasized that the Allied Control Commission occupies a position in relation to the Italian Government which is quite different from that of Allied Military Government. The Commission advises and supervises; it does not govern. This fundamental difference must be thoroughly understood by

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It must be emphasized that the Allied Control Commission occupies a position in relation to the Italian Government which is quite different from that of Allied Military Government. The Commission advises and supervises; it does not govern. This fundamental difference must be thoroughly understood by all officers who will adjust accordingly their attitude toward Italian officials and agencies, allowing them to develop their functions without undue interference.

If basic differences arise between officers of this Commission and the corresponding representatives of the Italian Government, the matter at issue will be submitted to the Chief Commissioner for adjustment with the Head of the Italian Government.

/s/ Charles Spofford Col. GSC for
NOEL MASON MacFARLANE
Lieutenant General
Chief Commissioner
Allied Control Commission

DISTRIBUTION "AB"
Plus 225 copies Region I
125 " " II

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APPENDIX "A"

SECTIONS AND SUBCOMMISSIONS OF A.C.C.

(Tentative)

ECONOMIC SECTION

Finance
Industry and Commerce
Labor
Food
Public Works & Mines
Agriculture, Forests, and Fisheries

ADMINISTRATIVE SECTION

Legal
Property Control
Interior
Public Safety
Public Health
Education
Monuments & Fine Arts

COMMUNICATIONS SECTION

Internal Transportation
Shipping
Telecommunications and Postal

MILITARY SECTION

Naval Forces
Land Forces
Air Forces
War Material Disposal

POLITICAL SECTION

Foreign and Internal
Internees and Displaced Persons and Refugees

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Labor
Food
Public Works & Mines
Agriculture, Forests, and Fisheries

ADMINISTRATIVE SECTION

Legal
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MILITARY SECTION

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Foreign and Internal
Internees and Displaced Persons and Refugees

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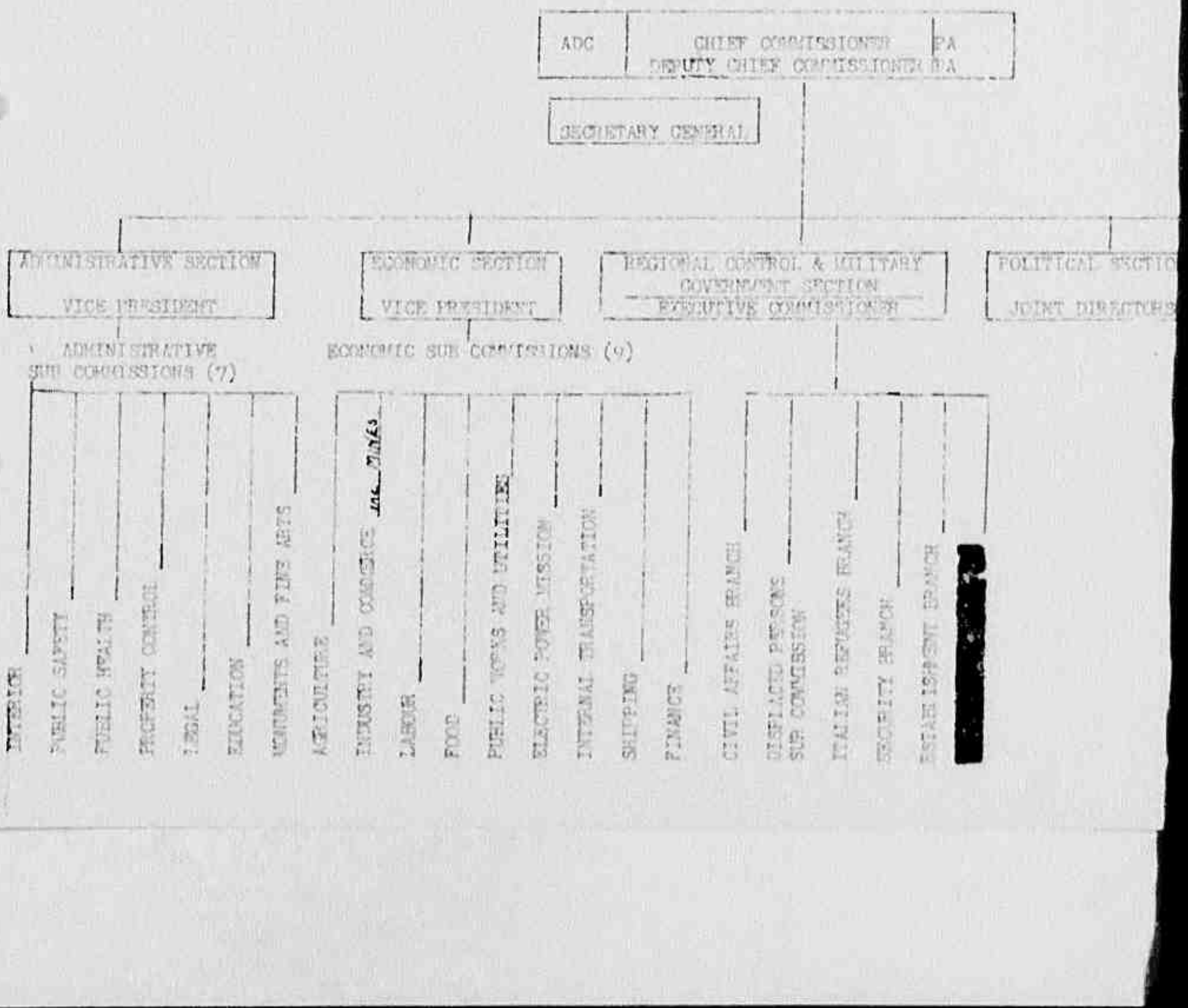
Exhibit "B"

Appendix "A"
No. 2 dated

HEADQUARTERS, ALLIED CONTROL COMMISSION

ORGANIZATION



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Appendix "A" to Executive Memorandum
No. 2 dated 7th February 1945.

HEADQUARTERS, ALLIED CONTROL COMMISSION

ORGANIZATION

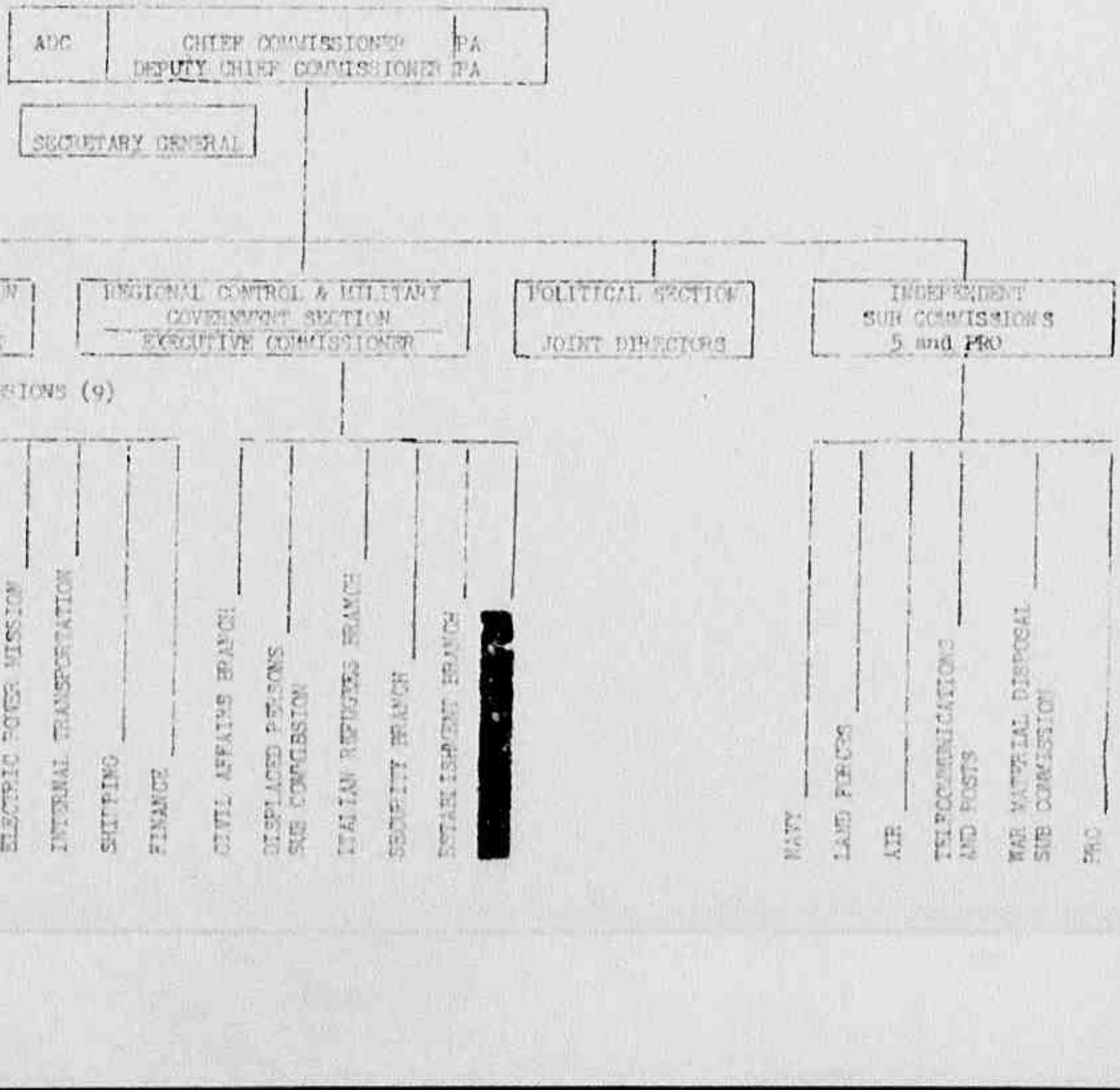

Exhibit "C"

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

SECRET

10 February 1944.

REPORT OF THE FINANCE SUB-COMMISSION, W. AFHQ/ACC
JANUARY 1944

During January 1944 the Headquarters of the Finance Sub-Commission continued to be located in Naples. The CFO was absent during the entire month and the DCFI was Acting CFO. The DCFI was Acting CFI. The Currency and Exchange Adviser was transferred from this theatre at the beginning of the month. The Sub-Commission was represented at the Command Post of ACC, Brindisi, throughout the month. The Report of the operations of the Finance Sub-Commission at Brindisi for January is appended.

I. AFHQ

1. Foreign Exchange Transactions

Foreign exchange transactions are to be under the control of AFHQ, in so far as custody and out-payment of foreign assets are concerned. During the month discussions and correspondence covered some five principal positions:

1. Remittances from the US and the UK

On 8 January cable advice was received that the Bank of Sicily was authorized to complete personal remittances according to the plan outlined by this HQ. Subsequently the Regional Chief Financial Officer in Sicily provided the Bank's signed acceptance of his proposal, which modified the original only in specifying a fee of 1 per cent per payee, instead of the flat fee of 100 lire per payee specified by Headquarters. The Bank of England will be sole correspondent in the UK. The Bank of Sicily proposed eight banks to serve as US correspondents:

Chase National Bank, New York.
Guaranty Trust Co. " "
Irving Trust Co. " "
National City Bank " "
Bank of America National Trust & Savings Assn. San Francisco.
Whitney National Bank, New Orleans.
Alex Brown & Sons, Baltimore, Md.
First National Bank of Boston, Boston, Mass.

This information was transmitted to AC on 15 January and 20

During January 1944 the Headquarters of the Finance Sub-Commission continued to be located in Naples. The CFO was absent during the entire month and the DCFO was acting CFO. The DCFO was Acting CFO. The Currency and Exchange Adviser was transferred from this theatre at the beginning of the month. The Sub-Commission was represented at the Command Post of AOC, Brindisi, throughout the month. The Report of the operations of the Finance Sub-Commission at Brindisi for January is appended.

I. AMGOT.

a. Foreign Exchange Transactions

Foreign exchange transactions are to be under the control of AMGOT, in so far as custody and out-payment of foreign assets are concerned. During the month discussions and correspondence covered some five principal questions:

1. Remittances from the US and the UK

On 8 January cable advice was received that the Bank of Sicily was prepared to complete personal remittances according to the plan outlined by this HQ. Subsequently the Regional Chief Financial Officer in Sicily provided the Bank's signed acceptance of his proposal, which modified the original only in specifying a fee of 2 per cent per payee, instead of the flat fee of 100 lire per payee specified by Headquarters. The Bank of England will be sole correspondent in the UK. The Bank of Sicily proposed eight banks to serve as US correspondents:

Chase National Bank, New York.
Guaranty Trust Co. " "
Irving Trust Co. " "
National City Bank " "
Bank of America National Trust & Savings Assn. San Francisco.
Whitney National Bank. New Orleans.
Alex Brown & Sons. Baltimore, Md.
First National Bank of Boston. Boston, Mass.

This information was transmitted to WDC on 16 January and 20 January 1944. WDC has advised this HQ that upon transmission to OSS of a list of correspondents was effected on 20 January. The draft proposal, without the signed agreement of the Bank of Sicily or the list of correspondent banks, was forwarded to OSS on 16 January 1944, following receipt of an urgent telegram from OSS citing the personal interest of the President of the United States in the establishment of a remittance procedure.

Under the procedure suggested to OSS, each remittor will be limited to one remittance per quarter, not to exceed 10,000 lire, and each Sicilian household may receive only one remittance per quarter. Disbursements will be limited to one thousand lire per month from funds and to each correspondent bank, each of which will pass through AMGOT, Palermo. All dollars and sterling will be held for the Bank of Sicily for account of AMGOT in post-liberation blocked accounts, from which payments will be permitted only

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on the express authorization of AMZA. AMZA will open a dollar account and a sterling account with the Bank of Sicily, and the balances in these accounts will always reflect the total sums in the Bank of Sicily's post-liberation blocked accounts in the US and the UK, corresponding to sums paid to foreign banks by remitters, after allowance for items in transit. The accounting procedure was so devised as to show as an exact the cumulative total of remittances actually paid in lire.

Subsequently a cable from OSS dated 9 December which had never been received by MCS was repeated on 18 January, requesting authority for the remittance of 2 million lire to Sicily and 6 million lire to the mainland on behalf of the Apostolic Delegate in Washington, both amounts to be paid through the Bank of Sicily. To this MCS replied, with the approval of the PCFO, then in Algiers, that such remittances could be effected through the Bank of Sicily, suggesting that the US Treasury make appropriate arrangements for specific licenses, as those individual payments may exceed 10,000 lire. This will require an amendment to the agreement with the Bank of Sicily, as the fees at one per cent would be excessive. In view of this precedent, further remittances by organizations, in excess of the maximum figure of 10,000 lire per remittance, are to be expected, with each organizational remittance receiving a specific license from the Treasury in the US or the Treasury of the UK.

On 22 January OSS advised this Headquarters, through MCS, that the Italian Embassy in Buenos Aires wished to arrange for personal remittances from Argentine and other Latin American countries to Sicily and the mainland. The Embassy further wished to defray the operating expenses of the Italian Embassy in Buenos Aires. OSS felt that such remittances should be effected only via sterling or dollars, through the mechanism set up above, and that the proceeds should not be earmarked for any specific purpose such as the expenses of the Italian Embassy in Buenos Aires. This HQ was in complete agreement with both suggestions, and so informed OSS, as this procedure would limit the number of AMZA's foreign bank accounts, and concentrate those resulting from remittances into two currencies.

2. Foreign Exchange Resulting from Exports

On 23 January OSS directed that the dollar proceeds of Italian exports would be held in post-liberation blocked accounts with the Bank of Sicily or the Bank of Italy for account of A.F.H., in the same fashion as the dollar proceeds of remittances. Employment of such funds would be subject to the "exclusive supervision and control" of AFH., and would be used, with AMZA and Treasury approval, only for the essential import needs of Italy, for essential diplomatic civilian or military expenditure, and for expenditure essential to keep Italian vessels running, and in such other cases as specifically agreed upon between US and British Governments. Foreign exchange credits resulting from exports to or remittances from other Allied countries would also be held in accounts in foreign banks under

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[illegible] received by AAS was reported on 16 January, requesting authority for the remittance of 2 million lire to Sicily and 6 million lire to the mainland on behalf of the Apostolic Delegate in Washington, both amounts to be paid through the Bank of Sicily. To this AAS replied, with the approval of the SCPO, then in Algiers, that such remittances could be effected through the Bank of Sicily, suggesting that the US Treasury make appropriate arrangements for specific licenses, as these individual payments may exceed 10,000 lire. This will require an amendment to the agreement with the Bank of Sicily, as the fee at one per cent would be excessive. In view of this precedent, further remittances by organizations, in excess of the maximum figure of 10,000 lire per remittance, are to be expected, with each organizational remittance receiving a special license from the Treasury in the US or the Treasury of the UK.

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2. Foreign Exchange Resulting from Imports

On 23 January CCS directed that the dollar proceeds of Italian exports would be held in post-liberation blocked accounts with the Bank of Sicily or the Bank of Italy for account of AMGOT, in the same fashion as the dollar proceeds of remittances. Employment of such funds would be subject to the "exclusive supervision and control" of AMGOT, and would be used, with AMGOT and Treasury approval, only for the essential import needs of Italy, for essential diplomatic consular or military expenditure, and for expenditure essential to keep Italian vessels running, and in such other cases as specifically agreed upon between US and British Governments. Foreign exchange credits resulting from exports to or remittances from other Allied countries would also be held in accounts in foreign banks under control of AMGOT. In the case of Argentina, Switzerland and other non-allied countries, the proceeds of exports would be converted into dollars or sterling and held in post-liberation blocked accounts.

This cable is now under consideration, as export proceeds received in currencies other than dollars or sterling will present additional problems of supervision for AMGOT, and the conversion of neutral currencies into dollars and sterling might be possible only after negotiations with exchange control authorities in those countries. AMGOT has as yet taken no steps to open foreign exchange accounts other than the recommendation to the CCS that eight US banks and the Bank of England be authorized to open "Bank of Sicily AM" accounts. To date only the United States commercial corporation has advised this HQ that it is prepared to pay over to account of AMGOT the proceeds of exports from liberated territory, the currency in question being dollars. No advice has as yet been received from the consignees of shipments sold to the United Kingdom, French North Africa and Malta.

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3. (Chronology of British and American initiatives

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5. Exportation and Importation of Currency

After review of a request for the importation of metropolitan lire from Tripolitania, USS requested advice as to how repatriated Italian nationals condemned but imported large amounts of lire from Italy in the first place, as cited, in view of Article III of Proclamation No. 3, which prohibits exportation from or importation into liberated Italian territory of currency, without specific permission of A.C. USS took the occasion to suggest that no movement of currency between former Italian colonies and liberated territory be authorized, with the exception of small amounts necessary for immediate maintenance needs on arrival in Tripoli. By implication, it was suggested that no exportation from or importation into liberated territory of any currency be permitted, pending further instructions from CCS. No permission has as yet been received from CCS to exchange into lire the dinars brought in by refugees from Yugoslavia.

6. Financial Transactions with the Allied Armed Forces

Financial transactions with the Allied Armed Forces continued, with minor modifications in procedure, during the month of January. AFHQ was authorized to advance funds to the military personnel of the various Allied missions in liberated Italy, charging these amounts to the cost of occupation, like the pay of British and American troops. During the month a standard procedure was established for the deposit of funds of US army units in approved banks, (Bank of Italy, Bank of Naples, Bank of Sicily), for account of USA branches, and a directive on the subject was issued to branches on 24 January. As the Treasury Department requires that such accounts be held in dollars, each branch was directed to secure and hold yellow seal dollars up to the total amount of its liabilities to such military units. Branches continued to receive yellow seal dollars and BAC pounds in exchange for lire, and CCS authorized AFHQ to charge amounts in yellow seal dollars and BAC pounds to occupation costs, when the dollars or pounds are turned over to finance officers of the respective armies in return for receipts expressed in those currencies. Confirmation of this procedure with respect to the delivery of BAC notes to British Army Paymasters has been requested of War Office London who had instructed that such deliveries were to be treated as lire.

8. Modification of Accounting Procedure

Modification in accounting procedure, having as its objective the separation of AMGOT accounts from those of [illegible] was discussed by the Chief of AFHQ, and the Chief Accountant in Algiers during the middle of January. In a memorandum, prepared by the Chief

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During the month banks in Sicily began to draw down their accounts with AMGOT. Palermo, a AMGOT cashier, to pay interest on deposits as of 1 January 1944. The total on deposit had been reduced from 1,263,500,000 lire on 31 December to 1,099,190,000 lire on 15 January. AMGOT has found it unnecessary to make fresh loans or to deposit new funds with Italian banks. The provincial banks in Naples report that private transactions in government securities are taking place at somewhat higher prices as a result of the decision to resume payment of normal interest on Treasury obligations held to maturity, as from 1 January 1944.

F. Currency

During the month the remainder of the AM lire ordered from Washington, over 29,000,000 lire, was received. Certain small overages and shortages were ascertained in a postal report which was transmitted to [redacted], for [redacted] transmission to Washington. At the request of the branches, this HQ issued a directive covering the redemption of outlawed currency (Italian, Greek, Yugoslav notes in AM lire), providing that a note shall be redeemable at face value if five-eighths of its surface, bearing the serial number which is to be peripheral, were presented to AMGOT. Through [redacted], [redacted] were informed of this decision, and [redacted] in addition sought authority for the redemption of mutilated notes at the original face value. Confirmation has not as yet been received by this HQ.

In view of the visit of the [redacted] to Washington to negotiate the printing of new Italian currency by private American companies in the amount of 100 billion lire, requested by the Under Secretary of Finance, an estimate was made of future needs for AM lire. On the basis of this estimate, this HQ assured the [redacted] that the existing supplies of AM lire notes would cover until 15 April 1944 the requirements of the territory now under Allied control as well as some additional territory including Rome. However, it was strongly recommended that priority in printing and shipment be given to notes of the low-cut denominations. Printing of notes in denominations of 10 lire or less could safely be deferred for a long period, as there is already an ample supply on hand.

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II. CUSTOMS SECTION

A. Duties on Allied Imports for Italian use

On 30 December a memorandum was submitted recommending full collection of all Italian duties and related charges on merchandise imported by the Allied Governments and turned over to the Italian Government or to Italian private or quasi-private concerns. A plan for the collection of such duties was included. This recommendation was approved by the Acting CPO and AMFA. On 11 January a second memorandum was submitted discussing the recommendations of this section from the point of view of the price policy outlined in the memorandum entitled "Views of ACC/AmG on Price Policies in Italy" of 2 January 1944.

B. Assembly of Italian Customs Information

1. Descriptive memoranda on the duties and functions of the three major Italian organizations concerned with the assessment and collection of customs duties and related charges have been completed. The three organizations are the customs service, the Guardia di Finanza, and the Carabinieri. A large volume of other material awaits translation.

2. A statement of duties and other charges provided in Italian law on the commodities which it is proposed that the Allied Governments will import for Italian use has been obtained.

III. REVENUE SECTION

A. Reorganization

1. The Revenue Section, Finance Sub-Commission, ACC now operates through revenue officers in the AMG Regions rather than directly with the provinces. This change has simplified the work of the section, but it has delayed receipt of provincial data.

2. The following report forms were adopted:

CRC 14	-	State revenues by provinces;
CRC 15	-	State expenses by provinces;
CRC 16	-	State expenditures by provinces and ministries;
CRC 17	-	Condition of revenue offices, premises, and officials.

B. Revenue and Expenditure Statistics

1. Provincial tax receipts in millions of lire for reporting provinces in 1943 and 1942 are as follows:

	July	August	September	October	November	December	Six Months
Region II							
Matera							
1942	.8	3.0	1.0	5.4	1.0	2.9	13.8
1943	.7	4.0	.5	.7	.8	3.4	10.1
Reggio Calabria							
1942	5.8	12.0	7.1	12.1	6.9	11.3	55.2

from the point of view of the price policy obtained in the ...
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	July	August	September	October	November	December	Six Months
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Matera							
1942	.8	3.0	1.0	5.2	1.0	2.9	13.8
1943	.7	4.0	.5	.7	.8	3.4	10.1
Reggio Calabria							
1942	5.6	12.0	7.1	12.1	6.9	11.3	55.2
1943	.1	1.8	*	4.0	3.8	7.5	17.2
Region III							
Naples							
1942	80.4	162.5	109.7	172.8	109.2	138.6	773.4
1943	126.5	117.9	43.1	42.1	25.8	77.5	432.7

* = Less than 50,000 lire.

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	July	August	September	October	November	December	Six Months
Region VI							
Taranto							
1943				18.6	14.2	20.6	
Cagliari							
1943				14.6	11.5	13.5	
Nuoro							
1943				5.1	2.0	5.1	
Napoli Province							
Bari							
1942	29.8	65.2	47.7	76.0	34.4	54.4	327.5
1943	41.8	104.1	62.9	69.2	54.2	87.2	419.4
Brindisi							
1942	1.6	6.1	1.7	6.6	1.7	6.2	23.9
1943	2.6	3.3	2.9	1.9	4.4	7.6	34.7
Lecce							
1942	2.5	10.4	3.6	10.4	3.5	10.4	40.8
1943	3.0	15.6	3.6	15.5	3.2	13.2	54.1
Taranto							
1942	3.9	9.0	2.7	9.2	13.5	31.8	69.2
1943	2.5	11.1	3.2	10.7	4.9	11.4	43.8
Region IV							
Foggia							
1942	4.2	17.4	14.3	17.4	6.8	18.2	78.3
1943	1.3	33.6	.8	17.1	.7	12.9	66.6

2. A detailed breakdown for Naples province for December 1942 and December 1943 is as follows (amounts in millions of lire):

	December 1942	December 1943	
		Amount	% of 1942
Imposte Dirette			
Imposta R.M. ("income tax")	21.0	11.2	53
Imposta ordinaria sui fabbricati (ground property tax)	8.7	10.5	121
Imposta straordinaria sui redditi delle aree fabbricabili (excess profits tax)	1.6	4.5	281
Imposta sugli scambi (excess war-tax)	4.8	4.3	90

1943				5.1	2.0	5.1	
Napoli Province							
Bari							
1942	29.8	65.2	47.7	46.0	54.4	54.4	327.5
1943	41.6	104.1	62.9	69.2	54.2	87.2	419.4
Brindisi							
1942	1.6	6.1	1.7	6.6	1.7	6.2	23.9
1943	2.6	9.3	2.9	7.9	4.4	7.6	34.7
Lecce							
1942	2.5	19.4	3.6	10.4	3.5	10.4	40.8
1943	3.0	13.6	3.3	13.5	5.2	13.2	52.1
Taranto							
1942	3.0	9.0	2.7	3.2	13.5	31.8	69.2
1943	2.5	11.1	3.2	10.7	4.9	11.4	43.8
Region IV							
Napoli							
1942	4.2	17.4	14.3	17.4	6.8	18.2	78.3
1943	1.5	23.6	.8	17.1	.7	12.9	66.6

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Imposte Dirette			
Imposta R.M. ("income tax")	21.0	11.2	53
Imposta ordinaria sul patrimonio (general property tax)	8.7	10.5	121
Imposta straordinaria sul patrimonio relative alla vista di guerra (excess pr fits tax)	1.6	4.5	281
Imposta addiz. complementare (income sur-tax)	4.8	4.3	90
Imposta straordinaria sulla proprietà fabbricata (special real property tax)	4.5	3.8	84
Imposta sui fabbricati (tax on rent f urban buildings)	4.2	3.7	88
Imposta complementare progressiva sui redditi (graduated tax)	1.1	1.1	100
Imposta sui dividendi delle società anonime delle e simile (tax on dividends)	2.5	.0	0
Other Imposte dirette	4.0	4.7	117
Total Imposte Dirette	52.4	43.8	

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	December 1942	December 1942 Amount	Year of 1942
Income Indirecto			
Impuesto sobre entrada (sales tax)	-	-	80
Otros impuestos indirectos	10.5	10.6	45
Total impuesto indirecto	10.6	2.1	38
Ingresos de Propiedad	2.1	.3	34
Dones e ingresos diversos (Varios)	.3	.08	68
Derechos sobre licencias	.08	.02	20
Planes locales	.02	56.8	68
Total the Revenue	56.8	22.7	40
Other Revenues	22.7	79.5	57
Total Revenue	79.5		

	December 1941	December 1941 Amount	Year of 1941
Income Indirecto			
Impuesto sobre entrada (sales tax)	-	-	80
Otros impuestos indirectos	10.3	10.3	45
Total impuesto indirecto	13.3	13.3	38
Ingresos de Propiedad	23.6	2.5	34
Dones e ingresos diversos (Varios)	2.5	.9	68
Derechos sobre licencias	.9	.11	20
Planes locales	.11	.08	68
Total the Revenue	.08	62.6	68
Other Revenues	62.6	26.2	40
Total Revenue	26.2	138.8	57

2. In the last six months of 1943 tax collections in the Rapid Provinces other than Tarapoto were substantially above 1942. There are two principal reasons for this increase. In August 1943 the Province of Tarapoto carried the heaviest military campaigns were fought. Consequently the military authorities were thereforce compelled to pay much higher prices for the six months of 1943 than they had been during the corresponding months of 1942. In August, September, October, November and December the Province of Tarapoto was only slightly affected from the military campaigns in this area, and collections for the six months were over 50% of last year.

3. The detailed returns for Duplex in December indicate revenues larger than last year from the excess profits tax, and the general property tax, and the general sales tax, and the general income tax all equal to last year for the Province. The property tax and the tax on urban buildings increased from 80% to 90% of last December, but these are the two taxes which yield the least revenue and only 60% of last December.

4. The figures for the last six months are, in this respect, the only ones which are comparable with the previous year. Such changes as have occurred in December monthly collections, but these changes are not significant. Since the military campaigns were fought in the Province of Tarapoto in the months of August, September, October, November, and December, the military authorities will be willing to pay much higher prices for the various products which they purchase in the area than they would be willing to pay in the months when the campaigns were not being fought. Consequently, the returns for the last six months are not comparable with the returns for the same months of last year.

	November	December
(Millions of Lire)		

Imposte delle Imposte Indirette (Customs)	.9	.3	34
Provvedimento Generale	.11	.06	66
Finanza Locali	.08	.02	20
Total tax Revenues	82.6	56.8	68
Other Revenues	56.2	22.7	40
Total Revenue	138.8	79.5	57

2. In the last six months of 1943 tax collections in the Royal Provinces other than Taranto, were substantially above 1942. These are the provinces in which no military campaigns were fought. They therefore escaped the disorganization of war. In Reggio collections for the six months are only about 30% of last year, but have been improving. They were 70% in December. In Naples the situation deteriorated steadily from July through November, but recovered to 55% for the month of December and an average of 52% for the six months. The returns from Foggia show surprisingly little effect from the campaigns in that area, and collections for the six months were over 85% of last year.

3. The detailed returns for Naples in December indicate revenues larger than last year from the excess profits tax, and the general property tax, and equal to last year for the bachelor's tax. The surtax, the general property tax and the tax on urban building rents ranged from 80% to 90% of last December, but others were far lower. The total for all tax revenues was only 69% of last December.

4. AMF advances are, at this time, the only indication of Italian governmental expenditures. Such advances roughly reflect expenditures of the previous month or, in the case of Regions III and IV, the two preceding months. Under the budgetary control system established in December monthly figures on advances approved by regions will be available, but these data have not yet been received. AMF advances for October, November, and December are as follows:

	October	November	December
	(millions of lire)		
to the State	216.0	811.2 [1]	869.8 [2,3]
to Provinces	125.1	196.0	45.0
to Communes	86.3	275.1 [1]	289.7
Total	427.4	1,282.3	1,226.6

1. Includes December advances in Messina Province
2. Includes January advances in most of Region I.
3. Includes advance of 450 billion lire to Badoglio Government.

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C. Revenue Stimulation

1. On 30 December a meeting was held with the CFOs of Regions I and II. The unsatisfactory level of tax collections was pointed out. The causes were agreed to be: apathy of tax payers and tax officials, destruction of records and dispersal of staffs, and general disturbances resulting from the war. It was proposed to eliminate tax-farming, put pressure on the Intendents, Scattore, and Guardia di Finanza, enlist public sentiment, request moratorium of such tax by the P.G. for Intendents, make special efforts to stimulate government spending, lotteries, and customs receipts, put pressure on Prefects for stimulation of Imposte di Consumo, and possibly re-establish the Ente Nazionale Gestione e Liquidazione Consumo. It was agreed that officers should be assigned to visit the regions and assist in the establishment of this program. To date, however, no available officers have been found, and therefore the programme is at present only a list of suggestions for the regions.

D. Other activities

1. This section and the Utilities and Mining Sub-Commission adopted a plan to finance a road-building programme.

2. A memorandum was written recommending that Italian taxes should not be deducted from the wages of Italian civilians employed by ACC. This matter has not yet been closed.

3. A proposal submitted by Region I for a special wine tax to subsidize industrial alcohol production was investigated.

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Intendente, Battaro, and Guerin di Finanza, enlist public sentiment, request coordination of each tax by the P.G. and Intendente, make special efforts to calculate government receipts, lotteries, and customs receipts, put pressure on Prefects for stimulation of Imposta di Consumo, and possibly re-establish the Zone Militarizzate Costiere Imposta Consumo. It was agreed that officers should be assigned to visit the regions and assist in the establishment of this programme. To date, however, no available officers have been found, and therefore the programme is at present only a list of suggestions for the regions.

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II. SECRET SERVICE ACTION

A. Foreign Embassies

1. Reports were made to determine the extent of [illegible] espionage activity in foreign embassies in the Washington area. By the end of January, blue seal orders were active at embassies [illegible] and 250 line and counter-sniping [illegible] at embassies [illegible] and 820 line, with another [illegible] additional personnel. The request paid for the [illegible] as well, [illegible] on dollar. The value of [illegible] not [illegible].

2. Information on the levels of [illegible] is [illegible] general [illegible] the [illegible] individuals with [illegible] brought in by [illegible] Embassies [illegible] public [illegible] dollar. [illegible] espionage [illegible] action in dollars [illegible]

3. [illegible] of the [illegible] present [illegible] [illegible] [illegible]

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at legal prices.

The data are as yet incomplete and not entirely reliable. For the period 30 November to 15 January 175 reports were due, but only 61 have been received. Furthermore, on the reports received, over 25% of the prices data requested is missing and information on quantities available is very sparse. The reliability of the data is open to question because of the usual difficulties of determining representative retail prices, especially under black market conditions, because of numerous definition problems, and because the scarcity of data on quantities available at legal prices makes it difficult to assess the relative importance of the legal and black markets.

Sufficient data on bread and olive oil prices are available for 13 of the 26 provinces, on cheese for 12 provinces, on sugar and meat for 11 provinces, on potatoes and pasta for 10 provinces, and for milk and fish for 9 provinces.

1. Bread

The price of bread is by far the most important factor in the cost of living in this area. It is believed that in Naples expenditure on bread accounts for over 35% of food expenditure, while potatoes and olive oil account for about 20% and 15% respectively.

The price of black market bread in Naples was about 18 lire per kilo in January 1943. It rose to 25 lire in July, and then rose rapidly to 30, 50, 60, 90, 110, and 130 lire in successive months from August 1943 to January 1944.

The difference in bread prices from province to province is very great. In December prices varied from 13 lire per kilo in Matera to 120 in Palermo. In the Italian heel and instep ruling prices were between 13 and 28, and in Sardinia about 20. In Sicily and across the Straits in Reggio the price was from 50 to 60; and in Naples and Palermo 110 and 120 lire, respectively.

In all of the provinces for which comparative data are available, except Palermo, the price of bread rose sharply from December to January. In the heel and instep the rise averaged 60% and was generally the same in each of the provinces of that area. In Trapani and Reggio the rise was 25%, and in Naples and Palermo 10 and minus 10 per cent. In general, provinces in which the price was lowest in December reported the greatest per cent increase from December to January. In January the price in the heel and instep varied from 20 to 45 lire; it was 65 and 75 in Reggio and Trapani, and 130 and 110 in Naples and Palermo.

Legal bread prices also vary widely from province to province, and unlike black market prices, do not reflect differences in the difficulty of transportation. The lowest legal price is 2 lire in Matera, and the highest is 4 lire in Catanzaro, Potenza. The most common price is 3.60. This is the price in Naples, in all Apulia, other than Bagnara, in Reggio and Murro. Cosenza has 2 legal prices: 3.60 for bread made from imported wheat and 2.50 for that made from local wheat.

Bread rations are 150 grams per person per day in most of the provinces. In Naples it is 120 grams and in Palermo 300, a circumstance that makes the ratio of the black market price in these two cities an even

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Local bread prices also vary widely from province to province, and unlike black market prices, do not reflect differences in the difficulty of transportation. The lowest legal price is 2 lire in Matera, and the highest is 4 lire in the mid Adriatic provinces. The most common price is 3.60. This is the price in Naples, in Sicily other than Enguso, in Reggio and Bari. Palermo has 2 legal prices: 3.40 for bread made from imported wheat and 2.50 for that made from local wheat.

Bread rations are 150 grams per person per day in most of the provinces. In Naples it is 120 grams and in Palermo 100, a circumstance that reduces the cost of her black market price in those two cities on over all per capita price for any reasonable budget of bread consumption. (It was announced early in February that the bread ration was being increased to 200 grams throughout liberated Italy.)

2. Potatoes

Under present conditions potatoes are the second most important item of food expenditure in Naples, although they are of much less importance in Sicily and Sardinia. The rise in potato prices has been even greater than that in bread prices. Indeed, the rise has been so great in some provinces during the last few weeks that potatoes are probably no longer considered a satisfactory substitute for bread.

In Naples the black market price of potatoes was about 8 lire per kilo in January 1943. It fell somewhat, as the crop came in, to 5 lire in June and to 3 lire in August. Thereafter it rose to 5, 7, 17, 22, and 35 in June and to 3 lire in August. Thereafter it rose to 5, 7, 17, 22, and 35 [illegible] between 1943 and January 1944. [illegible]

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price of bread rose 150% from August to January, the price of potatoes rose 650%.

The price of potatoes in Salerno is about the same as in Naples. In December the price was 6 lire in Lecce and about 10 lire in the other provinces of the heel and instep. In Catanzaro and Reggio in the toe the price was considerably higher. Recent reports, however, indicate a great rise in the provinces of the instep and the heel. By mid-January the price had reached 20 lire in Brindisi, 22 in Cosenza, and 42 in Taranto.

The legal price of potatoes varies even more widely than that for bread. It ranges from 3 to 10 lire in Region II, and from 12 to 16 lire in the Royal Provinces, having recently been increased from approximately 2 lire. Only Potenza and Salerno report any potatoes available at legal prices.

3. Olive Oil

Price developments in olive oil are quite different from those of other foods. In the areas where olive production is very small the price of olive oil has been very high for some time and has risen only moderately. In Naples, for instance, the price was already 50 lire in January 1943. By September it had reached 120, and by January 1944 200. The rise from August to January was thus only 67%, in contrast to 150% for bread and 650% for potatoes. In the other areas of low production, Cosenza, Potenza and Salerno, prices were 70, 90, and 170 lire in December and did not rise in January. However in the areas of high production, the heel and the extreme toe, the price was around 30 lire in December, and in each of the provinces of this area the price rose sharply from December to January. The rise was over 100% in Bari, about 90% in Reggio, and about 55% in Taranto. Trapani, an area of high production, is an exception to these statements. The Trapani price was high in December, 80 lire, and rose 50% in January.

Legal prices of olive oil varied in December from about 15 lire in Sardinia, Cosenza, and Potenza, to 35 lire in Sicily. In the Royal Provinces the price was about 20 lire in December and was raised to about 26 in January. In other provinces for which data are available there has been little change.

A ration of olive oil is distributed in each of the provinces from which reports have been received. In Naples the ration is ½ lita per person per month, but it has not been distributed every month.

4. Pasta

In Naples the black market price of pasta was 20 lire in January 1943 and 30 lire in July. By September it was 90 lire and then 130, 145, 240, and 250 lire in the months from October to January 1944. The increase from September 1943 to January 1944 was 175%.

In the other provinces January prices were from 30 to 35 lire in the instep, from 40 to 50 in the heel, 100 in Trapani, and 115 in Reggio. In Lecce no pasta has been available even in the black market for several weeks. The increase of prices from December to January was over 70% in 4 of the 8 provinces for which data are available.

Legal prices vary from 3 to 5 lire. Some pasta is reported to be available at legal prices in Bari, Cosenza, and 3 of the Royal Provinces.

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Legal prices vary from 3 to 5 lire. Some pasta is reported to be available at legal prices in Catania, Trapani, and 3 of the Royal Provinces.

5. Meat, Fish, and Cheese

Naples black market prices of these commodities have increased as follows:

	Jan. 1943	July 1943	Dec. 1943	Jan. 1944
	(in lire, per kg.)			
Meat	30	90	220	270
Fish	14	22	140	140
Cheese	30	55	170	200

In Naples at present fish is about half and cheese about 2/3 of the price of meat. In most of the other provinces the price of fish is [illegible]

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equal to that of corn, and the price of cheese is about 2 to 2½ times as high.
In the Antep province and in eastcountry 80, Plah 70, and cheese 150 to
180 Lire. In the mid and so call stage from 100 to 120 Lire, Plah 100 to
100 Lire and cheese from 120 to 275 Lire.

With very few exceptions th reported data indicate a
cent, Plah, and cheese prices in all provinces from December
there does not seem to be any particular pattern between
intermediate relationship between the increase for the three commodities.

6. Milk

In Aydin the black market price of milk is reported
The same price is reported from Zonguldak and Kirsehir, although
price for these provinces. In Canakkale the price has been
December. In Ankara the price of milk is reported from 60 to 80 Kurus,
representing from 0% to 33% increase over December.

7. Eggs

In the Bursa province the retail price is 10 Kurus per egg,
reported to be available at this price. In Samsun the price is 12 and
in Manisa and the rest of Aydin it is 7 or 8 Kurus per egg. Eggs are
available.

In Antalya the black market price of eggs was reported as
In July it was still 10, but thereafter it rose sharply to
240 in January 1944. The rise reached its peak in January 1944.

On the bad the price is reported to have been 100 to 120 Kurus
from 240 to 250 in Bursa and in Samsun 300 Kurs.

Beef at wholesale was about 70 Kurus per kilo in December
15 Kurus in Manisa, Aydin, and Canakkale. In most places
at retail prices.

8. The Cost of Living

The prices used in the following discussion are those
a composite picture for each province by selecting the
a budget of foods, using the quantities consumed by
also had black market prices for the months
Estimated the cost of living in 26 provinces
in January 1944. The index (
of these 26 provinces with
The results

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6. Milk

In Malaya the black market price of milk is about 2s 3d per tin. The ceiling price is reported from Labore and Karachi, about 1s 6d per tin. The price for those localities. In Ceylon the price has been 2s 2d per tin. December. In the Straits Settlements the price varies from 10 to 16 cents per tin. Fresh milk (4% to 5% butterfat) is 7s 6d per gallon in Singapore and 5s per gallon in Penang.

In the Royal Province the legal price is 16 Rs. per maund (82 lbs.), but the price is reported to be available at this price. In Salsette the legal price is Rs. 20 per maund (82 lbs.), but the price is reported to be available at this price. In Bombay and the rest of Bombay it is 1s 6d per seer (2 lbs.), but milk is generally not available.

7. Sugar

In Malaya the black market price of sugar was 16 Rs. per maund (82 lbs.) in January 1943. In July it was still 16, but thereafter it rose steadily to 40 Rs. per maund (82 lbs.) in January 1944. The rise then continued to reach 80 Rs. per maund (82 lbs.) in January 1945.

On the bazaar the price of sugar is from 100 to 150 Rs. per maund (82 lbs.), but in Calcutta it is from 200 to 250 Rs. per maund (82 lbs.).

Local sugar prices are at 9 Rs. in front of the shops, but in the black market 15 Rs. in Malaya, Ceylon, and Colombo. In some places as much as 20 Rs. per maund (82 lbs.).

8. The Cost of Living

The prices used in the following discussion have been collected by the Bureau of Statistics. A comparative picture for some previous years is given in the Statistical Abstract for India. In order to obtain a budget of foods, using legal prices to the extent that rationing is in force, and black market prices for the remainder. The budget used is that determined through investigations with 25 Middle working class families in January 1944. The budget (in seers per month) contained the following quantities of foods, using legal prices to the extent that rationing is in force, and black market prices for the remainder.

Rice	0.25 seer (0.46 kilo)
Wheat flour (atta)	0.50 seer (0.92 kilo)
Pulses	0.25 seer (0.46 kilo)
Vegetables	1.50 seer (2.76 kilo)
Fruits	0.50 seer (0.92 kilo)
Meat, cheese, fish, and milk	

The results indicate that the cost of living in Middle Class families in Bombay City in the year July 1942 - June 1943 was about 5% less than in the year July 1941 - June 1942. The cost of living in Middle Class families in Bombay City in the year July 1943 - June 1944 was about 5% less than in the year July 1942 - June 1943. The cost of living in Middle Class families in Bombay City in the year July 1944 - June 1945 was about 5% less than in the year July 1943 - June 1944. The cost of living in Middle Class families in Bombay City in the year July 1945 - June 1946 was about 5% less than in the year July 1944 - June 1945. The cost of living in Middle Class families in Bombay City in the year July 1946 - June 1947 was about 5% less than in the year July 1945 - June 1946. The cost of living in Middle Class families in Bombay City in the year July 1947 - June 1948 was about 5% less than in the year July 1946 - June 1947. The cost of living in Middle Class families in Bombay City in the year July 1948 - June 1949 was about 5% less than in the year July 1947 - June 1948. The cost of living in Middle Class families in Bombay City in the year July 1949 - June 1950 was about 5% less than in the year July 1948 - June 1949. The cost of living in Middle Class families in Bombay City in the year July 1950 - June 1951 was about 5% less than in the year July 1949 - June 1950. The cost of living in Middle Class families in Bombay City in the year July 1951 - June 1952 was about 5% less than in the year July 1950 - June 1951. The cost of living in Middle Class families in Bombay City in the year July 1952 - June 1953 was about 5% less than in the year July 1951 - June 1952. The cost of living in Middle Class families in Bombay City in the year July 1953 - June 1954 was about 5% less than in the year July 1952 - June 1953. The cost of living in Middle Class families in Bombay City in the year July 1954 - June 1955 was about 5% less than in the year July 1953 - June 1954. The cost of living in Middle Class families in Bombay City in the year July 1955 - June 1956 was about 5% less than in the year July 1954 - June 1955. The cost of living in Middle Class families in Bombay City in the year July 1956 - June 1957 was about 5% less than in the year July 1955 - June 1956. The cost of living in Middle Class families in Bombay City in the year July 1957 - June 1958 was about 5% less than in the year July 1956 - June 1957. The cost of living in Middle Class families in Bombay City in the year July 1958 - June 1959 was about 5% less than in the year July 1957 - June 1958. The cost of living in Middle Class families in Bombay City in the year July 1959 - June 1960 was about 5% less than in the year July 1958 - June 1959. The cost of living in Middle Class families in Bombay City in the year July 1960 - June 1961 was about 5% less than in the year July 1959 - June 1960. The cost of living in Middle Class families in Bombay City in the year July 1961 - June 1962 was about 5% less than in the year July 1960 - June 1961. The cost of living in Middle Class families in Bombay City in the year July 1962 - June 1963 was about 5% less than in the year July 1961 - June 1962. The cost of living in Middle Class families in Bombay City in the year July 1963 - June 1964 was about 5% less than in the year July 1962 - June 1963. The cost of living in Middle Class families in Bombay City in the year July 1964 - June 1965 was about 5% less than in the year July 1963 - June 1964. The cost of living in Middle Class families in Bombay City in the year July 1965 - June 1966 was about 5% less than in the year July 1964 - June 1965. The cost of living in Middle Class families in Bombay City in the year July 1966 - June 1967 was about 5% less than in the year July 1965 - June 1966. The cost of living in Middle Class families in Bombay City in the year July 1967 - June 1968 was about 5% less than in the year July 1966 - June 1967. The cost of living in Middle Class families in Bombay City in the year July 1968 - June 1969 was about 5% less than in the year July 1967 - June 1968. The cost of living in Middle Class families in Bombay City in the year July 1969 - June 1970 was about 5% less than in the year July 1968 - June 1969. The cost of living in Middle Class families in Bombay City in the year July 1970 - June 1971 was about 5% less than in the year July 1969 - June 1970. The cost of living in Middle Class families in Bombay City in the year July 1971 - June 1972 was about 5% less than in the year July 1970 - June 1971. The cost of living in Middle Class families in Bombay City in the year July 1972 - June 1973 was about 5% less than in the year July 1971 - June 1972. The cost of living in Middle Class families in Bombay City in the year July 1973 - June 1974 was about 5% less than in the year July 1972 - June 1973. The cost of living in Middle Class families in Bombay City in the year July 1974 - June 1975 was about 5% less than in the year July 1973 - June 1974. The cost of living in Middle Class families in Bombay City in the year July 1975 - June 1976 was about 5% less than in the year July 1974 - June 1975. The cost of living in Middle Class families in Bombay City in the year July 1976 - June 1977 was about 5% less than in the year July 1975 - June 1976. The cost of living in Middle Class families in Bombay City in the year July 1977 - June 1978 was about 5% less than in the year July 1976 - June 1977. The cost of living in Middle Class families in Bombay City in the year July 1978 - June 1979 was about 5% less than in the year July 1977 - June 1978. The cost of living in Middle Class families in Bombay City in the year July 1979 - June 1980 was about 5% less than in the year July 1978 - June 1979. The cost of living in Middle Class families in Bombay City in the year July 1980 - June 1981 was about 5% less than in the year July 1979 - June 1980. The cost of living in Middle Class families in Bombay City in the year July 1981 - June 1982 was about 5% less than in the year July 1980 - June 1981. The cost of living in Middle Class families in Bombay City in the year July 1982 - June 1983 was about 5% less than in the year July 1981 - June 1982. The cost of living in Middle Class families in Bombay City in the year July 1983 - June 1984 was about 5% less than in the year July 1982 - June 1983. The cost of living in Middle Class families in Bombay City in the year July 1984 - June 1985 was about 5% less than in the year July 1983 - June 1984. The cost of living in Middle Class families in Bombay City in the year July 1985 - June 1986 was about 5% less than in the year July 1984 - June 1985. The cost of living in Middle Class families in Bombay City in the year July 1986 - June 1987 was about 5% less than in the year July 1985 - June 1986. The cost of living in Middle Class families in Bombay City in the year July 1987 - June 1988 was about 5% less than in the year July 1986 - June 1987. The cost of living in Middle Class families in Bombay City in the year July 1988 - June 1989 was about 5% less than in the year July 1987 - June 1988. The cost of living in Middle Class families in Bombay City in the year July 1989 - June 1990 was about 5% less than in the year July 1988 - June 1989. The cost of living in Middle Class families in Bombay City in the year July 1990 - June 1991 was about 5% less than in the year July 1989 - June 1990. The cost of living in Middle Class families in Bombay City in the year July 1991 - June 1992 was about 5% less than in the year July 1990 - June 1991. The cost of living in Middle Class families in Bombay City in the year July 1992 - June 1993 was about 5% less than in the year July 1991 - June 1992. The cost of living in Middle Class families in Bombay City in the year July 1993 - June 1994 was about 5% less than in the year July 1992 - June 1993. The cost of living in Middle Class families in Bombay City in the year July 1994 - June 1995 was about 5% less than in the year July 1993 - June 1994. The cost of living in Middle Class families in Bombay City in the year July 1995 - June 1996 was about 5% less than in the year July 1994 - June 1995. The cost of living in Middle Class families in Bombay City in the year July 1996 - June 1997 was about 5% less than in the year July 1995 - June 1996. The cost of living in Middle Class families in Bombay City in the year July 1997 - June 1998 was about 5% less than in the year July 1996 - June 1997. The cost of living in Middle Class families in Bombay City in the year July 1998 - June 1999 was about 5% less than in the year July 1997 - June 1998. The cost of living in Middle Class families in Bombay City in the year July 1999 - June 2000 was about 5% less than in the year July 1998 - June 1999. The cost of living in Middle Class families in Bombay City in the year July 2000 - June 2001 was about 5% less than in the year July 1999 - June 2000. The cost of living in Middle Class families in Bombay City in the year July 2001 - June 2002 was about 5% less than in the year July 2000 - June 2001. The cost of living in Middle Class families in Bombay City in the year July 2002 - June 2003 was about 5% less than in the year July 2001 - June 2002. The cost of living in Middle Class families in Bombay City in the year July 2003 - June 2004 was about 5% less than in the year July 2002 - June 2003. The cost of living in Middle Class families in Bombay City in the year July 2004 - June 2005 was about 5% less than in the year July 2003 - June 2004. The cost of living in Middle Class families in Bombay City in the year July 2005 - June 2006 was about 5% less than in the year July 2004 - June 2005. The cost of living in Middle Class families in Bombay City in the year July 2006 - June 2007 was about 5% less than in the year July 2005 - June 2006. The cost of living in Middle Class families in Bombay City in the year July 2007 - June 2008 was about 5% less than in the year July 2006 - June 2007. The cost of living in Middle Class families in Bombay City in the year July 2008 - June 2009 was about 5% less than in the year July 2007 - June 2008. The cost of living in Middle Class families in Bombay City in the year July 2009 - June 2010 was about 5% less than in the year July 2008 - June 2009. The cost of living in Middle Class families in Bombay City in the year July 2010 - June 2011 was about 5% less than in the year July 2009 - June 2010. The cost of living in Middle Class families in Bombay City in the year July 2011 - June 2012 was about 5% less than in the year July 2010 - June 2011. The cost of living in Middle Class families in Bombay City in the year July 2012 - June 2013 was about 5% less than in the year July 2011 - June 2012. The cost of living in Middle Class families in Bombay City in the year July 2013 - June 2014 was about 5% less than in the year July 2012 - June 2013. The cost of living in Middle Class families in Bombay City in the year July 2014 - June 2015 was about 5% less than in the year July 2013 - June 2014. The cost of living in Middle Class families in Bombay City in the year July 2015 - June 2016 was about 5% less than in the year July 2014 - June 2015. The cost of living in Middle Class families in Bombay City in the year July 2016 - June 2017 was about 5% less than in the year July 2015 - June 2016. The cost of living in Middle Class families in Bombay City in the year July 2017 - June 2018 was about 5% less than in the year July 2016 - June 2017. The cost of living in Middle Class families in Bombay City in the year July 2018 - June 2019 was about 5% less than in the year July 2017 - June 2018. The cost of living in Middle Class families in Bombay City in the year July 2019 - June 2020 was about 5% less than in the year July 2018 - June 2019. The cost of living in Middle Class families in Bombay City in the year July 2020 - June 2021 was about 5% less than in the year July 2019 - June 2020. The cost of living in Middle Class families in Bombay City in the year July 2021 - June 2022 was about 5% less than in the year July 2020 - June 2021. The cost of living in Middle Class families in Bombay City in the year July 2022 - June 2023 was about 5% less than in the year July 2021 - June 2022. The cost of living in Middle Class families in Bombay City in the year July 2023 - June 2024 was about 5% less than in the year July 2022 - June 2023. The cost of living in Middle Class families in Bombay City in the year July 2024 - June 2025 was about 5% less than in the year July 2023 - June 2024. The cost of living in Middle Class families in Bombay City in the year July 2025 - June 2026 was about 5% less than in the year July 2024 - June 2025. The cost of living in Middle Class families in Bombay City in the year July 2026 - June 2027 was about 5% less than in the year July 2025 - June 2026. The cost of living in Middle Class families in Bombay City in the year July 2027 - June 2028 was about 5% less than in the year July 2026 - June 2027. The cost of living in Middle Class families in Bombay City in the year July 2028 - June 2029 was about 5% less than in the year July 2027 - June 2028. The cost of living in Middle Class families in Bombay City in the year July 2029 - June 2030 was about 5% less than in the year July 2028 - June 2029. The cost of living in Middle Class families in Bombay City in the year July 2030 - June 2031 was about 5% less than in the year July 2029 - June 2030. The cost of living in Middle Class families in Bombay City in the year July 2031 - June 2032 was about 5% less than in the year July 2030 - June 2031. The cost of living in Middle Class families in Bombay City in the year July 2032 - June 2033 was about 5% less than in the year July 2031 - June 2032. The cost of living in Middle Class families in Bombay City in the year July 2033 - June 2034 was about 5% less than in the year July 2032 - June 2033. The cost of living in Middle Class families in Bombay City in the year July 2034 - June 2035 was about 5% less than in the year July 2033 - June 2034. The cost of living in Middle Class families in Bombay City in the year July 2035 - June 2036 was about 5% less than in the year July 2034 - June 2035. The cost of living in Middle Class families in Bombay City in the year July 2036 - June 2037 was about 5% less than in the year July 2035 - June 2036. The cost of living in Middle Class families in Bombay City in the year July 2037 - June 2038 was about 5% less than in the year July 2036 - June 2037. The cost of living in Middle Class families in Bombay City in the year July 2038 - June 2039 was about 5% less than in the year July 2037 - June 2038. The cost of living in Middle Class families in Bombay City in the year July 2039 - June 2040 was about 5% less than in the year July 2038 - June 2039. The cost of living in Middle Class families in Bombay City in the year July 2040 - June 2041 was about 5% less than in the year July 2039 - June 2040. The cost of living in Middle Class families in Bombay City in the year July 2041 - June 2042 was about 5% less than in the year July 2040 - June 2041. The cost of living in Middle Class families in Bombay City in the year July 2042 - June 2043 was about 5% less than in the year July 2041 - June 2042. The cost of living in Middle Class families in Bombay City in the year July 2043 - June 2044 was about 5% less than in the year July 2042 - June 2043. The cost of living in Middle Class families in Bombay City in the year July 2044 - June 2045 was about 5% less than in the year July 2043 - June 2044. The cost of living in Middle Class families in Bombay City in the year July 2045 - June 2046 was about 5% less than in the year July 2044 - June 2045. The cost of living in Middle Class families in Bombay City in the year July 2046 - June 2047 was about 5% less than in the year July 2045 - June 2046. The cost of living in Middle Class families in Bombay City in the year July 2047 - June 2048 was about 5% less than in the year July 2046 - June 2047. The cost of living in Middle Class families in Bombay City in the year July 2048 - June 2049 was about 5% less than in the year July 2047 - June 2048. The cost of living in Middle Class families in Bombay City in the year July 2049 - June 2050 was about 5% less than in the year July 2048 - June 2049. The cost of living in Middle Class families in Bombay City in the year July 2050 - June 2051 was about 5% less than in the year July 2049 - June 2050. The cost of living in Middle Class families in Bombay City in the year July 2051 - June 2052 was about 5% less than in the year July 2050 - June 2051. The cost of living in Middle Class families in Bombay City in the year July 2052 - June 2053 was about 5% less than in the year July 2051 - June 2052. The cost of living in Middle Class families in Bombay City in the year July 2053 - June 2054 was about 5% less than in the year July 2052 - June 2053. The cost of living in Middle Class families in Bombay City in the year July 2054 - June 2055 was about 5% less than in the year July 2053 - June 2054. The cost of living in Middle Class families in Bombay City in the year July 2055 - June 2056 was about 5% less than in the year July 2054 - June 2055. The cost of living in Middle Class families in Bombay City in the year July 2056 - June 2057 was about 5% less than in the year July 2055 - June 2056. The cost of living in Middle Class families in Bombay City in the year July 2057 - June 2058 was about 5% less than in the year July 2056 - June 2057. The cost of living in Middle Class families in Bombay City in the year July 2058 - June 2059 was about 5% less than in the year July 2057 - June 2058. The cost of living in Middle Class families in Bombay City in the year July 2059 - June 2060 was about 5% less than in the year July 2058 - June 2059. The cost of living in Middle Class families in Bombay City in the year July 2060 - June 2061 was about 5% less than in the year July 2059 - June 2060. The cost of living in Middle Class families in Bombay City in the year July 2061 - June 2062 was about 5% less than in the year July 2060 - June 2061. The cost of living in Middle Class families in Bombay City in the year July 2062 - June 2063 was about 5% less than in the year July 2061 - June 2062. The cost of living in Middle Class families in Bombay City in the year July 2063 - June 2064 was about 5% less than in the year July 2062 - June 2063. The cost of living in Middle Class families in Bombay City in the year July 2064 - June 2065 was about 5% less than in the year July 2063 - June 2064. The cost of living in Middle Class families in Bombay City in the year July 2065 - June 2066 was about 5% less than in the year July 2064 - June 2065. The cost of living in Middle Class families in Bombay City in the year July 2066 - June 2067 was about 5% less than in the year July 2065 - June 2066. The cost of living in Middle Class families in Bombay City in the year July 2067 - June 2068 was about 5% less than in the year July 2066 - June 2067. The cost of living in Middle Class families in Bombay City in the year July 2068 - June 2069 was about 5% less than in the year July 2067 - June 2068. The cost of living in Middle Class families in Bombay City in the year July 2069 - June 2070 was about 5% less than in the year July 2068 - June 2069. The cost of living in Middle Class families in Bombay City in the year July 2070 - June 2071 was about 5% less than in the year July 2069 - June 2070. The cost of living in Middle Class families in Bombay City in the year July 2071 - June 2072 was about 5% less than in the year July 2070 - June 2071. The cost of living in Middle Class families in Bombay City in the year July 2072 - June 2073 was about 5% less than in the year July 2071 - June 2072. The cost of living in Middle Class families in Bombay City in the year July 2073 - June 2074 was about 5% less than in the year July 2072 - June 2073. The cost of living in Middle Class families in Bombay City in the year July 2074 - June 2075 was about 5% less than in the year July 2073 - June 2074. The cost of living in Middle Class families in Bombay City in the year July 2075 - June 2076 was about 5% less than in the year July 2074 - June 2075. The cost of living in Middle Class families in Bombay City in the year July 2076 - June 2077 was about 5% less than in the year July 2075 - June 2076. The cost of living in Middle Class families in Bombay City in the year July 2077 - June 2078 was about 5% less than in the year July 2076 - June 2077. The cost of living in Middle Class families in Bombay City in the year July 2078 - June 2079 was about 5% less than in the year July 2077 - June 2078. The cost of living in Middle Class families in Bombay City in the year July 2079 - June 2080 was about 5% less than in the year July 2078 - June 2079. The cost of living in Middle Class families in Bombay City in the year July 2080 - June 2081 was about 5% less than in the year July 2079 - June 2080. The cost of living in Middle Class families in Bombay City in the year July 2081 - June 2082 was about 5% less than in the year July 2080 - June 2081. The cost of living in Middle Class families in Bombay City in the year July 2082 - June 2083 was about 5% less than in the year July 2081 - June 2082. The cost of living in Middle Class families in Bombay City in the year July 2083 - June 2084 was about 5% less than in the year July 2082 - June 2083. The cost of living in Middle Class families in Bombay City in the year July 2084 - June 2085 was about 5% less than in the year July 2083 - June 2084. The cost of living in Middle Class families in Bombay City in the year July 2085 - June 2086 was about 5% less than in the year July 2084 - June 2085. The cost of living in Middle Class families in Bombay City in the year July 2086 - June 2087 was about 5% less than in the year July 2085 - June 2086. The cost of living in Middle Class families in Bombay City in the year July 2087 - June 2088 was about 5% less than in the year July 2086 - June 2087. The cost of living in Middle Class families in Bombay City in the year July 2088 - June 2089 was about 5% less than in the year July 2087 - June 2088. The cost of living in Middle Class families in Bombay City in the year July 2089 - June 2090 was about 5% less than in the year July 2088 - June 2089. The cost of living in Middle Class families in Bombay City in the year July 2090 - June 2091 was about 5% less than in the year July 2089 - June 2090. The cost of living in Middle Class families in Bombay City in the year July 2091 - June 2092 was about 5% less than in the year July 2090 - June 2091. The cost of living in Middle Class families in Bombay City in the year July 2092 - June 2093 was about 5% less than in the year July 2091 - June 2092. The cost of living in Middle Class families in Bombay City in the year July 2093 - June 2094 was about 5% less than in the year July 2092 - June 2093. The cost of living in Middle Class families in Bombay City in the year July 2094 - June 2095 was about 5% less than in the year July 2093 - June 2094. The cost of living in Middle Class families in Bombay City in the year July 2095 - June 2096 was about 5% less than in the year July 2094 - June 2095. The cost of living in Middle Class families in Bombay City in the year July 2096 - June 2097 was about 5% less than in the year July 2095 - June 2096. The cost of living in Middle Class families in Bombay City in the year July 2097 - June 2098 was about 5% less than in the year July 2096 - June 2097. The cost of living in Middle Class families in Bombay City in the year July 2098 - June 2099 was about 5% less than in the year July 2097 - June 2098. The cost of living in Middle Class families in Bombay City in the year July 2099 - June 2100 was about 5% less than in the year July 2098 - June 2099.

(Rice per seer is 0.92 kilo)

July	46
August	63
September	150
October	211
November	243
December	301
January	348

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The results by provinces and corresponding dates are as follows:

(11re returns per province per week)

December 7	January 7
50-90	60-150
70-110	100-150
100-130	no data
100-150	150-180
130-170	185
300	200-350

Luzon	
Bicol	
Southern	
Iloilo	
Negros	
Cebu	

[redacted]

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A. Bank Appointments

1. Bank of Naples

In accordance with negotiations initiated in December, arrangements were completed for the appointment of Mr.Cesare Nicolardi, an industrialist as Commissario Straordinario and of Mr Arturo Rossignoli, as new Manager of the Bank of Italy, Naples, as General Manager, Naples.

Appropriate decrees were issued by the Italian Government and the two newly designated officers will assume direction of the Bank during February. Their appointment will be given wide publicity throughout liberated Italy.

2. Bank of Italy

Also in accordance with negotiations initiated in December, Mr. Arturo Jtti, senior member of the Consiglio Superiore of the Banco d'Italia, has been appointed by the Head of the Italian Government Commissario of the Bank in liberated territory vesting in him the powers of Governor, Board and Deputy Governor.

At the same time Mr.Pettinari, at present Manager of the Bari branch of the Bank of Italy, will be moved to Naples to head the Naples branch, which at the time will be designated temporary Head Office of the Bank of Italy system. This will unify the central bank in the liberated area and will greatly facilitate the Government's and ACC's supervision of the entire banking system as well as the financial operations of the Italian Government.

B. Postal Savings Bonds

1. In connection with the steps being taken to substitute the sale of postal savings bonds throughout liberated Italy negotiations were held with the Psychological Warfare Branch looking to the acquisition through it of sufficient stock of paper with which to print the necessary quantity of bonds, all paper stocks having been previously requisitioned by PWB. These negotiations resulted in a meeting at Naples where all paper stocks were stored, at which our representative and a representative of the Italian Government were allocated sufficient stocks of paper of the appropriate type to produce bonds in the quantity required.

2. Arrangements were also made with PWB to have the press of Richters and Company, Naples, produce the bonds. The company will require two months to produce a specimen bond.

3. Because of the time required arrangements are also being made to use a temporary type of certificate so that this service can be initiated in the relatively near future.

4. Bonds have been sold in Naples since December 3 under the authority

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February. Their appointment will be given wide publicity throughout liberated Italy.

2. Bank of Italy

Also in accordance with negotiations initiated in December, Mr. Arturo Atti, senior member of the Consiglio Superiore of the Banco d'Italia, has been appointed by the Head of the Italian Government Commissario of the Bank in liberated territory vesting in him the powers of Governor, Board and Deputy Governor.

At the same time Mr.Pettinari, at present Manager of the Bari branch of the Bank of Italy, will be moved to Naples to head the Naples branch, which at the time will be designated temporary Head Office of the Bank of Italy system. This will unify the control bank in the liberated area and will greatly facilitate the Government's and ACC's supervision of the entire banking system as well as the financial operations of the Italian Government.

B. Postal Savings Bonds

1. In connection with the steps being taken to re-institute the sale of postal savings bonds throughout liberated Italy negotiations were held with the Psychological Warfare Branch looking to the acquisition through it of sufficient stock of paper with which to print the necessary quantity of bonds, all paper stocks having been previously requisitioned by PWB. These negotiations resulted in a meeting at Foggia where all paper stocks were stored, at which our representative and a representative of the Italian Government were allocated sufficient stocks of paper of the appropriate type to produce bonds in the quantity required.

2. Arrangements were also made with PWB to have the press of Pichiorri and Company, Naples, produce the bonds. The company will require two months to produce a specimen bond.

3. Because of the time required arrangements are also being made to use a temporary type of certificate so that this service can be initiated in the relatively near future.

4. Bonds have been sold in Naples since December 3rd under the authority of Region III. In the city of Naples 1,616 bonds totalling 7.1 million lire were sold and 4,968 bonds totalling 11.0 million lire were redeemed during the month of January.

5. After some study and meetings with the Communications Sub-Commission looking forward to a coordinated supervision of all postal services the following decisions were made :

(a) That the services relating to Postal Savings Bonds, Postal Savings Accounts, Postal Current Accounts and Money Orders shall be supervised by the Finance Sub-Commission ;

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(b) All other activities of the postal services will be supervised by the Communications Sub-Commission ;

(c) In order to ensure coordinated action and to avoid the possibility of confusion all communications and instructions emanating from the Finance Sub-Commission to the postal services will be routed through the Communications Sub-Commission.

C. Payment for Italian Goods and Services used by the Allied Armed Forces

1. Administrative Memorandum No.95 of AFHQ outlining the policy that payments for Italian goods and services used by the armed forces should not be paid for by the latter but by the Italian Government by arrangements to be made through AMG resulted in a great many enquiries and considerable confusion because no plan for such payments had been worked out by AMG with the Government at the time of the issuance of the memorandum.

2. Accordingly the matter was considered at a meeting of the Local Resources (Italian) Board at which a representative of the Finance Sub-Commission was present. The latter pointed out the difficulty of implementing the memorandum because of the lack of a plan of payments by the Italian Government, with the result that instructions were issued by Brig.-Gen.A.L. Hamblen that until such time as an arrangement has been put into effect by AMG with the Italian Government the Army will make the necessary payments for services and supplies received.

D. Interest on Bank Deposits

At the time the banks in Regions I and II were closed, the clause concerning interest in Proclamation No.5 was interpreted as meaning that interest on debit and credit balances with the banks would continue to accrue up to the due dates of the obligations or in the case of demand obligations continuously. In Region III the opposite course was adopted and this worked unnecessary hardship on the banks concerned. This matter was investigated and then discussed with the Bank Planning Group, which agreed for Rome to use the interpretation applied in Regions I and II. Future editions of Proclamation No.5 will be corrected to allow of no misinterpretation.

E. Studies

and

Studies were continued are still in process on the possible resumption of commercial insurance in liberated Italy and financial aid to industry through Government assistance in liberated Italy.

A study was also begun of a broad coordinated blocking program of bank deposits to be applied uniformly throughout liberated Italy.

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3. Interest on Bank Deposits

At the time the banks in Regions I and II were closed, the clause concerning interest in Proclamation No.3 was interpreted as meaning that interest on debit and credit balances with the banks would continue to accrue up to the due dates of the obligations or in the case of demand obligations continuously. In Region III the opposite course was adopted and this worked unnecessary hardship on the banks concerned. This matter was investigated and then discussed with the Area Planning Group, which agreed for Rome to use the interpretation applied in Regions I and II. Future editions of Proclamation No.3 will be corrected to allow of no misinterpretation.

4. Studies

and

Studies were continued are still in process on the possible resumption of commercial insurance in liberated Italy and financial aid to industry through Government assistance in liberated Italy.

A study was also begun of a broad coordinated blocking program of bank deposits to be applied uniformly throughout liberated Italy.

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VI INSURANCE

Regulation of Claim payments by Private Insurance Companies

1. At the present time Southern Italian agencies of private insurance companies are following many dissimilar and inconsistent practices in paying claims to policy holders. It is the intention of the Insurance Section to propose uniform regulations to cover the entire area. A proposal to this effect is being prepared.

2. The insurance organizations in Southern Italy are agencies of companies located in Northern Italy. Before the war agencies throughout the area operated directly under the head offices in Milan and other northern cities. Immediately prior to the Allied occupation the companies, in anticipation of Allied occupation, issued directives to the southern agencies specifying in most cases that the Naples office would assume the duties of head office for the southern agencies and specifying the general line of policy to be followed. The directives of some of the companies stated that claims should be paid in full, while others stated that claims should be set up to 70% of the amount of the claim.

3. These directives never reached the Sicilian agencies. Because of the lack of authority and because of shortage of funds, Sicilian agencies suspended payments of all claims. Region I Headquarters has approved of this policy.

4. AMG, Region II issued a directive for agencies in its area, effective from 1 January, laying down the following policy:

(a) Agencies whose head office is in German territory will operate autonomously;

(b) New business must be presented to AMG for approval;

(c) Claims in excess of 5,000 lire may not be paid other than in exceptional circumstances, in which case AMG approval will be required;

(d) AMG financial assistance will be provided when necessary.

5. Region III has not issued a directive, but has stated in reply to one of the company directives calling for 70% payment that all claims in Region III will be met in full. Region III has made no statement on the agents' authority to obtain new business, nor has any question of AMG financial support arisen.

6. No information is at present available on the situation in the Royal Provinces.

7. The policy with [illegible] for insurance agencies in Southern Italy

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5. Region III has not issued a directive, but has stated in reply to one of the company directives calling for 70% payment that all claims in Region III will be met in full. Region III has made no statement on the agents' authority to obtain new business, nor has any question of AMG financial support arisen.

6. No information is at present available on the situation in the Royal Provinces.

7. The policies laid down for insurance agencies in Southern Italy vary widely. Most of the agencies have received conflicting orders from their head offices and from AMG, the orders of the latter sometimes calling for larger claim payments than the companies specified and sometimes smaller. It appears desirable to standardize the practice in all the liberated area, to recognize the headship of the Naples agencies and to permit them to operate with their own facilities and in general accordance with their company directives. It is likely that the Naples agencies have the funds and personnel necessary for such operation and, if given reasonable facilities such as automobiles and curfew exemption, would be able to conduct their business satisfactorily.

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Generally speaking it would appear that, given reasonable facilities, the companies are well able to conduct their affairs within the instructions received from their head offices prior to occupation by Allied Forces.

C. Social Insurance

1. Conferences have been held between Officers of the Insurance Section and the officials of Istituto Nazionale Infortuni, Istituto Previdenza Sociale, and Cassa Marittima Meridionale on matters relating to the respective Istitutes.

Copies of the Statute and Supplements in Sicily dealing with the amalgamation of the four Casse Mutue under Istituto per l'Assistenza di Malattia ai Lavoratori have been furnished to Regions III and IV.

2. Social insurance cover for civilian labor

Region III submitted a copy of a letter sent by the Director, Labor Division to C.i/c Combined HQ, Royal Navy, relating to social insurance cover for civilian labor employed by contractors, and asked for our comments. He advised that the class of labor in question was entitled to protection and the burden was upon the employer, i.e., in the cases in question, the contractor and is subject to the Italian insurance laws.

The Director of Labor also expressed the opinion that in the case of civilians employed directly by the Armed Forces, a formula should be prepared which would give these employees the normal social insurance coverage, both in the interests of the national insurance program and as an incentive to labor.

The matter of insuring civilian employees of AAC, 7th Army and of the American Red Cross was considered earlier in Sicily when it was decided to pay such civilians at a straight salary rate without deductions for social insurance contributions. It was left to the employee to protect himself. The principal reasons for this decision were;

(a) the complex nature of Italian social insurance;
(b) the question of inclusion of insured persons under their proper classification (i.e. persons employed by the authorities mentioned, as porters, messengers, interpreters, chauffeurs etc. were often insured under a different classified trade);
(c) the work devolving upon finance officers was already extensive and they had neither the time nor staff to deal with the matter adequately. In any event it is not considered incumbent upon an army of occupation to make insurance contributions for the civil labor it employs.

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It appeared to us that there could be no objection to the insurance companies assuming the risks mentioned, in conjunction with the Italian Government, and, since the proclamation covered only the territory under control of the Italian Government, it was considered desirable to extend its terms to include territory in Region III, particularly the port of Naples.

We have discussed the matter with Region III. They favor the scheme but, before communicating with the insurance companies, are taking legal advice on the power of an army commander to issue proclamations on behalf of the civil government. If satisfied on this point, they will authorize the companies to regard the terms of proclamation as effective in Region III.

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...ions on the issue of any ...
...of the civil government. ...
...authorize the suspension ...
...in Cyprus III.

VI. CHIEF ACCOUNTANT'S SECTION

A. AMPA

1. It was arranged that AMPA Branch Accounts should be submitted to Headquarters only on the 15th and last days of each month instead of four times a month. A minor change in the AMPA Statement of Assets and Liabilities was effected: "New A.M. Lire Notes" and "General" accounts with Headquarters in the books of the Branches were merged into one "Current Account". It was arranged to open new accounts for "Overages" or "Shortages of New A.M. Lire Notes" revealed when boxes were opened. Arrangements were made to purchase and open a set of books for AMPA, Region IV.

2. A consolidated Statement of Assets and Liabilities as at 31 December 1943, supported by a consolidated statement of Revenue and Expenditure, was prepared.

3. The accounting procedure for remittances from U.S. and British nationals was discussed with AMPA.

B. Alterations in System of Accounting proposed by the OCS

Charts of the proposed new system of accounts were received from the OCS, Washington, and a full memorandum on the subject was prepared. This memorandum was discussed with MTO, AFHQ and despatched to the OCS in Washington.

C. 5th and 8th Army Accounting

It was arranged for all Sub-Accountants with the 5th and 8th Armies to report to the Regional Chief Accountant, Region IV. Readjustment of the territories covered by the Regions may, however, necessitate a change in this arrangement next month so far as the 8th Army is concerned.

D. ANC/ACC Accounts

Consolidated monthly accounts for all Regions are being prepared for each month up to 30 November 1943, together with a consolidated statement of the cumulative figures to that date.

E. Supplies Accounting

1. Instructions were issued that a register should be maintained in each Region of all purchases for export, showing the country of destination.

2. Instructions as to "Transactions between the Armed Forces and ACC" were expanded and reported in all Regions.

3. Various discussions were held with the Food Sub-Commission and the Industry and Commerce Sub-Commission on general questions of stores accounting

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F. Medical Supplies Accounting

1. General discussions were held on the subject of accounting for medical supplies.

2. Two soldiers were loaned to the Public Health Division to assist in bringing the Naples warehouse figures up to date and in carrying out a physical inventory. The former work is not yet completed.

G. Public Safety

Instructions for accounting for fees for permits to use motor vehicles were revised and sent to the Sub-Commission for consideration.

H. Public Works

Discussions were held with members of the Sub-Commission on the procedure for controlling expenditure of Italian agencies employed on extensive road schemes and for their financing through the Italian government.

I. Displaced Persons Sub-Commission

1. A discussion was held with Lieut-Colonel Hulls on various questions of effecting disbursements of cash and supplies in forward areas.

2. A meeting was attended with the Displaced Persons Sub-Commission at its Headquarters in Bari and the whole question of accounting as applied to the various activities of the Sub-Commission was discussed. A general directive is to be drawn up by the Chief Accountant in place of the previous draft directive prepared by him, which calls for rewriting in view of changed circumstances.

[illegible]
Lieut.-Col.
Acting Deput-
Chief Finance Officer.

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Capt., AFHQ,
Lieut.-Col.,
Acting Deputy
Chief Finance Officer.

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EXHIBIT D

BASIC SCHEDULE OF TRAINS FOR AMG/ACC TRAFFIC AND CIVILIAN REQUIREMENTS

Section of Railroad	PASSENGER (each way)	FREIGHT (each way)	MIXED (each way)
ITALIAN STATE, STANDARD GAUGE:			
NAPLES - POTENZA - TARANTO - BRINDISI - BARI	Bi-weekly	One daily	
BARI - BARLETTA			One daily
BARI - BRINDISI			One daily
BRINDISI - LECCE	-		One daily
BARI - TARANTO (Via Gioia)			One daily
BARI - GIOIA	One daily		
MELFI - POTENZA			Tri-weekly
SICIGNANO - LAGONEGRO			Tri-weekly
AVELLINO - NOCERA			=Bi-weekly
S. EUFEMIA - BATTIPAGLIA			One daily
REGGIO - CATANZARO - METAPONTO - TARANTO		One daily	Tri-weekly
SIBARI - IMOLA			+Tri-weekly
REGGIO - NICOTERA			One daily
CATANZARO - MARINA - S. EUFEMIA			+Tri-weekly
SOUTHEAST STANDARD GAUGE SYSTEM	Two daily	One daily	
SECONDARY LINES METRE GAUGE:			
BARI - MATERA	One daily	Three daily	
BARI - TORITTO	One daily		
ALTAMURA - GRAVINA			Two daily
POTENZA - AVIGLIANO			Two daily

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[illegible]	Bi-weekly	One daily	
BARI - BARLETTA			One daily
BARI - BRINDISI			One daily
BRINDISI - LECCE			One daily
BARI - TARANTO (Via Gioia)			One daily
BARI - GIOIA	One daily		
MELFI - POTENZA			Tri-weekly
SICIGNANO - LAGONEGRO			Tri-weekly
AVELLINO - NOCERA			=Bi-weekly
S. EUFEMIA - BATTIPAGLIA			One daily
REGGIO - CATANZARO - METAPONTO - TARANTO		One daily	Tri-weekly
SIBARI - PAOLA			+Tri-weekly
REGGIO - NICOTERA			One daily
CATANZARO - MARINA - S. EUFEMIA			+Tri-weekly
SUD)EST STANDARD GAUGE SYSTEM	Two daily	One daily	

SECONDARY LINES METRE GAUGE:

BARI - MATERA	One daily	Three daily	
BARI - TORITTO	One daily		
ALTAMURA - GRAVINA			Two daily
POTENZA - AVIGLIANO			Two daily
POTENZA - CANELLO			Tri-weekly
LAGONEGRO - SPEZZANO			One daily

NOTE: = Service to connect with the NAPLES - TARANTO - BRINDISI - BARI bi-weekly passenger train, both ways.

\- Service to connect with the REGGIO - CATANZARO - METAPONTO - TARANTO tri-weekly mixed train both ways.

"DAILY" Services work only on WEEK DAYS.

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Exhibit "E"

MONTHLY REPORT

FOR

JANUARY - 1944

REGION II
ALLIED CONTROL COMMISSION

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

MONTHLY REPORT

FOR

JANUARY - 1944

RLOION II
ALLIED CONTROL COMMISSION

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

REGION II

ORGANIZATION

2-1. On December 31st, 113 Officers and 100 EM/OR were assigned, and 5 Officers attached (7 as Civilian Censors). Four Officers reported for assignment and 12 were relieved during the month of January. One assigned officer was absent on temporary duty and several were about sick. Assuming those absent sick for more than 21 days are no longer to be considered assigned, there were on Feb. 1, 97 assigned officers present for duty, 10 attached (including 7 censors) and 104 EM/OR. These figures are exclusive of personnel assigned to Region V.

2-2. On January 19th, the main body of Region V personnel arrived at Yamato-- 81 Officers and 114 EM/OR, - without vehicles. On orders from AFWESPAC, 27 Officers and 63 EM/OR were placed on temporary duty with the Sub-Commission on Displaced Persons. Most of the remaining EM/OR and some of the Officers were held at Yamato to guard the Regional equipment, and to be available to move the vehicles when their ports of arrival became known. The remaining Officers and men were distributed throughout Region II as rapidly as transport could be found. All were in their stations in less than five days. Very shortly thereafter, it was learned that Region V had been activated, and certain officers and men were recalled. At the end of the month there were 42 Officers and 21 EM/OR still on the rolls as attached to Region II. Seven of these Officers and one enlisted man were under orders to proceed to other stations, leaving 35 Officers and 10 EM/OR belonging to Region V but attached to Region II.

2-3. In accordance with instructions from HQ, a TO/E for this Region with its present boundaries was prepared on the basis of a maximum of 100 Officers. Corresponding breakdowns for EM/OR, and a T/E were also prepared and submitted.

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[illegible] assigned officers present for duty, 10 attached (including 7 seamen) and 104 EM/WAC. These figures are exclusive of personnel sent and to Region V.

2-4. On January 1946, the main body of Region V personnel arrived at Yamato-Ri Officers and 114 EM/WAC, - without vehicles. On orders from AFWESPAC, 47 Officers and 63 EM/WAC were placed on temporary duty with the Sub-Commission on Displaced Persons. Most of the remaining EM/WAC and some of the Officers were left at Yamato to guard the Regional equipment, and to be available to move the vehicles when their ports of arrival became known. The remaining Officers and men were distributed throughout Region II as rapidly as transport could be found. All were in their stations in [illegible] five days. Very shortly thereafter, it was learned that Region V had been activated, and certain officers and men were recalled. At the end of the month there were 42 Officers and 11 EM/WAC still on the rolls as attached to Region II. Seven of those Officers and one enlisted man were under orders to proceed to other stations, leaving 35 Officers and 10 EM/WAC belonging to Region V and attached to Region II.

2-5. In accordance with instructions from HQ, a TO/E for this Region with its present boundaries was prepared on the basis of a maximum of 100 Officers. Corresponding breakdowns for EM/WAC, and a T/E were also prepared and submitted.

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REGION II

POLITICAL DEVELOPMENTS

B-4. The most interesting political event during the month was the Bari Conference. It may well be said that when this affair went off, despite all advance publicity, it made a pop rather than an explosion. The primary reason was that it had to compete with the news of the Allied beach-head at Nettuno. It is safe to say that more people tuned in to BBC for the war news than to Bari for the orations. A second important factor was that the deliberations were negative or destructive in character. Even people of such poor political aptitude as the ordinary Italians sense that however weak an existing government may be, it cannot be replaced by a vacuum.

B-5. Strong as was the hatred of the Grande Consiglio members tried and condemned to death at Verona, the conduct of the trials appears to have disgusted most people. It is considered rather ironical that these men die for doing a sincere political act -- declaring Mussolini unfit to govern -- a declaration which faithfully reflected public opinion.

B-6. AMG is criticised, but almost invariably in good nature. It's failings are never attributed to lack of good will or intentions. They are explained by our ignorance of the complicated mentality of the southern Italian and by our readiness to believe that most people speak the truth, whereas few do.

B-7. The lack of allied propaganda in the Region is very keenly felt by widely different individuals and groups. It is often suggested some substitute for the defunct O.W.I. might be organized or encouraged. This would at least turn the attention of the ignorant somewhat from political agitators.

B-8. The consensus of opinion is that political activity waned somewhat in the provinces. The trend of sentiment is still toward the Left, against the King and the Badoglio Government. The population as a whole feel that for the first time in at least 20 years they are receiving a "square deal", and they will be reluctant to see the end of Allied Military Government. An indication of this feeling occurred in Catanzaro when a new SCAO published a proclamation urging political holiday and the cooperation of everybody in the rehabilitation of the province. Press comment was enthusiastic. Without waiting to be asked, the Communists obliterated the signs they had painted on walls and buildings. The Archbishop, the Commanding General of the 21st Italian Army Corps, and the Chief Judge of the Court of Appeals visited upon the SCAO to thank him and offer their assistance.

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To Lille
(Regional HQ) Monthly
Report for Jan 44

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ANNEX II

PUBLIC SAFETY AND LAW ENFORCEMENT

II-9. The generally good record of Public Safety and Law Enforcement in the Region was extended during the month of January. Three of the six provinces reported no major civilian crimes during the month. In the other three there were 7 homicides and three armed robberies. Arrests have been made in four of the homicide cases, and in another, one of the murderers was killed in the execution of the crime. There were, as usual, a large number of cases of petty thefts.

II-10. Black Market cases are still numerous, but apparently the rate has slackened if not all duly decreased. This improvement may be due to the effective establishment of a large number of road blocks, night patrols, and the greater efficiency of the Italian police. It is a little unfair to single out any particular officers when all are doing excellent work, but the effectiveness of Lt. Noble and 2d Lt. Wallbaum in Foggia Province has been outstanding. By their zeal and knowledge of police work they have inspired all police services in the province and accomplished remarkable results.

II-11. There were only five organized demonstrations in the Region during January. None of these was really serious. One, illustrating the difficulties of supply and police problems, was caused by delay in the arrival of flour at a mountainous village in Avellino, so situated that the last four or five hours of the journey can be covered only on foot or mule-back.

II-12. Public morale is fairly good. It varies with the adequacy of the food supply. The general improvement in the arrival of food supplies during January has already been reflected in the attitude of public morale. The distribution of clothing with the assistance of Red Cross personnel during the last few days of the month has also helped.

II-13. The registration and licensing of motor vehicles, except in Salerno Province, where it was ordered directly by higher authority, has been made impossible because of failure to receive the final approved orders from Headquarters.

II-14. Realizing in November, 1943, the importance of controlling brothels and prostitutes as a direct check on venereal disease, brothels have been consistently closed to troops and street women have been arrested and examined, and if infected, hospitalized. Despite a realistic view of this problem, however, a prophylactic station was established in Naples while troops were in training in the vicinity and the importance of "before and after" treatment emphasized to the men. More [illegible] of the prophylaxis in a period of approximately [illegible] venereal disease have resulted as yet among them.

A Resolution thanking General Donovan (Reg AGO Monthly Rpt for [illegible])

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2-10. Black Market cases are still numerous, but apparently the rate has slackened if not all fully decreased. This improvement may be due to the effective establishment of a large number of road blocks, night patrols, and the greater efficiency of the Italian police. It is a little unfair to single out any particular officers when all are doing excellent work, but the effectiveness of Capt. Robbins and 2d Lt. Washburn in Foggia Province has been outstanding. By their grasp of and knowledge of police work they have inspired all police services in the province and accomplished remarkable results.

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A handwritten Memorandum
dated December
(Reg ACC Weekly Report for
Jan 44)
9 B 14
Wash Nat Res

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LEGAL

B-15. A new Regional Legal Officer, Lt. Col. D.L.G. Cousins (B), reported for duty on January 10th. There are now nine Legal Officers on duty in the Region.

B-16. 170 cases were tried by Military Courts during the month, two death sentences were imposed for wounding Allied Soldiers. Prompt action was taken in the case of local disorders connected with the amassing of grain. The two largest groups of cases were those involving illegal passage across the Straits of Messina and failure to amass grain in Matera.

B-17. The Italian Courts as a whole are functioning satisfactorily and are progressively hearing more cases. Their work is closely supervised by the Provincial Legal Officers. The failure of the Court of Appeals at Naples to appoint a Court of Assise to function in Salerno Province is a continuing handicap. The transfer of the Court of Appeals at Reggio to Messina is a matter of importance to this Region [illegible] is hoped that pending correspondence will result in a satisfactory adjustment of the matter.

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2-17. The Italian Courts as a whole are functioning satisfactorily and are progressively hearing more cases. Their work is closely supervised by the Provincial Legal Officers. The failure of the Court of Appeals at Naples to appoint a Court of Assise to function in Palermo Province is a continuing handicap. The transfer of the Court of Appeals at Reggio to Messina is a matter of importance to this Region [redacted] is hoped that pending correspondence will result in a satisfactory adjustment of the matter.

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FINANCE

B-18. Much of the time of the Finance Officers has been devoted to the review of the quarterly local budgets submitted in January for the first time. There was already been a definite tendency to expand these budgets on the part of the communes, and some Prefects have clearly given them only a superficial examination before approval. They have been sharply warned but as a whole they have exhibited an irritating sense of helplessness rather than the application of sound commonsense. The AMG Officers obviously have not the knowledge of local conditions, nor with their extremely limited number, can they make investigations to determine the reasonableness of budget estimates, let alone exert any control over the actual spending.

B-19. Revenue Collections continue to be sluggish owing to the physical difficulty of collection and the steady decline in the volume of taxable consumers' goods. On the other hand, increased expenditures are the inevitable result of the higher cost of living, relief measures, and essential expenditures to repair war damages. Pending approval of the January to March budgets, only the minimum expenditures are pensions, salaries, and so forth, is being permitted. The hope that budget deficits would to some extent be met by the sale of one year treasury bonds has failed except in the Province of Matera, where alone sales have exceeded repayments.

B-20. It is increasingly obvious that the stimulation of revenue is the most important, and at the same time the most difficult problem of financial administration in the Region.

B-21. Revision of the contracts of "Esattori" necessitated by the wage increases authorized in December is now being left for reconsideration in each individual case to the Intendente di Finanza after discussion with the Esattore concerned. It is practically certain that the 1944 communal tax assessments cannot be made before April 1944.

B-22. Social Insurance organizations report that stocks of insurance stamps are running dangerously low. Resort will probably have to be made to local overprinting of postage stamps.

B-23. Private insurance firms have so far shown little desire to use the facilities available to obtain funds from AMG for the conduct of existing business on a restricted scale.

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ANNEX II

PROPERTY CONTROL

B-24. So far only a dozen properties have been found in the Region which require the services of the Property Controller. Three additional properties were reported during the month and are being investigated to determine their status.

B-25. The Villa Rondinnio has been reserved for the use of the Allied Control Council.

B-26. The Villa Ruffalo's wine cellar was been inventoried. A shortage of 1600 bottles was found and a police investigation is in progress.

B-27. Slow progress is being made in taking over the property of Fascist organizations such as G.I.L. and Dopolavoro. In Calabria, the process is complicated by the fact that the 91st Italian Army Corps was the custodian and has not as yet furnished inventories.

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B-26. The Villa Buffalo's wine cellar has been inventoried. A shortage of 1000 bottles was found and a police investigation is in progress.

B-27. Slow progress is being made in taking over the property of Fascist organizations such as G.I.L. and Dopolavoro. In Calabria, the process is complicated by the fact that the Mat Italian Army Corps has the custodian and has not as yet furnished inventories.

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PUBLIC HEALTH AND WELFARE

2-28. There has been no unusual prevalence of infectious or contagious diseases during January.

2-29. One suspected case of typhus was found and reported promptly to Headquarters. The diagnosis has not been absolutely confirmed. Rigid control measures have been set up governing the movement of civilians from areas where typhus is epidemic.

2-30. The incidence of venereal disease among the civilian population is apparently about the same as before the war. Treatment clinics are located in all important communes of the Region but the system of treatment used by Italian physicians is considered to be below the standards prevailing in any other countries.

2-31. American Red Cross personnel have been assigned to the Region. Their most important benefit to date is the free distribution of clothing sent from the United States.

2-32. The reception, distribution and placement of refugees has proceeded smoothly under the direct supervision of the Prefects of Milan and Pot[illegible] with frequent checks by AMG personnel.

2-33. The Regional Sanitation Officer spent the entire month inspecting public water supplies and organizing anti-malarial activities for the coming season. No water-borne epidemics have been found in the water supply of the Region [illegible] to most normal standards. The supply of the town of Milan, which has become [illegible] as the result of over-drafts by troops in training, has again become [illegible].

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3-31. American Red Cross personnel have been assigned to the Region. Their most important immediate duty is the free distribution of clothing sent from the United States.

3-32. The reception, distribution and placement of refugees has proceeded smoothly under the direct supervision of the Prefects of Matera and Potenza with frequent checks by AMG personnel.

3-33. The Regional Sanitation Officer spent the entire month inspecting public water supplies and organizing anti-malarial activities for the coming season. No new typhus epidemics have been found and the water supply of the Region seems to meet normal standards. The supply of the town of Matera, which had become non-potable as the result of over-drafts by troops in training, has again become potable.

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PART II

IRRIGATION, AGRICULTURE AND SUPPLY

[illegible] The supply of grain and flour showed a great improvement during the month. Four ships [illegible] from Foggia, initiated in December, were completed. Three ships with cargoes of 6174 tons of flour and grain arrived at Naples and two ships with 5407 tons at Crotone. Unloading proceeded as rapidly as possible, but the extremely limited amount of motor transport and the shortage of railway cars for truck-shipment are still serious handicaps. It has been possible to give a ration of 150 grams of bread daily in Reggio Province, but shortage of transport has made it impossible to raise the ration above 100 grams in Cosenza and Catanzaro. Due to the priority of military operations in the Naples area, a temporary, acute shortage developed in Salerno.

2-22. An interesting and very successful experiment has been carried on in Matera in the sowing of grain which warrants detailed description. During October the amount sowed in the province declined. In November and December it practically ceased. The Consorzio Agrario, Cantonieri, Sindaco and other civilian officials were baffled by this failure and apparently lacked the initiative and desire, or the intelligence to cope with it. The conclusion was reached that if any substantial amount of grain was to be sowed, it could only be accomplished by the efforts and stimulation of AMG officials.

2-23. Lt. Alexis Cholis, therefore, went to Stigliano, a good grain producing commune, where the amount sowed was far below normal. He found it impossible to fix the responsibility on the numerous Italian officials connected with the sowing in one way or another. The records were hopelessly confusing.

2-24. Resort was then had to the appointment of a committee composed of the Podesta, Sindaco, Segretario di Combattenti, one representative of the local Consorzio Agrario, the Commissario Prefettizio and several citizens familiar with the agricultural conditions in the commune. This committee, headed by the Podesta, and under the direct stimulus of the AMG officer's presence, worked vigorously. It was found that the recommendations of the individual farmers could not be used as the basis for determining what amount the farm should have sowed because they had even used up the farmers themselves, but the only check was by some boy scout soldier or G.I.L. youth. The fact that a few of the G.I.L. boys of 15 or 16 years were seen displaying skills of a type unknown to elderly sages who had exploited their work is a noticeable indication of what happened. The recommendations were therefore put aside and the committee ordered to determine what each farm should have sowed. This determination was reached by considering the type of land, the number of hectares planted, the amount of seed sown, seasonal conditions, previous production, and the efficiency of the producer. Allowance was made for the authorized retentions for the family of the grower, for emergencies, and for seed. The remainder was the amount which should have been sowed. The farmers were then ordered to bring in the [illegible]

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3-25. An interesting and very unusual experiment was been carried on in Matera in the pressing of grain which warrants detailed description. During October the amount pressed in the province dwindled. In November and December it practically ceased. The Carabinieri Agents, Questurini, Sindaco and other civilian officials were baffled by this failure and apparently lacked the initiative, the desire, or the intelligence to cope with it. The conclusion was reached that if any substantial amount of grain was to be pressed, it could only be accomplished by the efforts and stimulation of AMG officials.

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3-28. It was obvious that to bring in this amount would require the services of several officials and a well organized plan of operations. To avoid the customary procrastination, late in December an AMG order was issued fixing January 10th as the latest date when grain could be pressed. The Prefect was instructed to issue similar orders to all communes and another officer was

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[illegible] the Province was extremely outstanding.

From July 1st to Nov. 30, [illegible] quintalli had been seized
From D. 1st to Dec. 31, 40 [illegible] quintalli
From Jan. 1st to Jan. 10, 175 Quintalli were seized.

On January 11th, the ADC Officer summoned all those who had failed to complete their assessment, according to the committee's figure, to appear before an ADC Military Court on the 14th.

In three days, 1132 quintalli were brought into the Commune.

All 24 cases were heard by the Court, however; three were dismissed on their merits, 12 were dismissed because they had overpaid the full amount of their assessments prior to the Court hearing. Fines totalling 125,400 Lire and various sentences of imprisonment were imposed upon the remaining nine defendants. The fines were immediately paid. The imprisonment was suspended for two weeks to permit further recovery. At the end of this time, more than 700 additional quintalli had been received, making the total for the month more than 2,000. Only two of the original 24 assessed had failed to meet their assessment. One was short 80 quintalli and the other 25. Both have been arrested and further proceedings to collect their grain are in progress.

Para. The work in other communes had not been completed at the end of the month. A large number of cases were pending trial at Gaiano, and summonses had been issued at Irsina, Pisticci and Montalbano. In Ferrandina, although summonses had not been issued, most of the work of the committee had already been brought in, approximately 400 quintalli, and more was expected. While organizing the committee in Pisticci, Lt. Cholis found one man who had not even completed the assessing of the amount he had himself harvested. This man was immediately served with a summons to appear before an ADC Court six days later, to show cause why he had not completed that assessing prior to January 10th. When the case was called, the defendant showed that he had brought in 282 quintalli in the six days, although he had brought in nothing since July 17th, when he was assessed 173 quintalli. In view of the fact that he had completed the assessing, a wrong figure, the Court fined only 3,000 Lire. This act indicates the general policy of the ADC Officers, that the assessing of the grain was the principle concern, and the punishment of the offenders, secondary.

Para. During the month more than 3,000 quintalli had been seized in the Province, and the prospects were bright for a further considerable quantity. The publicity given to the work of the committees and the Court trials are believed to have had considerable effect in reducing Black-Market activities, but there are disquieting aspects as the practical helplessness of the Italian officials in the face of the situation which confronted them, and the fact that the committees really functioned effectively only when an ADC Officer was with them. The success of this experiment is due to the keenness, ingenuity and zeal of the following officers in Matera Province:- Captain Corwin, Legal Officer, 1st Lieutenants Verlinden and Poyet, and 2nd Lieutenant Cholis, acting under the supervision of Captain Conley, SCAO.

Para. Road transport continues to be a most serious problem. ADC military transport is barely sufficient to carry supplies, the official mails, and Officers and men on long journeys. Requisitioned cars are generally very poor

ECONOMICS, RESOURCES AND SUPPLY (CONT'D)

in quality and the tire and tube situation is bad. Frequently the work of Officers is greatly handicapped by their being immobilized from lack of transport. Italian officials are even more seriously affected and it is quite impossible for many of them to make tours of duty or even occasional visits. This situation, of course, greatly handicaps the collection of information which is continually being called for by higher echelons. A shortage of motor transport cannot be compensated for by using railways because the shortage of rolling stock is equally acute.

R-44. The Supply situation in the Region is not at all satisfactory. The cause is emphatically not lack of ability, zeal or enthusiasm on the part of the Supply Officers, but simply a lack of essentials. The missing essentials are, first, an adequate staff, second, transportation for the existing staff, and third, transportation for supplies.

R-44. The Regional Supply Office has but three Officers, one of whom is obliged to devote most of his time to the supply problems of the ACC personnel. The chief reliance for communication with the provinces is a bi-weekly courier, and lately, a fair service by telegraph. The provincial Supply Officers, particularly those in Calabria, are in worse plight. They have no clerical assistance other than Italians of doubtful value and reliability. They have little or no transport to visit the communes and the Italian officials upon whom they must rely for assistance have less. Reggio is the chief port of entry. One Officer is charged, not only with the supply of the province but with the unloading, warehousing and shipment of all the cargoes which come in. There is never sufficient railway rolling stock or motor transport available to get supplies out quickly to the communes. There is sufficient flour and grain in Reggio and Crotone to feed the three Calabrian provinces on a 150 gram ration until well into March, but 95% of the communes in Cosenza and Catanzaro have only enough for seven days at 100 grams.

R-45. In an attempt to relieve the road transport situation in Calabria the experiment is being tried of making the issue of permits for trucks under the new regulations dependent upon the person applying for the permit agreeing to place his truck at the disposal of ACC for so many days a month at a fixed rate of hire. And al transport is used wherever possible, [redacted] only where the quantities to be [redacted] short.

R-46. Silk still [redacted] ally produced turning agents. Silk [redacted] roduce silk for parachutes. Arrangements [redacted] f silk worm eggs from Turkey and for t[redacted] son for incubation. A large cotton mill [redacted] operations during the month.

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2-46. Some small local tanneries are operating with locally produced tanning agents. Silk filatures are all being put to work to produce silk for parachutes. Arrangements have been made for the importation of silk worm eggs from Turkey and for their refrigeration until the proper season for incubation. A large cotton mill and a cement plant in Siderno resumed operations during the month.

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REGION II

AGRICULTURE

B-47. The pressing of olive oil, which was ordered in all provinces during October and November, has been a complete failure. This is attributable to: a, the much higher price fixed for Sicily, and b, the activity of Black-Market operators and unauthorized purchases for Apulia, Naples and Sicily.

B-48. The price differential between Sicily and Calabria of 1,000 lire per quintal needs no elaboration.

B-49. The following is an illustration of the second factor. In Rossano, Province of Cosenza, there were, in mid-November, more than 4,500 quintali of last year's crop on store, representing over a half-million liters. Today there is not a liter left. All has been sold to Italians or to certain Allied Nationals travelling in Allied Military vehicles. Most of these visitors were in possession of "permits". The oil merchants were only too eager to sell oil bought last year for 14 lire per liter even at the Regional price of 24 lire, where they could not get [illegible]. There is little doubt that some purchases were made by Black-Market operators, acting under the authority of permits granted them by Mess and Supply Officers of Allied Military units, and using military transportation. The oil merchants can scarcely be blamed if they honor written orders from Allied Officers presented by men in Allied uniforms. The net effect has been that the growers simply refuse to press their oil.

B-50. Grain planting figures for the next harvest indicate that in Matera and Potenza the wheat acreage has been increased about 25%, but in Cosenza there is indication of a 10% decrease, and in Catanzaro a 25% decrease is expected. Fava have been well planted in all provinces and an extra 1,000 quintali of seed has been allotted to Cosenza and 2,000 to Salerno from stocks in Matera. Stocks of seed potatoes are reported to be on their way but they had not arrived at the end of the month.

B-51. It was decided by higher authority, after a review of all the conditions, that it was not desirable to attempt to revive the sugar beet industry, either in Salerno or Foggia Provinces.

B-52. The need for fertilizer is acute. There are small stocks of superphosphate and ammonium sulphate lying at the Montecatini works at Crotone and allocated to Calabria, but it is impossible to move them because the supply of railway cars is inadequate even to move the foodstuffs.

B-53. Sulphur and Copper-sulphate are badly needed for the spraying of vines. The stocks on hand are very small. In Salerno there are 600 quintali of sulphur and 300 of copper-sulphate. The estimated needs of that province alone are 20,000 quintali of each.

B-54. The subject of prices for this year's grain crop is still causing much comment among growers. The present price of 300 lire per quintali is clearly

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B-54. The subject of prices for this year's grain crop is still causing much comment among growers. The present price of 500 lire per quintali is clearly inadequate. All general increases in cost make a price of 600-650 lire per quintali not merely desirable, but essential, if production is to be maintained. An incomplete order from the Central Economic Commission fixing prices for the delivery of grain on a sliding scale during the month of January was received on January 26th, but was not issued, pending clarification and correction. The effect of this order in Region II would have been very bad. It would have applied to an insignificant amount in five provinces. In Matera it would have

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AGRICULTURE (CONT'D)

boon a bonus to the owners of the 3,000 quintali of wheat who amassed it only when threatened with or actually subjected to legal prosecution, and would therefore in effect have been a penalty upon the more law-abiding farmers.

B-55. There is no doubt that the amassing system is most unpopular. This is partly due to its connection with Fascism and corruption and partly to the Allied radio and other propaganda urging the people not to turn in their products to the Ammassi, which continued until the armistice. That propaganda was effective in, embarrassing the Fascist regime, but it is now reacting to our own disadvantage. The alternative solutions are to conduct and extensive and intensive propaganda campaign by every means at our disposal, or to find a workable system acceptable to the Italian producers.

B-56. It is proposed to test an alternative system in mid-February. Rice is produced in Calabria by three large growers only. In 1943 they did not amass their crops. It is proposed to enter into contracts with them to supply a certain quantity based on their productive capacity, at a fair price. If more is produced, that will also be bought. If this trial is well received, it may be possible to extend the application of the method to other cereals and food crops. In respect to grain, the method of computing amassing requirements in Matera which has previously been described, might well be applied on a broader scale.

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REGION II

TRANSPORTATION, COMMUNICATIONS AND UTILITIES

R-59. Four bids were submitted to the Internal Transportation Sub-Commission for train space to haul civilian freight and passengers in excess of the scheduled capacity for civilian trains. Several conferences were held between the Transportation (Rails) Officer and officials of the Ferrovie Calabro Lucane in connection with the damaged railway bridge at Lauria. An application and plan for repairing this bridge was submitted to AFHQ. The restoration of this bridge would reopen the rail route to the Castellucia group of lignite mines where some 16,000 tons of fuel are awaiting transportation. The capacity of these mines is 200,000 tons per year.

R-58. Repair of the railroad bridge at Santa Lucia in Matera Province is progressing satisfactorily and should be finished during February. The completion of this bridge will permit through operation from Bari to Montalbano.

R-59. On January 31st, Major Holladay received orders transferring him to AFHQ (G). This leaves only one Rail Transport Officer in the Region and he is stationed at Reggio, the main port of entry.

R-60. On the basis of information received from Army District No. 2, preliminary study has been given to plans for reducing by approximately one-third the amount of electric power now being consumed in the Region in anticipation of necessary reductions when more Italian territory is liberated.

R-61. The Wire Communications Officer supervised the establishment of a circuit from the civilian exchange at Reggio to the military exchange at Messina. He also made suggestions at Bari, Palermo and Naples for circuit changes which have facilitated the completion of calls and improved the quality of the transmission. Arrangements were made and necessary materials and supplies obtained for repair of the trunk of the trunk telephone cables due to the destruction of the repeater station at Castrovillari. Good progress was made on this work, and upon its completion telephone communication will be open between Region Headquarters, Calabria and Sicily. Considerable time and effort were devoted to improving the quality of service rendered by both civilian and military switchboards with good results, due to the high degree of technical knowledge possessed by the Wire Communications Officer.

R-62. A limited degree of Postal service for civilian and prisoner of war mail in Regions I, II, VI, and Apulia has been in effect during the month. Since there is no Postal Officer in the Region, the only source of information is the Civilian Censorship Officers who unifromly report good cooperation from the civilian post-office officials. The only large scale violations of the censorship rules occurred in the first few days when 95% of the mail from an Italian Army unit had to be rejected by the censor because it revealed troop location. This unit was mobilized by the attention of the Military Mission to the Italian

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B-63. The interference by officials of the Badoglio Government in Region II by sending orders directly to civilian officials in the Region which was reported in December was the subject of a conference at Brindisi on January 7th. At this conference Colonel Spofford, Lt. Col. Hurt and Lt. Col. McCaffrey reached an agreement with Signore Lussu, President of the Council of Ministers, that all communications between the Italian Government and officials in

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TRANSPORTATION, COMMUNICATIONS AND UTILITIES (CONT'D)

AMG territory should pass through Regional Headquarters. This agreement was implemented by a memorandum from Marshal Badoglio to his Ministers, dated January 20th and published January 26th. The volume of such communications has considerably decreased and it is believed that as the agreement becomes known, there will be few violations.

B-6a. Much detailed information has been gathered during the month by the No 1 Transportation Officer on the number and types of vehicles available in the Region for the transportation of civilian supplies.

B-6b. The Motor-Highway-Potenza route (National Route No. 7) was opened during the month. The British Army reports that all but 50 breaks in the main convoy routes in Calabria were repaired or replaced by the end of January, and the remaining two would be finished in February. One bridge on the main road between Salerno and Potenza gave way during the month, necessitating a detour of about five miles.

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be few violations.

R-67. Much detailed information has been gathered during the month by the Road Transportation Officer on the number and types of vehicles available in the Region for the transportation of civilian supplies.

R-65. The Metauro-Migliarino-Potenza route (National Route No. 7) was opened during the month. The Italian Army reports that 42 out of 50 breaks in the main convoy routes in Calabria were repaired or replaced by the end of January, and the remaining two would be finished in February. One bridge on the main road between Salerno and Potenza gave way during the month, necessitating a detour of about five miles.

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LABOR

2-66. The task of establishing provincial Labor offices in each of the six Provinces was completed early in January. These offices are now staffed and operating. In addition, the Director of Matera Province was appointed Regional Director. General Order No. 17 has been posted throughout the Region, and the organization of trade unions is beginning. Labor cases are being presented to the provincial officials. It was decided that small cases such as those involving small amounts of back pay may be tried in the civilian courts. It has been found necessary to warn the civilians that the conduct of political agitation and meetings under the guise of Labor organizations will not be permitted. It has also been found necessary to issue instructions that Labor unions restricted to members of any one party are not in accordance with AMG policy. They have been informed that membership in a labor union must be open to any qualified worker.

One or two cases have been found where quick-witted people with criminal records have been endeavoring to exploit workmen and create trouble for their own benefit. In the commune of Venosa, Potenza Province, a Camera del' Lavoro, with a membership of 700 [illegible], organized as a cooperative for the purchase of necessaries, came under the influence of three men with bad records. On January 5th they moved their quarters to an empty medieval castle and signalized the event by a procession, orderly and undemonstrative, carrying the American, British and Red flags. On January 19th the Sindico received a letter from the President of the Camera, demanding that the assistti militari be paid to the people by the Camera, instead of through the normal channels. The CAFO of the province temporarily dissolved the Camera after these incidents, but in the light of General Order No. 17 he plans to visit Venosa early in February and permit the Camera to reopen with new officers, and as a Labor union only. The three officials to whom the CAFO objected were respectively an ex political internee who has spent some time in a mental asylum, a doctor who was once sentenced to four year's imprisonment on a charge of fraud, and a wife beater who is now in jail for a breach of the peace, and whose police record includes convictions for pocket picking and three convictions for robberies in Italy and France. The last two are professed "Communists"

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SECTION II

MONUMENTS, FINE ARTS AND ARCHIVES

S-6J. Further progress was made during the month in obtaining information as to the condition of monuments, fine arts and archives within the Region. The Officer in charge made arrangements with his opposite number in Naples to assist in this work for Salerno Province by direct contact with the Italian official for that region whose offices are in Naples.

S-6d. The most interesting development in this field during the month was the fact that American troops constructing an air-field near Paestum uncovered part of a previously unknown prehistoric necropolis. The American Officers stopped any further destructive digging, and turned over to the Italian Officials in charge some of the items which had been found. The Italian expert regards this discovery as highly important.

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SICILY

2-69. Much progress was made in reopening the public schools in Region II during the month of January. The first reopenings in Messina occurred on January 3rd, in Catania and Palermo on January 17th and in Reggio and Cosenza on January 25th. It is expected that the reopening in Catanzaro will begin on February 1st. Some schools have not been reopened because of war damage or occupation by troops and in a few cases, refugees.

2-70. It has been found upon investigation that in some cases, although the orders had been received, the schools were not opened until the communes were visited personally by a high school official or an AMG Officer. No good reason was given for not complying with the orders.

2-71. The Provveditore at Catanzaro was finally dismissed when he was found to have made a false statement on his "Scheda". Professor Costanzo, a priest, who had been head of the Messina Liceo, has been appointed acting Provveditore, and confirmation of the appointment is under discussion in the Badoglio Government, in accordance with the agreement reached at the conference with Signore Innocenti, President of the Council of Ministers, on January 7th. The matter of retaining or dismissing the Provveditori at Salerno and Reggio is still under consideration.

2-72. The review of the schedas of the School Heads, Inspectors, Directors Didattici is well under way in all provinces. The review of assistant teachers is naturally a long task, and in most provinces is being done piece-meal. In Enna Province, where it is nearing completion, between 20 and 30 out of 400 to 500 are being dismissed.

2-73. The task of eliminating Fascism from the schools, especially without the aid of the Central direction formerly exercised from Rome, necessitates considerable change in administrative procedure. New methods have to be improvised as the problems arise. The general policy is not to interfere more than is absolutely necessary with the existing structure.

2-74. In handling these problems, the Provincial Education committees have been put to good use. Some rather involved and difficult problems such as the eventual status of the "Obiettori Fascisti" have been submitted to the committees for recommendation. In this way it is hoped to develop their self-confidence and introduce an element of democratic control. It was not deemed feasible to set up a Regional Education Committee because of the great distances and the scarcity of transportation. A much earlier attempt to set up an education committee for Calabria alone broke down completely for this reason.

2-75. Revised syllabuses for elementary schools and Scuole Medie Inferiori have been printed and issued on the basis of one per teacher. Appropriate syllabuses for three types of higher schools are being printed. Typed temporary syllabuses for other classes of schools have been supplied. The expurgation of Fascist textbooks has been undertaken according to instructions. The demand for textbooks, however, far outruns the supply.

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B-76. While much remains to be done before a satisfactory education system is in operation, it is believed that the hardest part of the spade work has been accomplished and the remainder, while slow, will not require as intensive effort, or pose as many difficult problems.

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REGION II

PRESS AND PUBLIC RELATIONS

2-77. There were 12 newspapers published in the town of Reggio at the end of January under general permission given on November 18, 1943. This permission included provision for post publication censorship, which really amounted to the right to suspend any newspaper which improperly published information about military operations or was inciting disorder. On the 29th of January, the Provincial Coordinator suspended the "Calabrian Liberty" for inflammatory and objectionable comment concerning the Italian Army and the Badoglio Government.

2-78. In Salerno it was discovered that two newspapers, "Il Lavoro" and "Il Popolo" were being published clandestinely. They were extremely abusive and inflammatory, quite unscrupulous, and were successfully published in Bari. Publication was stopped and the responsible parties fined 10,000 and 30,000 lire respectively.

2-79. Two newspapers which were published in Salerno under the censorship of the PSB were obliged to suspend when, because of military necessity, the PSB were moved to another station. The P.C. intends to visit Naples early in February and request the Publicity Board or PWB to permit the resumption of publication under the censorship of an Italian speaking ACC Officer.

2-80. Approximately a dozen newspapers are published in Cosenza and a few more in Catanzaro. The PWB in Bari refused permission to start a newspaper in Matera because of the shortage of paper. This province, however, receives copies of the Bari newspaper daily, so that the absence of a local newspaper is not seriously felt. The same situation exists in Potenza.

2-81. It is probable that in the near future many of the publications in Calabria will be obliged to suspend operations for lack of newsprint and with transportation what it is, there is small likelihood that an additional supply can be brought in to them in the near future.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
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MONTHLY REPORT

AUGUST 1944.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394.

Ref/498/CA.

28 September 1944.

MONTHLY REPORT FOR AUGUST

General Remarks

1. July was the harvest month. Normally August is the first month in which results can be seen from the Ammassi or, as it is now called, the Granai del Popolo. Collection of grain has proved moderately satisfactory although no Region is within close range of its target. But there are signs that the results will be better than normal and that the measures taken to make the country more self-supporting than usual will have some success.

2. It is natural that great attention should be paid by journalists and visitors to the situation in ROME. Here is the capital city, articulate and not very well fed. But compared with other cities in the line of advance, ROME has fared probably better and taking into account the almost complete absence of destruction of buildings, the Romans through their swollen Press, both Italian and Allied, complain too loudly. It is true that the present ration in ROME is not a generous one. It is nevertheless enough to live on and considering the difficulties of importation all that can be expected by the Romans under the circumstances. They have suffered little and are by no means starving nor homeless nor lacking in many of the amenities cut off from most of the great cities in Europe.

3. There are three other problems which are to the fore. Here in ROME it is easy to forget the numerous daily casualties occurring in the country districts from the presence of many thousands of mines strewn about the fields and the paths and the sides of the roads. Victims are found among the farmers and the road workers and the ordinary villagers. Attempts have been made to organise mine clearance companies from the Italian Army without success, chiefly due to lack of equipment. Except for the initial clearance by the Allied armies in their advance nothing has been done to rid the country of mines which are a danger to life and a check on reconstruction far worse than any temporary shortage of food in ROME. It is hoped that the Italian Government will soon have civilian detachments trained in mine clearance.

4. In the devasted areas already referred to it is apparent that the Italian Government will not have time to rebuild or repair houses for the many thousands of homeless people before the winter sets in. Various improvisations are being considered but it is likely that a large scale evacuation of population will be necessary under a billetting scheme.

5. Transportation difficulties are constant and pressing, and it is feared will increase with the advance of winter. The country has considerable resources of its own transport, but much of it is immobile through the absence of spare parts, and

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5. Transportation difficulties are constant and pressing, and it is feared will increase with the advance of winter. The country has considerable resources of its own transport, but much of it is immobile through the absence of spare parts, and especially tyres. This is a problem for which no real solution has been found; it is aggravated as time passes.

6. In the forward areas there has been little advance and A.M.G. Armies have been able to turn more attention to local government, harvesting and the like. Food and transport remain difficulties, not only in forward areas, but particularly in the harvest Regions where it is only with great difficulty that the grain can be taken from the threshing floors to the depots. Lack of POL again creates a difficulty in threshing grain.

7. Great progress/..

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7. Great progress has been made in placing upon the Ministries of the Italian Government more responsibility, especially in the fields of agriculture, industry and commerce. The Ministry of the Interior also has shown progress in the appointment of prefects and other local government officials. Epuration moves slowly but Commissions of the Italian Government are being set up to deal ministerially with this problem.

8. The Shipping Sub-Commission has instituted a new scheme for the better employment of schooners in aid of civilian supplies. Schooner transport has been woefully short in the past due to operational needs, but it is hoped that this natural and very necessary coastal traffic will soon be set in motion, thereby avoiding the necessity of road and rail transport.

9. August saw the amalgamation of three A.C.C. Regions, II, III and VII, in the south of Italy into one Region with Headquarters at NAPLES. This new Region was called Southern Region and was organized in zones instead of Provincial Towns. The Headquarters of the zones, which consist of a varying number of Provinces, are located where Allied Military concentrations or installations exist. A considerable saving in personnel was made available for the Northern Regions by this amalgamation. At the other end of Italy the advance of the Armies renders control more difficult. This was overcome to a certain extent with the holding of fortnightly meetings at SIENA for forward Regions and A.M.G. staffs of Armies. These meetings proved a great success.

10. All the above problems and many others were fully ventilated and discussed at a Regional Commissioners' Conference held for the first time in ROME on August 22nd when, under the chairmanship of Captain Stone, the meeting was privileged to be addressed by the Supreme Allied Commander. The Italian Press was admitted for the first time and dealt fully with the points discussed. This has resulted, it is believed, in a better appreciation of the work of the Commission and the many problems with which it has to deal.

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PART I

R.C. & M.G. Section

AMG FIFTH ARMY.

1. Owing to the almost static military situation there is little to report. It is the first halt since the Garigliano and to compare it is to remark on the reduction of both transport and personnel.

2. There are now only 47 officers, of whom five are in hospital. 17% of transport has been written off, all of it military vehicles, and the prospect of more failing owing to old age leaves a most disturbing situation.

3. GROSSETO Province was handed over to the Region VIII as from midnight 8 August.

4. In LIVORNO the situation is still unsatisfactory as the town remains evacuated on orders of the military authorities. At the moment only about a thousand civilians are working on military installations in the town. However, electricity, water and sewage are now functioning.

5. With military operations still confined south of the river the situation at PISA shows no change.

6. The harvest has been the main preoccupation and its gathering has proceeded very satisfactorily. To facilitate payment for its collection the banks were opened in LIVORNO and Southern PISA Province on 7 August and there were further openings in the Corps area on 21 August. All demands for POL for harvesting were met.

7. Refugees have been handled effectively with the co-operation of the Refugee Branch. The policy of the retention of refugees as near to their homes as possible is being pursued, only a few having to be evacuated to Corps area.

8. Patriots are behaving well and have been found useful for many duties including the handling of refugees. Certificates are still being issued but only a small proportion of the claimants receive them.

AMG EIGHTH ARMY.

9. At the beginning of the month the Provinces of SIENA, MACERATA, ANCONA, PERUGIA, AREZZO, and FIRENZE were being administered, but operational movement of the Armies resulted in SIENA and FIRENZE being handed over to Fifth Army AMG on 21 August. MACERATA was handed over in the normal course of events to Region V on 18 August.

10. The beginning of the month was notable for the occupation of the City of FLORENCE, which was first entered by the AMG team on 4 August. An extraordinarily difficult state of affairs prevailed, for at that time the enemy still occupied the northern half of the city. Only one bridge over the Arno was intact and that was heavily mined and in the city was a population of 410,000 in great distress. Sporadic shellfire and sniping continued even after the enemy withdrew on 11 August. Despite all difficulties supplies were taken in an administrative

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11. Many small townships were entered, some much damaged, the area most effected being in the vicinity of the Gothic Line, where devastation is on a scale comparable with that in the area of the Volturno.

12. The new area occupied covers some of the richest agricultural land in Italy. Harvesting is completed so it has been unnecessary to import flour but milling has been done under great difficulty. Electrically driven mills are nearly all at a standstill and August was a period when a shortage of POL occurred.

13. Public Health is generally good and there are no epidemics, but the almost total lack of serviceable civilian ambulances makes the evacuation of civilian casualties almost impossible. This problem was paramount at FLORENCE where the civilian hospitals were for some time inaccessible and casualties had to be taken elsewhere. The Army obligingly loaned some ambulances for a time and with other improvisation casualties were dealt with, but the problem remains generally unsolved.

14. Refugees were handled as a routine and nothing unusual occurred. It is estimated that the total number evacuated during the month was 17,700.

REGION I (SICILY)

15. In this Region the collection of grain has been the chief concern during the month of August. At the beginning of the month a sullen indifference everywhere confronted grain collecting officials, and everywhere a defeatist attitude on the part of Italian officials was present. Dissatisfaction with the price, the natural disinclination of the Sicilian to part with his wheat, the appeal to his cupidity, which successful black market operations would make, all join together to make "Granai del Popolo" a difficult assignment. There is, moreover, a lack of vehicles for officials responsible for grain collection which is seriously hampering the campaign. Every possible step is being taken to get the local Italian administration to rectify this. There is no place for complabence. It will be extremely difficult to amass enough grain to ensure the full ration for Sicily until the next crop season. But results appear better than was at one time anticipated.

16. The new ration scale has been authorised. It provides 200 grams of bread per day and 550 grams of pasta per week per person, or the equivalent. 2700 metric tons of sugar were received during August and a three months ration will be distributed early in September - remainder to be kept on hand.

17. Popular opinion revolves around and depends upon food. Some discontent has existed during most of August over the food ration. An increase in the ration was announced to come into effect on 12 August but it was not possible to increase it until 18 August because of the slowness of the amassing of grain.

18. Some activity of the Separatists has continued, with occasional meetings, but no violence. Political parties continue to be active. It is believed that the Christian Democrats will benefit by the fact that one of their members, Aldisio, has become the High Commissioner for Sicily.

19. 17967 quintals of potatoes have been amassed.

20. Sufficient sulphur oil and caustic soda are on hand for a two months ration of soap, but additional sulphur oil is necessary to maintain this soap ration.

21. 7043 tons of steam coal and 7000 tons of Sardinian coal were received.

22. The electric power situation for the Island is improved owing to the completion of the PORT EMPEDOCLE plant.

23. The health of the Island population continues to be well above the average.

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23. The health of the Island population continues to be well above the average. There is some increase in infectious diseases and in typhoid and malaria. Amoebic dysentery shows a decrease. Vigorous action is being continued against V.D. by treating those found with this disease.

24. All Communes with refugees from the mainland have been visited during the month. Refugee camps at SIRACUSA and TAORMINA have been closed and the staff cut to the minimum. Both camps can be reopened at short notice, when repatriation begins, and will be used as staging camps.

25. The railroad outlook has greatly improved with the reopening of the standard gauge railroad lines over the Island. The necessary movement of grain and food can now be ensured, subject to deliveries of coal. The gaps in the railroad lines between PALERMO and MESSINA, between MESSINA and CATANIA and the SIMETO Bridge between CATANIA and PALERMO, have been completed and were opened to traffic on 28 August.

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REGION III (CAMPANIA)

26. There was comparatively little political activity during the month, Bonomi's speech on armistice terms resulting in pessimistic rumours among the civilian population. On the other hand, Churchill's farewell speech was most favourably received. In the City of Naples Unione Femminile Italiana was organized, a women's organization demanding equal suffrage rights for women.

27. The ACC Provincial Offices in AVELLINO and BENEVENTO were closed respectively on 17 August and 27 August.

28. The olive oil ration continued at 200 grams (about 7 ounces) per month and there was much dissatisfaction expressed in the Province of SALERNO and in the City of NAPLES on its distribution. Toward the end of the month fruits and vegetables, potatoes in particular, became scarce in the City of NAPLES. The Prefect of the Province of NAPLES had issued two decrees regulating the shipment of potatoes and other vegetables and fruit, but was required by an order from HQ ACC to rescind these decrees, with immediate effect in the NAPLES market, both in reduced supplies and in higher prices. Deliveries of grain for manufacture of flour were on the average 150 tons per day less than the amount required.

29. 2,000,000 candles (weight 100 tons) were produced for ROME. 429 tons of hemp and hemp products and 2 tons of silk were shipped to the United Kingdom. Prospects appeared good for meeting the quotas for collection of wheat for the Granai del Popolo.

30. Crime showed a further slight decrease. Prison population declined to 8150, from 8600 a month earlier.

31. Smallpox showed a decrease of over 45% in the Province of NAPLES and presented no problem in the other Provinces. Typhoid fever persisted throughout the Region and reached epidemic proportions in the City of [redacted].

32. Uncontrolled movement of individual refugees into the City of NAPLES from the south caused a problem. At one time during August there were almost 1200 refugees living in and about the railroad station in the City of NAPLES under deplorable sanitary conditions.

33. Cash held by banks reached a total of 1,600,000,000 lire, compared with 1,000,000,000 lire in January and deposits reached a total of 22,500,000,000 lire, compared with 5,000,000,000 lire in January.

34. Region III was merged into Southern Region on 28 August 1944.

REGION IV (LAZIO)

35. On 1 August Rome Region was absorbed and Region IV was in control of its full complement of territory with the exception of FROSINONE Province, which is still under Army Control. On the 15 August the Provinces of FROSINONE, LITTORIA and ROME came under Italian Government jurisdiction.

36. It was becoming evident during the month that the food situation in ROME City was serious and that the shortage was not due to teething troubles which would

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36. It was becoming evident during the month that the food situation in ROME City was serious and that the shortage was not due to teething troubles which would cure themselves. It is not proposed to ventilate here an extremely complex problem which is being fully explored by competent authorities but malnutrition is evident. At the same time the importance of ROME as a capital city should not obscure the difficulties which exist elsewhere in the Region. In the Provinces the supply situation is only fairly good when compared with ROME. By any other standard it is serious, as the population is not predominantly food producing and growers find the attractive prices of the ROME market hard to resist.

37. Returning to affairs in ROME, during the month 6358 tons of rationed food were distributed in addition to the daily flour ration of 306 tons, whilst other produce amounted to approximately 700 tons daily. The latter is only about 50% of the normal supply.

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38. The largest aqueduct carrying ROME's water supply was permanently repaired, electricity continued on a strictly rationed basis and a gas service of 1½ hours daily was commenced.

39. The state of crime is low but there is an increase in thefts of vehicles.

40. Sponsored by Monuments and Fine Arts Sub-Commission an exhibition of Masterpieces of European Paintings was opened on 27 August. Proceeds, after expenses have been covered, are being devoted to the restoration of Italian national monuments damaged by war.

41. In the Provinces the collection of grain is fairly good though hindered by a POL shortage at the beginning of the month. Prospects for oil and wine are good.

42. This Region includes the devastated area of CASSINO and its neighbourhood, where, it is estimated, there are 25,000 homeless people. Despite every precaution these people have drifted back and whilst suffering little hardship during the summer months, their housing during the winter will be a great responsibility for the Italian Government. A large scale evacuation may be yet necessary.

43. In this area mine clearance is also a serious matter. Despite every endeavour no assistance could be obtained other than that provided by two Italian Mine Clearance Companies, ill trained and equipped. Little impression has been made on the thousands of mines awaiting removal before large areas can with safety be approached.

REGION V (MARCHE, ABRUZZI E MOLISE)

44. On 31 August Campobasso Province was divorced from Region V and taken under the wing of the newly formed Southern Region. CAMPOBASSO is now Italian Government Territory and according to reports already the old type of intrigue and improper influence are being used in making Provincial appointments. MACERATA was handed over to the Region by AMG EIGHTH Army on 19 August. At the beginning of August the ANCONA team was set up, and at the end of the month the PESARO team was in operation. The last two Provinces are, of course, still under the jurisdiction of EIGHTH Army AMG.

45. The main activity in the Region during the month has been the harvest. This is coming in faster than it can be dealt with. Already over 1,000,000 quintali have been collected and there is every hope of reaching the quota during the next few weeks, always providing that ANCONA - PESARO collections have not been destroyed by the incidence of war.

46. Two Provinces - L'AQUILA and TERNI - are deficiency provinces in grain, but these deficiencies are being met from ASCOLI-PICENO and CAMPOBASSO. Very considerable dissatisfaction is expressed at the fact that provinces such as MACERATA should be placed on a lower flour and grain ration than certain deficiency provinces in the South of Italy. It has been quite impossible to enforce this lower ration and it is a source of considerable embarrassment to AMG Officers.

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47. In the AVEZZANO District there is an exportable surplus of approximately 50,000 tons of potatoes. These are sold by the Consorzio at 600 lire per quintal, but when purchased direct from the farmers, on what appears to be an organised black market from ROME, up to 1800 lire is paid. Strenuous efforts are being made to stop this but the CC.RR are lax and diffident in their dealings with this type of malefactor.

48. Communications, which were bad throughout the Region owing to the fact that for the best part of nine months a battle took place over it, are improving. For instance, in CAMPOBASSO Province up to the time of handing over to Southern Region, 100 bridges have been built since last September. It is imperative that this work should have priority in this mountainous district, the highest in Italy, against the coming of the snows, or else there will be great difficulty in distributing supplies.

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49. In this same area there must be at least half a million mines, and an average of 18 casualties daily are being reported. Two mine disposal companies (Italian), which arrived were so short of equipment and transport that they have been of very little use.

REGION VI (SARDEGNA)

50. The High Commissioner has shown himself co-operative. He is faced with a major task of considerable difficulty, as he has to prepare to reduce the ration scales. Sardinia has never conformed to the scales laid down in the rest of Italy and unfortunately, when the basic ration was increased in July from 150 grams of flour daily to 240 grams, the opportunity was not taken to correct the higher Sardinian scales. The already generous Sardinian workers' scales were, in fact, increased. As there were ten food demonstrations in July and seven more in August, the prospects now of reducing the ration scales without trouble, in spite of the good seasonal food outlook, are small.

51. Politically the scene is one of frustration as there are seven parties and they all participate in the Government with a result that the smaller factions are over represented and so there are no majorities in the committees. It is in these circumstances that the value of ACC officers is apparent for they stand disinterested behind this instability.

52. The beneficial effects of the reduction of the Italian Army in the island have been felt but a reservoir of transport will ultimately be missed.

53. After the reasonably satisfactory results of the first treason trial it is hoped that there will be no further procrastination over other important trials which are pending.

54. Health has been satisfactory in spite of a disquieting upward trend of malaria earlier. The figure for the month of July of approximately 500 cases compares with 2,400 for the previous year, which is very satisfactory.

55. A Boy Scout camp has been held, the first for many years, thanks to the enterprise of the Roman Catholic Church.

56. The Island, as is known, has escaped major war damage and its remoteness from operations has left the people ignorant of the immensity of the Allied war effort. Its possibilities are great especially with regard to its mineral wealth. The moment is one of hesitation and the Sards are looking to the Allies for leadership.

REGION VII (CALABRIA)

57. As elsewhere politics are one of the principal subjects discussed, but no noteworthy action occurred. Remarkable certainly were events in the small village of CASTROVILLARI which was declared a republic by the Sindaco. This unusual situation was countered by appointing a new Sindaco, whereupon the republic collapsed.

58. The food situation in this Region is good and stocks on hand will last until 10 October.

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59. With the virtual termination of the vegetable and fruit season prices show a tendency to rise. As an example meat has increased in price recently from 100 lire per kilo to 140 lire per kilo.

60. A comparison of the ordinary retail price of certain commodities and their corresponding black market price may be interesting:

Commodity	Normal price, lire p.Kg.	Black market price, lire p.Kg.
Bread	L. 5.00	L. 50 - 60
Olive Oil	" 32.50	" 90 - 100
Cheese	" 115 - 135	" 200
Sugar	" 20.00	" 100 - 200
Flour	" 5.00	" 150

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61. Transportation is difficult both for food supplies and miscellaneous traffic, although this Region has the advantage of road, rail and sea transport. Road vehicles are insufficient for requirements and there is a shortage of railway trucks. 550 tons of AMG traffic and 400 tons of Italian civilian traffic was handled by the railway as compared with over 15,000 tons of military supplies. 170 tons of fertiliser at MATERA have now been awaiting transport for over a year.

62. At the end of the month the value of all contracts let for work on military highways, including bridges, amounted to L.31,634,000 of which L.10,000,000 has already been spent. Road maintenance is unsatisfactory due to lack of material and the wherewithal to transport it.

63. The Minister of Public Works visited CALABRIA during the month and directed that national aid for the reconstruction of war damage to dwellings would cease.

64. Public utility projects recommended are to cost L.1,320,812 and include four contracts for the repair of sewers and two for the repair of aqueducts. The electricity supply is being severely curtailed.

65. Public health is good and there is nothing unusual to report.

66. Public safety shows a satisfactory situation and an increase in the efficiency of the police service. Crimes of violence have decreased and the perpetrators of five recent murders were all arrested within a short time.

67. Region VIII was merged into Southern Region on 28 August 1944.

REGION VIII (TOSCANA)

68. Up to the end of August only one of the nine Provinces which make up this Region had passed to Regional control. This was the Province of GROSSETO, which w was handed over by FIFTH Army on 9 August.

69. Public morale is good and while it is not easy to sense the drift of public opinion there appears a general feeling of relief that "the war has passed". If the food problem is successfully solved there is unlikely to be much difficulty in TUSCANY.

70. Within GROSSETO Province every commune with the exception of GIGLIO has a properly constituted Giunta. Provincial Local Government will be complete and working by the first week of September. Strong teams for the Deputazione and the Giunta have been chosen and appear to be generally approved.

71. Amnesty is going well.

72. Agitation against the daily wage for unskilled labour of L. 65 a day continues; a demand for at least L.80 a day is supported by the Camera del Lavoro. The usual 70% increase has already been granted.

73. Some Patriots have been rearmed in GROSSETO to assist the Carabinieri to comb out Fascist bandits in the hills near MONTE AMIATA.

74. All schools will be ready to function for the regular autumn session.

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74. All schools will be ready to function for the regular autumn session. Defascistisation is practically completed.

75. Road surfaces are generally good. PONTE MUSSOLINI (Route 1), just South of GROSSETO, is likely to fail in the first flood, while the bridges over the CANALE DIVERSIVO and the ALBEGNA are not well constructed. If any of these bridges become unsafe the only alternative to PONTE MUSSOLINI is the bridge at ISTIA and difficulties in its construction are being encountered. If Route 1 is out, the shortest way to PIOMBINO and the North would be via Route 74 and via SCANSANO, both narrow hilly detours.

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INTERNEES & DISPLACED PERSONS SUB-COMMISSION.

76. This month 628 Maltese were repatriated to TRIPOLI, about three and a half million lire being converted for their use.

77. There were no evacuations of Yugo Slav refugees to Middle East and only 1397 of them arrived at BARI from Yugo Slavia.

78. Brickfield Camp, TARANTO was lent to SZ Area for the accomodation of 1500 French, mainly from Alsace and Lorraine. Their history is curious; conscripted by Germans they were taken prisoner by the Russians, to be released by the intervention of Gen. De Gaulle. Then repatriated through Persia and marooned in Italy.

79. A detailed survey of the Southern Camps has been made with a view to UNRRA taking them over, with the exception of BARI. If this project is approved UNRRA will provide staff thus releasing Internees and Displaced Persons Sub-Commission personnel for use in the North.

80. Problems of ventilation, inoculation, feeding, water supply and sanitation need careful supervision. With the exception of children's diseases the record of the Sub-Commission is a good one. Dealing with refugees, many of whom have suffered years of hardship, necessitates a standard of hygiene which cannot be relaxed.

81. The Children's Summer Centre, FIUGGI, is operating successfully and has been expanded to 75 beds.

82. Record Bureau: At the present time a total of 48,533 Displaced Persons is recorded, of which the location of 41,181 is known. 63 nationalities are represented.

83. Finance: Relief payments in the form of loans to certain Allied Nationals have commenced. Payments have been made to several hundred Poles and Yugo Slavs and it is expected the same facility will exist for Greeks shortly. The Czechoslovak Mission has expressed a desire to participate. Norwegians continue to receive their payments through the Swiss Legation.

84. Prefects have been notified by the Italian Government that relief payments will be made by them through Ente d'Assistenza to all ex-Internees on the basis of 30 lire to the head of a household and 20 lire for each additional member not living in Allied Camps. Those in Allied Camps receive 25 lire and 15 lire respectively.

ITALIAN REFUGEE BRANCH.

85. Movement of Refugees:

Received in Main Transit Camps	-	13,847.
Dispersed through Main Transit Camps	-	10,156.
To Rome	-	8,717.
Local Communes	-	1,383.
Miscellaneous	-	56.

Received and dispersed through forward camp - 7,544, of which 1,625 were absorbed in CROTONE Province, and 5,919 were dispersed locally.

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In addition approximately 25,000 were dispersed by Army AMGs.

86. Main Camps:

(a) Aversa Camp. Transferred to Follonica Camp. Thus Aversa Camp became entirely a camp for Displaced Persons.

(b) Cesano Camp. This was handed over to Region IV. The camp staff and stores were used to set up two camps in EIGHTH Army area. One for 5,000 at CASTIGLION FIORENTINO and one for 1,000 at S. MARIA DI ANGELO (Near Assisi).

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(c) Cine Citta Camp. Our section of this camp was handed over to Region IV and the camp stuff and stores used to set up a camp at PULIANICA in Region VIII.

(d) Foggia Camp. This camp was closed and arrangements made through AAI to move it to ANCONA by sea.

87. Dispersal Area: Refugees in the South are still extremely restless. Many are arriving in NAPLES and other important towns, causing serious congestion. Some of these travellers are authorised by AMG, or Sindaco; some are without authorisation of any kind.

88. The repatriation of refugees, i.e. return to their homes of war refugees and of people who fled from the Allied Armies, is under M. ZANIBONI, Minister for Refugees. The numbers of war refugees, i.e. people who have become homeless because of the war, have shrunk considerably. More than 75% of the persons passing through our hands are repatriation cases, i.e. people wishing to return South to their homes. Of these, some had been moved North by the Germans, but the majority had fled in an attempt to avoid the advance of the Allied Armies.

PATRIOTS BRANCH.

89. To achieve closer contact with the new Northern Regions when they assume control of their territories a forward echelon has been established in FLORENCE.

90. The Italian Government has set up an Italian Patriot Committee under the Chairmanship of the Prime Minister to handle the Patriot problem. The Committee includes representatives of the Ministry of War, the Ministry of Press and Information and the Presidency of the Council.

91. Intelligence Teams for Regions IX, Piemonte, Liguria, XI and XII have been formed for the purpose of collecting and collating information on German occupied Italy. Detailed information is being supplied about industrial works which it is hoped to save, locations of bands and their leaders, and the activities of Patriots.

92. Patriot Representatives of the CIN and Military Centre Groups are carrying out their task of distinguishing between genuine and bogus Patriots in the Army areas and in Regions IV and V. In practice this work is carried out in cooperation with the Communal and Provincial Patriot Committees. Certificates are being awarded and it is hoped that in the rear areas this work will be concluded by the end of September.

93. The work of re-establishing Patriots in civilian occupations has progressed on the whole more slowly than was hoped. However, Communal and Provincial Patriot Committees are everywhere in being and they are being encouraged and exhorted by every means in the power of this HQ. In FLORENCE it was found that the Patriots

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94. Arrangements have been made to establish seven Patriot camps to receive Patriots on their way South to the Italian Army Recruitment Centres or to their homes. In Regions IV and V owing partly to the time which has elapsed since the territory was liberated, very few Patriots have volunteered to join the Italian Armed Forces. Arrangements are being made to make it possible for any Patriot in this area who may desire to volunteer to be given another chance to do so. In FLORENCE, through the courtesy of MMIA, arrangements have been made to make possible recruitment on the spot of up to 1000 Patriots.

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95. Patriot camps, which will be established at suitable roadheads, will be operated by Italian Patriots. Most of the necessary equipment is being provided by the Italians. Rations will be on the refugee scale. The problem of securing motor transport to be used in connection with these camps has presented some difficulty but it is hoped that empty Allied lorries and trucks returning from the forward area can be used to transport these Patriots.

96. The Italian Liaison Section is carrying out its routine activities of daily contacts with the two recognised Patriot organisations, the Italian Home Office, War Office, Air Ministry and High Command.

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PART II

ECONOMIC SECTION

LABOUR SUB-COMMISSION.

1. Labour relations, laws and regulations:

(a) The Decree Law concerning suppression of the Fascist Syndical Organisations and liquidation of their respective patrimonies is under further consideration.

(b) This Commission has given instructions concerning "what to submit", "when to submit" and "how to submit" to the Italian Ministry in regard to future legislation proposals.

(c) The delegations from the British Trade Unions Congress and the delegation of American Labour Unions are now viewing the Italian Labour Field.

2. Wages, hours and labour conditions:

(a) To bring about uniformity in the industrial family allowance schedules, a proposal for adjustment and a slight increase is now being discussed with the Italian Ministry.

(b) Much confusion exists among workers and employees as to the dates and payments for National holidays. A formal request has been made to the Italian Government for a clarifying new Decree Law.

(c) Prices have risen so much more rapidly than have wages and there has been such ineffective control over black market activities. Some suggestions and the course of action that should be taken in the wage adjustment field have been submitted.

(d) The small Labour Commission staff was again called upon to perform multitudinous Labour duties at Headquarters and in the field, with the Armies moving up and new territories being occupied.

(e) Manpower shortages have been reported and are being investigated wherever complaints are made.

3. Social insurance, benefits and training:

(a) This Commission with the concurrence of the Finance Sub-Commission has agreed to the proposed nominations of Commissioners for various Social Insurance Institutes.

(b) On the matter of "epurazione", Dr. Livio Malfettani, functionary and commissioner of the "Istituto Malattie" was suspended pending the outcome of a formal hearing with respect to charges of fascist activity filed against him by the

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4. Statistics, manpower and registration problems:

(a) The commencement of a Labour Statistical Service has been inaugurated and will provide useful information for the future.

(b) Tentative plans for an enquiry into unemployment have been prepared. A report was also prepared on cost of living in Italy.

(c) The proposals for the increase of salaries of State employees presented by the Italian Government have been under study, alternative proposals are being prepared.

(d) Several wage agreements, the most important being that of the Sicilian sulphur mines, were examined and reports prepared upon them.

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5. Region I Summary:

(a) A strike occurred at the beginning of the month at the Lnern Group of sulphur mines CALTANISETTA. After a short talk with the workers, work was resumed.

(b) The Labour and Wages Control Committee investigated the question of raising the wage of unskilled labour, a report was submitted to the Allied Forces Local Resources (Sicily) Board and accepted.

6. Region II Summary:

(a) Complaints have been received from all the Provincial Directors that no funds have been provided by the Ministry for salaries and office expenses since the end of June last.

(b) The Communist Party is very active, particularly in the "Camera del Leworo".

7. Region IV Summary:

(a) Registration and classification of unemployed workers continued (approximately 2511 persons were placed during the month).

(b) Much difficulty has been experienced because of military units leaving the area before paying civilian employees.

(c) The disparity between cost of living and income levels increases. Insufficient supply to serve the demand due to inadequate control of distribution transportation is indicated.

8. Region V Summary:

(a) There are people in this part of Italy who are making money but generally they are the fascist landowners who get a high price for their commodities in the legitimate market and a much higher price in the black market. If wages are to remain fixed, the price of consumers goods must be fixed, and it is of no value to say "our legal price is such" when there is nothing on the legal market to buy.

9. Region VIII Summary:

(a) Reports that the labourers were receiving wages of 80, 90 and 100 lire per day, were reliable and widespread. A few hundred persons are involved at present and they will have to accept the reduction, particularly since in the adjoining province of LIVORNO the Army is trying to get 12,000 labourers at 65 lire per day.

(b) In GROSSETO Province the Trade Union organisation movement is making rapid advances.

FINANCE SUB-COMMISSION

10. Direct suspension of Italian personnel by the Finance Sub-Commission termin-

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(b) In GROSSETO Province the Trade Union organisation movement is making rapid advances.

FINANCE SUB-COMMISSION

10. Direct suspension of Italian personnel by the Finance Sub-Commission terminated in MERE on 15 August when full administrative responsibilities were assumed by the Italian Government. Files and information have been made available to the various ministerial committees which are now charged with defascistization duties. Supervision is exercised over such committees, who render progress reports to the Sub-Commission. No one previously suspended by AFC is to be reinstated without permission.

11. As has been mentioned in earlier monthly reports, commercial bank interest rates are based on the Banca d'Italia 4½% rediscount rate and this combination of rates necessarily is an important factor in maintaining the high interest rate paid on government borrowings. In preparation for floating a new long-term government loan at a rate lower than 5% when substantially all of Italy is liberated, many discussions have taken place looking toward a reduction of the rediscount rate, commercial rates, and B.T.O. rates. Agreement among Treasury representatives, Banca d'Italia representatives and commercial bankers has finally been achieved and

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it has been decided to lower the rediscount rate and the commercial rate one half of one per cent with a similar reduction to follow shortly in B.T.O. rates. A continuing study of the situation will be made in the hope of effecting another decrease of one half of one per cent within another month.

12. In ROME for the period 1 - 31 August, the excess of purchases of Buoni del Tesoro Ordinarii over payments was 3.5 billion lire. The significance of this development may be realised from the fact that the comparable figure for ROME in July was only 512 million lire.. Net investment in BTOs for all liberated Italy south of the 11 May line (roughly south of the northern boundaries of NAPLES - CAMPOBASSO Provinces), was approximately 2 billion lire; ROME city in one month has almost tripled this figure. It is striking evidence of financial confidence.

13. The total gross revenue collections for the 38 liberated Provinces for the year ended 30 June 1944 amounted to 13,105 million lire in respect of the 27 old liberated Provinces. The equivalent figures for the first month of the fiscal year 1944/45 are 291 and 226 million lire respectively. The collection result of the newly liberated Provinces is naturally poor, due to almost complete lack of communications in the immediate battle area and in some cases to the destruction of tax offices or the evacuation of office staffs. The results for the 27 liberated Provinces indicate that the improvement in revenue is being well maintained.

14. Two further tobacco factories have been liberated, at FLORENCE and at CHIARAVALLE. Both at present are out of production. The former is believed to be undamaged but access is not permitted at present owing to mines. The latter is badly damaged. The one at FLORENCE produced large quantities of handmade cigars. The two factories produced about 2,500 metric tons of cigarettes annually, sufficient to provide 30 cigarettes weekly for 1.5 million smokers. Owing to the expansion of liberated territory total production is insufficient to provide more than a ration of 20 grams of tobacco (20 cigarettes) weekly to the estimated 7.5 million smokers. A national rationing scheme is now being worked out. Production is being stepped up by longer factory working hours.

15. Expenditure of 50 million lire was authorised for urgent public works made necessary by the flooding of the Pontine and Littoria marshes. Provision had already been made for expenditures for anti-malarial measures in these districts. No clear policy has yet been stated by the Italian Government regarding the repair or reconstruction of war damaged properties or the rehabilitation of devastated areas. In AMG territory, financial control is directed to ensure that any work approved is primarily of military necessity. Much additional work is urgent and vital to the resumption of civilian life; and with the approach of winter the situation becomes acute. The problem is one which cannot fairly be considered piecemeal, and the financial aspect of any programme of national reconstruction is only one of other equally important facets, e.g. the availability of essential imports and the rehabilitation of key industries. The settlement of isolated projects tends to unfair discrimination and to become inequitable to all devastated areas. Any programme must therefore be comprehensive, putting into true perspective the needs of each district compatible with, and related to, the national resources and power of recovery.

16. In the state budget estimates for financial year 1st July 1944 to 30th June

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16. In the state budget estimates for financial year 1st July 1944 to 30th June 1945, the total estimated expenditure is 39,808 million lire for the 22 provinces and 8,485 million lire for the central administration and Rome Province. This latter figure is a revised estimate and shows a considerable reduction in the estimate first submitted. The original budget for the Central Administration and Rome Province was 18,490 million, and after careful examination this was reduced by 10,006 million lire. Thus an economy was effected which almost exactly equals the total estimate revenue receipts for the whole financial year.

17. Preparations are now all under way for the operation of the remittance system in Italy by the Banca d'Italia. It is intended that the Banca d'Italia will eventually provide the entire machinery. However, at first the Banca will serve the area north of the Provinces of ROME, FROSINONE and CAMPOBASSO, for dollar remittances, and the whole of Italy for sterling remittances. Meanwhile approval by COS is awaited for the Banco di Napoli to effect remittances in the Provinces of ROME (including ROME City), LITTORIA, FROSINONE and CAMPOBASSO.

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18. In centralising as much as possible in the Banca d'Italia the entire remittance plan, it is intended that the Banca d'Italia, rather than AFHQ, will provide lire on behalf of the Italian Government to effect remittance disbursements, but the foreign exchange proceeds will be subject to Finance Sub-Commission control. Eventually CCS will be requested to channel all remittances to the Banca d'Italia. Italian banks designated by the Banca d'Italia will act as paying agents throughout Italy.

FOOD SUB-COMMISSION

19. The distribution of rationed foodstuffs throughout liberated Italy has continued through the month as before, but the bread ration of 300 grams authorised in July for territory south of the winter line has been maintained. Olive oil and meats have had to be restricted in their issue to large urban areas due to the relative shortage of stocks. Stocks will last on the present basis to the end of this year. If no more imports come in, rationed items will be reduced to flour, sugar, and milk, by the beginning of 1945.

20. To make the local grain harvest go further experiments in mixing flour with barley meal have been carried out successfully, and milling at 95% extraction has made no appreciable difference in the quality of the bread which is being produced.

21. Dried vegetables were withheld from issue during the month so that they might be conserved for winter issue, whenthere is normally not a plentiful supply of fresh vegetables.

22. Particular attention was paid to the feeding of ROME. Transport was easier than in previous months so that full ration of bread (300 grams) olive oil, sugar, meat or stew, dried vegetables, soup, and salt was issued. Milk was made available for hospitals, invalids and babies. Some 160,000 meals were provided daily in communal kitchens. In addition to large imports of fruit and vegetables, some 16,000 tons of grain and miscellaneous items were brought into the city. As a further measure of alleviation, steps were taken during the month to relax restrictions and to increase the amount of market produce that could be brought into ROME on cycles and horse drawn vehicles.

23. Hitherto, too much emphasis has been laid on the quantity of local resources available. The heavy demands, authorised and unauthorised, made on local resources by the Armed Forces has been something of a drain on availabilities. The amount of local resources available has fallen considerably short of estimates so that purchases by the Armed Forces and the serious shortage of all forms of transport have mitigated against distribution on a higher scale of the available supplies.

24. The purchase of sheep on hoof for Indian troops is making a serious drain on the animal population.

25. ,Discussions have taken place with the Italian Ministry of Agriculture regarding the form and contents of a Decree for the assessing of the new crop of olive oil. Agreement was reached and the Decree has been issued. Prices are now under discussion and it is hoped to issue these early in September.

26. Recommendations have been made to the Economic Section that sufficient

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in July for territory south of the winter line has been maintained. Olive oil and meats have had to be restricted in their issue to large urban areas due to the relative shortage of stocks. Stocks will last on the present basis to the end of this year. If no more imports come in, rationed items will be reduced to flour, sugar, and milk, by the beginning of 1945.

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26. Recommendations have been made to the Economic Section that sufficient imports of wheat should be made to enable the extension of 240 grams of flour equivalent to all Italy as liberated and to furnish supplementary rations to hospitals, refugees, heavy workers, and religious institutions, and that sufficient imports of sugar, dried vegetables, milk and meat to meet estimates forwarded to AFHQ on 16 July 1944 should be arranged.

TRANSPORTATION SUB-COMMISSION

27. Railways: Owing to less spectacular advances by our troops during the latter part of August the long distance between railhead and forward troops has diminished. The west coast railhead has reached CECINA, south of LEGHORN. Rail line 65 has reached AREZZO, and line 87 has railheads at BASTIA and ASSISI. The branch line from this route, FOLIGNO-ANCONA, entered ANCONA at the beginning of September, and line 86 is being extended to MERIDOCA. Work on the section ORTONA-ANCONA has commenced.

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28. Authority has been given for the Italian Government to increase all fares on State and Private railways and the publication of the Decree is awaited.

29. In Southern Italy the REGGIO CALABRIA Railway Division is entirely operated by Italians under the supervision of one ACC Divisional Superintendent. In [illegible] our officer is waiting to take over.

30. An ACC officer has been posted to ANCONA, and others are being nominated for Northern Divisions.

31. Roads: Sixteen new officers joined the Roads Section during August.

32. The Italian Government Decree standardising Road Haulage rates is operating both in Italian Government Territory and Military Government Territory.

33. R.M.A.C. is being formed, and will shortly be in operation.

34. An Italian Tr. Gr. Coy is hauling from PIOMBINO to FIORENZA. Permission has been asked to form a Truck Battalion of at least three companies.

35. New Regional demands for transport are presenting difficulties.

36. ROME is being fed by the use of civilian trucks only in conjunction with rail transport.

37. A Maintenance Section is being formed, which will be responsible for maintenance of all ACC load carrying vehicles. Spare parts are materialising. The Lancia and Super Garages in ROME are now both controlled by this Sub-Commission.

38. Tyres are still a problem, but information has been received that a consignment is on the way. Repair plants are operating on C-1 tyres drawn from P.B.S.

39. Water: Movement for ACC goods by sea is now incorporated in the overall A.F.H.Q. commitments, and not limited to what can be moved by schooners. Forecasts are required for movement a month ahead. This is done by the use of a standing allotment of schooner tonnage to ACC - 27,000 tons D.W. - then by additional allotment of further schooner or coaster space.

40. The new system for movement of goods by schooner under which all bids are required to come to ACC Headquarters is not sufficiently established to give a criterion of its operation.

41. Allotments of schooners for voyages are made at a daily meeting by representatives of ACC, MEDITO, and CCG(M).

42. Coal: During August several Lignite Mines were examined and some will probably be restarted. One mine can produce a fuel which will be able to replace the imported coal used at the SOLE Electric Plant.

43. Coal destined for the electricity generating plant was transferred to the gas works, which gave gas to ROME on 28 August, a month earlier than was expected.

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44. The clearing of PIOMBINO as a coal discharging port was discussed.

45. It was decided that a berth at CIVITAVECCHIA, served by rail, should be made for discharging coal to ROME.

46. Negotiations with the Ministry of Communications for the transfer of the "acceptance, discharge, and distribution" of coal and coke to the Italian Government, under ACC control, have been brought to a successful conclusion.

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PUBLIC WORKS AND UTILITIES SUB-COMMISSION

47. Time was spent in August in preparing, on special orders, a report stating why the Sub-Commission had not accomplished more, indicating obstacles to progress, and what had been done to surmount them. In amplification, reports were also obtained from 10 Regional Engineers, listing actual experiences over about a year. Vehicles for transport of structural materials, always lacking from the earliest days, so continue at the present time.

48. Relations with the Minister of Public Works are satisfactory. Frequent conferences are held.

49. Some of the matters negotiated with the Minister cover :

Organisation of Genio Civile.
Organisation of Carbonieri Corps.
Contractors with Fascist records.
Excessive cost of works (certain areas).
Defascism (Work of special Commission appointed).
"Bonifica" works.
Financing of projects.
Raising sunken ships in ports.
Establishment of pool of Italian Engineers including electrical specialists, ready to move northwards at short notice.
Careless preparation of projects, and inaccurate estimates, submitted by Genio Civile.

50. The only Public Works officer in SARDINIA is being withdrawn as an experiment, with transfer of responsibility to Italian agency. If successful, the same procedure may be followed in SICILY, or elsewhere in Southern Italy. Schemes costing up to 500,000 lire need no longer be submitted by Italians to Regional Engineers for approval, unless controlled materials are involved.

51. Reports from Region IV show 27 towns with between 25% and 100% houses uninhabitable. Of these 11% are uninhabitable to the extent of more than 60%. A small scheme was approved for re-housing at CASSINO. The Italian Government proposes to set up by Decree a special body to deal with housing (matter still under discussion and negotiation).

52. Following the eruption of Vesuvius (March 1944) a project of over 200 million lire was approved in August; remedial measures to minimise dangers of landslides in the autumn.

53. Officer strength of Sub-Commission as on 31 August was 19 at HQ and 43 in the field (Regional Engineers and their staffs). Since the total establishment should be 74 there is a deficiency of 12.

54. Estimates of war damage to public works and buildings in Italy, recently put at over 2700 million dollars, may have been conservative. A Fund of 600 million lire set up last February (repairs to Military highways and bridges) was raised to 1,000 million lire.

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55. Miscellaneous: Considerable information was furnished in August to UNRRA. Position as to ownership of materials of bombed properties is being investigated. If used in the general interest, they would assist greatly in executing adjacent first-aid repairs, without involving transport. Responsibility for raising sunken ships in ports is still under discussion, i.e. Allied Navies, Italian Ministry of Marine, or this Sub-Commission.

56. Electrical: Of the large hydro-electrical stations 50% are totally destroyed and beyond repair. Dissolution of Central Electricity Board in July trebled the work of the Electrical Division of the Sub-Commission. Importation of 60,000 Kw generating plant might save up to 90,000 tons of shipping per month, and reduce unemployment if factories can be re-started. Electrical situation at present is "desperate".

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57. Remarks: Mine-clearance problem extremely serious. Reconstruction of public works hindered. Physical reconstruction and rehabilitation may be delayed for years, unless systematic mine-clearance is undertaken. Bonifica works in PONTINE MARSHES started in August, to cost about 48 million lire. Problems far greater than those are likely in the PO VALLEY and north thereof, where cities and whole tracts of country may be flooded. Ministry of Public Works pressed very strongly (under instructions Administrative Section) to expedite work of his Commission, dealing with "Defascism". Applications from Gas, Water and Electricity companies continued to be received, seeking to increase charges to consumers.

58. Highways, Bridges and Public Works: In August 83 new contracts put in hand for roads and bridges, and 33 others for miscellaneous projects. Expenditure was 127 million lire, and 59 million on miscellaneous works. Total expenditure (January to end of August) was nearly 700 million lire. Transport vehicles loaned by Armies and in use in Southern Region (military highways and bridges only) were 172, but due to poor condition never more than 50% were available at any one time. No serious difficulties encountered with labour. New system inaugurated under which bulk POL coupons are available to Regional Engineers, for contractors on military works projects. It is hoped by this means to eliminate confusion and shortages of past months. On 31 August 230 bridges were either completed or under construction. Problem constantly increasing in magnitude as Armies move northwards.

AGRICULTURE SUB-COMMISSION

59. The development of power and drive in the Ministry of Agriculture still proceeds slowly. There is difficulty evidently in finding suitable personnel, and the Commission of Epuration, like those in other Ministries, has not yet passed judgement in the case of any of the suspended officials; difficulty also arises from the fact that the Ministry covers the field of Alimentation, as well as Agriculture, Forestry and Fisheries, and the available energy is used in too many directions.

60. August was a month of many Reports. Overshadowing all others in importance, is the Crop Production Plan for 1944-45. At the end of the month the first rough draft of this was submitted to Economic Section. The Report should be completed and printed in English and Italian about 1st of October, and will contain complete Crop Plans for the whole of Italy, Province by Province; estimated farm requirements (fertilizers, insecticides, etc.) for maximising production from these plans, and estimated minimum required imports. Re-habilitation plans for Forestry and Fisheries are also included.

61. Agriculture: In last month's report, there should have been noted the setting up, by the President of the Council of Ministries, of a Commission on Agricultural Contracts. This was a direct result of pressure brought to bear by this Sub-Commission on the Ministry of Agriculture.

62. Progress of the "Grano del Popolo" scheme running reasonably good, in spite of transportation and other handicaps. Harvest control officers are having to be withdrawn, because transportation is not available for them, and this is bound to have an adverse effect.

63. Good progress was made during the month in the formulation of a Decree to control the collection of olive oil; greater difficulty is being found in arriving

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64. Forestry: A preliminary distribution plan for charcoal and fuelwood has been circulated in Regions IV, V and VIII; as soon as figures are obtained, a detailed plan will be prepared and submitted.

65. A detailed report, on charcoal production and distribution, was prepared, and covered the charcoal situation in 21 Southern Provinces of Italy, all Sicily and all Sardinia. The report gave recommendations for increasing the production, supplies on hand and the estimated production from July 1944 to April 30, 1945. It is estimated to be 56 of normal consumption.

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66. Fisheries and Hunting: The month of August, saw several important developments in this Division's programme to rehabilitate the Italian Fisheries Industry. With equipment and supplies, requisitioned from U.S. and U.K., arriving at Italian ports, the Division asked the Ministry of Agriculture to form a Government organisation which would distribute the supplies in such a way as to exercise a control of fishing and minimize transportation difficulties. The organisation has been set up, and will assist to re-furnish Italian fishing, controlling supplies at just prices, and securing financial credits from Banks. Allocation of naptha and other coal products is based now on the quantity of fish unloaded at market.

67. The Ministry has been asked to revise the procedure of granting Hunting Permits; under Fascism Permits were issued by the Questure only after C.O.N.I., the Sports Federation Headquarters, approved the request. This undemocratic system has been changed, and now the Questure only will be responsible for the issuance of the Permit.

INDUSTRY SUB-COMMISSION

68. Foreward: The main objective of the past month's work in this Sub-Commission has been to effect the transference of the executive work from the Sub-Commission to the Italian Ministry of Industry, Commerce and Labour. The following steps have been taken towards this end.

69. Firstly, the representation of the Sub-Commission within the Ministry of Industry, Commerce and Labour has been further strengthened in order that continuous daily liaison may be maintained not only with the Minister himself, but with the various industrial experts working under him in the Ministry.

70. Secondly, regular weekly conferences are now held every Wednesday between the Minister, supported by his experts to advise him on technical matters on the Agenda, and the Acting Director, who has the assistance of the appropriate export officers of the Sub-Commission. This practice has been found to be very effective both in ironing out difficulties that may arise with the Italian Government and also in accelerating the clearing up of outstanding matters.

71. Thirdly, arrangements have been made by the Italian Government for the selection of individual experts to deal with the more essential key industries - who can work side by side with the officers of this Sub-Commission who may have that particular industry under their control. As yet, however, it has been found impossible in certain situations for this Sub-Commission to hand over all its executive work, An example of this is the cement industry where the military services involved notified SCC that they were prepared to hand over various of the less efficient cement plants. As in some instances the military merely withdrew their control and at the same time stripped the factories of their stocks of coal, clinker, gypsum, sacks and even leather belting, the Sub- Commission had immediately to take on executive responsibility and arrange for an emergency programme for the production of cement for civilian needs.

72. Governmental Decrees: Work during the month has been concentrated mainly on three forthcoming decrees by the Italian Government.

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73. The first, and the most difficult, was the draft for the control of the hemp industry and the manufactured products thereof. Terms were finally agreed between the Hemp Control Division of this Sub-Commission and the Minister, but the decree has not yet received Cabinet sanction, and negotiations are, therefore, continuing. It is satisfactory to note that new prices were established during the month for the forthcoming hemp crop.

74. The second decree deals with the control of the leather industry by means of a rigid control of the flow of tanning materials to the tanners. This decree has now been agreed between the Government and this Sub-Commission and its publication is pending. New prices for leather were finally agreed and approved, and it is considered that the final settlement of prices will have the effect of markedly increasing the availability of this commodity.

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75. The third decree to be mutually agreed between this Sub-Commission and the Government was the decree regularising the position of the Ente Zolfi Siciliani.

76. Reports: The main report drafted by this Sub-Commission during the month was the first part of the Emergency Programme for Industrial Rehabilitation. This report, which had to be completed within a very short space of time, taxed the energies of all the officers of the Sub-Commission to the utmost. It covered six key industries and outlined the Sub-Commission's programme for the rehabilitation and maintenance of those industries during the calendar year 1945.

77. The second in importance of the reports prepared by this Sub-Commission during the past month was that which was compiled for the representative of UNRRA. This report gives a brief history of the activities of the Sub-Commission since the beginning of the campaign up to date, and enumerated at some length the difficulties which confronted it and the steps taken to overcome them. It also embodied on broad lines the Sub-Commission's proposals for the future.

78. Surveys: Amongst the many surveys compiled by the officers of this Sub-Commission during the past month the two most significant are that of the C.I.S.A. Viscosa Factory at ROME, where it is hoped that next year both rayon and fiocco can be produced, and of the Soda Solvay Works at ROSIGNANO where the production of caustic soda will be eventually possible on a large scale. The problem of the manufacture locally of carbon bisulphide has been actively studied and a programme evolved for its production, which is in course of implementation.

79. Industrial activities: During the month under review the battle area has remained substantially unchanged, no new centres of industry or important plants have been liberated, and attention has largely been directed to amplifying action already initiated or to completing information previously available only in part.

CONTROL SUB-COMMISSION:

Materials Division.

80. Owing to greatly reduced personnel, especially in Southern Region, great difficulty is being experienced in dealing with current work. It is hoped to assign Italian officials to act as co-ordinating agents in the Provinces.

(a) Leather: Considerable belting has been produced by four factories operating in Regions III and IV. Prof. Enrico Simonini was appointed Commissioner for leather for all Italy, being responsible for leather operations and control.

(b) Tobacco: No new movements of tobacco were made during August. The ship "Bordo" was procured through efforts of Caserta Sub-Commission to carry a three months supply of tobacco to CAGLIARI and PALERMO during first week of September.

(c) Matches: Arrangements have been completed for the distribution of matches throughout Italy by the national organisation of Consorzio Industrie Fiammiferi (C.I.F.) including all those domestically produced and imported from abroad.

(d) Paper: An AFHQ (I) Board meeting, held on 31 August decided to remove from the list of controlled items sheet and rolled paper of all kinds, except printing paper. Newsprint allocation continues to be made. No imports have been received

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COMMERCE SUB-COMMISSION

Materials Division.

80. Owing to greatly reduced personnel, especially in Southern Region, great difficulty is being experienced in dealing with current work. It is hoped to assign Italian officials to act as co-ordinating agents in the Provinces.

(a) Leather: Considerable belting has been produced by four factories operating in Regions III and IV. Prof. Enrico Simoncini was appointed Commissioner for leather for all Italy, being responsible for leather operations and control.

(b) Tobacco: No exchanges of tobacco were made during August. The ship "Senio" was procured through efforts of Commerce Sub-Commission to carry a three months supply of tobacco to CAGLIARI and PALERMO during first week of September.

(c) Matches: Arrangements have been completed for the distribution of matches throughout Italy by the national organisation, of Consorzio Industrio Fiammiferi (C.I.F.) including all those domestically produced and imported from abroad.

(d) Paper: An AFHQ (I) Board meeting, held on 21 August decided to remove from the list of controlled items sheet and rolled paper of all kinds, except printing paper. Newsprint situation continues to be acute. No imports have been received during the period under review.

(e) Textiles, Clothing and Shoes: Jurisdiction over textiles owned by various merchants and held on the provisions of the Consorzio Italiano Manufatti was turned over to the Italian Ministry of Industry, Commerce and Labour. Repair rate of salvaged shoes has been increased to 6000 pairs per week during the month. The Pirelli plant has started manufacture of rubber soles and heels.

Resources Section:

81. A method of procedure is in course of preparation whereby the discovery of controlled materials will become the responsibility of the Italian Government in ACC territory.

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Requirements and Release Section.

82. Important materials such as cement, rails and commercial glass remain in critically short supply. It may prove expedient, after approaching the Director of Works and PRS, to indent for imports to fill essential civilian requirements.

Fuel Section.

83. Owing to the move to ROME it was necessary to invent a modification whereby the existing circulation permits and petrol ration cards could be extended until the end of September. It proved impossible to get permits and ration cards printed in time to issue for 1 September.

Foreign Trade Section.

84. There has been difficulty in obtaining shipping. Quantities of goods are awaiting shipment, but lack of an Export Officer on the East coast of Italy retards all exports considerably. The first consignment of silk cocoons from Turkey has now arrived and will be distributed to filatures for reeling.

Price Section.

85. There is increasing interest on the part of the Government towards standardising procedures relating to prices. The situation with respect to landed costs of imported supplies is still confused owing to AFHQ being unable to notify us as to landed costs of many items, forcing us to make our own estimates. An inter-ministerial committee has been set up by the Government and it is hoped that this will form a nucleus for more extensive price work in months to come.

SHIPPING SUB-COMMISSION.

86. During the month of August the chief subjects with which the Shipping Sub-Commission was concerned were :.

(a) The situation in the operation of schooners.
(b) The planning of ACC requirements.

87. (a) As an initial step towards the operation of schooners a meeting was held at which it was mutually agreed that of the total of approximately 60,000 tons of schooners 25,000 tons would be allocated to the RASC and Water Transport Companies for Services requirements.

(b) All schooners over 500 tons to be allocated to P.S.T.O. Med. for operation as an addition to the coaster fleet for Services requirements, and small schooners presently utilised by the Navy for harbour craft to be continued in that service.

(c) This left a total of some 27,000 tons gr. of schooners available for civil requirements, under the direction of the Allied Control Commission. In order that a complete control could be maintained as to the purpose those vessels carried, a Schooner Control Committee was set up comprising a representative of

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(b) All schooners over 300 tons to be allocated to P.S.T.O. Med. for operation as an addition to the coaster fleet for Services requirements, and small schooners presently utilised by the Navy for harbour craft to be continued in that service.

(c) This left a total of some 27,000 tons d.w. of schooners available for civil requirements, under the direction of the Allied Control Commission. In order that a complete control could be maintained as to the cargoes these vessels carried, a Schooner Control Committee was set up comprising a representative of POLEN., a representative of ACC and a representative of the Mediterranean Shipping Board. This Control commenced functioning on 17 August, and up to date has allocated 124 schooners approximating a total of 5,000 tons dw. cargo, these cargoes being approved by the ACC representative.

88. So far as the planning of requirements is concerned, this has now been presented and is under examination at AFHQ. It totals some 90,000 tons for the month of September, but gives priorities which will probably reduce the quantity considerably below that figure. On examination the Ministry of War Transport has agreed that it will be responsible for the tonnage under its own control for the carriage of timber from Southern Italy to Sicily to make lemon and orange boxes for shipment to the UK. A representative of the Ministry of War Transport will proceed shortly to co-ordinate these shipments.

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89. It is obvious, however, that this programme as presented by ACC will not be possible of fulfilment by ordinary schooner traffic, and a complete examination, therefore, is being made as to what contribution can be made towards it by a reduction in the military traffic or the allocation of outside shipping at the expense of other programmes. It will be several days before clarity on this subject is achieved. The main items, however, continue to be coal from SARDINIA and phosphates from TUNISIA. The Ministry of War Transport in LONDON, under pressure from the Mediterranean Shipping Board, has agreed to allocate five vessels approximately 5000 tons dr. each, which vessels will be utilised for these commodities.

90. As a matter of general interest on the shipping situation, ten Italian steamers have now arrived in GIBRALTAR from SPAIN, and one in CASABLANCA from PORTUGAL. These are being put into a fit state at GIBRALTAR to proceed to South Italy, but it is likely that extensive repairs will be necessary before they are fit for service.

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PART XII

ADMINISTRATIVE SECTION.

1. Defascism: The Italian Government has expressed itself as not dissatisfied with the progress that it is making in two spheres of defascism, the punishment of those who have lent themselves to breaches of the old constitution or have obtained benefits improperly, and those who have corruptly obtained material benefits.

2. It has, however, expressed its dissatisfaction with the present method of purging the administration which is based on the individual consideration of each case. It is a lengthy process and includes the suspension of the person whose case is being investigated. An alternative method therefore is being considered to ensure the quick purging of officials.

3. Proposals for dealing with private firms and companies under Fascist control are under discussion.

4. Mine Clearance: A programme for the instruction of civilians in this work has been drawn up by the Ministry of War and approved in principle by this Section. These instructional squads of soldiers will be available on 15 September and will form centres of instruction in areas situated close to the more heavily mined areas. On completion of the instruction at the end of September the students are to be formed into working parties for mine clearance work. Some difficulty is being encountered in procuring the necessary equipment and transportation.

INTERIOR SUB-COMMISSION.

5. Local Government: A summary has been prepared and issued to AMG Armies showing the primary steps necessary to reorganise local government. Italian officials appointed to take charge of the Administration of ELAV.

6. Prefects and Officials: Arrangements were continued for maintaining supply of Prefects and other officials who may be required for forward Provinces, including planning for the 45 Provinces still in enemy hands. To meet shortage of Prefects the Ministry has been urged to promote efficient Vice-Prefects and suggestions have been made for transfer of Prefects. New Prefects and other officials sent to ASCOLI, ANCONA, FLORENCE and LIVORNO.

PUBLIC SAFETY SUB-COMMISSION.

7. Policing Forward Areas: Mobile CC.RR attached to Armies have continued their good work in policing newly occupied territory. As they move forward their places are taken by those supplied from replacement centres. A new centre has now been established in FLORENCE to hold 2200 and arrangements are in hand to form another centre at ANCONA. The SCAOs of FIFTH and EIGHTH Armies have expressed their satisfaction at the excellent services rendered by CC.RR under difficult conditions.

8. Patriots: A good deal of the time of Public Safety Officers in forward areas has been occupied in dealing with patriots. The difficulty has been to [illegible]

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8. Patriots: A good deal of the time of Public Safety Officers in forward areas has been occupied in dealing with patriots. The difficulty has been to distinguish between genuine partisans and undesirable characters who seize the opportunity to form themselves into armed bands, robbing and plundering the country side. By constituting the CC.RR as the law enforcing authority and withdrawing weapons from the patriots, the situation has been kept well in hand.

9. Public Security: Questori have been sent from a reserve pool in ROME to Provinces at the request of Army SCAOs or RCs. Inspectors from the Ministry of the Interior have been despatched to report on public security conditions in SICILY, SARDINIA and SIENA.

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10. Rations, Uniform and Equipment: Complaints that the rations allotted to Finance Guards and Agents of Public Security are inadequate are being sympathetically examined with the Sub-Commissions concerned. The uniform and equipment of all police agencies is still unsatisfactory, especially as regards transport. In spite of these conditions the police carry out their duties loyally.

11. Epuration: Commissions have been set up to carry out the epuration of all Police, Fire Brigade and Prison officials. As yet these Commissions have made little progress. All OVRA officials and agents will be suspended from duty until their cases have been examined by the Public Security Epuration Commission.

12. Prisons: The problem of Italian Military prisoners which threatened to create acute overcrowding in civil jails has been solved. Although Italian Military prisoners will become a civilian responsibility after 30 days imprisonment, they will be kept in military jails. In many districts the prison population is decreasing owing to the expiration of sentences imposed by AMG in 1943. In SICILY as a result of the special drive on grain collection, overcrowding has increased. The repair work on four damaged prisons is being speeded up. If necessary, stockade prisons will be constructed in SICILY.

13. Control of Civilian Movement: In consequence of the handing over of new territory to the Italian Government, the instructions regarding civilian movement have been revised and consolidated in Executive Memorandum No.77. Civil Affairs Officers, Italian officials and the Italian public have been notified of the existing restrictions.

PUBLIC HEALTH SUB-COMMISSION.

14. General: The Italian Government has undertaken the rehabilitation of hospitals.

15. Supplies: Glass tubing is urgently required for the packing of biologicals produced locally.

16. Disease:

(a) Typhoid epidemic at BENEVENTO is being investigated and prophylactic measures have been instituted.
(b) V.D. the campaign continues.
(c) Typhus. The Typhus Control Unit will, during the autumn, instruct local teams throughout Central and Southern Italy in typhus control measures.
(d) Smallpox figures in NAPLES City and NAPLES Province show a definite decrease.
(e) Malaria. The work of the Malaria Control Branch has been outstanding and has resulted, almost everywhere, in a marked reduction of cases as compared with 1943.

17. Veterinary: Foot and Mouth Disease and Swine Fever are both wide spread and steps to combat them have been taken. Supplies of veterinary biologicals have been distributed.

18. Welfare: The Ministry of Interior has increased the rates of assistance to

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18. Welfare: The Ministry of Interior has increased the rates of assistance to political ex-internees.

19. Health: Infant mortality figures in ROME are high but it is anticipated that the distribution of powdered milk will result in a decrease in these figures.

LEGAL SUB-COMMISSION.

The following is a summary of activities during the month :

20. Office of Chief Legal Officer: Handling of all legal matters connected with restoration of territory on 15 AUGUST. Consideration of "Sanctions against Fascism". Examination has been given to the attitude of Italian Military Tribunals at BARI toward trial of cases involving Allied interests. Consideration of duties and functions of Property Control.

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21. Office of Chief Counsel. Preparation of revised proclamations 1, 2 and 4. Revised General Order No.2 and General Order No.32 (agricultural rents). Examination proposed decree for restoration of property and other rights taken away by Fascists legislation on racial or political grounds.

22. Italian Branch. Supervision of the "Epuration" of the Magistracy under the provisions of ML 159 of 27 July. Contacts with ACMI Jewish and Intergovernmental Refugee Committees on draft law to repeal racial legislation. Settling text of draft decree of marriage of members of Allied Forces in Italian territory. Determining the functions of Property Control in relation to the evolution of Italian administration. Extension of Italian Amnesty decree to territories restored to Italian Administration.

23. Office of Chief Judicial Officer: ANT court in Region II condemned Caudie Mortiere to 28 years imprisonment for murder of an Allied soldier and De Birado Michele to 20 years imprisonment for sabotage.

EDUCATION SUB-COMMISSION.

24. Italian Government Territory: This territory has required recently little attention. We are having to help in regard to the large new printing of textbooks (375,000 in PALERMO; 1,120,000 in NAPLES).

25. Region IV: LITTORIA, FROSINONE and ROME Provinces were handed over to Italian Control on 15 August. School lunches were served to 8,757 school children and plans are under way for increasing this number; 346 school administrative officials have been examined for fascism, of whom 175 were suspended. The printing of 1,039,000 elementary school textbooks for Region IV and V was launched. VITERBO, RIETI and TERNI Provinces are on their way to being in as favourable a situation. All school departments are functioning vigorously; many communes opened summer sessions. PERUGIA was visited and preliminary steps taken toward getting the educational machinery to function. Epuration proceeded at the University of ROME and examinations were held. Preliminary work was started at the two Universities in PERUGIA.

26. Region V: Eight Provinces are organized for the reopening of schools. School heads appointed; vetting under way; budgets prepared; directives issued; Sindaci are getting school quarters in shape; Fascist books are being confiscated. Conditions at the two Universities in MACERATA Province were investigated.

27. Region VIII: CROSSETO and SIENA Provinces were organized, defascising is proceeding, plans are completed for re-opening of schools. Preliminary arrangements are under way for the printing of 1,039,000 elementary school textbooks for Regions VIII and IX. The University of SIENA was the victim of an Army requisition.

28. Regions in General: A meeting of Regional Education Officers and the HQ Staff was held early in August. The two most urgent problems now before schools in both Italian Government Territory and Military Government Territory, are the printing and distributing of the millions of elementary school textbooks, and the making of buildings available and weather-tight for the winter.

PROPERTY CONTROL SUB-COMMISSION.

29. General: On 8 August Insurance Section, Finance Sub-Commission, assumed full

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23. Office of Chief Judicial Officer: AMG court in Region II condemned Gaudio Martiere to 28 years imprisonment for murder of an Allied soldier and De Biraldo Michele to 20 years imprisonment for sabotage.

EDUCATION SUB-COMMISSION.

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PROPERTY CONTROL SUB-COMMISSION.

29. General: On 8 August Insurance Section, Finance Sub-Commission, assumed full responsibility for all Insurance Companies in Italy and PC was relieved of this responsibility.

30. Regions: Reconsignment of properties to owners is going forward at an increasing tempo. Property Control offices in Regions II and VII were closed and records and files moved to office of PCO, Southern Region. In Region IV, PCO took into protective custody properties of numerous Fascist Organisations. The work of examining and completing records of United Nations' properties is nearing completion. In the FLORENCE area some difficulty was encountered because of operational activities. Much evidence of pilfering and looting was found.

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MONUMENTS, FINE ARTS & ARCHIVES SUB-COMMISSION.

31. Region IV: Inspections of the damaged sites in LITTORIA and FROSINONE Provinces, and VITERBO. In most of these cases repair projects have been difficult to initiate because of shortage of material and labour, both of which are needed by other claims in the devastated regions.

32. Deposits of Works of Art in the vicinity of FLORENCE: Steps have been taken to guard and check over the works of art placed in the deposits in the country South of FLORENCE. There are 23 such deposits around FLORENCE. Eight of these were accessible, the rest were in enemy territory. In FLORENCE, steps have been taken to salvage valuable records from the ruins of buildings mined by the Germans. Italian Superintendents have been organised to assist.

33. Region III: Final arrangements for the handing over of this Region's work to Italian Authorities have been made.

34. Art Exhibition: An exhibition of masterpieces of European Painting was opened in the Palazzo Venezia, ROME.

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PART IV

POLITICAL SECTION, PUBLIC RELATIONS BRANCH AND INDEPENDENT SUB-COMMISSIONS

POLITICAL SECTION.

1. On the 15 August the Provinces of LITTORIA, FROSINONE and ROME (including the capital) were handed back to the Italian Government. On the occasion Bonomi issued a statement, rather sober in nature, in which he asked the Italian people not to expect miracles but assured them that the Government was well aware of the task confronting it and willing to tackle it. It may be said that the Government has indeed worked very hard during the month. The Council of Ministers has met frequently and dealt with some major matters. It has set up a committee for national reconstruction, realising fully that at the present emergency measures must take precedence over long range planning. It has sanctioned the nomination of special commissioners for "concessionary enterprises affecting the public services or engaged in activities recognised to be of general interest" and on 31 August announced its intention of complying with the request of the CMAL delegates (presented 9 August) to take some action, in cooperation with the Allies, to protect the workers against the rising cost of living. And, in the meeting of 31 August, it avowed its intention to attack the Sicilian question laying plans for "strengthening the administrative apparatus" of the island with a view to combating the Separatist movement and to proceed to "concrete and organic resolution of the latifundia problem". These are only the principal activities; there were the usual routine and administrative matters. Epuration has proceeded with vigor, the most sensational event being the suspension of 309 out of the 430 senators.

2. Party life has also been full and in general events of the month have clarified the aims of the various elements. Noteworthy was the "alliance" of the Socialists and Communists (3 August) who announced a common programme for more active participation in the war, intensification of application of anti-fascist sanctions and protection of the workers against their difficult economic straits and dangers from reactionary forces. Their avowed hope is to bring the Christian Democrats (with whom they are already working in harmony on the labour front) into the pact but the latter have so far not given their assent. The Liberals followed suit, announcing on 13 August their fusion with the old Democratic Liberal party, an old pre-war group of some strength particularly in the South. This fusion is particularly interesting as it brings into the Government representation from a group outside the Committee of Liberation; an action which the leftist parties view with some suspicion, Nenni calling the Liberal Democrats "a Trojan horse within the citadel of democracy". The young and hopeful Catholic Communists received another blow when it was categorically stated by Cardinal Salotti that the terms Catholic and Communists were mutually contradictory.

3. In the matter of foreign affairs the month has seen a crescendo in Italy's anxiety about her future. Demands have been repeated that the Allies should clarify their policy and at various times specific requests have been made in the press for Allied status, Lend Lease, UNRRA and permission to put more Italian troops in the field. It was widely understood that Signor Bonomi took advantage of Mr. Churchill's visit, which was followed with intense interest, to put at least some of these demands directly to him. Interest has been kept high by a series of

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4. On 25 August Signor Soleri, Minister for Treasury, gave a press conference in which he discussed with some frankness the financial situation of the country, pointing out among other things that Italian finance could not be established on any solid basis until the currency situation was clarified and for that the cooperation of the Allies was essential. This was taken up by the press and a statement

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on our currency policy may now be added to the list of things that the Italians would like to have. Their increasing frankness in stating what they want has had some justification - in Italian eyes at least - in the deeds of the patriot bands who distinguished themselves particularly in the fighting around FLORENCE and have thus been a factor in resuscitating national pride. To such a point indeed that Count Sforza, speaking on 21 August, did not hesitate to touch on territorial matters, affirming the "Italianita" of TRIESTE and suggesting that FIUME might well become a free city, the seat of a new league of nations. And the deeds of the Patriots as well as the kind words spoken about the Armed Forces by Allied officers at the last ACC Regional Commissioners' Conference have also served to bring to the fore the plight of war prisoners on which Italians would like action from us.

5. The Regional Commissioners Conference held on 22 and 23 August was for the first time open to the Italian press. Particular attention was given to the reports of the Economic Section and, as said above, the Services Sub-Commissions. Allowing the Italian press to be present may well have had some political value; it was clear from the articles that followed that many Italians had not realised the scope of the work of ACC. Further, the Acting Chief Commissioner's statement that ACC supported the Bonomi Government in the same spirit as that indicated in the statement of the Ministers without Portfolio (issued to express their solidarity at the time of the handover of ROME) was undoubtedly a factor in giving the Government stability and putting an end to any lingering rumours of its approaching dissolution under Allied disfavour.

PUBLIC RELATIONS BRANCH.

6. News Production: Regular press releases were issued to the Italian Press, PWB, Allied correspondents and neutral correspondents on all aspects of ACC activities including UNRRA liaison.

7. Press Conferences: The Italian Press was admitted for the first time to the Regional Commissioner's Conference with excellent results. The Branch arranged two press Conferences between Brig. Gen. O'Dwyer and Allied and Italian correspondents, respectively. The former covered the Italian Economic situation and the latter the ROME food conditions and general economic plans. Both Conferences were well received.

8. Journalists:

(a) Italian: Contact with editors of ROME newspapers was maintained to explain ACC policies and to request assistance on problems needing public co-operation. The first ACC/PWB accrediting cards were issued to Italian journalists. Curfew passes were issued to newspaper workers, journalists automobile problems were adjusted, and two Italian photographers were issued with permits to photograph non-military subjects.

(b) Allied: Interviews arranged and information given to some twenty British and American correspondents.

(c) Allied Political Correspondents: The first four arrived and became an ACC responsibility. They represented the Times, Daily Express, and Daily Telegraph, (LONDON), and Tass Agency (Soviet Union).

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(d) Neutral Correspondents: Weekly background briefings were held.

9. Relations with Italian Government: Publicity was arranged and put into effect for the Italian Armed Forces including the first Allied recognition of Italian war correspondents. Epuration of the Italian Press was carried out in collaboration with the Italian Government Committee, the Federazione Stampa, and Security Branch. Long term arrangements for radio and cinema were discussed with the Sottosegretariato delle Stampa and the PWB.

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10. Miscellaneous: The Allied Publication Board, with concurring PWB vote, froze further issues of newsprint because of shortage of imports. Extensive scheduling of story possibilities made for the March of Time film unit photographing ACC help to Italy. Publishing arrangements made for 75,000 copies of Art Guide to FLORENCE for use of the troops. Plans started to make films of Italian Army, Navy and Air Force. Contacts maintained with Prime Minister Bonomi and Cabinet members. Regular services of Weekly Bulletin, Daily Home Digest and Trend of Correspondents' copy continued. Material gathered for history of ACC.

WAR MATERIALS DISPOSAL AND ITALIAN PW SUB-COMMISSION.

War Materials Disposal.

11. The work of this Sub-Commission was for the most part of an administrative nature and the small staff was inundated with requests by individuals and representatives of firms for authority to collect derelict vehicles from the surrounding countryside and roads. A few permits were issued, in the most part, to collect parts from derelict vehicles, and in every case the parts were required so that the work on a certain vehicle could be completed and the vehicle put back on the road to do duty under ACC direction.

12. A reconnaissance was made of the RIETI and ALBANO area. In RIETI an inspection was made of the weapons which had been collected into a small Armament Shop, where an excellent job of cleaning and servicing weapons was being done by Italian labour. The weapons are held at the disposal of the Italian War Ministry.

13. In ALBANO a considerable quantity of water pipe and 30 litre tanks were found and put at the disposal of the Public Works and Utilities Sub-Commission.

14. Workshops in ROME and the immediate vicinity were visited and a check made of salvaged vehicles with a view to ascertaining their ultimate destination.

Italian Prisoners of War.

15. The repatriation of Italian Prisoners of War was increased and the release from PW status of approximately 65,000 paroled PW in SICILY was completed. The number of military PW returned for the month was 1030.

16. Prime Minister Bonomi accepted an invitation to send representatives to visit localities in Italy, and to inspect the conditions under which PW cooperators are employed.

17. Requests for repatriation for specialists, required for Allied Control Commission and Italian Government activities, and a few individual cases justified for compassionate reasons, were submitted for consideration.

18. Plans for expediting certain repatriations were made and a policy of active cooperation with the Italian Red Cross was initiated.

COMMUNICATIONS SUB-COMMISSION.

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12. A reconnaissance was made of the ROMA and ANCONA area. In ROMA an inspection was made of the weapons which had been collected into a small Armament Shop, where an excellent job of cleaning and servicing weapons was being done by Italian labour. The weapons are held at the disposal of the Italian War Ministry.

13. In ANCONA a considerable quantity of water pipe and 20 litre tanks were found and put at the disposal of the Public Works and Utilities Sub-Commission.

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COMMUNICATIONS SUB-COMMISSION.

19. Telecommunications:

(a) Telephone: Two additional NAPLES-ROME circuits have been made available, permitting the opening of a restricted service to civil use of this important channel. Many urban telephone services have been restored, including the towns of CASERTA, BENEVENTO, VENAFRO, TERMOLI, LANCIANO, CHIETI, AVELLINO, AQUILA, TERAMO, ASCOLI, FLORENCE, SIENA, CARRARA, etc. Inter-urban service limited to intra-provincial calls has been authorised in the Provinces of FOGGIA, CHIETI, PESCARA, AQUILA, TERAMO, AVELLINO, BENEVENTO, CAMPOBASSO, PROVINCE, LITTORIA and ROME: inter-urban circuits are now approaching completion in many areas. Full inter-provincial service is authorised and available in all Provinces south of the above.

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(b) Telegraph: Telegraph service has been authorised in all Provinces listed above; in few cases are circuits available, but they are also now approaching completion in many districts. The telegraph service from ROME to the South has been improved, but is still inadequate, and many telegrams from NAPLES and BARI are still arriving by post. Arrangements to effect improvement, which include transfer of equipment from SICILY, are in hand. Submarine telegraph cables to SICILY and SARDINIA have been handed over to the Italian authorities; so far only the SICILY circuit is restored to operation. The Italian Foreign Office has been authorised to resume cablegram communications, in clear or in cipher, with all Italian Missions, etc., abroad, except that in ARGENTINA. (This service was previously restricted to the Embassies at MADRID, LISBON and TANGIERS).

20. Postal:

(a) Internal and foreign mail services have been restored in the additional Provinces of PUGLIA, CHIETI, PESCARA, AQUILA and TERAMO.

(b) PALERMO and BARI were closed as foreign mail transfer ports, leaving only NAPLES, and a few transfers through CATANIA.

(c) Some 17,000,000 letters (about 70 tons), including about 12,000,000 PW letters, have been dealt with in the foreign mail service since the opening of services early this year.

ARMY SUB-COMMISSION.

21. The planning, organisation and initial training of the Italian Combat Groups has gone according to the time programme. The limiting factor has been the provision of equipment. The training scale of arms and vehicles for the first two groups has now been issued.

22. On 10 August, COC attended a conference at Public Relations for the Italian Army and observer reporters. COC put forward the urgent necessity for more publicity to be given the Italian Army, not only in its combattant role but in its work behind the lines, providing labour on docks, engineer units, L of C signals, muleteers etc. It was decided that every effort would be made to get the Italian people Army-minded and several interesting articles have since appeared in the ROME newspapers on the achievements and activities of the Italian Army.

23. In an order of the day to the Italian Army, Count Casati, War Minister, reproduced part of COC's report at the last Regional Commissioners' Conference in which due recognition and praise is given to the Italian Army and urges all ranks to make greater efforts to drive the enemy out of the country.

24. Arrangements are being made for the division of responsibility for rationing the Italian Armed Forces between the British and American Governments. This constitutes an amendment to the last sentence of this Sub-Commission's report for the month of July.

NAVY SUB-COMMISSION

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NAVY SUB-COMMISSION

25. During the month of August the active cruisers of the Italian Fleet carried out the normal programme of ferrying troops and civilians in the Western Mediterranean. Destroyers and smaller vessels were employed in escort work. The three older battleships returned from Malta and have been reduced to reserve in Italian ports. The work of the TARANTO dockyard proceeded satisfactorily. Supplies of food and medical stores for the fleet were adequate and the introduction of a single ration scale for combat and non-combat troops has simplified administration. As far as possible the Italian Navy utilises its own stocks of Naval Stores and every assistance is given to them to obtain materials from local resources. Essential items not available from these sources are supplied mainly from British Naval stocks. The clothing situation was unsatisfactory and will remain so until the arrival of materials ordered from the United Kingdom, when the Italians will manufacture their uniforms in their own factories.

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26. Steps are being taken to obtain favourable publicity for the work of the Italian Navy, and details which are being worked out in conjunction with the Public Relations Branch include the production of a short film, showing the work of the Italian ships during the past year.

AIR FORCE SUB-COMMISSION

27. The Italian Air Force continued to support the Allied Air Forces actively. The Fighter Wing has been carrying out fighter sweeps over enemy territory and has a good record. The Bomber/Transport Wing continued to drop supplies. The Seaplane Wing continued to work as part of the Mediterranean Coastal Air Force.

28. The Operational Control of the Italian Air Force has now passed out of the hands of the Air Force Sub-Commission. While this loss of operational control is regretted, there is no doubt that it is a sound move, as it ensures complete co-ordination of the effort of the Air Forces as a whole.

29. Under the new Government, General Piccardi has been appointed Air Minister and Chief of Staff of the Italian Air Force.

30. Among many other problems there have been two outstanding ones. Firstly, the ceiling of manpower in the Italian Air Force, and secondly the question of rations. A somewhat arbitrary decision was made to reduce the ceiling from 32,000 to 22,000. This would have had serious repercussions in respect of Italian Air Force personnel on loan to the Allied Forces in substitution for Allied manpower. The ceiling, however, has now been permanently fixed at 51,000.

MILTON W. STOKES
Captain, USNR
Acting Chief Commissioner

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Captain, USNR
Acting Chief Commissioner

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PART III - Economic Section. Pages 15 - 29

PART IV - Political Section, and
Public Relations Branch,
Navy Sub-Commission,
Army Sub-Commission,
Air Forces Sub-Commission,
Communications Sub-Commission,
War Material Disposal and
Italian Prisoners of War
Sub-Commission. Pages 30 - 35

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Sub-Commission.

CONFIDENTIAL.

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AMG FIFTH ARMY.

1. At the beginning of September AMG Fifth Army had ten Provincial Commissioners and their teams in operation on the Arno, with a wide front to cover, and about twenty new communes were opened up. SIENA Province was turned over to Regional administration on 5 Sept and the communes and city of LIVORNO was handed over to the P.C. shortly afterwards, the AMG Army team being withdrawn for duty further North.

2. Among new communes occupied later in the month was PISTOIA, entered by AMG on 15 Sept and found to be considerably damaged. Later the communes of PRATO and S.CORENZO were occupied. Both towns have been completely destroyed.

3. Towns along the Arno Valley between PISA and FLORENCE had largely been evacuated during the last weeks of August, but many inhabitants have since returned to their homes. There are many minefields in the area, much of the harvest has been lost and considerable unemployment exists.

4. The food situation is generally serious: local resources are poorer than was expected and a large proportion of the wheat harvested has been spoilt by war and weather and is unfit for consumption. But food in small quantities is reaching the bulk of the population.

5. There has been much political activity during the month, especially in FLORENCE. The patriot problem is synonimous with politics: they are the bone of contention between various political parties. Attempts made to recruit patriots for the regular Italian Army have not been very successful: patriots wish to join the Army in organised bodies rather than as individuals.

6. Carabinieri for the Northern Regions are arriving satisfactorily.

7. APWQ is making arrangements with the Transportation Sub-Commission for the formation of Truck Companies to haul civilian supplies.

8. PISA was under intermittent shell fire until 28 Sept. Inhabitants of the city, estimated at about 15,000 persons, were all North of the river and in spite of the water shortage all entry into the town was temporarily stopped by a ring of police posts. Later the supply improved and many people returned to their homes. Patriots, who co-operated well, were duly disarmed and public order was good. The famous leaning tower suffered a few unnoticeable chips.

9. Conditions in FLORENCE improved noticeably when the Germans had withdrawn from the Northern suburbs. The sanitation of the city, which was in a terrible state when the Allies entered, is now in hand. Law and order are good and all hospitals are functioning normally. Schools are to reopen on 2 October. A committee (panel of prominent persons deals exclusively with Anglo-American nationals. Two hundred homeless Southern Italians are being evacuated daily. The food supply to the city is still unsatisfactory.

10. Political interest in the city centres around the conflict between the Prefect and the Committee of National Liberation: AMG support is being given to the former. The city has attracted many visitors, including the Lieutenant of the Realm, Togliatti and the Prime Minister, and a host of unauthorised persons.

AMG EIGHTH ARMY.

11. The month has seen little change in the area administered by AMG, Eighth Army. [illegible] Region/ANCONA will shortly pass to

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AMG EIGHTH ARMY.

11. The month has seen little change in the area administered by AMG, Eighth Army. The Province of PERUGIA was handed over to LAZIO Region. AREZZO will shortly pass to TOSCANA Region.

12. Most of the new territory occupied comes into PONTI Province of [illegible] Region. The mountain regions present no unusual administration problems but the coastal belt has suffered very badly in the fighting. The destruction in parts is as great as that in the LIRI Valley and the approach of winter will cause considerable hardship to the population.

13. The neutral Republic of SAN MARINO was entered on the night of 20/21 Sept. This situation had unusual features and considerable preparations had been made to handle it in a way that would give the least possible offence to the sensibilities of a neutral nation. It was pointed out to the Captain Regent of the State that Allied troops had been forced to enter the State to pursue the enemy who had violated its neutrality and it was the intention to evacuate all troops as soon as operations permitted.

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14. Proclamations 1 and 2 were not posted but a copy of Proclamation No.1 was handed to the Captain Regent.

15. The Republic was found to be well stocked with food, but 40 tons of supplies were nevertheless sent in as soon as conditions allowed. 12 loaded trucks were standing by at the time of entry but owing to heavy rain the roads were temporarily impassable. This food was distributed mainly to refugees, of whom there was a large number. The State has normally a population of 18,000 but above this were 60,000 refugees, mainly from RIMINI. It was a considerable problem and great credit is due to the Republic for the organisation it had set up to deal with it.

16. Both electricity and water supplies were disrupted but water trucks were loaned as a temporary measure.

17. Damage otherwise was slight except for the roads, which had been destroyed.

18. RIMINI, when entered, was very seriously damaged. The town was empty of civilians who had mainly dispersed in SAN MARINO and along the coast. Emergency measures had to be made to house and feed the returning civilians (needed for military labour) until they could be distributed among the habitable buildings left in the town.

19. In nearly all cases of towns liberated during the month, Committees of Liberation have been formed which have rendered great assistance in reforming administration. The Committees have been representative of nearly all Parties and have appeared less interested in the existing Italian Government than in restoring local administration on a non-political basis.

20. A fairly substantial (1700 tons) stock pile of flour has been built up from local grain milled in the area. Lack of electric current is still a limiting factor in the milling, but recent rains will allow water mills to operate more freely from now on.

21. The lack of warehouse accommodation, owing to destruction, is a great handicap in the receiving programme. Harvesting was held up by operations and much grain lays until it was wet; owing to lack of warehouse accommodation much will be lost.

22. It was presumably due partly to this factor that the administration during the German occupation distributed grain for the whole of the coming year to consumers, who will be able to turn, dry and store the individual allotments. Varying amounts were allotted; the present indications in FORLI Province are that grain was distributed to a considerable portion of the population to last till next August in a basic ration of approximately 400 grammes of grain per day, with approximately 550 grammes for workers.

23. All Provinces report the chief shortage to be salt and olive oil. Salt is, of course, particularly important in the pig feeding areas where farmers cure their own bacon in Nov/Dec.

24. The immediate agricultural problem in the forward areas is unfortunately insoluble. It is the inability of the farmer to get on to his land at all, due to its being either in an area of operations or else mined.

25. Unemployment is considerable in the manufacturing areas of AREZZO Province

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25. Unemployment is considerable in the manufacturing towns of AREZZO Province and will not be solved until power is available in the factories.

26. Refugees during the month have not presented serious problems. There are, of course, large numbers of civilians in the coastal belt from PESARO Northwards who are not in their own homes but distributed somewhere in the countryside. With the slowing down of the advance at the end of the month and the breaking of the weather, these displaced civilians may cause a considerable problem. As usual at this time of year, the refugee problem is entirely dependent on the speed of advance and the ability of the Army to find sufficient billets without disturbing local inhabitants.

27. Very considerable destruction of bridges and roads has occurred throughout the area, and if large areas are not to be isolated this winter when Bailey bridges are withdrawn, construction programmes will be heavy. Regional Public Works officers are aiding reconstruction.

28. Very few patriots have been met, and none who can be described as organised bands. There has been local difficulty in disarming some of these, particularly in the coastal belt.

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SICILIAN REGION.

29. The political atmosphere remains unchanged, though the Separatist Movement has shown an increase of strength and activity. There is a widespread spirit of laissez-faire and the administration generally makes little or no effort to improve the situation or to enforce the law. Political and personal feelings carry too much weight and officials appear to be afraid to take necessary steps for the common good or in the interests of the war effort. Many changes have taken place recently in higher grade appointments and it is hoped that these may lead to improved results. Subordinate local administration generally is ineffective, a fact which became most obvious in connection with the Ammasso del Popolo. Everything is dominated by the food situation and prices of foodstuffs in the markets. Food is short and prices of many normal items are very high.

30. The internal security situation is delicate and the operations of armed bands are increasing. At the same time public security and police forces are suffering from reduction in numbers and no improvement in armament or equipment. Their morale among a well-armed population cannot be high. Much praiseworthy work, is, however, carried out in many of the country districts, particularly in dealing with acts of banditry.

31. The present food situation is comparatively satisfactory. Almost all stocks of AC tinned goods have been handed over to Italian agencies as from 30 Sept and the distribution of three months rations of sugar was completed early in Sept. But with the failure of the grain collection the future cannot be regarded with equanimity.

32. Road transportation continues to be a serious problem, due almost entirely to lack of tyres and spare parts. It is quite obvious, however, that vehicles are frequently used for unessential purposes and large numbers of vehicles bearing no proper registration marks can be seen on the roads. The police take no action and a state of affairs is allowed to exist which should not be tolerated in any law-abiding country.

33. The Ammasso del Popolo has been disappointing. The local target figure of just over 3 million quintals, which it was estimated would have fed Sicily up to the next harvest, is generally admitted to have been too high, but 50% of this total has not been reached. Since the middle of September the return of grain has fallen off alarmingly. Voluntary collection of grain has, to all intents and purposes, practically ceased. It is hoped to extend this system but the small forces available make this extremely problematical and every day that passes makes their future task more difficult, as more grain goes into hiding. It is to be remarked, also, that even these special forces are not above suspicion.

34. The popular opinion that the price for grain is quite unremunerative still holds and, in existing circumstances, farmers prefer grain to money.

35. The proposals concerning an additional indemnity for Italian workers that have appeared in the press have added to the difficulty of maintaining industrial peace among labour.

36. The public works programme is proceeding without serious difficulties and about 112,000 workmen are employed in public works in the MESSINA Province.

37. Lastly, plans have been prepared for the evacuation of refugees to the

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37. Lastly, plans have been prepared for the repatriation of refugees to the mainland when it becomes possible, and efforts are being made to improve the conditions of those who must remain during the winter months.

SOUTHERN REGION.

38. Southern Region was set up on 28 August. Its tasks, as indicated to officials and Press by the Regional Commissioner, are threefold: firstly, to satisfy the operational needs of the Allied Forces in all things concerning civilians and to prevent civilians interfering with the war effort; secondly, (subject to safeguarding of the first task) to hand back to the Italian authorities as much as possible of the work which was previously done by AC; and thirdly, to help the Italian authorities in their new duties and to reduce disharmony, inefficiency and delays to a minimum. Leading Italian authorities were informed of these tasks and a similar announcement made in the Italian press. During the month progress in all tasks has been satisfactory.

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39. The operational needs of the Allied Forces have been met wherever possible. To augment the supply of potatoes to the Armed Forces, the block was reimposed in the NAPLES area. No.3 District supplied six officers with cars to 'ginger up' producers. The controlled supply was materially increased as a consequence. Questors and CC.RR assisted the Military Police in a round-up of deserters and a fairly satisfactory bag was secured. Normal day-to-day assistance to Allied Forces was rendered in all Zones to the apparent satisfaction of local communities. Generally, Relationships with the French Forces are improving. Strong Representations to the new French Provost Marshal in NAPLES and through him to his Commander, have resulted in a welcome abatement of Ghoum activities. A joint Italian-French organisation, set up to purchase sheep in Calabria, worked both amicably and successfully,- to everyone's surprise.

40. The gradual handover of AC functions to the Italian authorities proceeds. Reception, warehousing and distribution of AC foodstuffs have been handed over to Consorzii; bids for rail transport are now largely through Italian channels. Except in NAPLES Commune AMG, the Legal, Finance, Public Health and Public Safety Sections now work largely through Italian channels. Public Works and Utilities, Industry and Commerce, and Property Control, continue to do a great deal of detail work, partly because Allied interests are directly concerned and partly because the provincial organs of the corresponding Italian Ministries have not yet been set up. The decree for the new Transport Organisation (ENAS) has been published, but its functioning must wait for the appointment of Directors by the Government. (The organisation is naturally unpopular and special police methods are planned to force it on the trade). The Property Control Decree is expected in a few days. The Provincial Offices and Chambers of Industry and Commerce are still apparently in the planning stage. The Epuration Committees continue to wait for the appointment of Presidents by the Italian Government. The sooner the Committees are formed the better, as they will be a welcome curb on Fascist-baiting and on the accusation of innocent people; semi-Fascists will know where they are.

41. In performing their tasks, Italian authorities eagerly seek AC assistance. They are prepared to do the work, but prefer that the responsibility should continue to be, at least nominally, AC's. All fear what will happen after we have gone, and an AC "request" is a convenient alibi to political opponents. It is probably desirable that this should continue until the Italian Government is strong enough to give proper support to its local representatives. If support is not accorded, essential services might deteriorate to a dangerous level through sheer inertion. When the remaining Provincial organisations are set up, the machinery of local government in Italy will in many ways be more highly organised and more comprehensive than in most Allied countries. What is lacking is driving power and this must inevitably be found by AC until the Government can supply it.

42. Throughout the Region Communists are showing markedly increased activity. At the instigation of the local Communists, peasants in the POLTRENO area have threatened to recapture by force the land appropriated by the Fascist Government for the C.M.C. farms, and stories of hidden machine guns are current. (Fifty additional CC.RR have been drafted into the district). There are rumours in FOGGIA that the Communists are acquiring arms, but no confirmation has been obtained.

43. Apart from the Communists' activities, the people at large are outwardly docile as ever. On the surface there is little prospect of widespread disturbances; below the surface there is no doubt some discontent and some subversive organising, but it is hard to gauge the extent of the one or the success of the other. CC.RR officers are worried and have expressed fears at the consequences which may arise from

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44. The Italian Government Refugee Committee is apparently getting into its stride. Properly organised repatriation movement is increasing and the arrangements show improvement, but earlier advice of movements is needed. Unfortunately, many people are not content to wait; patience is becoming exhausted and unregarded movement is on the increase. Unauthorised refugees are dammed back by the "Restricted Line" and tend to accumulate in NAPLES and FOGGIA. Efforts will be made to disperse these accumulations, but concerted efforts to deter unauthorised movement seem called for and are being placed in hand in this Region.

45. The wage structure of the Region is weakening. There are so many avenues of paying illegal wages with impunity (piece-work, premiums, "loans", bargain buying through subsidised cooperatives, under-the-counter pay checks, free meals and the like), and the standard of living which can be supported by the legal wage is so artificially low, that any real control of the wage structure is fast becoming impossible. Once "black market" wage rates are established it is well-nigh impossible to reduce them.

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An early fulfilment of the promise of substantial legal increases all round seems the only solution, but the miserable wages paid to state employees should have special treatment first.

46. On general questions the following comments can be made. Political activity during the month was in general slight and apathetic. As regards food, shortage of transport throughout the Region was the main difficulty that faced the food supply authorities. The total grain reserve in the Region at the end of September was satisfactory, but not outstanding. During the month FOGGIA road blocks impounded 24 military vehicles, mostly French and Italian, engaged in the black market. As regards crime conditions, the general situation throughout the Region was satisfactory.

LAZIO-UMBRIA Region.

47. On 21 September PERUGIA Province came under Regional control, completing the final handover of Regional territory from the Armies. At the end of September there were three Provinces under the Italian Government and four under AMG but it was planned to hand over two more Provinces, (RIETI and VITERBO), to the Italian Government during October.

48. In the Provinces there has been little or no change in political tendencies, the Communist Party still being the one showing the most activity. In ROME also the political situation remains much the same.

49. Considerable progress has been made with the provision of postal facilities in all but PERUGIA Province and a much better understanding has been reached over the control of civilian movement. The food situation is serious, but the shortage of sugar could probably be overcome if something could be done to satisfy the pasta and oil demands. In ROME available rationed foodstuffs have been distributed to the population but the ration scale continues low.

50. Industrial reactivation in ROME continues to be restricted for lack of electric power and coal supplies, and it is now often necessary to unblock rather than block the materials used in industry. Industry does not play a big part in the Provinces, except in TERNI, but such as there is gives an encouraging picture.

51. Water available in ROME is now about 95% of the pre-war total but it has to cater for a larger population than in pre-war days.

52. Projects for State and military roads in ROME area which have been approved include 103 bridges in permanent construction and 24 contracts for maintenance. Expenditure approved for Public Utilities included Lire 120,000,000 for new houses and 38 bridges on other than State and military roads. In the Provinces the shortage of materials is still causing concern. Housing and communications give the most anxiety and even a small allocation of cement would help. Housing is a little more hopeful in the CASSINO area. Some progress was made in mine clearing and a batch of volunteers picked up 2,000 in a very short time. Plans are now in hand to tackle this work with properly trained men and proper equipment.

53. There were no serious crimes in ROME apart from the GIGLIOTTI incident, the disturbances to GARIBALDI's grave on 30 September and rioting among prisoners at REGINA COELI Prison.

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53. There were no serious crimes in ROME apart from the CARETTA incident, the disturbances to CAMBO's grave on 30 September and rioting among prisoners at REGINA COELI Prison.

54. There has been no change in public health during the month. In the Provinces there is the danger of anaemia as an aftermath of malaria, caused by a lack of fats and meat.

55. The trend in the movement of refugees in ROME began to swing towards the exodus during September. The purposes of dispersal was a planned scheme of rehabilitation rather than haphazard dispersal, as in August. All the refugees who were sent from ROME went back to their home communes or Provinces. Two large Communes in ROME were taken over solely for refugees. There is a very urgent need for blankets at refugee camps in the Provinces.

56. Provincial motor pools are going ahead and VITERBO has nearly 150 vehicles available. Bus services, on a restricted schedule, are gradually opening up.

57. Property control in ROME is now very much concerned with the operation of businesses.

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58. Deposits in the Banks continued to increase during the month and the general banking situation is satisfactory.

59. Approval is awaited for the issue of supplementary rations to Allied nationals in ROME but otherwise the general situation as regards Displaced Persons has been static.

60. The exhibition of Masterpieces of European Painting in the Palazzo Venezia raised the sum of Lire 821, 044,25.

ABRUZZI-MARCHE Region.

61. Political activity has been at a minimum during the past few weeks, owing perhaps to the harvest. The Communist Party has been the most noticeable and articulate.

62. The Italian administration, despite the changes made among the senior officials, continues to function smoothly and well. These officials are still in need of the encouragement given by AMG officers but it is thought that they will soon be able to stand on their own feet.

63. Assessing of grain proceeds very satisfactorily, though the people in grain-producing Provinces are shortly expected to protest against the 200 gram ration, compared with the 300 gram ration in Southern Italy. There is justification for this as they have already collected three-quarters of the target amount which represents one-sixth of the total amount collected in liberated Italy.

64. The lack of olive oil and salt is [illegible] another cause of dissatisfaction but this is likely to be rectified during the coming month. The olive harvest is reported to be good and if the fiscali are forthcoming, the oil situation will be much easier than at present.

65. The potato crop produced in the AVEZZANO district has been given such prominence lately that the farmers now have an exaggerated idea of the importance of their product. It is anticipated that the matter will be dealt with satisfactorily during October, since the main part of the crop will then have been dug and collections thus made easier.

66. The repair and reconstruction of roads and bridges is proceeding as fast as the problems of labour, supply and transportation can be surmounted.

67. The question of housing for devastated areas is urgent.

68. Electricity remains a problem which is not easily overcome, though every effort is being made to improve on the existing arrangements.

69. Mine clearance presents an almost hopeless situation and deaths continue to be reported. One Italian mine clearing company has been transferred from the PESCARA-CHIETI area and one company is left. In one commune alone there are 150,000 mines and there is only one company left to deal with them.

70. The Public Safety Section report that the Region is practically free from serious crime.

71. Health is good and there have been no epidemics.

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72. Those schools not rendered unusable will be opened as from 1 October, as far as possible. The screening of teachers is near completion.

73. In the devastated areas the return of the population is presenting a great difficulty. These people are brought from the South by the Italian Army who continue to carry hundreds of civilians in their vehicles.

SARDEGNA Region.

74. During the month of September the new Prefects have had an opportunity to settle down to work and all three are at present satisfactorily carrying out their duties.

75. The High Commissioner's staff is also beginning to take shape under Signor CASTELLACCI. It is still too early to give a considered judgement but the changes in the administration have already been a decided help to us.

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76. The main preoccupation of the month has been the reduction in the workers' food ration, due to take effect on 1 October so as to bring Sardinian workers into line with the rest of Italy. At least 200,000 workers will be affected and in some cases the reduction is considerable, 150 grams of bread per day in the case of miners for example. PWB, under M. D'AGOSTINO, has helped with a carefully worked out radio and press campaign. The radio talks were followed by published notices and by the actual announcement of the new ration scales on 26 September. On the same date the Regional Food Officer held a good meeting with seven Labour leaders, representing 40,000 workers, including 11,000 miners. He explained the situation to them and made known small concessions in the way of additional soup powder, dried vegetables, etc. It will not be possible to say how the change affects the situation until next month. Only two food demonstrations occurred in September.

77. Giuseppe SARAGAT, the Italian Socialist Minister, and CORBI, Under-Secretary of Merchant Marine, visited SARDINIA during the month and made several speeches. They also paid a courtesy visit to the Regional Commissioner and, as far as can be seen, the effect of their visit to SARDINIA has been beneficial and they showed a good understanding of the help given by the Allies. Emilio LUSSU has again visited the Island and has also been attending a number of meetings. He appears to be a visionary and is swayed by the last group of workers he happens to have visited. This month it was the CAGLIARI salt workers. He painted a very grim picture of the bad conditions under which these men worked and compared them to galley slaves of 3000 years ago, finishing up with a plea that they be given more boots. These men do not work in a salt mine but in open salt beds where the salt has been evaporated out from sea water. There is nearly always a cool breeze and the work is not unduly hard, the only troublesome feature being that those who are bare-footed suffer, to some extent, from the salt in contact with the skin of their feet. A small issue of shoes has been made to them but the conditions under which they were said to be working were unduly exaggerated by LUSSU.

78. One of the wireless agents dropped by parachute over SARDINIA has escaped and one wireless transmitter has not been located. A ninth agent was dropped on 27 September and fortunately rounded up at once.

79. The case of the Penal Settlement at ASINARA is being taken up by the High Commissioner and arrangements are being made for the repatriation of a number of prisoners who have completed their sentences.

80. The Regional Engineer left SARDINIA on 14 September and an Italian Engineer, Sig. BUTTINI, is in charge of Public Works. This is an experiment.

81. The storms on 18 September caused the loss of one of the regular courier aeroplanes. 16 persons are now reported missing but it is believed only 2 bodies have been recovered so far. The missing include Lt.Col.HERSHEY, Major KNUDSEN and three Italians, PWB., CORDANO and SAPIENZA, all from AC.

82. 22 Italian Government officials taking a census for the Demographic Industrial Survey are in SARDINIA and have been distributed to selected communes throughout the Island.

TOSCANA Region.

83. The Province of SIENA reverted to Regional control on 4 September and the Province of LIVORNO on 8 September, making a total of three Provinces out of nine under the Regional Commissioner..

84. On 20 September the Island of ELBA reverted to Regional control. The

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84. On 20 September the Island of ELBA reverted to Regional control. The Officer Commanding the French Forces is styled Deputy Military Governor of the Island. The fact that only part of the French Garrison has been withdrawn (and incidentally this has been partly offset by the arrival of nearly 200 other French troops) increases the difficulty of administration.

85. Political reaction and popular opinion is mostly concerned with Communist activity against the alleged Fascists. The Communist Party is the best organised of any and many of members (who were formerly Patriots) are armed.

86. Incidents where Italian personnel, employed directly or indirectly by the United Nations, were concerned, caused some amusement. A woman employed by [redacted] C.I.S. who toured much of the Region without any permit, was found in possession of 150 pairs of good leather shoes. Three Patriot officers, bound for ROME, had 700 pairs of silk stockings, also jewellery, and were illicitly carrying mail. Lastly a clerical gentleman had collected 20 motor tyres.

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87. Provincial Local Government is generally complete in GROSSETO and SIENA. In LIVORNO Sindaci or Giunte are established. Provincial Government is proceeding reasonably satisfactorily.

88. The food situation is satisfactory in GROSSETO and SIENA. In GROSSETO the scarcity of fuel and transportation difficulties have inevitably a deleterious effect on the general food situation.

89. The situation as regards Public Safety is for the moment satisfactory. The first essential is to build up the morale of the various police services.

90. Functioning of AMG and Italian Courts is satisfactory. There were three serious offences in AREZZO Province, shooting and killing, shooting and wounding, and assault and wounding of Allied soldiers. "Political" murders have occurred in SIENA and FLORENCE. Conduct of Allied troops is, in the main, fairly good. Considerable criticism of the behaviour of French troops in ELBA has been made.

91. Distribution of medical supplies is proceeding satisfactorily. There have not been sufficient to stock pharmacies, but enough essential drugs are now available for hospitals. Most civilian hospitals within Regional jurisdiction are now functioning almost normally, and where supplies permit the special hospital food rations are given.

92. 37 cases of malaria were notified during August.

93. Opening of schools has been postponed to 16 October. In SIENA Province preparation of premises has been taken in hand. In GROSSETO it is hoped to have most schools functioning by 1 November.

94. Refugees do not now constitute a great difficulty in this Region, but saturation point has been reached in SIENA and AREZZO Provinces. Province.

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PART II.

CIVIL AFFAIRS SECTION.

1. Defascism. The preliminary stage of organising the machinery to carry out defascism is drawing to its end. It has been necessary to draw up the decrees, form the courts, recruit the personnel, judicial and clerical, draw up rules of procedure and the like. Now the machine is beginning to turn over, as it is run in it will be possible to accelerate.

Defascising is carried out under four heads:

(a) The punishment of Fascist crimes, that is, acts contrary to the old constitution. The first trials are commencing. Caruso has been tried and executed and several other trials are scheduled for October.

(b) The removal of Fascists from the administration of 126 "trial" commissions, 61 have been established. Over 600 cases are already in hand of which nearly 3500 have already been referred to "trial"; a large number of persons are suspended pending trial. The cases of senior grades of officials are being given priority.

(c) The recovery of improperly gained riches. Nearly 1500 cases are already under investigation. The property involved in one group of 20 persons alone exceeds 47 million pounds.

(d) Recovery of the property of Fascist organisations. No overall figure is available yet but in NAPLES alone property to the value of nearly ½ million pounds has been recovered.

LOCAL GOVERNMENT SUB-COMMISSION.

2. Prefects and Officials. Arrangements have been made with the Ministry of Interior for the election of suitable Prefects for provinces not yet liberated. To overcome the shortage of personnel the Ministry, on the recommendation of this Sub-Commission, have promoted a number of Vice Prefects. Many changes and transfers of junior officials have been made to strengthen the Italian Administration in ANC provinces where staff vacancies have been reported.

3. Local Government.

(a) CATANZARO (3-7.Sept). A representative visited CATANZARO Province and conferred with the the Provincial Commissioner and his staff, as also with the Prefect and Vice Prefect, on local government problems. He also conferred with the President and members of the Deputazione Provinciale on their reorganisation and functions.

(b) LUCCA, PISA, PISTOIA, PERUGIA and SIENA (22-27.Sept). At the request of 5 Army an officer visited the first three Provinces for the purpose of ascertaining the state and condition of the Italian Civil Administration and to advise the respective Provincial Commissioners. Visits were also made to PERUGIA and SIENA with the view of ascertaining the position of Local Government there. The Provincial Commissioners and Prefects were interviewed.

4. Reconstruction of Rome City. The Sub-Commission conferred with the Ministry of Interior and with the Finance, Legal and Public Works Sub-Commissions on

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4. Reorganisation of Rome City. The Sub-Commission conferred with the Ministry of Interior and with the Finance, Legal and Public Works Sub-Commissions on the proposed draft decree for the reorganisation of ROME City. A new draft has been drawn up. In view of the importance of the administration of ROME the usual relationship between it and the province is to be modified. This should be to the advantage of the City.

5. Difficulties. Peaceful contact has been made with the members of the Epuration Commission. Detailed instructions for the compilation of reports as to its work and progress have been given to it. Public Safety and Public Health Sub-Commissions, whose epuration activities are co-ordinated by this Sub-Commission, have been instructed similarly.

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PUBLIC SAFETY SUB-COMMISSION.

6. Formation of New Sections. During the month Public Safety officers have been withdrawn from Southern Regions and formed into Regional teams to occupy the industrial north. On 25 September a meeting was held at 5 Army HQ when the newly appointed Regional Public Safety Officers discussed with Army Public Safety Officers plans for policing the Northern Regions.

7. Strength of Police. Efforts are being made to increase the strength of the Police forces by incorporating Italian troops into the CC.RR, by securing the release of prisoners of war, and by a recruiting campaign.

8. Guard Duties. In order to make the fullest use of trained police personnel, instructions have been issued that in the future no policeman will be used for guard duties or any kind of work other than regular police duties. Those already employed will be withdrawn after 14 days notice.

9. Public Order. Public order has been well maintained, with the exception of one ugly incident in ROME when CARUSO, a witness at the trial of CARUSO, ex-Questore of ROME, was mobbed inside the Palace of Justice. He was seized, beaten, thrown into the TIBER and finally strung up by his heels outside Regina Coeli Prison. The police failed to control the situation, although present in sufficient numbers. A full enquiry by the Italian Government is proceeding. Disturbances have also occurred in Regina Coeli prison, ROME, owing to overcrowding and delay in bringing prisoners to trial before Italian Courts. Order has now been restored and steps taken to avoid any repetition.

10. Police Morale. On 22 September the Commanding Generals of the CC.RR and CC.FF and the Director General of Public Security, Minister of Interior, attended a meeting presided over by the V.P. Administrative Section to discuss measures for raising the morale of the police. Briefly it was agreed to establish closer contact between officers and men, to encourage initiative and esprit de corps, to obtain cooperation of the Press and to carry out impartial investigations into complaints against police and award exemplary punishments. Every assistance is being given to increase rations and procure uniforms and equipment for the police.

PUBLIC HEALTH SUB-COMMISSION.

11. Personnel. Col.Paul F. RUSSELL, Head of the Malaria Control Branch, has left for another theatre. His work, especially in combatting malaria, was outstanding.

12. Political.

(a) The Public Health Division of the Ministry of Interior has completely reorganised its Central Staff.

(b) A pool of doctors is available in ROME from which individuals may be selected to go to forward areas e.Medici Provinciali. A salary scale for these officials has been fixed.

13. Public Health.

(a) The typhoid epidemic in PESCHIERA is subsiding. A small outbreak of typhoid in SARONNO is being energetically dealt with.

(b) Smallpox in NAPLES Province continues to decrease. 113,270 vaccinations have been performed during the month. 45 cases of smallpox have occurred

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(a) The typhoid outbreak in BENEVENTO is subsiding. A small outbreak of typhoid in SALERNO is being energetically dealt with.

(b) Smallpox in NAPLES Province continues to decrease. 113,270 vaccinations have been performed during the month. 45 cases of smallpox have occurred in BENEVENTO.

(c) The Malaria Control programme in Italy in 1944 has effectively kept this disease in check throughout the liberated Provinces, in spite of a high epidemic potential, disorganised health service and serious lack of transport and supplies.

(d) The Typhus Demonstration Unit will go on tour during October and November.

(e) The Italian Government has been requested to clarify the position regarding medical supplies for soldiers hospitalised for more than 30 days.

(f) The tuberculosis mortality figures for ROME have increased between 1938 and 1943. It is anticipated that the 1944 figures will be found further than those of 1943 but will, none the less, be not so large as the figures for 1918.

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(a) For the first eight months of 1944 the infant mortality rate for NOIL was 131.4, as compared with 92.6 for a similar period in 1943. It is gratifying to note, however, that the August rate dropped to 148.7 from 221.3 in July. The rate for September was 89.9 per 1000. The lowest since January 1944, and lower than September 1943.

14. Veterinary.

(a) Foot and mouth disease tends to spread, but the output of vaccine is showing a satisfactory increase.

(b) Hog cholera is expected to decrease with the onset of winter. 19,000 doses of vaccine have been distributed to date.

(c) Large quantities of hog cholera anti-serum and virus have been handed over to the Yugoslav Medical Commission for use in YUGOSLAVIA.

15. Medical Supply.

(a) 600 tons of medical supplies were received at the end of September and all requisitions should shortly be filled satisfactorily.

(b) A National Wholesale Druggist Association has been formed to act for the Italian Government for the distribution of medical supplies to the Provinces of liberated Italy.

16. Welfare Branch.

(a) The Opera Nazionale Maternita' ed Infanzia is experiencing difficulty in maintaining its activities due to lack of funds.

(b) Many institutions which afford relief to destitute and helpless persons are hard hit because their incomes have decreased, or remained constant while the cost of living has increased. They find great difficulty in obtaining money to balance their deficits.

(c) The British and American Red Cross personnel are performing invaluable service in this Branch.

LEGAL SUB-COMMISSION.

17. Italian Branch. The activities of this Branch cover:

(a) Reorganization of the personnel of the Italian Magistracy in AO /AMG territories is proceeding.

(b) The publication of decrees abolishing the death penalty in the Penal Code.

(c) The adjustment of jurisdiction over petitions for Pardon and Conditional Liberty.

(d) The preparation and settling of decrees providing for the continuity of Italian responsibility in the matter of sequestration of Allied property.

18. Office of Chief Legal Advisor. The following are being examined and/or prepared:

(a) Draft of decrees dealing with "Sanctions against Fascism".

(b) Preparation of first draft of new Restoration Decrees.

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(a) Draft of decrees dealing with "Sanctions against Fascism".

(b) Preparation of first draft of new Sistemation Documents.

(c) Consideration of problems of a Petroleum Section of AFHQ, with particular reference to ACIP and ANIC.

(d) Consideration of duties and functions of Property Control.

19. Office of Chief Counsel. In the course of the month:

(a) General Order No.33 (petrol cans and other military property), No.34 (Wage adjustments) and Notice No.4 (petrol cans) have been prepared.

(b) A directive in respect to Enemy Partisans is under preparation.

(c) Preparations of Opinions on Scope of Armistice in hand.

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(d) An opinion with respect to limitations imposed by Proclamation No.1 (Revised) on payments of benefits is also in hand.

20. Chief Judicial Officer. The work for month of September was of routine nature; review of cases has continued.

In espionage cases, 4 cases have been submitted for confirmation or commutation of death sentences; in 2 other cases sentences of 10 years have been affirmed.

Four cases have come up for review in which charges have been laid against Italians, left behind by the Germans, who were provided with explosives and demolition equipment for sabotage purposes. In no case yet reviewed has any such person committed or attempted to commit any act of sabotage. Charges are therefore laid under Proc.No.1, Part II, Art.IV(5) for possession of explosives. Sentences have ranged from 10 to 2 years.

EDUCATION SUB-COMMISSION.

21. Courses. The courses of study, prepared under the auspices of the Education Sub-Commission last year, have been modified and are being issued in revised form.

22. Elementary Text Books. The very large printing project for elementary school text books (totalling about five million copies) has been launched.

23. Secondary School Text Books. There being a great variety of these, the problem has been analysing and classifying them as approved, approved with specified pages removed, and ordered confiscated. A subcommittee of the Sub-Commission, aided by the Sub-Commission, has completed this work for books available from ROME south and is publishing a list of 213 books to be confiscated (in addition to the great number of purely Fascist books), 546 books approved with certain pages out, & 117 books approved.

24. New Directives. The Directives for the opening and functioning of schools in non-Fascist Italy, first prepared last year in Sicily and gradually revised, have been issued in enlarged form for use in the Northern Regions.

25. Survey. The survey of Italian Education is making progress, is revealing interesting data and bids fair to become a major contribution, not only to Italian education, but to an understanding of it in other countries.

26. Translations. In consultation with the Minister, the Sub-Commission is undertaking the selection and supervising the translation of a series of books to acquaint Italians with the organization, purposes, methods and problems of education in the United States and Great Britain and more, it is hoped, anon.

27. Field Work. Italian Government territory is now almost wholly self-governing. The LAZIO-UMBRIA and LIGURIA-PIEDMONT regions are largely organized. TUSCANY is being organized, Province by Province, as the Armies move forward. Preparations for PUGLIA and VENEZIA are complete. Summer vacations, where held, were up during September and all was in readiness for opening schools generally during October.

MONUMENTS, FINE ARTS & ARCHIVES SUB-COMMISSION.

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MONUMENTS, FINE ARTS & ARCHIVES SUB-COMMISSION.

28. LAZIO-UMBRIA Region.

(a) The exhibition of European Masterpieces had an attendance of 47,306 persons during the month. Proceeds from entrance fees and sale of photographs amounted to 1,022,310,25 Lire. The balance to date after expenses were paid is 821,044,25 lire, for use for projects on repairs of monuments.

(b) Budget submitted of 14,118,000 lire for the most urgent repairs in the Region.

(c) Inspections of ALATRI, FERENTINO, ANAGNI and UMBRIA.

(d) The anti-aircraft protection was removed from the Arch of Constantine.

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29. ABRUZZI-MARCHE Region. Detailed inspections were carried out in the Provinces of CHIETI, PESCARA, CAMPOBASSO, and AQUILA. Funds advanced for repairs in the ABRUZZI amounted to 1,773,153 Lire. Further estimates of 2,223,000 Lire were submitted. Many repairs were initiated and completed in the Provinces of AQUILA, PESCARA, CHIETI and TERAMO. Report made on German vandalisms and thefts in the Region. ANCONA and LORETO, repairs initiated.

30. TOSCANA Region. An unusual situation obtained in TUSCANY because of the military situation. A division of control for work was established between Army, Regional and HQ officers. The work consisted of:

(a) Location, examination and safeguarding of deposits of art.

(b) Visiting monuments and giving first aid.

(c) Coping with problems of movement control, supply and transportation.

All deposits around FLORENCE have now been seen with the exception of one. Repairs for monuments in the Region have been planned and many have already been completed.

31. AMG Armies.

(a) Initial report on the condition of monuments in RIMINI received.

(b) Large scale first-aid measures taken with regard to the Campo Santo at PISA.

32. Archives.

(a) The Ministry of the Interior has taken control of archives in Italian controlled territory.

(b) The archives of the Superstrim have been restored to the Ministry of the Marine. Fascist industrial archives and Mussolini's Archivio Ordinario are stored in the Palazzo Venezia.

(c) Archives at VELLETRI being recovered from the debris.

33. Various.

(a) Report made on German and Italian activities in relation to works of art in Italy.

(b) Check-up on movable works of art in LAZIO almost complete.

(c) With acquisition of necessary materials progress is being made in compilation of long overdue photographic record of damage and repair to monuments.

(d) Report on war-damaged monuments in CAMPANIA published in NAPLES by Dr. MOLAJOLI, Superintendent of Galleries.

PATRIOTS BRANCH.

34. The formation of the Italian National Patriot Committee under the Presidency of the Prime Minister, with General CHIOME as the Executive Head of the Patriot Office, should mean the beginning of the handover of the patriot problem to the Italian Government.

35. Intelligence reports are being collected from all sources and disseminated to HQ

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(b) Check-up on movable works of art in LAZIO almost complete.

(c) With acquisition of necessary materials progress is being made in compilation of long overdue photographic record of damage and repair to monuments.

(d) Report on war-damaged monuments in CAMPANIA published in NAPLES by Dr. MOLAJOLI, Superintendent of Galleries.

PATRIOTS BRANCH.

34. The formation of the Italian National Patriot Committee under the Presidency of the Prime Minister, with General CADORNA as the Executive Head of the Patriot Office, should mean the beginning of the handover of the patriot problem to the Italian Government.

35. Intelligence reports are being collected from all sources and disseminated to HQ of Regions going to Northern Italy. The idea is to give such up-to-date and last minute news to Regions that, in the event of a sudden collapse, all Regional and Provincial Commissioners will have a clear and helpful picture on the conditions which they may expect to find

36. It is important to record that in the majority of cases arms are not being handed in, except in very small numbers.

37. The number of recruits who have joined the Italian Army from the Patriots have been remarkably low - under 400 in all from July until the end of September. The patriots themselves display no eagerness to volunteer.

DISPLACED PERSONS & REPATRIATION SUB-COMMISSION.

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38. General. On 23 September the Internees and Displaced Persons Sub-Commission and the Italian Refugee Branch were amalgamated under command of Colonel G.B. FINNLAY. The name of the new Sub-Commission is "Displaced Persons and Repatriation Sub-Commission". The D.P. & R. Sub-Commission now deals with all Allied National Refugees, Italian Refugees, and repatriation of Allied Nationals from Italy and Italians back to Italy.

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39. Medical.

(a) Food Supplements - RSMZ. 1475 Allied Nationals with medical certificates are receiving food supplements in RSMZ. Many others not receiving extra food are anaemic and under weight. These factors diminish resistance to winter's chills and it is hoped that extra food will soon be available.

(b) Health. A sharp outbreak of measles occurred in two camps, each with over a thousand children. A new 50 bed hospital at POGGIARDO was opened. This epidemic is now thought to have died down, and should not assume serious proportions in the absence of large numbers of fresh unimmune arrivals. All possible measures were taken regarding quarantine, etc., but intelligent co-operation is beyond many refugees. Mumps is also occurring in a mild form. Protection of almost all children against diptheria by immunisation has already been carried out.

40. Records Bureau. A total of 58,118 displaced persons are recorded in the Records Bureau. Of this number the location of 44,527 is known. The balance of 13,591 have been in Italy within the past year. These records represent 66 nationalities. During September 365 enquiries as to welfare and whereabouts were received and 211 replies made to enquirers.

41. Finance.

(a) Relief Payments. Emergency payments were made by the Polish Military Mission, the Royal Yugoslav Delegation and the Greek Ambassador to several hundred heads of families from funds advanced by this Sub-Commission. Beginning October these payments will also be made by the Banca d'Italia.

(b) Currency Conversion. There is still no action on the repayment of funds to the refugees who went to PALESTINE in May and to the UNITED STATES in July

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PART III

ECONOMIC SECTION

AGRICULTURE SUB COMMISSION.

1. Reconstruction of Italian Agriculture, Forestry and Fisheries Control

(a) Some of the Directorates of the Ministry of Agriculture are beginning to show that they may eventually function effectively in controlling and directing agriculture. The development of initiative and forcefulness is, however, slow.

(b) Progress is speedier in the field offices. Many of the compartmental and provincial inspectors are finding their feet and are anxious to do constructive work. Proceeding further North there seems to be less of the cowed condition to overcome, but it is surprising to what extent some of the officials in the South have recovered self-confidence with the help and backing afforded them by A.C. agricultural officers in the field.

(c) The olive oil requisitioning decree was followed up during the month with a price decree for that important commodity. It is considered that while a blanket price to cover costs in all regions was difficult to arrive at without unfully raising the cost of the ration to consumers, the price as fixed, at nearly four times the 1942 price, amply covers cost to producers in nearly all regions and there is, consequently, no possible excuse for evasion or black market dealing. The Ministry of Agriculture has been asked to work out a full plan of campaign.

(d) Progress of the Granai del Popolo scheme continues good in many areas in spite of the usual difficulties, lack of transport, etc., emphasized in previous reports. By the end of September the total collection amounted to 8,451,203 quintals or 73% of the 11,600,000 quintals most recently estimated that will be requested. The previous target figure, based on Regional Commissioners' local campaigns, had been 13 million quintals. The harvest collections compare favorably with Fascist years, when it is remembered that the Allied-sponsored Granai del Popolo had operated in the immediate rear of intensive military operations.

(e) All regions and AMG 5th and 8th Armies, also the Italian Ministry of Agriculture, have been informed that the National price of wheat grown in 1944, based on lire 900/1000, shall be effective in recently occupied areas in Italy, including LAZIO, ABRUZZI, MARCHE, TOSCANA, EMILIA, LIGURIA, PIEMONTE, LOMBARDIA and VENEZIA, for all wheat delivered after Allied occupation. Stocks of usable wheat found in Consorzio warehouses upon Allied occupation, and which were delivered under contract with the Republican Government but not paid for, will be paid for on the basis of Republican Government's contract price. Any claims which wheat growers may present for 1944 deliveries made prior to Allied occupation will be a matter to be resolved by the grower and the Italian Government.

(f) The production plan for agriculture, forestry, and fisheries for 1944-

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(c) The olive oil amassing decree was followed up during the month with a price decree for that important commodity. It is considered that while a blanket price to cover costs in all regions was difficult to arrive at without unduly raising the cost of the ration to consumers, the price as fixed, at nearly four times the 1942 price, amply covers cost to producers in nearly all regions and there is, consequently, no possible excuse for evasion or black market dealing. The Ministry of Agriculture has been asked to work out a full plan of campaign.

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(f) The production plan for agriculture, forestry, and fisheries for 1944-45 has been completed. It deals with many aspects of planning in considerable detail and is for the whole of Italy, province by province. It will be discussed by officials from all liberated Italy, who will meet shortly in ROME for the first time since the invasion of Italy and the plan will form a hard core for detailed programs and procedures.

(g) It is proposed to follow up the Granai del Popolo film with one illustrating the democratic features of Italy's new agricultural organization. There should also be a brief news film as a follow-up on the Granai del Popolo film and an olive oil amassing film. The difficulty will be to procure transport ~~facilities~~.

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2. Forestry

(a) Approval of the Sub Commission was given to a Decree placing administrative Committee and Commands of the State Forests under the jurisdiction of the Director of the Royal Forest Corps.

(b) The Forestry Directorate of the Ministry is beginning to make its presence felt, even in AMG areas.

3. Fisheries

(a) This Division has succeeded in getting a decree promulgated establishing an organisation charged with the responsibility of distributing fishery requirements. Under the direct control of the Ministry, it will have storage places at major fishery centers and so simplify transportation problems.

(b) Steps are being taken (a) to establish amassing centres wherever there is production so that proper allocation of supplies may be made as between local consumption and major consuming centres; (b) to allocate nafta strictly on the basis of quantity of fish unloaded.

(c) At the instance of this Sub Commission, Flag Officer Western Italy, R.N., granted further relaxation of present restrictions on fishing.

COMMERCE SUB COMMISSION

4. Materials Division

(a) General

During the month a survey of Materials Control procedure disclosed a considerable improvement in the operation of the Control system.

A comprehensive plan for administration of the Controlled Materials system for AMG territory was approved and passed to AFLRS for comment and agreement before being sent out to AMG Region and Army HQs. This proposed plan was to be submitted to the AFLR(I)B meeting on 7 October 1944.

(b) Tobacco

Up to the last week in September 315 tons of tobacco had been shipped by rail, against the month's bids for transportation of 800 tons made on behalf of the Tobacco Monopoly, and accepted.

800 tons of raw tobacco were loaded at GALLIPOLI, providing a 4 months' supply for factories at PALERMO and CATANIA which had been closed on account of lack of raw materials.

The Monopoly is being assisted in the procurement of the raw materials needed for the production of cigarette paper.

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(b) Steps are being taken (a) to establish amassing centres wherever there is production so that proper allocation of supplies may be made as between local consumption and major consuming centres; (b) to allocate rafts strictly on the basis of quantity of fish unloaded.

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10 tons of damaged flour was provided for the Tobacco Factories as a substitute for starch.

(c) Matches

Permits have been obtained from the Armies for both C.I.F. and Unione Fiammiferi, to send representatives to North Italy for the planning and reconstruction of damaged plants.

The experiments which are being made in the S.A.F.F.A. Plant with hemp-thread and stearin are likely to be soon completed.

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With the higher production of the match factory at NAPLES it will be possible to raise the present ration of 25 matches per person monthly to 50 matches, thus reducing the black market traffic.

SICILY and SARDINIA have now obtained supplies of matches sufficient for two months.

(d) Requirements and Releases Section

September releases to AC from IUS, MT AAI, continued to provide more liberal contributions towards civilian requirements.

Discussions took place between this Section and officials of the Ministry of Industry, Commerce and Labour with a view to passing over to the Ministry the work of reporting and freezing controlled materials, and receiving and screening civilian demands.

(e) Paper and Printing Ink

The Newsprint situation should be relieved by arrival of 347 tons in NAPLES and 150 tons in CATANIA. SICILY should now have two months supply.

The Printing Ink situation continues to be satisfactory.

(f) Textiles, Shoes and Clothing

Textile mills at PRATO and LECCO were visited. Approximately 400 mills of various capacities are located in this area.

First delivery of one thousand rubber soles and heels for repairing salvaged boots has been completed. PIRELLI Company production is now placed at 600 soles and heels per week.

5. Fuel Section

Arrangements have been made to allocate to the Italian Government supplies of POL in bulk for SICILY, SARDINIA and Southern Italy (Southern Region) leaving it to them to sub-allocate to Provinces, and categories of users, effective 1 November 1944. This allocation was formerly carried out by Petroleum Section.

6. Price Section

Activity during September consisted of participation in the work of the Price Committee and further efforts to assist the Italian Government in establishing an effective system for bonding prices, but progress in this latter direction continues to be slow.

7. Foreign Trade Section

(a) Towards the end of September shipping facilities improved and October

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Activity during September consisted of participation in the work of the Price Committee and further efforts to assist the Italian Government in establishing an effective system for handling prices, but progress in this latter direction continues to be slow.

7. Foreign Trade Section

(a) Towards the end of September shipping facilities improved and October should see considerable movement in goods which have been accumulating for export.

(b) Letters were interchanged with the Ministero dell'Industria del Commercio e del Lavoro, establishing agreement to the re-activation of the Istituto Nazionale per il Commercio Estero (ICE) as the executive organ of the Italian Government responsible for export trade development.

(c) Discussions are in progress by which payment of Italian exporters would be undertaken by the Bank of Italy, and much cusing, forwarding and loading of export goods would be done entirely by transport agents under agreement with AC and the Italian Government.

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(d) The timber supply situation for box making for the citrus fruit export programme at last shows some improvement.

(e) Meetings have been held with the Italian Ministry of Agriculture and Ministry of Industry, Commerce and Labour to discuss centralised organisation of the Silk Industry. Meanwhile CALABRIA continues to produce, and silk cocoons from Turkey have been imported in order to maintain output from the filatures now working.

(f) Hemp exports have been reduced - it is hoped temporarily.

(g) Requests from Allied countries have been received for, or offers made by Italians of the following new commodities:- alcohol, cork, mercury, iron ore, manna, gloves, snuff, tobacco seed and wheat seed, juniper berries cement and pyrites. Almost 100 varieties of vegetable seeds are now being procured and shipped, or stockpiled for shipment to liberated countries. Preliminary enquiries on marble have been made.

FINANCE SUB-COMMISSION.

8. On 29 September the Minister of the Treasury, SOLERI, released to the press a long review of the financial position of the Treasury. In this review he estimated the deficit for 1944 - 45, in the thirty provinces now under the Italian Government, at 50 billion lire. The gross indebtedness of the Treasury had risen from the 406 billion lire given by BADOGLIO in his speech on 30 June, 1943, to 723 billion lire at the most recent date.

9. As indicated in the August Report of the Finance Sub Commission, the Italian Government decided to lower both the rediscount rate of the Banca d'Italia and rates on Buoni del Tesoro Ordinari. By Ministerial Decree, effective from 11 September, the Banca d'Italia's rediscount rate was reduced from 4½% to 4%. Another Ministerial Decree reduced each rate in the schedule of maturities of BTOs by½%. This change became effective on 20 September, 1944. The new rates are:-

1 and 2 months Bills	-	2.75% per Annum
3 and 4 " "	-	3.25% " "
5 and 6 " "	-	3.75% " "
7, 8 & 9 " "	-	4.25% " "
10, 11 & 12 " "	-	4.50% " "

10. The Corte dei Conti is now well established and competently maintaining all the controls within its legal powers. For many years past, under the Fascist Government, this State office was not permitted to exercise the full controlling powers over expenditure that were contemplated when it was first established and when its duties were originally defined by statute. Changes in the law during the past two decades had the effect of whittling away the real power of control, so that the office became a mere rubber stamp. The original powers are now restored and the Corte has already shown that it will become the most powerful single instrument of effective budget

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11. The war profits tax revision became law with the publication in Official Gazette No. 56 on 16 September 1944 of Decree Law, 10 August 1944, No. 199. Draft decrees have been received covering proposed revisions for the Imposta sull'entrata (Turnover Tax) and for Imposta Successione e Donazione (Succession and Gift taxes). These are being considered and have been the subject of interviews with the Minister and the Direzione Generale concerned. It is clear that the Italian Government has at last realized the importance and urgent necessity of increasing State Revenue. They are tackling the question of tax revision in a most energetic manner.

12. During the twenty days ended 10 September 1944, the Bank of Italy

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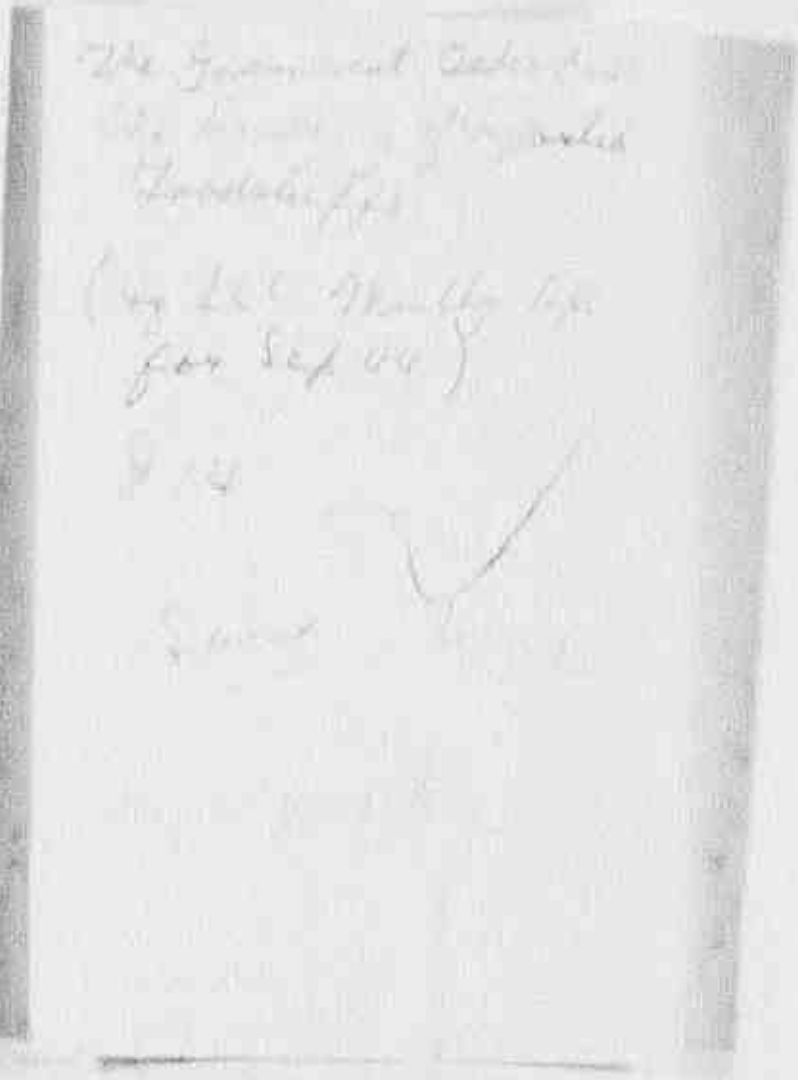

lost currency from its reserves to the amount of 575 million lire, despite large outpayments of lire by the Allied Armed Forces to the public. Preliminary reports indicate a further decline of 600 million lire during the ten days ending 20 September, reducing the global reserve to about 5.2 billion lire. As of 30 September the total reserve had fallen to 4.2 billion lire. The drain is concentrated in notes of large denominations. More than 1 1/4 billions of currency have been shipped from the Bank of Italy in ROME to branches of the Bank of Italy north of ROME since 5 June 1944, and the drain shows no indication of slackening. In fact, it has proved necessary to deposit 368 million lire in new AM lira currency in the Bank of Italy. It appears that the working-class and the middle-class are withdrawing their savings in a futile competition with each other to buy food in the black market, which holds its gains in the form of currency. Rural regions are also taking some of these funds.

In view of the resulting stringency of the Banca d'Italia currency position it becomes necessary to reverse the former policy of opening the banks as soon as possible. It is obviously undesirable that AM lire should be used on a large scale to pay off Italian depositors. Public expenditures and financing of crops are adequately provided for under Proclamation No. 4, prior to the opening of banks for general withdrawals.

13. Under amendments to General License No.32A, dated 29 August 1944, the limit of 50 dollars a month placed on remittances from the United States to any individual or household for living expenses was increased to 500 dollars per month. The amended license also provides for payments to be made in the additional provinces of ROME, FROSINONE, LITTORIA and CAMPOBASSO. Remittances from blocked dollar accounts may be made only to a citizen of the United States who has a beneficial ownership in the said account. Specific licenses will be granted by the Treasury Department for sums in excess of 500 dollars per month through existing "AF" accounts upon adequate justification. In no instance will a license be granted for transfers from Blocked accounts in the United States belonging to, or beneficially owned by, persons in Italy who are citizens of nations against which the United States has declared war.

14. Steps were taken whereby the Italian Government, through the Ministry of Agriculture, established the office of Direttore Generale dell'Alimentazione, which assumed direct charge of co-ordinating and controlling all phases of the supply of essential foodstuffs. The Direttore Generale appointed Federazione dei Consorzi Agrari as the distributing agent throughout Italy. Through this action an organization was established for handling imported foodstuffs. The plan went into operation on 1 September for the large Southern Region, and will be extended to forward areas on 1 October. The detailed work of keeping warehouse records, making sales and effecting collections has been transferred to Italian hands, leaving AC to perform only the quantitative accounting for imports received.

15. Pursuant to HQ AC G.O. No. 43, para XIV, which became effective on 1 October 1944, the Property Control Sub Commission was transferred to

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15. Pursuant to HQ AC G.O. No. 43, para XIV, which became effective on 1 October 1944, the Property Control Sub Commission was transferred to the Economic Section and made a division of the Finance Sub Commission, to be known as the Property Control Division. Henceforth it will perform its duties as a Division of Finance Sub Commission. Prior to such amalgamation the Acting Director of the Property Control Sub Commission was authorized to re-open negotiations with the Italian Government, looking to the return to that Government of the responsibility for the care and custody of Allied property in transferred territory. Such negotiations had been in progress since April pending a decision on questions of policy. The first of the new meetings was held with the Minister of the Treasury and other officials on 23 September. Rapid progress was made and by 28 September draft documents had been prepared and discussed and agreement reached upon all the important points. On 30 September a draft decree was handed to Legal Sub Commission for examination.

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FOOD SUB-COMMISSION.

16. A survey was completed of available imported supplies in Italy in relation to the extended areas liable to be fed. This showed that a reduction in the total consumption was necessary due to the lack of concrete information with regard to the resumption of imports of these supplies.

17. To achieve this, as from 1 September the existing ration scale, with the exception of bread and salt, would be issued only to towns of 50,000 and above, but retaining the existing special ration scales universally. It is appreciated that this plan is not ideal, but it was the only logical solution in view of the existing supply situation.

18. The inequality of the bread and pasta ration as between the South and Central Italy has had careful study during the month. Uniformity of ration - with an upward movement of the ration scale in Central Italy being the aim, rather than a reduction in the South - necessitates a programme of increased imports of cereals during the winter months. Because of this and of the need for the importation of other basic foodstuffs to ensure a reasonable ration scale for the entire population, a new program of imported food supplies was prepared in considerable detail for submission to AFHQ. As a result of this program being taken to Washington by Brig. Gen. O'Meyer, the Director and Statistician of the Food Sub Commission were called to Washington to support the estimates submitted.

19. The feeding of ROME continued to cause anxiety. The bread ration of 200 grms daily, the authorised ration of meat, dried vegetables, soup and salt was issued plus an issue of 350 grms of pasta. No sugar was available for issue due to late arrival of expected supplies and the olive oil ration was curtied forward to early October due to transportation difficulties. In addition to feeding the ordinary population of ROME, supplies were made available to Communal and Industrial Kitchens feeding 280,000 people daily, to 25,000 Hospital Patients and to other special classes. In addition an average of 650 tons daily of non-rationed foodstuffs were brought into ROME.

20. The problem of the supply of areas devastated by war and the difficulties of transport being increased by the winter rains, had to be faced. Southern PRUSSIANO and VITTORIA, badly battered in the early advance, were given a special allocation of food, but supplies of vital necessities such as fats etc. do not exist. Some areas likely to be isolated during the winter months have had a special three months allocation of food.

21. No supplies having been set up for North of the PISA-RIMINI line until November by A.F.H.Q. a special milling and rail program was [illegible] at the rate of approximately 250 tons per day, with other supplies in proportion, to provide a stockpile for a possible rapid advance North of the PISA-RIMINI Line before November.

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21. No supplies having been set up for North of the PISA-RIMINI line until November by A.F.H.Q. a special shilling and rail program was [illegible] at the rate of approximately 250 tons per day, with other supplies in proportion, to provide a stockpile for a possible rapid advance North of the PISA-RIMINI line before November.

22. Local Resources. As a result of action by A.C., a new administrative instruction was issued by A.F.H.Q. during the month, which limits the amount of local produce to be purchased by the Armed Forces. If carried out to the letter this will make a far greater amount available for civilian needs at this vital time.

23. The tomato processing season is nearly over. Final figures are not available, but due to competition by the black market processors for fresh vegetables, and the extreme shortage of fuel, the target figure of 2000 tons will not be reached.

24. To conclude, the month has been one of meeting the problem of supplies to recently occupied areas, and of planning for the feeding of the whole of Italy during the coming winter.

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INDUSTRY SUB-COMMISSION.

25. Foreword.

During the past month considerable progress has been made in the transference of detailed executive work from the Sub Commission to the Italian Ministry of Industry, Commerce and Labour. By the end of the month steps were being taken and details being worked out to hand over to Italian governmental administrative control most of this Sub Commission's main interests, more especially the fertiliser, soap making, paper making and cement industries. It was decided that the Italian Ministry would create small committees for each of these industries which would be responsible for this transfer of control. The committees to be presided over by a representative of the Ministry and to consist of two or three representatives of the industry in question. Under the proposed plan detailed executive work will be done almost entirely by the Italians themselves, this Sub Commission's responsibilities being virtually confined to the scrooning of requisitions for necessary imports of raw or repair materials, and to endeavouring to solve the transportation problems involved.

The regular weekly conferences with the Ministry were continued throughout the month and were found to be of increasing value, but it was felt that the Minister was evincing a stronger desire for complete independence of action. Some divergencies of opinion between the Minister and the Sub Commission arose over the question of the selection of personnel for some industrial administrative posts. It can, however, be recorded that the past month has shown a steady growth in the administrative power of the Ministry, which, with the growth of a more efficient communications network, showed evidence of its ability to handle, day to day executive problems.

26. Governmental Decrees

During the month the Governmental Decree for the control of the hemp industry and manufactured products thereof received Cabinet approval, and was duly published. Steps were taken to ensure similar action in [redacted] which, of course, remains AMG territory.

It is regretted that other decrees which have been pending, such as those for the control of the leather industry, and dealing with the position of the Ente Zolfi Siciliani have not yet been published.

27. Administration

This month has once again seen considerable progress in the recruitment of qualified personnel, and the policy has been consistently followed of arranging for newly recruited personnel to spend some time at HQ before their transference to their selected assignments in the field. The Sub Commission's plans for adequate representation in all the forward areas are now nearing completion and it is pleasant to be able to record that recent recruitment has reached a very high standard of technical qualifications for future tasks.

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Arrangements were completed to carry out the recommendations of the Manpower Reorganisation Committee. The Sub Commission put forward a detailed plan giving immediate implementation to the Committee's recommendations.

At the beginning of the month, the Coal Section of the Transportation Sub Commission was transferred to this Sub Commission and now forms the Coal Division.

28. Conferences

During the month a personal investigation was made of the problems to be solved prior to the resumption of production by the Solfa [illegible] Works at

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ROSIGNANO, thereafter a conference was held with General HAMBLEN, D.C.A.C., HQ., AAI. as a result of which permission was obtained from Fifth Army for immediate repairs to be commenced to the 36 Kms. of pipeline running from the salt mines to the works, despite the fact that the pipeline is laid for a considerable length along route No. 68, which is still in operational use for military traffic. A meeting was also held with the D.C., M.P.S. in SIENA who undertook to send a reconnaissance party to study the problem of the restoration of railway traffic from VADA into the works at ROSIGNANO, and promised the Sub Commission every assistance in the repair of the one bridge that is destroyed in this area. Following these meetings and other action, it is hoped that this important unit may be able to commence production at the beginning of next year.

29. Industrial Activities.

The month under review has witnessed the liberation of important industrial areas in Tuscany. Almost before the dust of battle had settled, officers from Industry Sub Commission entered the area to carry out preliminary investigations into conditions. At first sight the outlook is grim, damage has been severe, but a reasoned appreciation is not immediately possible, and an appraisal of potential recovery must be deferred until stock has been taken, a process now being carried out.

LABOR SUB COMMISSION

30. Labor Relations, Laws and Regulations

(a) The important news of the month was the visit and tour of Delegates from American and British Labor Unions, the Delegation were Mr. MATTHEW WOLL, American Federation of Labor; Mr. GEORGE BALDANZI, CIO; Mr. WILL LAWTHER, British Federation of Miners Union; Mr. TOM O'BRIEN, British Trade Union Congress. A tour through Southern Italy and SICILY was followed by a general Trade Union Congress in ROME and afterwards the entire group visited the fighting front.

It was very clearly defined to the Italian Trade Union movement that real progress could be made only through freedom from political influences; but that any possible help, moral or otherwise from the U.S. or Great Britain would be dependent on whether progress was made in line with fundamental principles of democratic free procedures.

(b) This Commission instituted a survey inspection of the Ispettorato dell'Industria e del Lavoro and of the Regional Labor Offices. One person full time has been assigned to deal with problems of the Ispettorato del Lavoro.

(c) The important problem of recognition by the Italian Government of Regional and Provincial Labor Offices set up initially by ANC was pursued with the Minister of Labor.

(d) The Decree-Law on the Suppression and liquidation of Syndical Organizations has been considered by this Sub Commission along with the Finance and Legal Sub Commissions and the position of AC has been formally forwarded to the Ministry.

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31. Wages, Hours and Labor Conditions

(a) The Sub Commission prepared and submitted a proposal to the Wages Sub Commission of the Labor and Wages Control Committee AAI for the revision of wage scales for the employees of the Armed Forces. After approval by Labor and Wage Control Committee, the Resources Board concurred with the scale becoming operative 1 October 1944.

(b) Action was also taken on wage increases for employees in private industry. Negotiations were carried out between this Sub Commission, Economic Section and the Ministry of Industry, Commerce and Labor.

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(c) This Sub Commission approved with qualifications, in conjunction with Finance Sub Commission, the problem of the Italian Government on wage increases for Government employees.

32. Social Insurance, Benefits and Training

(a) Close liaison has been maintained with the 5 major Social Insurance Institutes and considerable help has been furnished by this Sub Commission to further the work of Field Inspectors of the Previdenza Sociale, Malattia and Infortuni.

(b) Recommendation was made to the Minister of Industry, Commerce and Labor for the appointment of 2 co-Commissioners for the Cassa Maritima Meridionale at NAPLES.

(c) Considerable attention was paid to the problem of tying in the administration and fiscal control of the various Casse Mutue Aziendali (Factory Mutual Assistance Sickness Funds) with the national system of the Istituto Nazionale Assistenza Malattie.

(d) The long discussed plan of providing social insurance covering Italian workers employed directly by the Allied Armed Forces has now been formally approved by the Government Agencies and the Local Resources (Italian) Board of AFHQ.

33. Southern Region Summary

(a) Syndicates are still in existence in APULIA although it is hoped that passage of the new Decree on abolition will correct this situation very shortly.

(b) Several wage increase agreements have been approved by the Labor Sub Commission.

(c) A estimate of unemployed workers in NAPLES for the month of August was 61,838. There is practically no unemployment in the northern part of the Region.

34. LAZIO-UMBRIA Region Summary

(a) Nominations have been made for Provincial Labor Directors in the Provinces of VITERBO, RIETI and PERUGIA.

(b) Tremendous pressure has been brought to bear by organized labor groups on the Italian Government for increased wages.

35. TOSCANA Region Summary

(a) Steps have been taken to establish a Regional Labor Office in LEGHORN, Provincial Labor Offices already having been set up in GROSSETO,

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35. TOSCANA Region Summary

(a) Steps have been taken to establish a Regional Labor Office in FLORENCE, Provincial Labor Offices already having been set up in GROSSETO, SIENA, LIVORNO and FLORENCE.

(b) Constructive work has been done with the aid of the Labor Sub Commission in the registration of labor and tying in the granting of housing and ration privileges with actual employment in the LIVORNO area.

(c) There is considerable evidence of political activity on the part of the Camera del Lavoro in each Province.

PUBLIC WORKS AND UTILITIES SUB COMMISSION

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36. General Observations

Lt. Cols. JENNY and LAPPER went to AMERICA on 22 September (re Supplies,

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plant, materials, equipment, etc.).

37. Italian Public Works Dept. (Genio Civile)

Relations with Minister of Public Works (Italian Govt.) improved. Has now a better grip of his Department (which still remains lamentably defective). Remaining Engineer Officer withdrawn from SARDINIA, leaving responsibility with Genio Civile, and similar action contemplated in SICILY shortly. Analysis of organizational defects of Genio Civile summed up in letter to Minister of 20 September.

38. Defascistisation

Major PALMIERI of Legal Sub Commission is satisfied with progress made (special duties in this connection) and has advised Ministry of Public Works Commission as to speeding up activities. Close contact maintained with Major PALMIERI.

39. Reconstruction of War Damaged Italian Cities

Ministry of Fine Arts and Monuments wish that no reconstructional changes likely to alter character of old Italian Cities should be made without consulting them and Director General Monuments, Italian Government. All Regional Engineers notified.

40. Ports (salvage of sunken ships)

Prime Minister approached by Chief Commissioner re taking over of non-operational salvage by Italian Government. No decision yet reached as to whether Ministry of Public Works to be responsible, or Ministry of Marine.

41. Road Conditions

Sub Commission has established a "Road Reports Bureau" to collate experiences of touring officers with information already in possession.

42. Railways (Bridges, permanent way, etc.)

Transportation Sub Commission will continue to be responsible for this class of war-damage.

43. Land-reclamation, Flooding, Bonifiche Works

Reports received from Eng. Div. 5th Army AMG concerning ARNO and SERCHIO Rivers and likelihood of winter disasters (see para 6 of August Report re Pontine Marshes, and PO Valley). Problems later in PISA plain, likely to be wider in scope. Project (60 million lire) Pontine Marshes now in hand.

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Reports received from Eng. Div. 5th Army AMG concerning ASTO and SERCHIO Rivers and likelihood of winter disasters (see para 6 of August Report re Pontine Marshes, and PO Valley). Problems later in PISA plain, likely to be wider in scope. Project (50 million lire) Pontine Marshes now in hand.

44. Eruption of VESUVIUS (March 1944)

Special inspection carried out by Acting Director and Regional Engineer (Southern Region) in September preventive measures can not be effective this winter. Projects prepared by Genio Civile (120 million lire) probably unsound.

45. War Damages (Buildings, etc.)

Minister instructed Chief Officers of his Department throughout Central and Southern Italy to make complete inventory of war damage in Provinces and Communes.

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46. Utility Companies

Gas, Water and Electricity Coys continue to ask advice and assistance in various routine (and many extraneous) matters. Applications for permission to increase charges to consumers continue.

47. Public Utilities (Emergency Services)

Strikes reported at NAPLES and south thereof by employees of Societa' Meridionale di Elettricita' and Gas Companies. Conference held at Southern Region HQ 26 September to discuss plans for setting up substitute operational agency to keep essential services going.

48. Capital Expenditure. July 1944 - June 1945.

In 7 Provinces recently returned to Italian Government Minister notified probable expenditure of 1,700 million lire exclusive of 25% AL arising out of VESUVIUS eruption, war damage to buildings, and numerous other matters.

49. Highways, Bridges and Public Works

(a) New contracts in September amount to 72 for Military Highways and bridges and 99 for miscellaneous works.

(b) Sub Commission asked by Military Districts (Sr.) and Strategical Zone Section (Ar.) to take over many additional highways and bridges. Special bridge problems discussed in main report.

(c) Housing. Repairs proceeding very slowly. New Decree under consideration. Estimates prepared for construction of new housing units in 9 communes LAZIO-UMBRIA Region. Costs outrageously high and protests made; but Minister stated he was satisfied.

(d) Transport. No improvement - about 50% of vehicles unserviceable. POL supplies still inadequate.

50. Personnel (Allied Officers)

Limited at HQ to 15. Total number employed in HQ and Regions 67. 3 American Civilian Engineers joining shortly.

51. Electrical Division

(a) Increase in Italian civilian engineers. Reconn and survey work over wide areas in hand.

(b) New A.F.H.Q. Memorandum No. 44 of 5 October 1944 of very great importance, setting out this Sub Commission's heavily increased responsibilities.

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(b) New A.F.H.Q. Memorandum No. 43 of 5 October 1944 of very great importance, setting out this Sub Commission's heavily increased responsibilities.

(c) Power-output reports furnished to all interested Army Engineers. General situation very serious.

(d) Special position and difficulties regarding power plants in ROME explained.

(e) One object of Senior Officers visit to U.S.A. to obtain electrical generating equipment for Italy.

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Regional Reports

51. SICILY Region.

Urgent works required by Navy at MESSINA. Bridge construction works slowed

down. Road surfaces serviceable. Increased accommodation in prisons available.

Hydro electric situation fairly good.

Some transport difficulties caused by re-opening of PALERMO - MESSINA Railway.

52. SOUTHERN Region.

Sanitary and housing conditions in BENEVENTO bad.

Roads in CAMPOBASSO show progress. Out of 135 Communes many without water. Some arrangements made.

Roads in CATANZARO show good progress.

Water supply in REGGIO polluted. Repair works on 6 aqueducts and water-supply systems in COSENZA, CATANZARO and REGGIO inspected.

NAPLES City - many works in hand.

Consumption equal to supplies allocated (electricity).

Gas Company (NAPLES) maintaining some supply under existing conditions. Miscellaneous repairs proceeding satisfactorily.

Transport problems remain acute. (Roads and bridges.) Good progress in BARI District; water and electricity supplies satisfactory. Gas ~~District~~ inadequate. Reports from CATANZARO similar to those from BARI.

53. LAZIO-UMBRIA Region

Projects approved in September amounted to 30 ML. Funds regularised to complete bridges and other works begun without estimates and proper authority. Amalgamation of ROME Region and Region IV completed. Fair standard of roads maintenance reported. Progress in Bridge construction moderate. Housing projects blocked by lack of clear directives from Italian Government.

Mines-clearance proceeds very slowly.

Building repairs proceeding.

Water supply faulty (ROME City) inherent defects; apart from war-damage.

54. ABRUZZI-MARCHE Region

Boundary between Districts 1 and 2 (Military) moved forward.

Regional Engineer complains Genio Civile staff inadequate and unsatisfactory.

13 out of 50 bridges on Route 16 repaired, and 26 under reconstruction. Highways works proceeding slowly. Approval obtained to urgent repairs to public

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Water supplies being restored.

Electric power strictly rationed.

55. SARDEGNA Region

Clearance of CAGLIARI City 80% completed. Arrangements in hand for limited supply of gas. Electricity satisfactory. Water supply still critical. Transport situation unsatisfactory.

56. TOSCANA Region

Regional Engineers' activities, owing to forward movement, considerably ex-

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tonnage. Very large program of bridge reconstruction anticipated.

Electric power situation FLORENCE serious.

General public works schemes in hand, also repairs to damaged hospitals.

Responsibility for flood control handed over to Regional Engineer, Armies have promised assistance with transport and equipment. Inspector General (Public Works) Tuscany reported to be of great assistance.

FLORENCE City, 90% of normal water supply now available.

57. EMILIA Region

(a) Enemy causing great damage to roads, bridges, water and electricity plants. No active work possible.

58. PIEDMONTE and LIGURIA Regions

No active work possible.

59. LOMBARDIA and VENEZIA Regions.

No active work possible.

SHIPPING SUB COMMISSION

60. There has been no salient feature to report as regards shipping matters in the month under review. Considerable satisfaction, however, can be taken from the undoubted fact that the progressing machinery of A.C. requirements for Italy has resulted in an orderly combination of this with the authorities at A.F.H.Q., and it can be stated that all these requirements, so far as their movement by sea is concerned, have been covered. This has been done in consultation with the Shipping Authorities at A.F.H.Q., and has on occasions required the use of Allied tonnage for SARDINIA' coal and phosphates, and the use of one large British vessel for the carriage of wine from the APULIA district to the ROME area.

61. It is early to make any comments on the new method of handling schooners, but it can be reported that the machinery is working efficiently. The Schooner Control which sits in NAPLES and which is represented by the Mediterranean Shipping Board, A.C. and CO.OR.MA, is gradually getting some order out of a certain amount of chaos, and is directing the schooner fleet under their auspices to the civilian needs as required by the A.C.

Some slight criticism has been made that the numbers of schooners available for civil needs has not reached the stated total of 27,000 tons. This is accounted for by the fact that all the schooners which were visualised as being available for A.C. cargoes are not yet under full control, being spread over SARDINIA and from the islands off the coast of Italy. The assistance of the Naval Authorities has been enlisted, and it is satisfactory to report that a machinery has been put in motion to bring these schooners under control. It is [illegible] these schooners are of the small size but it has always been

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62. The port of CIVITAVECCHIA has been handed over to civilian authorities by the Army and Navy, and will be utilised for importations for the ROME area. It was disappointing to find that most of the gear and dock equipment had been removed, but this has been put right by the Services as a result of meetings which took place in ROME between the interested parties.

Considerable pressure is being put on the respective authorities to ensure that the railroad from the coal berth at CIVITAVECCHIA is put in order at an early date, as on this will depend to a great extent the supplies of coal to

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ROME during the winter months.

It is also satisfactory to note that considerable success has rewarded the efforts of the Italian contractors engaged at FIUMICINO, and it is conceivable that at an early date this will result in another means of supplying the city.

63. The financial arrangements between the various authorities for payment for services of Allied and other shipping still remain under discussion, and considerable ground has still to be covered before clarity on this point is achieved. It is hoped the next report will give a statement showing at least views of the various authorities on how the financial matters should be administered.

TRANSPORTATION SUB COMMISSION

Railways

64. Rail development has again been able to draw closer to the fighting troops. There has been a considerable increase in freight traffic backloaded from forward areas, thus making best possible use of rolling stock. Such traffic includes wheat, lignite and salt.

65. Plans are in hand for the preparation of advance rehabilitation schedules based on priorities to be indicated by the Italian authorities.

66. The Decree for increase in rail rates and fares has been dealt with and is likely to become law in the near future.

67. On the movements side, officers from ATIS have been detailed to A.C. for the purpose of taking over rail movement work, releasing A.C. officers for other specified duties in the field.

68. All engineering works have continued and further examination of lines are in hand.

69. In SICILY, proposed coal reduction is likely to cause considerable difficulty and a great burden on road transport which it is not in a position to meet. Suitable action is being taken to meet the needs of the Island objectively.

Work in the field has continued to progress and develop, and field officers have been maintaining their [illegible] high standard of efficiency.

Shipments, Ports and Warehouses

Shipments

70. Tonnage was allotted for all available bids of A.C. forecast. A 5000 ton ship was allotted for wine from PUGLIA. Barrel shortage will limit quantity wine movements to 5000 tons a month. Centralisation of shipment bids through A.C. Headquarters is a considerable handicap.

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65. Plans are in hand for the preparation of advance rehabilitation schedules based on priorities to be indicated by the Italian authorities.

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67. On the movements side, officers from AFHQ have been detailed to A.C. for the purpose of taking over rail movement work, releasing A.C. officers for other specified duties in the field.

68. All engineering works have continued and further examination of lines are in hand.

69. In SICILY, proposed coal reduction is likely to cause considerable difficulty and a great burden on road transport which it is not in a position to meet. Suitable action is being taken to meet the needs of the Island objectively.

Work in the field has continued to progress and develop, and field officers have been maintaining their [illegible] high standard of efficiency.

Shipments, Ports and Warehouses

Shipments

70. Tonnage was allotted for all available bids of A.C. forecast. A 5000 ton ship was allotted for wine from PUGLIA. Barrel shortage will limit further wine movements to 5000 tons a month. Centralisation of shipment bids through A.C. Headquarters is a considerable handicap.

Practically no bids arrive from SICILY or Southern Regions. Existing instructions are not being followed nor chain for bids arranged. All A.C. shipment bids for September were accepted by AFHQ to be carried by schooners or other ships. The specific allotment of schooner tonnage to Civil supplies is still only 15,000 tons DW of the smallest and most expensive schooners. During the month were allotted 10,000 tons DW schooners and 3500 tons coasters carrying in all 8000 tons.

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Ports

71. The Port of CIVITAVECCHIA has been handed over for civil use. Mail served berths for coal and civil supply ships are being arranged. Coal for the discharge has been obtained from Army sources.

Warehouse and Forwarding Section

72. The above Section is being taken over by this section of the Transportation Sub Commission on 1 October.

Roads

73. Two complete S.T. Companies (Italian) and 250 American vehicles have been promised by AFHQ in order to alleviate the present critical shortage of transport. It has been decided to organise these companies and vehicles into a (illegible) Transit Battalion.

74. Five additional officers have been assigned to this Sub Commission.

75. E.N.A.C. is not yet in operation and its policy is meeting with stiff opposition from interested parties. It is hoped, nevertheless, that it will be given a fair trial. In AMG territory the FLORENCE Plan of organising civilian transport is proving very satisfactory.

76. This Sub Commission has now accepted responsibility for maintenance of all A.C. vehicles, both military and civilian. A complete plan is being put into operation.

77. Both the Saper and Lancia Garages in ROME have been fully booked for work on repairing cars etc., during the current month.

78. Tyres, as ever, are a sore problem. Bitter disappointment was experienced when it was found that a large quantity had been erroneously consigned to us. There is reason to believe, however, that atonement for this will be made in the near future.

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73. Two complete G.T. Companies (Italian) and 250 American vehicles have been promised by AFHQ in order to alleviate the present critical shortage of transport. It has been decided to organise these companies and vehicles into a GT Truck Battalion.

74. Five additional officers have been assigned to this Sub Commission.

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POLITICAL SECTION, PUBLIC RELATIONS BRANCH AND INTERZONAL SUB-COMMISSIONS.

POLITICAL SECTION.

1. There was a good deal of tension both in the matter of internal and foreign politics during the month. Principal matters of note were the drive for workers' and state employees' subsidies, the reorganizations and occasional acts of violence of the Left and Right and the persistent appeals from all parties for material and moral aid from the Allies.

2. The Socialist Party manifesto (7 September) is a good example of the more extreme programs. After a declaration of faith in the general principles of socialism and internationalism, the Socialists made some very specific demands. Of the Allies they asked Lease Lend, demobilization of AC, the right to make a greater contribution to the war through both the patriots and regular troops, and a statement of reassurance on the Allies financial policy. Of the government they asked immediate attention to the unemployment problem and immediate elections of provincial and communal officials. The manifesto ended with an allusion to the forces of reaction and the readiness of the workers to reply with "revolutionary violence" to any challenge from such forces. These, including political rights for women, are in general the demands of the leftist parties, although not always voiced with such brusqueness. To them may be added the pressing for some kind of expropriation of the latifundia - the Christian Democrats advanced a tentative plan on 12 Sept and the Communists have been urging occupation at least of untilled lands by the peasants as an emergency measure and without waiting for a governmental decree. On the foreign policy side it may be said that the Socialist programme represents only the minimum of Italian demands: Croce's speech, asking that Italy be classed among the victor nations and accorded full autonomy and parity, received almost universal approval.

3. Reported reports of violence in the Southern provinces on the part of Communists and Socialists came in throughout the early days of the month. The leftists parties have steadfastly denied any activity of the sort and indeed on the best documented occasion (the breaking up of a meeting in CALTANISSETTA Province when hand grenades were thrown and the speaker wounded) it was the Communists who were the victims. The outstanding act of violence during the month was the lynching of [redacted] (19 September) who was to be a witness at the CUCCO trial. This was such a shocking affair that there were rumours for a day or so that the government would fall and the extremist parties, though professing sympathy with the people who, they claim have been too much delay in punishment of Fascists, did somewhat moderate their tone. Even at the highest point of tension, however, there was no real thought of upsetting the government, and the rather unrealistic outcry for a "Committee of Public Safety" died away completely when, on 26 September, the six parties again bound themselves in a public declaration to work together, settle their differences as friends and postpone discussion of radical reform until the liberation of the whole country and the ensuing Constituent Assembly. The fact that the CUCCO trial was held with dispatch and efficiency and speedy justice was done (as well, perhaps, as the lack of any workable alternative for the BONOMI Government) plucked the hotheads and upset the adventurers. At the same time that the manifesto of solidarity was released by the government parties the announcement of the policy toward Italy made by ROOSEVELT and CHURCHILL was broadcast and had a very calming effect. The promise of relief supplies, the dropping of the word "Control" from ACC and the invitation

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4. The Council of Ministers, meeting on 24 September, took up the matter of a subsidy for workers and [redacted] it is

understood must now be considered by AC. It also ordered the preparation of electoral lists for elections in the communes (these lists are based on the regulations of 1919 and do not provide for women voting) and set up an Inter-Ministerial Price Control Board. Meeting again on 29 September the Ministers listened to SOLERI's report on the Treasury. It was a report rendered by all for its honesty and integrity but it brought out very clearly the fact that Italy has a mounting deficit and a currency circulation out of control of the Government.

PUBLIC RELATIONS BRANCH.

5. News Production. Daily releases to the Allied, neutral and Italian press on a variety of subjects, including summation of the Grand del Popolo, German tortures in Via Tasso, civilian movement, food, export of silk, arrival of penicillin, Italian Red Cross, olive oil amassing, etc.

6. Press Arrangements. PRB officers supervised arrangements for Allied correspondents covering the CARUSO trial and execution and also figured in helping quell the disorder on the first day of the trial. Arrangements were made with the Italian Government insuring Allied coverage of other high Fascists brought to t trial.

7. Press Conference. Arrangements made for meeting of Allied correspondents with the Anglo-American Labour Delegation at the Grand Hotel.

8. Journalists.

(a) Italian. 15 more accrediting cards issued after screening. Interviews arranged with Sub-Commissions.

(b) Allied War Correspondents. Interviews arranged and briefing given. Aid continued to "March of Time" film unit.

(c) Allied Political Correspondents. Trip arranged with conducting officer to cover inauguration of new mayor of FLORENCE. Work progressed in taking over former MANCHUKUO Embassy and setting up as Political Correspondent's Mess and billet.

(d) Neutral Correspondents. Weekly briefings held. Foreign Press Association expanded to include substantial number of Allied correspondents, with direction now passing from hands of neutrals to council of journalists elected by accredited correspondents in ROME.

9. Relations with Italian Government. Major recommendations made on Italian film and radio industries and creation of Italian news agency. Epuration activities of Sottosegretariato per la Stampa followed and checked.

10. Meetings Attended. Economic Section, Weekly Conferences, Allied Publications Board, PWB Propaganda Directive Conferences, SICAD Forward AC conferences.

11. Propaganda. Suggestions and assistance given PWB concerning patriots, olive oil amassing and extent of Allied supplies and aid given to Italians.

NAVY SUB-COMMISSION.

12. Ships of the Royal Italian Navy continue to be as fully employed as their [illegible] of four cruisers are ferrying troops from

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NAVY SUB-COMMISSION.

12. Ships of the Royal Italian Navy continue to be as fully employed as their state of readiness permits. An average of four cruisers are ferrying troops from CAGLIARI to NAPLES. Destroyers and smaller vessels are fully employed on escort duties, minesweeping, etc. Work is proceeding well in the dockyards of TARANTO and BRINDISI where Allied and Italian naval and merchant vessels are being repaired and docked in increasing numbers.

13. Considerable attention is devoted to economic problems such as the control of hemp, including the production of an adequate supply of raw hemp to meet requirements for finished products necessary for the war effort.

14. A conference was held at CASERTA to review the policy for shipbuilding. The present policy that the facilities should be used for repairs in the interest of the immediate war effort was reaffirmed, with the additional agreement that there is no objection to building small coastal vessels under 1500 tons, tugs, barges, and schooners, provided that material and machinery can be obtained without detriment to the war effort.

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24. The move of the Italian Air Ministry to ROME made it apparent that the subject of manpower would have to be dealt with by the ROME Office of the Air Forces Sub-Commission. At the present moment the full figure of 9,000 personnel for employment with the Allies does not seem to be in demand, and some 300 men are waiting to be posted to Allied Units. At the same time a steady influx of personnel from liberated territory continues, together with a corresponding number of discharges necessary to maintain the total ceiling strength of 31,000.

25. The question of an increased ration for operational crews is still under consideration. It is hoped that some decision will be reached in the near future. N.A.A.F. figures are being pressed for this.

26. Sanitation in the Italian Air Force is improving, and the Italian part of the Station at LEGGE has recently been commended by the American Medical Officer in charge of the station.

27. On the whole affairs in the Italian Air Force remain settled and morale is high. The dissatisfaction in respect of the re-employment of personnel who were in hiding in ROME has now decreased. The cases of those have now been taken into the Air Force and a number of them hold very important posts.

28. Defascism is still most unsatisfactory but this cannot be blamed on the Italian Air Force who, at any rate, appear to be more than ready to get on with the job and anxious to get rid of the majority of the fascist senior officers.

29. The most satisfactory aspect of the month is the increase in fighter serviceability. This is the fruit of protracted efforts of the Engineer Staff of the Air Forces Sub-Commission and the Technical Staff of the Italian Air Force.

COMMUNICATIONS SUB-COMMISSION.

30. Telecommunications.

(a) Telephone. The towns of LITTORIA, VELLETRI, FROSINONE, TERRACINA and VITERBO have been connected to the main telephone system. On the East side of Italy the towns of TERNI, RIETI, AQUILA and TERAMO have been interconnected, though there is still no connection from that side to the main system. Local services have been restored in several more towns.

An inter-urban board has been reconditioned and is being installed in FLORENCE in readiness for service.

(b) Telegraphs. Telegraph service is now available to the same towns as those in para 30(a).

The telegraph cable from ROME to SARDINIA has been restored to the Italian authorities.

An examination of Italian Government facilities on foreign cablegrams and an investigation of their cipher systems have been started by an expert commission from LONDON.

31. Postal.

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31. Postal.

(a) Postal services have been restored in the additional Provinces of RIETI.

(b) A special 25 word postcard service has been set up between FLORENCE and the internal postal zone.

(c) Direct despatches to SPAIN and PORTUGAL were introduced in lieu of circulation via LONDON.

(d) The NAPLES-ROME carriage of mail has been transferred from road to rail.

(e) Linking up with the restricted civil mail service established in liberated FRANCE has been investigated and it is hoped the service will open shortly.

(f) Foreign correspondence totalled well over 3 million items.

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15. An endeavour is being made to formulate a policy and plans for non-operational salvage. The President of the Italian Council of Ministers has been requested officially to designate either the Ministry of Marine or of Public Works as the agency to plan and coordinate non-operational salvage work, including actual salvage operations.

16. Agreement has not yet been reached between MEDBO and the Labour Sub-Commission as to the proper agency for hiring Italian merchant seamen. MEDBO contends that this is a function for the Italian Port Captaincies, but the Labour Sub-Commission proposes that all hiring should be through the Controlled Labour Offices.

17. The disposal of vessels of Italian ownership captured from GERMANY by the Allies after the Armistice with ITALY has again been raised through the Italian Ministry of Foreign Affairs. The Italian view is that the COUNTERSIGN Agreement entitles them as co-belligerents to the return of these vessels to Italian control.

18. Numerous other problems involving supplies for the Italian Navy, the control of movements of Italian naval personnel, arrangements for transport of persons and equipment, censorship regulations, accommodation, etc., have been handled.

LAND FORCES SUB-COMMISSION (M.M.I.A.)

19. The call-up of the 1915-1924 classes in ROME continued during September with a view to completing outstanding commitments for Allied Units. Both specialist and non-specialist personnel were recruited. Up to 10 September only 670 reinforcements had been dispatched. This low figure was due to the fact that many men were exempt from Military Service because physically unfit, or for compassionate family reasons, or because of business and agricultural commitments.

20. The C.I.L. was withdrawn from the line. Rail transport at the rate of 800 personnel and 100 tons of stores a day was arranged from ASSISI to VARANO. Personnel and stores were also moved by road in vehicles of the C.I.L. The reorganisation of the C.I.L. into two Combat Groups commenced as soon as all units had been concentrated in the PIEMONTE area. These groups are now re-designated the "LEGNANO" and "FOLGORE" Gps. The move of units of the "FRIULI" Combat Group from various points to the SAN GIORGIO concentration area was completed. The training of instructors of the "FRIULI" Group in British weapons was completed and on 19 September the training of instructors from the "LEGNANO" and "FOLGORE" Gps commenced. On 26 September MMLA's outline plan for the reorganisation, training and equipping of the Italian Combat Force was sent to AFHQ, AAI, MML HQs and Os. i/c SLMs. On 16 September the Italian Combat Groups became a British responsibility.

21. At a conference at AFHQ on 4 September attended by MML representatives the division of the Italian Army into three categories was discussed. The Italian Armed Forces would be divided into three classifications as under and referred to by the appropriate abbreviations.

(a) Italian Armed Forces under British Command - BR-ITI.

(b) Italian Armed Forces under United States Command - US-ITI.

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(b) Italian Armed Forces under United States Command - US-ITI.

(c) Italian Armed Forces under the Command of the Theatre Commander through the Italian Government - ITI-ITI.

The responsibility for maintenance would rest with the Allied or Italian Command according to the above categories. MMLO would be responsible to the Theatre Commander for the coordination and supervision of supply to all categories of the Italian Armed Forces through the Italian Ministries.

AIR FORCES SUB-COMMISSION.

22. During the month of September there was considerable increase in fighter activity, despite a deterioration in weather conditions, and an average of 18 sorties a day has been maintained.

23. Supply dropping is still being carried out by the [illegible]/Transport Wing and during the month over 140 tons of arms, ammunition and food were dropped over YUGOSLAVIA.

32. Censorship.

Internal censorship of mail and telegraph communications has now been discontinued in all Provinces South of the ROME-AQUILA-CELANO line, except in NAPLES, FOGGIA, BARI, BRINDISI, TARANTO, CAGLIARI, PALERMO and SYRACUSE. All these censorship stations are, or shortly will be, under Italian control, except NAPLES and FOGGIA.

WAR MATERIALS DISPOSAL & ITALIAN P.W. Sub-Commission.

33. War Material Disposal.

(a) In the early part of the month requests for permission to recover derelict vehicles and material continued to pour into the Sub-Commission. Approval to recover was given in certain cases and the recovery of vehicles both derelict and those hidden and held by unauthorised persons continues.

(b) The Sub-Commission has been responsible for the return of a number of such vehicles to the Italian War Department.

(c) A number of conferences were held with CCG to evolve a scheme for the location of trucks and tyres which were hidden and held illegally. This work is proceeding and although the recovery to date has been small there is no doubt that in time a considerable amount of material will be brought to light.

(d) Arrangements were made with the War Department whereby vehicles which had been repaired by private individuals and firms could be used by those individuals and firms for a certain period providing they were being used in connection with AC activites.

(e) The railway service in ROME reported certain railway car loads of stores in the sidings in ROME and steps have been taken to dispose of this material to Italian Government Departments and the different authorities whom it may interest.

(f) A reconnaissance was made of the FOGGIA area, where it was discovered that a considerable quantity of Italian material was in general being misused and wasted.

(g) The whole question of safeguarding and recovering Italian material was studied and it was proposed to the Services Sub-Commission that a proper Italian salvage unit should be formed. The Air Forces Sub-Commission said that the Italian Air Force had already formed a salvage unit. It was decided to consider increasing the strength of the Italian Air Force Salvage units and putting all recovery work into the hands of these units, under the direction of the War Material Disposal Sub-Commission. The Italian Under-Secretary of the Ministry of War, General CXILLIO, agreed that the War Department would provide all specialist officers necessary for attachment to the Air Force Salvage units and any senior liaison officer thought necessary to make the scheme a success.

34. Italian Prisoners of War.

(a) The work of this branch of the Sub-Commission continues to increase

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34. Italian Prisoners of War.

(a) The work of this branch of the Sub-Commission continues to increase. The requests for repatriation have more than doubled during the month and questions as to why certain P.W. have not yet returned continue to be received in large numbers.

(b) The difficulty of employing Italian officer P.W. in North Africa was raised and the Italian Government has agreed to accept these officers and find employment for them upon their repatriation.

(c) During the month the situation as regards repatriation was greatly improved. A large number of sick and wounded PW arrived in Italy to be cared for by their own people, and a number have been repatriated to fill official and other civil appointments. Repatriations have averaged over thirty a day and for October plans for a total of one hundred 5592 have been approved and the necessary shipping space allotted.

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M. Italian Prisoners of War (Cont'd).

(d) In accordance with an itinerary arranged by AFHQ a visit of inspection to Italian PW co-operator camps in Italy was made by members of the Italian High Commissioner for PW's staff, including General DE PINO. An officer of the Sub-Commission accompanied them, representing the AC. The report made by General DE PINO to General GIZZERO and the Italian Government left no doubt that these Italian co-operators were living in every case under similar conditions to the soldiers of the Allied Armies.

(e) A number of decisions have been reported during the month, permitting co-operators to make allotments of money to their families, leave in which to visit them and allowing for the repatriation of all P.W. over sixty years of age and those over fifty years old who have been a P.W. for two years, etc. Arrangements were also made for improved mail services and the dispatch of books to P.W. camps throughout the world. Two thousand copies of Basic News in Italian were sent daily to North Africa for P.W. and a broadcast programme from Radio ROME announcing the names of P.W. repatriates was arranged.

(f) The Italian P.W. question continues to be a delicate one and as AFHQ have decided that all repatriations of Italian P.W. must be approved by and come through the AC, careful liaison with the Italian Government through the High Commissioner for P.W. is necessary.

Ellery W. Stone

ELLERY W. STONE
Commodore, USNR
Acting Chief Commissioner

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C O N F I D E N T I A L

HEADQUARTERS ALLIED COMMISSION
APO 394

Ref: 625/COS.

MONTHLY REPORT

OCTOBER 1944

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PART I.

AMG FIFTH ARMY.

1. During the month very little advance was made in the difficult mountainous country of the APENNINES. In all, about a dozen new communes were occupied in the Provinces of BOLOGNA, RAVENNA and FORLI. The four Provinces of PISA, FLORENCE, LUCCA and PISTOIA remained under command of AMG FIFTH Army throughout the month. Half of LUCCA Province and one commune in PISTOIA were still in enemy hands at the end of the month, while the liberated parts of these Provinces were for the most part full of tactical troops.

2. In the interest of good administration TUSCANY Region specialist officers have been encouraged to work in the Army area on long term problems and are in fact handling Education, Engineering, and certain phases of Economics.

3. Six Provincial teams of TUSCANY and EMILIA Regions have been under command, waiting to operate in their own areas, and during the month five other teams for Northern ITALY were added.

4. Because of the special eminence of TUSCANY in this field, Fine Arts have been of greater importance than ever before. Considerable progress has been made in repairs to the Campo Santo at PISA and the restoration to FLORENCE of paintings and sculpture, which had been taken elsewhere for safety.

5. In FLORENCE the chief interest has been over the food and fuel supply, which are both still far from satisfactory, and the political-constitutional struggle between the Prefect and the Committee of Liberation, in which important issues of national importance were raised. At one time the political atmosphere was lively but things had quietened down by the end of the month.

6. In PISA life is still paralysed by the physical destruction and mining of the city and the grave housing shortage, which is further aggravated by large scale requisitioning of accommodation for military units.

7. Public morale generally was far from high, largely owing to the present inferiority of physical living conditions as compared with those prevailing under German occupation. While the people are in general friendly towards the Allies, empty bellies and economic distress are submitting this new friendship to a severe test.

8. In the towns the food situation was bad. There were demonstrations during the month in FLORENCE, PISTOIA and PISA, in each case dispersed without much difficulty. LUCCA and PISTOIA Provinces both ran out of locally produced grain and PISA will do so early in the New Year. There are a large number of towns in the area economically dependent on industry and in these the shortage of groceries and animal products caused severe hardship.

9. Much of the wheat crop on the Southern side of the APENNINES has been lost as a result of military operations. The shortage of livestock hampers autumn planting and precludes the distribution of any dairy products in the cities. Prospects for the olive crop are good.

10. Some 1000 refugees were sent South during the month. With the slowing down of the advance and the onset of bad weather, both of which make necessary the accommodation in buildings of large numbers of troops, it is expected that large-scale

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9. Much of the wheat crop on the Southern side of the APPENINES has been lost as a result of military operations. The shortage of livestock hampers autumn planting and precludes the distribution of any dairy products in the cities. Prospects for the olive crop are good.

10. Some 1800 refugees were sent South during the month. With the slowing down of the advance and the onset of bad weather, both of which make necessary the accommodation in buildings of large numbers of troops, it is expected that large-scale evacuation from forward areas will soon start.

<u>AMG EIGHTH ARMY.</u>

11. The Province of AREZZO was handed over to Regional administration on 21 October and it has been arranged that the Provinces of ANCONA and PESARO will be handed over to ABRUZZI-MARCHE Region on 1 Nov.

12. The new territory captured by EIGHTH Army can be divided into two geographical categories :

(a) The low lying/.....

(a) The low lying agricultural plain in the triangle RAVENNA - RIMINI - FORLI, which is rich agricultural land producing grain, sugar beet and market garden produce. There was considerable damage to dwelling houses in this area and a very large portion of it is now under water as a result of the destruction of dykes, retaining walls and pumping stations.

(b) The mountain territory lying directly south of Route 9 and forming the most northerly ridges of the APPENINES. Here there was heavy damage to some of the villages and an almost complete destruction of the bridges which cross the not inconsiderable rivers running down to the PO Valley.

13. From the above description it will be appreciated that damage generally was heavier than in the past and that the outlook for the coming winter is extremely gloomy. The progress of troops has become slow and the war may almost be stated to be in a static phase, with large numbers of troops seeking winter quarters in the much reduced number of available houses. To this must be coupled great destruction caused by flooding on farm land, with the resulting impossibility either of harvesting this year's crop or of sowing next, and the difficulty of transporting such supplies as there are over bridgeless roads.

14. Committees of Liberation were met with in all newly captured areas but no particular difficulty was found in dealing with them. Prefects of all Provinces operated satisfactorily and Sindaci and Giuntas functioned in the communes of ANCONA Province, as well as in all but the ten most northerly towns in PESARO Province.

15. Miscellaneous food supplies from ANCONA and flour from SENIGALLIA were brought up to the advanced base supply depot at RIMINI. Special issues of grain were authorised to consumers in the Provinces of ANCONA and PESARO, where much of the wheat crop was lying unthreshed in the fields until an unusually late date. Measures were taken in FORLI and RAVENNA Provinces to supplement the very inadequate diet of the civil population by a properly organised distribution scheme for fruit and vegetables, which are plentiful in the plain.

16. The Civil Police performed excellently during the month in keeping the main Army roads free of civilian traffic.

17. Operation of tented refugee camps was greatly handicapped by the weather, which also made it more difficult to move displaced civilians to neighbouring communes. In all 8326 civilians were evacuated through AMG camps, of which 1890 passed through a camp in FIFTH Army area. The necessity of housing troops in an over-crowded and damaged area may mean that a considerable number of refugees will have to be evacuated South.

18. All troops have now evacuated the Republic of SAN MARINO. Supplies of food and medical stores have been arranged for the Republic.

SICILY REGION.

19. The tide of unrest caused during the early part of October by shortage of food, the rising prices of essential commodities, unfulfilled expectations as to increases in pay and the general inability of the local administration to control the situation culminated in an unpleasant incident at PALERMO on 19 October, when troops opened fire on and used grenades against a crowd from which a bomb is reported

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19. The tide of unrest caused during the early part of October by shortage of food, the rising prices of essential commodities, unfulfilled expectations as to increases in pay and the general inability of the local administration to control the situation culminated in an unpleasant incident at PALERMO on 19 October, when troops opened fire on and used grenades against a crowd (from which a bomb is reported to have been thrown) which was gathered in a confined area outside the Prefettura and the Office of the High Commissioner. Serious casualties occurred, 26 civilians being killed and 156 wounded. The bomb thrown from the crowd injured 11 soldiers.

20. Many misrepresentations of the incident appeared both in the press and elsewhere, where the impression was sometimes given that a serious battle between strikers and the Italian Armed forces had occurred, or that an attempt had been made by the Separatists to initiate violent action. It seems clear that the causes of the trouble were in the main economic and that, though the situation at the time was tense, had the forces of law and order been properly employed bloodshed could have been avoided or at least only a few casualties caused. Though excitement subsequently ran high in the city of PALERMO for some days and strong patrolling of the streets was necessary, the situation by the end of the month was outwardly calm and normal. Throughout the rest of the Island the situation was not abnormal, though there was continuous agitation against the low rate of wages and the high cost of living.

21. During the month the Separatists held a congress at TAORMINA. The meeting was orderly but it appears that the movement is gaining strength. The congress was attended by some 250 individuals, mainly from CATANIA, MESSINA and PALERMO. Although the delegates held different political views there was complete unanimity over the fundamental aims of the movement.

22. Food and its price continue to dominate everything, while the approach of winter makes the lack of clothing, material and of shoes most serious. Workers would prefer a stabilisation of prices at a reasonable level rather than a rise in wages, which may tend to drive prices still higher. Efforts are being made by the local administration to bring prices down and to exercise some rigid form of control but the shortage of commodities, the operations of those interested in keeping black market prices high, non-observance of laws and regulations and the inefficiency of the lower administration make the problem most difficult.

23. Grain availability, which has a disturbing influence on the whole situation, is most serious as present stocks will be exhausted by the end of the year and no plan has as yet been made to meet this situation. It is estimated that about one million quintals have not been amassed. Unfortunately activity in enforcing the amassing laws was seriously hampered by the PALERMO disturbance on 19 October. Black market prices of bread and pasta are rising steadily.

24. Communal soup kitchens are being set up in all the larger towns. Soup kitchens sufficient to feed fifteen thousand poor people will shortly be functioning in PALERMO.

25. Preparations have been made for the reopening of the schools on 4 November, but many school buildings are still occupied by the military, either Allied or Italian, and many others are uninhabitable due to war damage. Certain buildings are occupied by refugees but the utmost is being done to return these to the schools.

SOUTHERN REGION.

26. The Regia continues to give day-to-day assistance to Allied forces. Amongst other routine work more than 2,000 civilians were found alternative accommodation in NAPLES Province to make room for Allied troops.

27. During the month a large number of activities were handed back to Italian control, including two cement and two brick works, distribution of drugs, control of certain industries such as soap, repairs to power stations and the operation of public utilities etc. At the provincial level the Italian authorities are functioning fairly well but they complain of a lack of guidance from their Government in ROME.

28. The political position continued to be confused but the activities of the various parties were under reasonable control. The Communist Party was stimulated by a visit of the Russian Trade Union delegation. The Socialist Revolutionary Party declared itself against the parties of the Committee of Liberation and also sponsored the newspaper "Bandiera Rossa". The great mass of the people, however, remained indifferent to the political situation and were more concerned with the problems of food and clothing for the winter. Fears for the future persisted, fear that the Italian currency would collapse and that the withdrawal of the Allies from ITALY would result in chaos.

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29. As regards local government, the low salaries of all grades of state and municipal officials and employees was a subject of complaint, and inaction at ROME caused irritation locally and created a deepening mistrust.

30. The main difficulty in connection with the food supply was still transport. Fruits and vegetables were plentiful in producing areas but scarce elsewhere. The situation remained unchanged insofar as rationed items and free market goods were concerned. PUGLIA exported 27,000 tons of grain and flour to other Provinces during the month and 4,300 tons of wine were transported by ship from TARANTO to ROME.

31. Total grain collections reported up to 29 October were 3,011,666 quintals of wheat and 305,792 of barley. Provincial grain collection committees were requested to submit plans for action to bring in as much additional grain as possible.

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32. Prices in general rose and in NAPLES today are double those of a year ago.

33. New olive oil control officers, in training at FOGGIA, seized on their first effort 9 quintals of wheat, a truck with a false bottom containing two quintals of oil and 80 gallons of Allied petrol.

34. The promise of an increased food ration for civil police agencies resulted in a marked uplift in morale. A number of crimes of violence, mostly committed jointly by deserters from Allied Forces and civilians, were reported in outlying districts of NAPLES Province. Operations of all police agencies against the black market were continued with success.

35. The local Housing Commission in NAPLES commenced a programme of house repair, in conjunction with the Genio Civile.

36. As regards public health, Italian smallpox vaccine was found to be defective and it is not now clear how many of the 1,300,000 persons vaccinated in NAPLES area have actually been immunized.

LAZIO-UMBRIA REGION.

(A) ROME City.

37. Both the general population of ROME and others entitled to rations in ROME received their quota of rationed food during October, with only slight exceptions. The issues were within 2% of the ration entitlement, a considerable improvement on September. The distribution of foodstuffs available in ROME no longer presents a major problem but transportation difficulties hinder the bringing in of food.

38. Labour made "strike talk" more often during October. Organised labour in ROME is getting stronger and finding its voice. A half-hour strike to take place on 31 October was proposed by the ROME Chamber of Labour, but was later called off.

39. The City Sindaco has formed a Committee for Coordination of Technical Services, the initial meetings of which indicate constructive and helpful cooperation.

40. Police agencies have worked better during the month but are still short of food, boots and clothing. However, the increase as from 1 November of the rations of Metropolitani, Finance Guards, Prison Guards and Fire Brigade personnel to a similar scale to that of the CC.RR is appreciated by the men and should still further improve efficiency.

41. Although crime decreased in October there has been a number of hold-ups and robberies after dark, against which concerted drives are being made by the civil and military police.

42. Public health has remained good. Typhoid cases have decreased to about seven daily and will decrease further. Infant mortality, which was high, has also improved as has the malarial situation, the cases in ROME city and Provinces having dropped to 110 a week. The only concern at present is the supply of chlorine for the water of ROME, but is is hoped that adequate future supplies will soon be available.

43. At the end of the month 235,700 daily bowls of soup were being served in industrial kitchens.

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44. Schools were due to open on 6 November. The situation as regards de-requisitioning of schools is still unsatisfactory but is improving.

45. There was no marked change in the black market where food still appears to be plentiful. Prices have not been increased.

46. A control post has been established North of ARSOLI in LAZIO Province in order to expedite the delivery of potatoes to the general markets in ROME.

47. Detailed instructions for the formation and operation of truck pools have been prepared and translated into Italian. Provincial Commissioners have also been contacted in connection with the formation of provincial pools.

48. The unblocking of uncontrolled materials has proceeded according to plan. As from 1 November the Italian Government will assume responsibility for controlled materials in Liberated Italy, with a few exceptions.

(B) PROVINCES./.....

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49. Lack of transportation and communications are primarily responsible for failure to improve the supply situation. In many instances Provinces had on 1 October sufficient of certain foodstuffs to make the prescribed distribution but failed to do so for one or other of the above reasons.

50. Housing is a serious problem which the Italian Government has not successfully tackled.

51. The official scheme for dealing with landmines is now in the training stage. In the meantime one company has picked up a few and is helping to clear power lines etc. A small band of volunteers has also collected some eight thousand in FROSINONE.

52. Two new Prefects took office during the month. The change in LITTORIA was a great improvement and in VITERBO it seems likely that the high standard already reached will be maintained. Good progress is being made by the Italian Government with building up the rest of their provincial administration.

53. The main bank in industry was the unblocking of various commodities. TERNI, the only industrial center in the Provinces, showed remarkable progress.

54. The transportation of seed wheat was the main agricultural problem of the month, and a reasonable degree of success was achieved.

55. Ploughing is behind schedule owing to bad weather and POL shortage. The collection of grain is still progressing well, with over-flowing granaries as one of the difficulties. 94% of Allied Commission goods was reached by 23 October.

56. The revival of the fishing industry is showing slow progress.

57. In the labour field, so long as the Italian Government does not hold up the release of funds for public works there will be no great unemployment problem. Provincial Labour Offices are in operation.

58. The only reports of serious crime come from Provinces where there are bands of Allied deserters but these are not widespread.

59. The proper equipment of Carabinieri is extremely urgent if public order is to be upheld.

60. A seasonal decrease in malaria and typhoid is general but VITERBO reports concern over tuberculosis and LITTORIA over scabies.

61. Heavy rains and the removal of Bailey bridges for more urgent military needs have made travel by road increasingly difficult. All Provincial capitals except FROSINONE are now in signal communication with ROME.

ABRUZZI-MARCHE REGION.

62. Political activity was more widespread, with meetings throughout the Region, chiefly of a communist nature. The Christian Democrat party was reported to be in the lead with numbers but the Communist party was well to the fore with propaganda.

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63. Welcome changes continued to be made in the Italian local government personnel. Prefects were co-operative and were beginning to take their full share of responsibility. A provincial epuration committee was set up in ANCONA and PESARO Provinces.

64. Collection of grain slowed down considerably in the last half of the month, especially in those Provinces handed over to the Italian Government. The weather was very bad and it may be that this was the reason. Collection was, however, approaching the target figure.

65. While the supply of salt improved, the olive oil position has deteriorated. The olive oil allocation for October and November had not yet been received. Up to the date of handing over AQUILA Province to Italian administration potatoes were coming in faster than they could be transported.

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Civilian/.....

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66. Civilian labour offices were organised in all Provinces except in ANCONA and PESARO. There were no widespread clashes between employers and employees but dissatisfaction continued regarding the relationship of wages to purchasing power.

67. Work continued on the reconstruction of roads and bridges, though such work was hampered by bad weather latterly.

68. A number of plans for the rebuilding of schools, government offices, etc., were approved, the largest of which was the reconstruction of the AVEZZANO Prison at a cost of L. 2,400,000.

69. Some 41,000 mines were removed during the month from the Provinces of CHIETI, PESCARA and TERAMO. There is still a great amount of clearance to be done. This is also the case in PESARO Province, from which area the battle has only recently gone forward.

70. An improvement in the electricity supply is expected shortly, when it will be augmented by an allotment of power from Southern Region.

71. The Region continued to be free from serious crime and no large black market activities are reported. The political demonstration staged at CIVITACCHIO appeared at one time to be formidable. It was firmly handled by the Carabinieri and it is not thought that another such outbreak is likely to occur.

72. The health of the population is satisfactory and twenty tons of medical supplies received will be of great benefit.

73. The majority of the schools have been reopened, with the exception of those in the Province of PESARO-URBINO. Reopening in the Northern Provinces was hampered owing to the lack of accommodation, the schools having either been destroyed or occupied by the Army. New Rectors were elected in the three Universities of the Region and examinations were being held prior to reopening.

74. About 1,300 refugees were received from the forward areas and dispersed in the Provinces. The organisation for their reception and dispersal functioned admirably and no difficulties were experienced.

SARDINIA SECTION.

75. General progress was made towards all round better cooperation and improved administration, the improvement being reflected in the absence of serious reaction following the reduction of the workers' food ration. Although the reduction was considerable and affected more than 300,000 workers there were only five food demonstrations in September and October against seventeen in the two previous months. But although the change has been accepted in good spirit, anxiety is not over as the grain collected on the Island will only maintain the ration until mid-December. 7000 tons of imported grain will then be required by the 15th of each month. This calculation is based on the assumption that locally cultivated grain will amount to 300,000 quintals. At the end of October just over 276,000 quintals had been collected and an energetic drive to reach the target figure continued.

76. A serious factor in the food situation is a universal lack of sugar.

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70. An improvement in the electricity supply is expected shortly, when it will be augmented by an allotment of power from Southern Region.

71. The Region continued to be free from serious crime and no large black market activities are reported. The political demonstration staged at CIVITAVECCHIA appeared at one time to be formidable. It was firmly handled by the Carabinieri and it is not thought that another such outbreak is likely to occur.

72. The health of the population is satisfactory and twenty tons of medical supplies received will be of great benefit.

73. The majority of the schools have been reopened, with the exception of those in the Provinces of PESARO-URBINO. Reopening in the Northern Provinces was hampered owing to the lack of accomodation, the schools having either been destroyed or occupied by the Army. New Rectors were elected in the three Universities of the Region and examinations were being held prior to reopening.

74. About 1300 refugees were received from the forward areas and dispersed in the Provinces. The organisation for their reception and dispersal functioned admirably and no difficulties were experienced.

SARDINIA REGION.

75. General progress was made towards all round better cooperation and improved administration, the improvement being reflected in the absence of serious reaction following the reduction of the workers' food ration. Although the reduction was considerable and affected more than 200,000 workers there were only five food demonstrations in September and October against seventeen in the two previous months. But although the change has been accepted in good spirit, anxiety is not over as the grain collected on the Island will only maintain the ration until mid-December. 7000 tons of imported grain will then be required by the 15th of each month. This calculation is based on the assumption that locally produced grain will amount to 300,000 quintals. At the end of October just over 276,000 quintals had been collected and an energetic drive to reach the target figure continues.

76. A serious factor in the food situation is a universal lack of sugar.

77. The political situation remained comparatively quiet. On 15 October the fusion of the Sardegna Action Party and the Italy Action party was announced. The Communist Party had an opportunity to show itself as an organised group during the visit of the Russian Labour Delegation, at whose meetings it was prominent. Other visitors included Dott. CORBI, the Socialist Under-Secretary for Mining and EMILIO LUSSU, the leader of the Action Party, who on this occasion came in connection with welfare matters and not politics. Summarising political tendencies on the Island, there is an expressed desire for greater administrative autonomy under the High Commissioner but [illegible] there is no real separatist movement.

78. The functioning of the SARDINIA Courts of Law is again causing anxiety. There is an accumulation of over 16,000 cases awaiting trial and more than 3000 prisoners in jail awaiting trial. Despite this congestion, which continues to grow worse, the additional Judges sent to the Island have been removed.

Progress/.....

79. Progress was made in the release of 611 time-expired prisoners at ASINARA Penal Settlement; 362 of these, whose homes were in Southern Italy, were embarked for the mainland on 29 October. One of these men said that he had completed his sentence sixteen months ago and another protested that his crime had been anti-fascist activity. There are still 250 men imprisoned in this Settlement who have completed their sentences.

80. Rain fell during the month and cultivation is well forward; barley and oats for forage have already been sown in many districts and the preparation of land for wheat is well forward. Prospects for the olive crop continue to be good.

81. Clearance of badly bombed CAGLIARI is a tale of slow progress, due to lack of transport to remove debris. Repairs to schools and public buildings are in hand.

82. 25 cases of armed robbery were reported during the month, whilst organised banditry continues in NUORO. A shepherd's vendetta resulted in the wanton slaughter of 800 sheep.

83. There was no unusual trend in Public Health except for an epidemic of typhoid in ORUNU, which has subsided.

TOSCANA REGION.

84. At the end of the month Regional Headquarters were obliged to move from SIENA in order to make room for an operational HQ. FLORENCE was the obvious centre but it proved impossible to find accommodation and the HQ had perforce to move to LUCCA.

85. The slowing up of the Armies' advance caused unavoidable congestion in the area close behind the fighting line, resulting in increased demands on stocks of food, fodder, accommodation etc. The widespread destruction to communications added to the difficulties experienced.

86. The various political parties continued to play for position, but on a reduced scale. Public morale generally was good. The necessity of requisitioning buildings to house troops caused concern in some areas, notably in AREZZO and LIVORNO, where anxiety was aggravated by a number of crimes committed by troops against civilians.

87. Local government functioned well in SIENA and GROSSETO. Communal Committees for aid to Patriots were established in LIVORNO and though in AREZZO no Sindaci have as yet been confirmed, all Northern communes are gradually being brought into the governmental administration.

88. There is ample lignite in AREZZO and GROSSETO Provinces and in the latter there is a good supply of charcoal, pyrites, pelts, wheat, oats, and olive oil when harvested. Shortage of sugar, however, will probably be seriously felt. A comprehensive programme to supply the Northern Provinces with seed wheat was worked out and some 250 tons have already been moved.

89. There were no labour disputes nor trade union developments during the month. The most difficult unemployment problem is at PIOMBINO but this will decrease when mining in the area is increased.

90. The Public Works and Utilities Division worked hard during the month, the

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89. There were no labour disputes nor trade union developments during the month. The most difficult unemployment problem is at PIOMBINO but this will decrease when mining in the area is increased.

90. The Public Works and Utilities Division worked hard during the month, the drainage of flood water being among the most important tasks. Work on roads has also been continued and the railway has reached LIVORNO. A civil mail service from GROSSETO was resumed on 16 October.

91. Civilian crime in general was not serious and Allied and Italian courts functioned satisfactorily. Health in the Region continued to be good, the outbreak of typhoid in AREZZO Province having decreased. Finally, schools opened in GROSSETO, SIENA and AREZZO Provinces and are expected to open in LIVORNO during November.

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PART II.

CIVIL AFFAIRS SECTION.

1. The Italian Government has issued a decree directing that priority be given to the epuration of the four senior grades of government and railway employees and requiring that epuration of these grades be completed by 31 Dec. It has also issued the Rules of Procedure for the epuration courts. Both decrees should expedite the process of epuration.

2. Despite shortage of equipment and other handicaps progress is being made by the Italian Government in mine clearance. The Centre of Instruction at PISA has completed its first course and squads are now operating in that area. The Centre at SPOLETO has been visited, where about 20 men are under instruction on the first course. At CHIETI a course of instruction for 30 men has commenced and a group of about 100 men are reported to be at work in PESARO.

LOCAL GOVERNMENT SUB-COMMISSION.

3. The Provinces of PESCARA, TERAMO, ASCOLI, MACERATA, ANCONA and PESARO have been surveyed and good progress is noted in the reorganisation of local government.

4. On representations of this Sub-Commission, the post of Prefetto Ispettore was created by the Italian Government. He is to visit Provinces in restored Italy, advising Prefects and to report, his reports being made available to the Local Government Sub-Commission.

5. A Decree has been published by the Italian Government in connection with the preparation of electoral lists. Implementation in Military Government Territory is held up pending study of the new decree.

6. At the request of the VP, the Director visited FLORENCE to investigate relations between the CLN, the Prefect and AMG.

7. Reports from political sources severely attacking the AMG Prefect of TERAMO have been submitted to the Italian Government. They have been investigated by this Sub-Commission and found to be baseless. The Italian request for the removal of the Prefect was refused and the Prefect is to receive all possible support.

8. Naples CLN was consulted by the Zone Commissioner as to the appointment of a new Sindaco. No suitable nomination was submitted by them and under pressure from the CLN through newspapers the AMG nominee withdrew. The Zone Commissioner therefore appointed a Commissario Prefettizio. The situation is being watched and the Regional Commissioner is to include in his monthly report special reference to this question.

PUBLIC SAFETY SUB-COMMISSION.

9. Agreement had been reached that the Carabinieri would be temporarily augmented by 5,000 Italian troops who would be attached to Regions in Southern ITALY, thus releasing trained Carabinieri for Northern ITALY. The whole scheme has been rendered futile by a ruling that the 5,000 troops (who are not expected to arrive until the end of November) must return to military duties on 31 December. Suitable protests are being made.

10. The disturbances in PALERMO on 19 October (see account in report on SICILIA

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10. The disturbance in PALERMO on 19 October (see account in report on SICILIA Region) was exploited by political factions and on the following day leaflets of a Separatist character were distributed in the streets. On 21 October the Separatist Headquarters in PALERMO were raided by the Police, documents were seized and 11 persons arrested. No repercussions followed the incident and public order is normal.

11. The police (particularly the Carabinieri who are popularly supposed to be Monarchists) have been accused of being influenced by politics. The Commanding General of the Carabinieri has issued an order to the Force, again emphasising the need for the police to remain strictly non-political. To counteract unfair Press criticism, which was undermining public confidence in them, Col. Young of the Public Safety Sub-Commission, addressed the editors of the Italian Press in ROME, asking for their cooperation in restoring the prestige of the police.

The Italian/.....

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12. The Italian Government is now aware of the danger of weapons and ammunition being collected by political parties and instructions have been issued for the seizure of firearms illegally held by civilians.

13. Armed hold-ups in SICILY are on the increase. In ROME there has been an out-break of theft in the streets at night, particularly robbery with violence.

14. The Council of Ministers has passed a decree re-naming the Corps of Agents of Public Security the "Guardia Nazionale di Polizia". 300 recruits have commenced a course of instruction at the Training School in ROME.

15. All Public Safety Agencies have been granted an increased ration scale, equivalent to the Italian Army ration.

PUBLIC HEALTH SUB-COMMISSION.

Public Health.

16. Only 15 cases of typhoid have been reported in BENEVENTO up to 26 October as compared with 50 for the whole of September.

17. Smallpox continued in NAPLES and adjacent areas, but the epidemic is of such a mild nature that it is largely disregarded and many cases are concealed by the local population, thus increasing the difficulties of control measures.

18. A grossly exaggerated account of V.D. amongst young girls in NAPLES has appeared in the Italian press.

19. The total tuberculosis death rate for ROME has also fallen, the October figure being 333.

20. Plans are being prepared for the 1945 Anti-Malarial Campaign.

21. Two cases of Endemic, i.e., not louse borne, typhus have occurred in NAPLES Province.

Veterinary.

22. Italian laboratories are producing all requirements for animal diseases with the exception of Hog Cholera.

23. The incidence of Rabies is decreasing, but the incidence of Bovine Tuberculosis is high among dairy cattle. Recommendations concerning the pasteurisation and boiling of milk have been made.

Medical Supply.

24. Medical supplies to the total value of £5,335,000 and the approximate weight of 5,000 tons have been imported into ITALY from the start of AMG operations in ITALY

25. The National Wholesale Druggist Association, formed for the distribution of Medical Supplies, was due to start operating on 1 November.

Welfare.

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Welfare.

26. Satisfactory conferences with the Italian Government regarding the allocation of funds for Welfare projects have been held and as the result of a meeting held in the office of the Director of public Health and attended by H.E. CARNEVALI, Under-Secretary of the Interior, the establishment of a Commission to deal with devastated areas resulted.

LEGAL SUB-COMMISSION.

27. The Office of the Chief Legal Advisor was concerned during the month with completion of documents for restoration of additional territory to Italian jurisdiction and consideration of various needs pertaining to the future structure of the pre-war radio and film industries in ITALY. The problem of sequestration of the property of United Nations nationals was also considered, as well as a decree to restore property to Jews. Finally, a directive on enemy partisans was issued by the Office of the Chief Legal Advisor.

5585

Accurate work/.....

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28. Amongst work carried out by the Office of the Chief Counsel was preparation of opinions on:

(i) Right to require Italian Army to supply material and services;
(ii) to control appointment and personnel of Commissariat;
(iii) to control general economy.

Rules and regulations to supplement General Order No.28 (Labour Relations) were prepared; and the subject of control of utility rates was considered.

29. The Italian Branch was concerned with the control of draft decrees prior to their submission to the Council of Ministers and the procedure to be adopted, as well as with rules for restoration of property rights to Jews. Work was done on the reorganisation of the administration of Italian military justice. A memorandum on the complaints made by the Waldensian Church, arising out of its position in ITALY under the Lateran treaty, was considered and a decree was drafted on property control for administration by the Italian State of the property of members of the United Nations. A decree to facilitate marriage of the members of the U.S. Forces under the Italian law was approved.

30. The Office of the Chief Judicial Officer was visited by Chief Judicial Officer of TOSCANA Region, who reported that things were quiet in that Region and there was little work for Allied Military Courts, except at LIVORNO.

31. Espionage cases in October were :

Death sentences confirmed - 6;
" " commutation by Chief Commissioner awaited - 2;
" " executed - 0.

There was no case for review in which a person convicted of espionage had received any sentence other than death.

EDUCATION SUBCOMMISSION.

32. The extensive printing inaugurated during the summer is far from complete. Some books have been published in NAPLES. In ROME most of the printing is done but the covers are not yet finished. In FLORENCE, four of the ten books are printed, except for covers, others are getting under way. The paper and ink ordered from the UNITED STATES last April had begun to arrive. This has been the principal cause of delay in PALERMO and NAPLES. Delays have been due to difficulty in getting electricity for the presses and the taking over of presses, in the midst of printing, by PWB. In FLORENCE there was necessarily a late start.

33. Defascism of school and university personnel proceeds on normal lines - at least, the mechanism is excellent.

34. The gravest problem is in regard to school buildings. The number occupied by Allies, by Italian Military and Carabinieri and by refugees and homeless constitutes the majority in most Provinces; many of the rest are either destroyed or badly damaged.

35. This building problem is being vigorously and systematically attacked by the Regional Education officers. Occasionally it is possible to get the military units to move over and make room for children. Strong pressure is being put on Prefects [illegible] and Comiti Civili are being pushed into making repairs

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36. Schools opened in the majority of Provinces from ROME north in October. In the rest of the Provinces and in all Southern ITALY they are ready for opening early in November - the date set by the Minister.

MONUMENTS, FINE ARTS AND ARCHIVES SUB-COMMISSION.

37. Liaison with LONDON and WASHINGTON: During October the Sub-Commission began its first sending of photographs to WASHINGTON and LONDON as records of damage and repair of monuments in ITALY. These shipments will be carried on periodically provided that the photographic equipment can be properly maintained. Special reports were also submitted on the condition of monuments and art objects in SICILY and on the removal of German archaeological libraries from ROME.

38. Liaison with Italian Government: Meetings with Italian officials were concerned chiefly with taking energetic steps on the question of the budget for repairs, and assisting representatives of the Ministry of Public Instruction to go to SARDINIA and to cities in the MARCHE, where inspections and repairs were necessary.

39. Activities in various localities: In ROME the Exhibition of European Masterpieces still attracts many people. It will be kept open until 1 December. To-date 1,210,000 Lire have been deposited in the bank for use in monument projects, from the gate and photograph receipts at the exhibition. Repairs in the Protestant cemetery are practically complete. MICHELANGELO's "Moses" is being freed from the air-raid protective masonry and will shortly be on public view. In the field many repair projects are under way in LAZIO, UMBRIA, the ABRUZZI, the MARCHE and TOSCANA Regions:

(i) At FLORENCE the long labour of inspection and check-up of the deposits of art treasures and of many of the villas in the vicinity was concluded and reports submitted.

(ii) At PISA the emergency roofing of the CAMPOSANTO was completed and work on the damaged frescoes continued by Italian experts.

Both at FLORENCE and SIENA exhibitions are being prepared of works of art brought back to these cities from the deposits.

40. Operations of MFAA Officers (General): During this month MFAA Officers with FIFTH and EIGHTH Armies and the Regional MFAA Officers have been able to collaborate more closely in actual problems of inspection and repair and in planning for the future. Various tours of inspection in LAZIO-UMBRIA Region were undertaken by the Deputy Director.

DISPLACED PERSONS AND REPATRIATION SUB-COMMISSION.

41. No evacuation of Allied Nationals from ITALY has taken place during the month. Of the 7,000 Italian refugees arriving in refugee camps in ROME, some 5,000 have been repatriated to their communes. The shortage of transport in No.1 Sub Section, LECCE, is becoming acute. The need for release of blankets for Italian and Allied refugees is stressed.

42. In the southern camps the epidemic of measles and whooping cough had died down as the result of control measures. Mumps of a mild form has been prevalent and there have been a few cases of diptheria. Immunisation against diptheria is in process of completion. Adult health in general was good. Among new arrivals few cases of tuberculosis were reported. All camps north of ROME were visited during the month. General conditions were fairly good, although sanitation requires improvement in some instances. An automatic water pump and chlorinator has been installed at CINECITTA and AVERSA Camps.

43. Excellent work has been done during the month by the Records Bureau and 62,740 displaced persons are now recorded. Welfare and whereabouts enquiries continue to be received in large numbers.

44. Preliminary work on repatriation of 900 Jews to PALESTINE has been begun.

45. Advances to Allied Nationals continue and some 1611 people of 18 different

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45. Advances to Allied Nationals continue and some 1611 people of 18 different nationalities have received sums totalling 6,736,200 lire. These loans average 2,685 lire per person and 1,380 of the beneficiaries are ex-internees of the Italian Government. Final arrangements have been made regarding Italian Government financial assistance to ex-internees. Currency conversion of those refugees proceeding overseas still awaits a ruling. The move of the further 900 Jews to PALESTINE in the near future emphasised the need for formulation of policy and planning at a high level, in anticipation of mass repatriation at the close of European hostilities.

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PART III

ECONOMIC SECTION

AGRICULTURE SUB-COMMISSION.

Reconstruction of Italian Agriculture, Forestry and Fisheries.

1. Progress in the acceptance of responsibility by the Italian Government has been made during the past month in all three fields, Agriculture, Forestry and Fisheries. Programs have jointly been determined, responsibilities for securing results have been accepted and certain personnel changes, which should ensure speedier results, have been made.

2. Another step in the direction of closer working relationships with the Italian Government for King's ITALY resulted in the assignment of greater responsibilities to the Allied Civilians, who will work even more closely with the Italian Civilian representatives in the Ministry of Agriculture.

Agriculture.

3. Progress in developing a uniform livestock program was made by the Ministry through issuance of a decree prohibiting the slaughter of bovines, buffaloes and equines, except in certain unusual conditions.

4. Lack of transportation has been an especially important problem during the month with regard both to movements of seed wheat and seed potatoes. It is now clear that yields of these crops will be lowered by many thousand quintals during the coming season due to the use of poor quality local seed and actual reduced acreage in certain war damaged areas. In addition, the decision of AMG to reduce the imports of seed potatoes will mean a greatly reduced production of this important food item in 1945, as local seed potatoes are not being made available because of lack of transportation and of the high prices obtained as food.

5. Progress of the "Granai del Popolo" continues in many areas in spite of transportation and warehousing difficulties, showing an increase of 7½% during the month, reaching a total of 9,197,232 quintals. Three Regions have now surpassed 90% of the estimated quantity of wheat to be amassed. SICILY and CALABRIA are still lagging far behind.

6. Wheat amassing will be limited in the forward areas due to a large proportion being damaged by winther conditions. In some communes it has been necessary to distribute such damp wheat as quickly as possible after occupation to all families in order to save it. In a few cases lack of warehousing has caused some damage, since sufficient transport was not available.

7. To increase delivery of the 1944 wheat as well as to give a reward for a high proportion of the crop amassed over family retentions, a limited quantity of the available nitrogenous fertilizers in SICILY are being used on an incentive basis in connection with plan worked out jointly with the Regional personnel.

8. Olive oil amassing has now started. No reports are as yet available but estimates of production, consumption and quantities to be amassed are in the process of preparation.

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5. Progress of the "Ammasi del Popolo" continues in many areas in spite of transportation and warehousing difficulties, showing an increase of 7½% during the month, reaching a total of 9,197,232 quintals. Three Regions have now surpassed 90% of the estimated quantity of wheat to be amassed. SICILY and CALABRIA are still lagging far behind.

6. Wheat amassing will be limited in the forward areas due to a large proportion being damaged by weather conditions. In some communes it has been necessary to distribute such damp wheat as quickly as possible after occupation to all families in order to save it. In a few cases lack of warehousing has caused some damage, since sufficient transport was not available.

7. To increase delivery of the 1944 wheat as well as to give a reward for a high proportion of the crop amassed over family retentions, a limited quantity of the available nitrogenous fertilizers in SICILY are being used on an incentive basis in accordance with plan worked out jointly with the Regional personnel.

8. Olive oil amassing has now started. No reports are as yet available but estimates of production, consumption and quantities to be amassed are in the process of preparation.

9. The prices of rice, olive oil, silk cocoons and nitrogenous fertilizers have been approved by the Price Committee, and this information is being distributed to the forward areas as well as to other Regions.

10. For the first time since the Allied occupation a limited quantity of rock phosphate imports were received on the mainland for processing.

Forestry.

11. Acceptance by the Ministry of Agriculture of the responsibility of the Royal Forest Corps for carrying out a six-point Forestry program for charcoal and fuel wood production, allocation and distribution, marks another step forward toward turning the job of A.C. over to the Italian Government. The appointment of a few key people in the Royal Forest Corps and the re-activation of certain field offices lend further encouragement.

Fisheries/.....

Fisheries.

12. To increase the supply of fish at regular fish markets two interdependent plans to bring about uniformity in the distribution of Nafta for motor fishing schooners and to discipline marketing centres, have been circulated to all Provincial Prefects in Italian territory by the Ministry of Agriculture through its Ufficio Centrale della Pesca e della Caccia. The Nafta circular goes into effect on 1 January 1945, while the one on the discipline of marketing centres goes into effect upon receipt. The plans are interdependent, since the assignments of Nafta and Oil Products depend on the amount of fish taken to the collection centres.

13. The problems of requisitioning and derequisitioning of motor fishing vessels and jurisdiction in transferring fishing craft from one area to another for increased production have been discussed with the various authorities concerned.

COMMERCE SUB-COMMISSION.

14. Materials Division:

(a) Availability of Materials.

Difficulties were encountered in connection with handing over to the Italian Ministry of Industry, Commerce and Labour the work of collecting data on, and reporting availability of, controlled materials in Italian Government territory; but eventually a formula was found which was acceptable both to AFHQ and to the Ministry, whereby it was agreed that Military Units requiring Italian controlled materials should notify the Ufficio Provinciale before withdrawing them.

(b) Requirements and Releases.

Releases from AFHQ to AC were on a reduced scale.

The Italian Ministry of Industry, Commerce and Labour circularised the Uffici Provinciali, putting into effect the new system of dealing with controlled materials as from 1 November.

Distribution of cement releases was hampered by the general shortage and poor quality of sacks.

Military demands for calcium carbide created a serious problem in connection with supply of this material in the ROME area.

(c) Special Materials.

Newsprint arrivals enabled stocks to be built up at distribution points in anticipation of demands for Northern ITALY when liberated. Supply of newsprint to SARDINIA was difficult, owing to lack of transportation facilities, but one ton was sent by air and 25 tons by boats. A plan for turning over control of this commodity to the Italian Government was put forward by the Allied Publications Board and is now awaiting approval of AFHQ.

Printing Ink: A supply sufficient for two to three months' requirements has been built up. 25 tons were received at LEGHORN and shipped to ROME, and a

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[illegible] on transferring fishing craft from one area to another for increased production have been discussed with the various authorities concerned.

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Printing Ink: A supply sufficient for two to three months' requirements has been built up. 15 tons were received at LEGHORN and shipped to ROME, and a further seven tons are expected shortly at NAPLES.

Textiles, Shoes and Clothing: Negotiations were in progress regarding the transfer of the distribution of repaired clothing and shoes to the Italian Government to fit in with the proposed transfer by Industry Sub-Commission of the actual repairing process.

65,666 pairs of workers' canvas shoes imported from the U.S. arrived at LEGHORN, were shipped to ROME and transferred to the Ministry of Industry, Commerce and Labour. Another 234,000 pairs at NAPLES were in the process of being transferred.

(d) General/.....

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(d) General.

Allegations concerning purchases for export by French agencies were investigated and evidence on the question was submitted to AFHQ, G-5, with the recommendation that French purchases should be coordinated with those of other forces and their export should go through regular channels.

Over 100,000 square metres of light, heavy and waterproof canvas were obtained by allocation from AFHQ for the FROSINONE-CASSINO housing project.

The situation in regard to the availability of sacks for foods and grains was well in hand and no undue difficulty was expected in providing for current needs of sacks for charcoal.

Leather continued to be critical in supply but current needs for boot repairs were met by using rubber soles and also surplus leather soles and heels from Army sources.

Production and distribution of belting was satisfactory.

Commencing in November the ration of matches was to be increased from 25 to 50 per month in the whole of occupied and liberated ITALY. This was made possible by improved production figures, availabilities found in forward areas and some importation from abroad.

Bidding for transportation of tobacco was turned over to the State Monopoly and all other questions concerning tobacco were transferred to Finance Sub-Commission, to avoid overlapping.

15. POL Section.

Control over POL allocations in Southern ITALY, SICILY and SARDINIA was handed over to the Italian Government, to whom bulk allocations were made.

Further work was done on consolidating demand and control of POL for fleets of vehicles operated by the Vatican, Knights of Malta, Diplomatic Corps and Consular Offices.

16. Price Section.

The work of the Sub-Commission in connection with prices officially was concluded on 9 October and was transferred to Economic Section.

17. Foreign Trade Section.

Shipments of various commodities to the value of Lire 90,000,000 were made during the month, and at the end of the month goods purchased but not yet shipped consisted of 8751 tons of various items ready at ports, for which space had been bid, and 3623½ tons ordered forward to ports for which space had not yet been bid.

A shipping program for 20,000 tons of lemons for U.K. during Nov/Jan was

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A shipping program for 20,000 tons of lemons for U.K. during Nov/Jan was arranged and bids were made for the first two shipments.

30 tons of silk cocoons were imported and contracts for raw silk production in the next three to four months totalled 27,630 Kgs.

A serious theft of 3800 Kgs of silk, valued at 4 million Lire at controlled prices, took place between REGGIO CALABRIA and NAPLES and is being investigated by SIB Military and Civilian police forces in NAPLES and REGGIO.

Initial reports and investigations were made in regard to export possibilities of the many artisan and small industries of Central ITALY.

The Istituto Commercio Estero was rapidly developing its work and had opened inspectorates at NAPLES, BARI and in SICILY; they were supplied with all relevent data in possession of the Sub-Commission.

18. General/.....

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18. General.

Col. W. P. EVANS, Director of the Sub-Commission, proceeded to LONDON for consultation with the Ministry of Supply, Ministry of Food, War Office and Board of Trade.

A number of officers from HQ were assigned to forward Regions but remained with the Sub-Commission on call by the Regional Commissioners, whilst certain newly-assigned officers commenced work at HQ in preparation for later assignment to field activities.

FINANCE SUB-COMMISSION.

19. Financing of Imported Civilian Supplies.

On 10 October President ROOSEVELT announced that the United States Government would make available to the Italian Government the dollar equivalent of all lire issued as pay up to now and hereafter to troops of the United States in Italy. Later it was clarified that this referred only to that part of the dollar equivalent of lire issued to troops of the U.S. which is not sent home by way of remittances or through purchases of War Bonds. In addition there were, and will continue to be, made available the dollar proceeds representing (a) Italian exports to the U.S.A., and (b) remittances to ITALY from or through the U.S.A. The dollars made available will be used by the Italian Government to pay for essential civilian supplies to be purchased in the UNITED STATES.

It is contemplated that the Italian Government with the Allied Commission will jointly prepare a program of essential civilian imports.

Although the dollars accruing from all the sources indicated will not be applied by the U.S. Government against any claims upon ITALY, it is made clear that the provisions of the agreement do not affect the terms of the Armistice nor prejudice the final settlement between the Governments of the UNITED STATES and ITALY.

No similar announcement has been made by the UNITED KINGDOM, which will continue to provide its quota of essential civilian supplies but under different financial arrangements.

20. Italian Government Financial Mission to the UNITED STATES.

In July, 1944, the Italian Government raised with the UNITED STATES Government the possibility of sending a group of technical experts to the U.S. to discuss financial and economic questions. The U.S. State Department indicated that there was no objection to such a mission.

The Italian Government nominated as its representatives Ing. Quinto QUINTIERI, President of the Banco di Calabria and Minister of Finance in the third Badoglio Government (April, 1944); Dott. Raffaele MATTIOLI, Joint Managing Director of the Banca Commerciale Italiana and one of ITALY's most prominent bankers; Dott. Egidio ORTONA, of the Italian Ministry of Foreign Affairs; Dott. Enrico CUCCIA and Avv. Mario MONELLI, Secretaries. The mission, which is due to leave ITALY on 3 November, will be accompanied by Lieut-Comdr. J. J. LANLEY; recently appointed Joint Director [illegible]

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19. Priority of Imported Civilian Supplies.

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21. Modification of British and United States Trading with the Enemy Legislation.

The British Prime Minister and President ROOSEVELT, in a joint statement on 26 September, announced that the application of the Trading with the Enemy Act would be modified so as to enable business contacts with ITALY to be resumed for the benefit of the Italian people.

Banks and other financial institutions in the U.S. and U.K. may now reply to requests for information from their depositors in Liberated ITALY, documents such as birth, death, marriage certificates, wills and legal notices may be transmitted, and US/UK and Italian firms may exchange business information with a view to the future resumption of business relationships. The resumption of private trade is not yet permissible. It is understood that no licences will be granted for private trade transactions at the moment, since trade with ITALY is now being carried on only through governmental agencies. The transmission of payment orders, proxies and powers of attorney from US/UK to ITALY will continue to require licences from the existing control authorities.

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The status/.....

The status of Italian assets in the U.S. and U.K. is not in any way affected by this modification of the Trading with the Enemy legislation.

22. Investment in Treasury Bills.

The excess of purchases over payments of Buoni del Tesoro Ordinari amounted to 2,999 million lire in September; the net investment for the first three months of the fiscal year was 9,461 million lire.

23. Tax Receipts.

Available information indicates that gross revenue receipts for the first quarter of the fiscal year 1944/45 (July through September, 1944) were approximately 2,500 million lire for the 44 Provinces of Liberated ITALY.

24. Rehabilitation of Industrial Plants.

The Italian Government has set up an appropriation of two billion lire to be used as a fund to guarantee loans to be made by credit institutions to private firms. The credit institutions may advance money on loans up to 75% of the estimated works cost, at a rate of interest to be fixed by the Ministries concerned. The Italian State will pay part of the interest charges provided they do not exceed 5%. This arrangement will continue in force for four years, after which time loans will be consolidated on new conditions as to the re-payment of the capital and interest.

25. Advances to United States and British Nationals.

The U.S. and British Consuls have assumed the responsibility for making loans to their respective nationals in Liberated ITALY, with the following exceptions :

(a) SICILY and SARDINIA. British Consul NOT yet responsible.
(b) Provinces of APUANIA, AREZZO, FIRENZE, FORLI, LIVORNO, LUCCA, PISA, PISTOIA, SIENA and RAVENNA. Swiss Legation will continue to look after the interests of British and U.S. Nationals.

Emergency payments will be made by Finance Officers of ANF FIFTH and EIGHTH Armies in newly liberated territory, until the Swiss Legation is able to take over the responsibility.

26. Defascism of Financial Institutions in AMG Territory.

The first specially trained group of Guardia di Finanza left for FIRENZE, PISTOIA and LUCCA in October to facilitate defascism in forward areas. Additional groups have been trained and will move forward as important additional territories are liberated.

27. Property Control.

A draft of decree under which the Italian Government will assume responsibility for the care and custody of Allied property in transferred territory was finally approved by AC and by a committee representing the Ministry of Treasury on 1st October, but the decree had not been passed by the Italian Government when the month ended.

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27. Property Control.

A draft of decree under which the Italian Government will assume responsibility for the care and custody of Allied property in transferred territory was finally approved by AC and by a committee representing the Ministry of Treasury on 17 October, but the decree had not been passed by the Italian Government when the month ended.

28. Distribution of and Accounting for Imported Foodstuffs.

In the last month's report mention was made of the arrangement which went into operation on 1 September. On that date the Italian Government, through the Ministry of Agriculture, assumed responsibility for receiving, distributing, and accounting for imported foodstuffs. Cargoes arriving at ports (except NAPLES) now pass directly to the local Consorzio Agrario, who prepare receiving reports. Such reports are ultimately routed through the Federazione dei Consorzi Agrari to the Chief Accountant. This new arrangement was extended to certain forward areas during October.

Food Sub-Commission/.....

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FOOD SUB-COMMISSION.

Grain Situation.

29. A topic which received a great deal of attention during the month was that of the general grain situation in relation to the proposed universal 300 grams bread ration. Representations continued to be made by Northern Regions of the prevailing discrepancy between Northern and Southern bread/pasta ration scales. It has long been recognised that such a discrepancy is illogical and the whole purpose of recent discussions and the visit of the Supply Section to WASHINGTON has been to have this discrepancy removed.

General Supply Situation.

30. It has been reported in previous months that the general supply situation has been deteriorating. A large extension of areas to be fed, coupled with almost complete cessation of imported foodstuffs other than grain, have led to a steady eating down of stocks. A memorandum to this effect prepared early in October showed that at present rate of consumption and present scheduled imports, stocks of dehydrated soup, meat and dried vegetables would be exhausted by January 1945. The situation was explained at the SIENA Conference in early October and views were asked as to the principle of Selective Rationing being applied to make the best possible use of existing stocks of miscellaneous items, and to make presently available supplies last at least through the winter.

31. This was also discussed at a meeting with Italian Ministers, called owing to the imperative necessity of getting a decision in agreement with the Italian authorities upon vital questions such as the idea of Selective Rationing, the release of present controls upon some or all of locally produced foodstuffs, and the provision of supplies by the Italian authorities when they no longer have our imported supplies upon which to rely. At this conference it was decided that the Italian Government should put forward concrete proposals upon the points submitted to them, but at the end of the month these proposals were still awaited.

32. Studies were made of the actual bread/pasta ration that would be available throughout ITALY if present scheduled import tonnages were maintained, and also of the actual amount of grain imports that would be required if the higher ration of the South were to be made universal. The conclusion reached on the first was that a considerable reduction of the ration in the South would be necessary if no further increase upon scheduled imports were granted. The result of the second was communicated to AFHQ and an early decision upon the question of the higher ration for the present "unprivileged" part of ITALY was requested.

33. The necessity for such a decision became more pressing as the month went by, as statements in the Press, based upon the joint statements made in WASHINGTON, reflected the growing assurance of the Italian population that such a concession would, in fact, be granted to them.

34. By the end of the month, however, no definite program of increased imports had been issued and the question of the 300 gram universal ration was still in abeyance.

35. The SICILIAN wheat situation also was the subject of a special study during October. Harvesting had been disappointing in the Island and by the end of the [illegible] still 100,000 tons below even the revised and decreased

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35. The SICILIAN wheat situation also was the subject of a special study during October. Amassing had been disappointing in the Island and by the end of the month the total amassed was still 100,000 tons below even the revised and decreased target figure. The Regional authorities are doubtful if much more amassing can be expected and at the moment it appears certain that SICILY will have to be "baled out" long before expected.

36. Barley imports arrived during the month for the first time. The idea is that a certain amount of barley, surplus in certain countries, will be imported into ITALY to ease the pressure upon world supplies of wheat. Present proportion is 20% of barley will be imported to 80% of wheat. Certain stocks of local barley also exist and therefore instructions were sent to all Regions ordering the use of barley flour in bread making and a directive issued laying down milling ratios for barley and the amount of barley flour that is to be mixed with wheat flour in the making of bread. At present this is 20% but a possible revision will be made when the Italian Ministry of Agriculture, in agreement with us, issues complete instructions on the whole subject. The Ministry has also been requested to make allocations of all present stocks of locally grown barley.

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37. Date to/.....

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37. Data to show the diminishing scale of imports are as follows :

MONTH	SUGAR	MILK	MEAT	DRIED VEG.	SOUP	FISH	TOTAL
JULY	-	1,375	6,306	2,634	-	404	10,719
AUG.	+2,687	10	-	-	-	158	2,855
SEPT.	-	-	-	1,834	-	291	2,125
OCT.	2,682	-	-	4,661++	-	326	7,669

\+ Into SICILY.
++ Into LEGHORN - stockpile earmarked for NORTH ITALY.

38. The first ship with sugar to reach the mainland since May arrived in NAPLES. It came in so late in the month, however, and rate of discharge was so slow, that for the second month in succession it was not possible to issue a sugar ration in large areas of the mainland.

39. Pending the final settlement of the question of the universal high bread/pasta ration it was decided, with the approval of AFHQ, to authorize an issue of 300 grams of pasta or flour fortnightly in all Provinces north of the GARIGLIANO. First issue was to take place during the first week in November.

Rationing.

40. A new ration scale for Guardia di Finanza and Public Security Agents was formulated to come into effect from 1 November. The new scale is near that of the existing military scale.

41. Further progress was made to provide special rations for meals for school-children.

42. Italian Under-Secretariate of Food: The question of the formation of all Under-Secretariats of Food has been followed up and after much discussion it is hoped that the whole organization will be prepared to function in a very short time under the leadership of the former Under-Secretary of Agriculture, Prof. M. E. BERNARDI.

43. Port Rehabilitation: The Army authorities ceased operating the ports of CASTELLAMMARE and TORRE ANNUNZIATA and arrangements were made to hand them over for civilian operation.

44. Rome Supply Committee: This Committee continued to operate and an average daily tonnage of 900 tons plus a daily average of 2500 eggs were brought into ROME. Wine has also started to flow, a shipment of 4300 tons arriving in CIVITAVECCHIA.

45. Olive Oil: The movement of olive oil from APULIA was delayed by lack of tankers. 800 tons were scheduled to move but the total arrivals in the ROME area to 30 October, including oil railed from NAPLES, only amounted to 35 tons. 318 quintals of edible oil have been distributed in ROME to cover the September issue of 200 grams p.c.

46. Transportation: Problems increased in October with the continued shortage of

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43. Port Facilities: The Army authorities ceased operating the ports of CASTELLAMMARE and TORRE ANNUNZIATA and arrangements were made to hand them over for civilian operation.

44. Rome Supply Committee: This Committee continued to operate and an average daily tonnage of 500 tons plus a daily average of 2500 eggs were brought into ROME. Wine has also started to flow, a shipment of 4300 tons arriving in CIVITAVECCHIA.

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46. Transportation: Problems increased in October with the continued shortage of rail cars, wet weather and railway operating difficulties. Because of this tonnage bids were out and other bids accepted to remote stations, necessitating long road hauls. These set-backs increased the already difficult job of keeping the food supplies flowing.

INDUSTRY SUB-COMMISSION.

47. General.

(a) On 9 October the directorship of the Industry Sub-Commission was handed over to a civilian, Mr. W. S. VAUGHAN. Colonel J. G. S. TODD, the Acting Director, is leaving for another assignment, making this the first of the Sub-Commissions to have a civilian as its head.

(b) The suggestion/...

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(b) The suggestion that small committees of experts in the Ministry of Industry should handle individual types of industries has materialised and the Ministry has now an organisation of some 40 odd engineers at work collating, correlating and resolving the data submitted by individual plants into lists from which it can be decided which products to manufacture. Certain technical organisations as well as the C.S.I. (Comitato Esperti Italiani) have been engaged on this task for a considerable time. This mass of information will finally be condensed into many requisitions for material items to be purchased either in ITALY or from foreign sources.

(c) The weekly meetings with the Minister of Industry have continued and it is felt that much is being accomplished by these contacts. Many items on the weekly agenda are settled at once and thus much loss of time in correspondence is avoided. This personal touch brings together many technical officers from the various divisions of the Sub-Commission - Building Materials Division, Textile Division, Chemicals Division, Mining Division, Coal Division and Hemp Division - with their opposite numbers in the Ministry.

(d) It was pointed out in the last report that the Minister of Industry was showing a strong desire for complete independence of action when making appointments to industrial posts under the Ministry. H.E. the Minister of Industry, Commerce and Labour, during the month insisted on the appointment of his nominees in connection with the discipline of the hemp and Sardinian coal industries. Industry Sub-Commission registered strong protests in writing but up-to-date has heard nothing further regarding them.

(e) The month of October brought to a successful conclusion the question of whether or not an Industrial Coordinating Committee should be formed. It had been felt for a long time that the Allied Commission should have a stronger representation on Committees, especially those where the allocation of industrial plant or equipment was concerned, and where the well-being of the Italian civilian economy was affected. Industry Sub-Commission now feels that through the proposed committee not only will military and civilian needs be protected, but productive capacities will be maintained at a higher level than would be possible without the direction of an organisation of this kind.

48. Decrees. During the month additional decrees were published by the Italian Government. Those of particular interest were :

(a) Regarding the appointment of a Commissary for the National Institute of Processed Food Products.

(b) Regarding the control of hides and tanning products.

(c) Regarding the blocking of olive-oil by-products and of sulphur oil.

(d) Regarding the declaration and blocking of industrial raw materials.

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49. Industrial Activities. These can only be referred to briefly. The most outstanding activities during the month were :

(a) Transfer of control of Soap and Paper Manufacture to the Italian Government, with the exception of plants producing for the Allied Forces.

(b) Progress toward the rehabilitation of the important Solvay Soda Plant at RAGUSA, the reactivation of which will eliminate completely need for imports of caustic soda and sodium carbonate. One 30 Km long pipeline has already been repaired and the difficult problem of repairing bridges, particularly that of the railway bridge at VADO, seems likely to be successfully solved shortly.

(c) The first/.....

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(c) The first imported American cotton has been delivered and is already in work. Production plans have been drawn up by the Italian Government with the advice of A.C. for manufacture of essential civilian fabrics, chiefly bed and personal linen, and sewing thread. These plans also include conversion of 400 tons of Sicilian Cotton now en route to the mainland of ITALY.

LABOUR SUB-COMMISSION.

50. A draft decree concerning Chambers of Commerce, submitted to AC by the Italian Government, was altered so as to transfer all functions in the labour field to the Provincial and Regional Labour Offices.

51. An active part was taken in the matter of wage increases and as a result the increase in the Armed Forces Wage Scale, which became effective on 1 October, was further increased by a mandatory 40 to 60 lire daily increase in wages. This matched the action taken by the Italian Government on 31 October, which made effective a mandatory increase to workers in Italian industry in similar amounts.

52. Wage control can in part be exercised by an active inspection service. Such a service, known as the "Ispettorato dell'Industria e del Lavoro", has been in existence since 1906, and representatives of the Labour Sub-Commission have recently made a number of trips in the field so as to aid in the reactivation of this excellent service.

53. Continued efforts have been made to facilitate the return to normal functioning of the national offices of the five major social insurance institutes: Previdenza Sociale, Malattia and Infortuni (covering workers in private employment); Previdenza Statali and Previdenze Enti Pubblici (covering government employees).

54. Although the Italian Government had made a commitment to provide for social insurance coverage for employees of the Armed Forces, definite action on their part through the issuance of a Royal Decree has not yet taken place and conferences between our representatives, the Minister of the Treasury and the Minister of Industry, Commerce and Labour are leading to imminent action upon the adoption of two implementing Decrees.

55. Because of the involved labour situation in the LIVORNO-PISA area, due to overlapping territorial authorities, this Sub-Commission, by request, has taken the matter in hand and sent a representative to take charge of the problem in that area.

56. Colonel J. R. SMITH was appointed Acting Director vice Colonel J. T. R. HALL. He was also appointed as Chairman of the Labour and Wages Control Committee of the Allied Forces Local Resources (Italian) Board, AFHQ.

PUBLIC WORKS AND UTILITIES SUB-COMMISSION.

57. Epuration.

Defascism of Ministry of Public Work's personnel proceeded satisfactorily (refer September report). Special instructions given to Ministry to expedite cases down to and including Grade IV.

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58. Mine Clearance.

Repairs and reconstruction of bridges, roads, buildings and other schemes were still being seriously retarded by lack of a mine clearance organisation. (A single commune reports the presence of at least 150,000 mines).

59. ROME Tunnel.

Request by Italian Ministry of Communications for engineering measures to pump out a flooded tunnel near the Colosseum (Ferrovia Metropolitana di Roma) was rejected after two detailed inspections. A simpler alternative was suggested after consultation with Public Health Sub-Commission.

60. Financing/.....

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60. Financing (repairs).

Conferences were held with Minister of Public Works (Signor MANCINI) and his Director-General, directed to proper financing of electrical rehabilitation (power stations and transmission lines) and that of first-aid repairs (war-damage) to private properties. Issue of certain decrees is being expedited.

61. Road Reports.

Heavy rains and floods causing many road blocks and interruptions, even in October, revealed value of the small "Road Reports Bureau" now maintained by this Sub-Commission.

62. Companies (increase of charges).

Increasing and more urgent demands from Public Utility Companies to be allowed to increase their charges to consumers (gas, water, electricity, etc.) resulted in conferences with other Sub-Commissions (Finance, Legal and Industry) at which principles suitable for general application were settled. These concern a decree about to be issued by the Italian Government.

63. ROME Electricity.

Complaints were lodged with Electricity Control Board (Rome Area Allied Command) concerning apparent lack of control of the situation, both by correspondence and in personal interview with Chairman of Board. A particular complaint was made about the energy allocated to local tram services whilst lighting situation remains so serious and preventing operation of lifts in a building such as A.C. Headquarters. Sub-Commission succeeded in getting a direct representative on the Board and also took other appropriate steps to bring about some improvement.

64. Controls and Approvals (Italian Government).

A codified system for approval of public works projects was prepared, setting out types and cost limits in Italian Government and A.M.G. territories respectively. It has operated satisfactorily and is now thoroughly understood by all concerned. It is being further modified almost immediately by permitting the Italian Government widely extended further powers, viz., to plan and execute works of a civil character without any cost restrictions, provided use of critical materials is not involved.

65. Highways, Bridges, Public Works.

Under Military Highways and Bridges headings 53 new contracts were made in October, and 41 for miscellaneous works (civil) including bridges, buildings and ports.

Expenditure on the former since last January reached a total of 867 million lire, and on the latter nearly 450 million lire. Monthly rate of expenditure is increasing rapidly. Serious local flooding on Routes 1, 2, 3, 6 and 7 in October was caused by temporary bridges built by the Armies with insufficient waterway or by culverts having been filled in with earth during spring and summer. Emergency gangs were organized and interruptions continued for only short periods. Route 1 at end

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Main railway line near CASSINO (Route 6) was closed by a "wash-out"; traffic was unloaded and carried forward by road for some distance, involving crossing of a large concrete bridge, fortunately just completed (20 October) in time to carry this unusual traffic.

66. Housing.

Schemes from the LAZIO-ABRUZZI Region were approved as to repairs (32 million lire) and new construction (116 million lire).

67. Electr[illegible]

67. Electrical Division.

Revised organisation and increased officer personnel were arranged for to carry out APHQ instructions dated 5 October making the Sub-Commission wholly responsible for All reconstructional and repairs activity in ITALY. Special conferences were held with Electrical Companies (co-ordination of all repairs that can be completed by 1 January 1945).

Several conferences were held with WASHINGTON and LONDON representatives. Detailed information was furnished to them.

Copies of approved estimates supplied by Electrical Companies in South ITALY were furnished to Finance Sub-Commission (repairs of war damage). Special maps were furnished to A.A.I. and also to APHQ at request of respective Chief Engineers, relating to Northern plants and transmission lines.

Measures were taken under which all generating capacity in Central ITALY was put under impartial and equitable distributional control.

Fuel situation at ROME Power Stations (thermal) was critical throughout October; mechanical condition also was poor but output was increased. Special arrangements were made to provide energy to numerous industrial plants.

New rationing scheme ROME City to be put into force on 1 November.

68. Miscellaneous.

Repairs to damaged water-works continued steadily, including large scheme at TERNI. Tendency on part of Italian authority to carry out more work than is strictly necessary, in several cases, checked. Supplies to ROME City will shortly be back to normal.

Repairs to sewage systems in various towns were continued and also several land reclamation schemes ("Bonifiche"), including PONTINE MARSHES and protection of Route 7 from local flooding.

As to gas, production in SICILY was suspended owing to lack of coal. Elsewhere restricted supplies were maintained in ROME, NAPLES, BARI, TARANTO etc.

69. Personnel.

Lt. Cols. JENNY and LUPIER were absent during the whole month in AMERICA on special duty.

Four American civilian engineers joined the Sub-Commission in October making a total of 72 officers, viz., 19 at Headquarters and 52 in the Regions.

70. SICILY Region.

The Sub-Commission has now only one Engineer Officer on the Island. In October 137 projects were in hand (estimated cost 73 million lire) including 63 public buildings, 10 bridges, 19 harbours and lighthouses, etc. Works at MESSINA and AUGUSTA required by

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71. SOUTHERN Region.

Requests for works are continually being received from Royal Navy, P.B.S., Military Districts, Air Forces and Sub-Commissions of A.C. There was a severe electrical breakdown on 29 October at Hydro-electric station in CALABRIA. Repairs to three other plants were continued, also transmission lines and transformer stations.

Principal electric supply company in the Region estimates war damage at 200 million lire.

Fresh applications for power were 200, of which only 64 were approved owing to general power shortage.

Desperate/.....

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Desperate shortage of road transport was reported for bridge and road works and also to enable Electricity Companies to maintain their hundreds of miles of transmission lines.

Distribution of gas in NAPLES was still further extended and aqueduct repairs (water supply) was continued. Elsewhere throughout the Region water supply conditions are almost back to normal and restrictions on consumption have been cancelled.

Fair progress on road works is reported, with eight bridges completed in October, five new contracts and many others in hand.

For supply of stone (highways) a working agreement was reached with United States Air Corps for pooling joint resources and equipment.

Regional Engineer reports that Genio Civile officials (NAPLES) have recently been very lax and unhelpful, adding that this may be, in part, because they are very poorly paid.

72. LAZIO-UMBRIA Region.

Electric power available is barely 10% of pre-war demand. There has been a slight improvement which is continuing. ROME water-works repairs are still in hand.

Since July 146 bridge projects have been approved but 40 await financial sanction. Of bridges (classification Military) 43 were handled in October, bringing total to 137, of which only 19 were completed.

Housing schemes were obstructed by financial difficulties and absence of decrees. Over 130,000 people are homeless in FROSINONE and LITTORIA Provinces. Severe criticism is felt of Italian administrative and financial delays.

Clearance of FIUMICINO port made progress. There is a general shortage of cement, bricks and bitumen.

Slightly better progress was made in mine clearance.

73. ABRUZZI-MARCHE Region.

The Regional Engineer has a forward office at ANCONA. Genio Civile are still very disorganised, particularly in PESARO-URBINO. In PESARO Province all bridges are destroyed and communication is impossible.

Several bridge contracts were arranged permitting removal of Bailey bridges further northwards, numerous bridges and diversions are in hand on Route 16; ten out of eleven bridges are nearly finished. Road and bridge works are in progress on many secondary and minor roads. In ANCONA and PESARO enemy carried out demolitions with exceptional thoroughness. A scheme is in hand at mouth of MISA River to prevent flooding of SENIGALLIA town. Repairs to five water undertakings are well in hand, also drainage repairs at PESCARA and land reclamation near FUCINO LAKE. Numerous schemes for public buildings are in hand (reconstruction), and re-building of AVEZZANO Prison (cost 2½ million lire).

PESARO Province is without electric power. Elsewhere extensive repairs are

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PESARO Province is without electric power. Elsewhere extensive repairs are in hand to power stations. Rainy season has slightly improved output of energy.

A general shortage of transport, cement and bitumen is reported.

74. SARDEGNA Region.

The Island is under Italian control and there is no Regional Engineer. Debris clearance in CAGLIARI City is 84% completed. Program amounting to 80 million lire for re-housing in CAGLIARI were prepared. In October 11 million lire spent on anti-malarial works, with a further program 92 million lire.

Water supply position at CAGLIARI has improved but strict rationing is still in force. Electrical situation is satisfactory. Street lighting has been re-started. Normal progress was made on ports, highways, bridges and other matters.

75. TOGETHER.....

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75. TOSCANA Region.

More engineering tasks were taken over from FIFTH Army. Electric power situation is serious and joint conferences were held with FIFTH Army, AAI, PBS and other interests. Several transmission lines and small power stations are under repair. Close liaison was maintained with Industry Sub-Commission to ensure power for special industries, with particular reference to that for oil presses.

There is a very heavy bridge reconstruction program; in hand 36 on Military highways, 45 provincial and 4 in FLORENCE City. Latest bridge survey shows total of nearly 1400 bridges needing heavy repairs or complete reconstruction. Demolition of dangerous buildings and removal of debris cost 14 million lire in October. A survey is in hand of damaged provays houses.

First priority is given to flood control schemes, having regard to conditions near rivers ARNO, SERCHIO and OMBRONE.

Works projects totalling over 76 million lire were in hand at end of October.

All officials of Genio Civile in Region are working well. There is an acute general shortage of road transport, both for supervisory personnel and materials.

76. EMILIA Region.

Assistance was given to FIFTH and EIGHTH Army AMG Headquarters. PISTOIA City aqueducts were repaired as well as small power plants. Water pumping stations were reconstructed for RICCIONE, CATTOLICA and RIMINI. At RICCIONE enemy had used reservoir for sewage; ; it is being emptied, cleaned and sterilised.

Generally, conditions are extremely serious over a wide area as to bridges, roads, utilities and general public works problems. There has also been serious flooding of areas through enemy destruction of dykes and pumping stations.

77. PIEMONTE, LIGURIA, LOMBARDIA and VENEZIA Regions.

No active work was possible and activities were confined to collecting information, planning, etc. Officers of Regional Engineer's staffs were temporarily transferred to give assistance in other active Regions.

TRANSPORTATION SUB-COMMISSION.

Rail Section.

78. During the month there have been many critical moments due to shortage of freight cars and concern is felt that traffic has been accepted for movement whilst the actual facilities for movement have not been available. Rolling stock has been shipped from SICILY and SARDINIA but this can only be a temporary relief as it soon gets merged into the general pool.

79. Plans are in hand for close working between Military Railway Service and Italian State Railways to ensure that rehabilitation of tracks is carried to greater effect. A number of important lines have been scheduled for repair and contracts signed by the Italian State Railways with contractors. In Southern ITALY improved [illegible] SARDINIA Railways have been handed over to AC

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80. A decree has been agreed authorising increase in Railway rates and fares to 100% over June 1943 figures. Severe restriction to coal in SICILY is causing considerable difficulty and urgent requests have been made for reversion to original tonnage.

Shipments, Ports and Warehousing Division.

81. Shipment: Schooner traffic has been severely curtailed by the weather during the month. Schooners allotted to civil trade are the smallest type which are most affected by weather conditions, being constantly forced into port and remaining there for days. This will get worse during the winter and most civil bids have to be carried on other ships set up by AFHQ. The position cannot be improved until larger schooners are allot[illegible] to carry civil supplies.

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82. Ports.

(a) CIVITAVECCHIA: A port Committee is now set up and an AD Port Liaison Officer appointed to ensure the smooth turn-over of the port to civil uses. The rail served berth should be completed shortly.

(b) CASTELLAMMARE: To enable a discharge of a top-loading of bag grain lighters and tugs have been obtained for the use of the civil contractors operating these ships, but bad weather has prevented this discharge.

(c) SALERNO: An inspection has been made of the port. It may have to be used for final discharge of ships with civil supplies, in order to avoid the rail congestion round NAPLES. The port is capable of taking ships alongside quay with the draught up to 21 ft. Warehouse accommodation is being repaired and all necessary arrangements made for accepting a ship with 4000 tons of cargo.

83. Warehouses.

As of 1 October the Warehouse and Forwarding Division of the Food Sub-Commission became the warehouse Section of the Shipment, Port and Warehouse Division of the Transportation Sub-Commission. The following were the principal changes made during the month:

(a) A.C. Dept No.49 in SIENA was turned over to TOSCANA Region for operation.

(b) A.C. LEGHORN accommodations were greatly expanded, increasing the capacity from about 14,000 tons to 40,000 tons. This change was necessary in order to accommodate the increase in Food Sub-Commission stock-piling activities. Further expansion is contemplated to bring capacity up to 70,000 tons.

Roads Section.

84. Of the two G.T. Coys (Italian) promised by AFHQ, one, the 1004 G.T. Coy, has been assigned and is operating out in the ANCONA area. Of the American personnel required to operate the Truck Battalion 9 officers and 20 enlisted men have been received, but we have no assurance as to the definite date when the remaining personnel will be made available. Three Q.M. Truck Coys have been formed and the training of two more is proceeding. Of the 250 vehicles promised by AFHQ, 100 have been drawn and it has not been considered advisable to draw any more until the necessary supervisory personnel have been obtained.

85. A standard work ticket has been agreed with ENAC and it is hoped that this standard work ticket will shortly be in operation throughout the whole of occupied ITALY.

86. Maintenance instructions have been published, setting out a complete system of maintenance to be applied to all vehicles. These instructions have been forwarded to all Regions and the system has now been put into effect. At the present moment a combined maintenance team, consisting of two British and two American officers from AFHQ, are in the process of making a study of all existing garages and garage facilities.

87. Steps have been taken for the manufacture of a number of spare parts and the

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(a) A.C. Dept No.49 in SIENA was turned over to TOSCANA Region for operation.

(b) A.C. LEGHORN accommodations were greatly expanded, increasing the capacity from about 14,000 tons to 40,000 tons. This change was necessary in order to accommodate the increase in Food Sub-Commission stock-piling activities. Further expansion is contemplated to bring capacity up to 70,000 tons.

Roads Section.

84. Of the two G.T. Coys (Italian) promised by AFHQ, one, the 1004 G.T. Coy, has been assigned and is operating out in the ANCONA area. Of the American personnel required to operate the Truck Battalion 9 officers and 20 enlisted men have been received, but we have no assurance as to the definite date when the remaining personnel will be made available. Three Q.M. Truck Coys have been formed and the training of two more is proceeding. Of the 250 vehicles promised by AFHQ, 100 have been drawn and it has not been considered advisable to draw any more until the necessary supervisory personnel have been obtained.

85. A standard work ticket has been agreed with MMAC and it is hoped that this standard work ticket will shortly be in operation throughout the whole of occupied ITALY.

86. Maintenance instructions have been published, setting out a complete system of maintenance to be applied to all vehicles. These instructions have been forwarded to all Regions and the system has now been put into effect. At the present moment a combined maintenance team, consisting of two British and two American officers from AFHQ, are in the process of making a study of all existing garages and garage facilities.

87. Steps have been taken for the manufacture of a number of spare parts and the outlook is fairly promising.

88. The tire position, although still acute, has improved slightly as a shipment of tires and tubes has been received from Army sources. Tubes, however, are rapidly becoming a more serious problem than tires.

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PART IV

POLITICAL SECTION, PUBLIC RELATIONS BRANCH AND DISARMAMENT SUB-COMMISSIONS

POLITICAL SECTION.

1. There were no major political developments during the month of October. It was a period of marking time for the moment when the Commission would be in a position to explain to the Italian Government the meaning of the joint declaration of 26 September by President ROOSEVELT and Mr. CHURCHILL, in its day-to-day application towards ITALY. The good intentions of the Allied statesmen were shown in the announcement that the word "Control" would be eliminated from the title of the Commission as from 23 October.

2. Certain further statements of policy were made in WASHINGTON. The lifting of the trading with the enemy regulations for Liberated ITALY was announced. A more profound expression of Allied policy was the announcement on 25 October that direct relations had been resumed between GREAT BRITAIN and ITALY and a following announcement that diplomatic relations with ITALY had been established by the UNITED STATES and RUSSIA. The U.S. Government stated that its action had been taken after consultation with the other American Republics, all of whom, excepting ARGENTINA, had agreed to resume relations with ITALY. The communique made it quite clear that no change in ITALY's status of co-belligerency was inherent in the government's announcement which, however, would signify its intention to return to ITALY control of her internal affairs as soon as possible.

3. The Italian press viewed these developments as an important step toward ITALY's emergence from isolation and towards the government's obtaining greater autonomy. The Prime Minister found that by them ITALY had regained her individuality as a nation but that this situation was incompatible with the state of subjection in which she was held by the terms of the Armistice.

4. The encouragement offered the Italian government and people by these developments was damped by a statement made in the House of Commons which the press attributed to Mr. EDEN, saying that the British Government was opposed to the return of colonies to ITALY, and that the Italian Empire in AFRICA was irrevocably lost. A clarification of these reported statements indicated that the questions and answers made in the House of Commons sought to lay down the present attitude of the British Government and that the future of territories will have to await consideration by the United Nations at the conclusion of peace. The public feeling of resentment toward a the British Foreign Secretary was assuaged by his visit to ROME at the end of October. At this time he conferred with the Prime Minister, the Under-Secretary of Foreign Affairs and the Italian representative designated to LONDON. The visit was regarded as significant, coming as it did on the heels of re-establishment of direct relations between the two countries and in light of the antagonism which had existed between Mr. EDEN and the Fascist regime. Press comment was friendly and stressed the fact that Mr. EDEN was opposed to Fascism, not to the Italian people.

5. In the field of domestic affairs the most important developments were a decree providing in certain special cases for the cultivation of large holdings of land by the peasants through properly organized and recognized peasants' cooperatives and measures to increase the wage scale.

6. Incidents occurred of the seizing of land by peasants which, in some cases, led to conflicts between them and the Carabinieri. As a consequence the Prime Minister

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7. Following the incident in PALERMO on 19 October the Council of Ministers prepared the necessary decrees to set up in SICILY a consultative body of 24 members representing various interests on the Island, the financing by special funds of further industrial development and agrarian reform.

NAVY SUB COMMISSION.

8. Three of the seven active Italian cruisers have been refitting during the past month. The remainder and the destroyers and small craft continue to be fully employed in their transport and escort duties. The morale of officers and men remains satisfactory.

9. The Ministry/.....

9. The Ministry of Marine has been notified of the turn back of the ports of CIVITAVECCHIA, PIOMBINO and SAN STEFANO to Italian Navy Control and has been requested to issue appropriate organisation orders for the above ports to ensure their efficient operation.

10. During the past several months the Navy Sub-Commission has arranged for the evacuation from the SOMS area of over 1,000 inactive members of the Italian Navy and their families. The evacuees have been removed to SOUTHERN ITALY and SICILY under the guidance of the Ministry of Marine, to locations where they will be able to obtain better living conditions.

11. Routine activities of the Commission have included the usual problems of supplies and materials for the Italian Navy and control of movements of Italian Navy personnel.

LAND FORCES SUB-COMMISSION (LFSC).

12. The call-up of the 1915 to 1924 classes in the LAZIO Region continued during October. Personnel were recruited with a view to completing outstanding commitments for Allied Units. Certain units of the Italian Combat Groups were still in need of reinforcements and instructions were issued to the Ministry of War that all suitable personnel recruited at FROSINONE were to be allotted to these Groups and dispatched to the Reinforcement Depot for posting to units in the Combat Groups.

13. The results of the LAZIO call-up did not fulfill the necessary requirements. Land Forces Sub-Commission consequently authorised the War Ministry to extend the call-up of the 1914 to 1924 classes to CALABRIA, CAMPANIA, PUGLIA, PUGLIA and LUCANIA. Later the period of this call-up was extended owing to transport and communication difficulties in recruiting, assembling and dispatching this personnel.

14. Total reinforcements sent to Allied Units and the Combat Groups was 3,613.

15. The Italian Army Patriot screening agencies operating in the Army areas continued their work and sent 460 patriot volunteers to the Combat Groups.

16. The organisation and training of the Italian Combat Groups continued during October. By 3 October CREMONA Division had been reorganised and training had commenced.

17. Frequent visits to the Combat Groups were made by Land Forces Sub-Commission officers to discuss equipment, training and reinforcement problems. The issue of British clothing and equipment continued, as did the training of regimental instructors. Results of courses held during October were good and reports showed great keenness and ability on the part of the Italian students attending these courses.

18. October was a heavy month for the movement of Italian Army personnel. The main commitments were :

(a) Movement of troops from SARDINIA to the mainland.
(b) Regional call-up of classes to the Italian Army.
(c) Large moves of labour personnel to ports after re-forming at MINERVINO Camp.
(d) Additional movement of personnel and supplies to the Combat Groups training areas.

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LAND FORCES SUB-COMMISSION (SACIA).

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14. Total reinforcements sent to Allied Units and the Combat Groups was 3,813.

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19. The evacuation of the first batch of Italian Military from the Balkans commenced towards the end of the month. Land Forces Sub-Commission ensured that the War Ministry made full arrangements for the reception, housing and screening of these men. Any suitable volunteers for the Army would be accepted after screening and sent to the Reinforcement Regiment of the Combat Groups after a period of leave. A Land Forces Sub-Commission Liaison Officer was dispatched to TARANTO in order to deal with any questions and problems of urgency.

AIR FORCES SUB-COMMISSION.

20. For most of the month of October the Fighter Wing was bogged down by heavy rain. On 19 October, however, it began operating with considerable intensity and has achieved good results. Enemy motor vehicles have been damaged or destroyed and a train knocked out. Successful bombing attacks have also been made on bridges and other communication targets. Although the number of sorties carried is not as high as usual, the daily average is far above that ever carried out before.

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21. The operations of the Bomber Transport Wing were considera curtailed owing to bad weather but a satisfactory weight of supplies was dropped over YUGOSLAVIA. In addition to their active operations, Bomber Transport Aircraft have proved a valuable means for evacuating damaged fighters from airfields which are inaccessible to transport. A method has been evolved whereby damaged fighters can be flown out in the SM.82's without extensive dismantling. In addition a shuttle-service has been in operation between ITALY and NORTH AFRICA carrying spares and equipment. Without this it would have been impossible to have made the Light Bomber Squadrons operationally ready by the end of October.

22. The Light Bomber Wing is now fully operationally trained and is about to move to its operational airfield.

23. Very few operational demands have been made on the Seaplane Wing. Two British aircrew and a dinghy were picked up under extremely difficult weather conditions, the aircraft being damaged during the process of landing and picking up the survivors.

24. The serviceability of the Italian Fighter aircraft shows a substantial increase. This is due to the protracted efforts of the Air Forces Sub-Commission Technical Staff and the Italian Technical Staff. With the aid of salvaged spare parts and a certain amount of improvisation, very creditable results have been achieved.

25. The demands for manpower from the I.A.F. in substitution for R.A.F. and U.S.A.A.F. manpower are gradually being satisfied.

26. The question of an adequate ration for aircrews is still in abeyance but the Sub-Commission has been visited by a Staff Officer from M.A.A.F. (Rear) and it is hoped that something will be done very shortly.

27. The morale of the Italian Air Force remains high, particularly in the Fighter Wing. The fighter squadrons have earned the praise of the Air Officer Commanding, Balkan Air Force.

28. Defascism within the Service is still proceeding very slowly and it is clear from some of the verdicts that some of the tribunals cannot be considered to be free from taint of favouritism.

29. Since the declaration by Mr. CHURCHILL and President ROOSEVELT it is clear that the Italian Air Force has expected something quite out of the ordinary to be done for them in the way of direct assistance, so that they can take their part to better advantage with the Allies. Air Forces Sub-Commission has done everything possible to discourage any undue optimism in this respect.

COMMUNICATIONS SUB-COMMISSION.

30. Telecommunications.

(a) Telephone: Intra-provincial service was authorised in the four additional provinces, and inter-provincial service was authorised in fourteen additional provinces. The telephone cable to SARDINIA was restored to the Italian Government and taken into use by them.

(b) Telegraph: Telegraph service was authorised in fourteen provinces. Restoration of circuits has now given the Italian Government telegraph communication to all provincial capitals of provinces under Italian administration plus five

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(b) Telegraph: Telegraph service was authorised in fourteen provinces. Restoration of circuits has now given the Italian Government telegraph communication to all provincial capitals of provinces under Italian administration plus five provinces to the North of Italian Government territory.

About 150,000 telegrams a month are now passing through the ROME office.

Notification was received from AFHQ that civil radio and cablegrams would be permitted to U.S. and U.S. possessions, and to the U.K. and BRITISH EMPIRE from 15 November.

31. Postal.

(a) Internal postage rates were doubled on 1 October.

(b) Allied Military postage stamps were withdrawn from use in SICILY on 1 Oct.

(c) Inter-

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(c) Internal and foreign mail services were restored in all the further Provinces of ASCOLI, GROSSETO, MACERATA, TERNI and VITERBO. Preparations made in the Provinces of ANCONA, AREZZO, LEGHORN, PESARO, PERUGIA and SIENA, which are now ready to introduce services on receipt of the necessary authority.

(d) Restriction on type of language used in civilians' letters to places abroad removed. Any language now permissible.

(e) Direct despatches of mails from ITALY to MALTA introduced.

(f) Conference held at AFHQ on subject of delay to POW and civilian mails addressed to U.S.

(g) Announcements were made in press and radio broadcasts regarding resumption of commercial correspondence between U.S. and U.K. with ITALY, and action was taken regarding postal arrangements.

(h) Announcements were made in radio broadcasts and press of limited parcel service to be introduced between U.S. and ROME, NAPLES and PALERMO. Action was also taken regarding censorship, restrictions on contents, custom charges and operating accommodation and transport.

(i) Postcard services between members of Allied Forces in this theatre with civilians in parts of liberated FRANCE; application has been made to extend the service to Italian civilians.

WAR MATERIALS DISPOSAL AND ITALIAN P.O.W. SUB-COMMISSION.

War Materials Disposal.

32. During October progress was made with the proposal for re-forming and expanding the Italian Air Force Salvage Unit. Should the scheme be approved by HQ AAI it can start to operate at once. It is considered that when the organisation starts to function a considerable number of vehicles, stores, etc., will be made available to the Italian armed forces which are at present a dead loss. It is also considered that a good number of vehicles will become available for Allied Commission purposes.

33. In conjunction with Regional Transportation Divisions, 51 derelict vehicles were inspected, the majority of which were recovered and a considerable number put under repair. A number of these are now on the road working for Allied Commission, or have been handed back to the Italian Army. A further 16 are undergoing repair and will be on the road at an early date.

34. The Sub-Commission, with representatives from the Italian War Ministry, and at the request of the Italian Air Ministry, inspected a number of Italian military vehicles which were held illegally. Most of these vehicles have been returned to the Armed Forces and are now back working for the Italian Army or Air Force.

35. Experiments are being carried out by the Italian War Ministry for repairing tyres classed as BLR by REME. Ten such tyres are being tried out now and, if the experiments prove successful, a scheme is prepared and it will be possible to commence work on a large scale.

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36. The problem of clearing derelict ammunition and mines is still acute. Applications from farmers etc., for assistance in this matter arrive almost daily. Inspections have been made and AFHQ requested to give permission for the Sub-Commission to employ Italian munition experts to collect and break down such ammunition, and remake into explosives. If AFHQ agree to the collection and breakdown of such ammunition, a means will be found of providing explosives, of which Allied Commission alone requires several hundred tons.

37. Several truck loads of Italian guns and materials were located, inspected and the Italian War Ministry instructed with regard to disposal.

38. The question/.....

38. The question of salvage was discussed with the Economic Section, who were in agreement that all salvage should in the first instance be handled through this Sub-Commission. A scheme is being prepared for discussion and consideration.

Italian Prisoners of War.

39. As forecast in the September report, the repatriations of Italian Prisoners of War increased to an average of some 120 a day during October. The return of these Italians to ITALY were :

(a) Sick and wounded, of whom the total was 1500.

(b) Specialists to fill administrative and medical appointments, some Carabinieri and Guardia di Finanza, totalling 2400.

40. The question of broadcasting messages to Italian Prisoners of War in AMERICA, GREAT BRITAIN and GERMANY had been discussed and approval has now been received to broadcast messages from the Italian Government to their Prisoners of War. A Committee to approve the broadcasts has been formed.

41. Weekly broadcasts from Radio Rome continue to be made, giving the names of those Prisoners of War who have been repatriated.

42. The official intimation of the release of the 65,000 paroled Prisoners of War in SICILY was made to the Italian Government.

43. The question of apprehending Prisoner of War co-operators stationed in ITALY who had absented themselves - or had not returned from leave - was raised with AFHQ and instructions on this subject are awaited. If a Prisoner of War co-operator gives himself up to an Italian Army Unit it is extremely difficult to apprehend him without causing certain embarrassment to the Italian Government.

44. During the last week of October some 800,000 lire a day were paid in allotments from Prisoners of War to their families in ITALY.

45. Transit Camps for the reception and disposal of Prisoners of War have been opened in NAPLES, BARI, TARANTO and PALERMO, under Italian administration.

46. The difficulty of finding transport to move sick and wounded Prisoners of War from ship to hospital has always been a problem. For the present the arrangement that we can, in emergencies, call on the military to help out with ambulances has been sufficient to cover all requirements.

47. The Sub-Commission is now dealing with some 20/30 requests a day for repatriation on compassionate grounds. Since only cases for compassionate repatriation forwarded by Allied Commission will be considered by AFHQ, an extra strain has been thrown on the Sub-Commission. Ways and means are being devised so as to cut down the number of applications received from the Italian High Commissioner for Prisoners of War which in many cases do not come under the conditions approved.

48. Among the complex questions of Italian Prisoners of War, the ever recurring one of the removal from Prisoner of War status was raised on every possible occasion by

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49. The Italian newspapers wrote a number of articles attacking the system of repatriation of their Prisoners of War and also the High Commissioner for Prisoners of War.

50. On an average 10 to 15 people call daily regarding Prisoners of War, mostly female, enquiring for husbands, sons, fathers and sweethearts, whom they have been told are on their way home and who have not yet arrived. To tell them to go to their own High Commissioner for Prisoners of War takes more time than to give a soft answer, which at least turns away wrath.

PUBLIC RELATIONS/.....

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PUBLIC RELATIONS BRANCH.

51. Re-organisation: On 1 October PRB took over responsibility for operation of the Information Division and Archives.

52. News Production: Daily releases to Allied, neutral and Italian press and PWD on normal range of topics, including civilian movement, FLORENCE art caches, malaria control record, infant mortality and tuberculosis statistics, typhus, Allied Advisory Council meetings, mail service, and particularly food announcements. Also arranged for, advised on and reviewed stories on AC by PRB for distribution through United Nations News News Service.

53. Journalists:

(a) Italian - Number of accrediting cards issued to screened journalists now total approximately 40. Interviews arranged with AC officers. Correspondence with ROME editors on various items of news. War correspondents finally sent in the field with Italian armed forces. Permits obtained for visits to forward areas.

(b) Allied - PRB Villa (billeting and mess) put into operation and used as a gathering place for political correspondents. Interviews arranged and information given on request. Trips arranged to NAPLES and field. PRO assigned to FIFTH Army AMG to assist correspondents.

(c) Neutral - Interviews, briefings and information arranged and given.

54. Relations with Italian Government: Recommendations forwarded to G-5, AFHQ, on re-activation of Italian news agency, films and radio. The Allied Publications Board also recommended that responsibility for licensing of newspapers and distribution of newsprint in Italian Government territory be given to Italian Press Commission. Arrangements made with Italian authorities on Allied coverage of ASSOLINI and other epuration trials.

55. AC Anniversary: Extensive research and writing devoted to production of press release marking one-year anniversary of AC and 16 months of military government in ITALY. Release now in hands of AFHQ for approval.

56. Information Division: Activities of Central Reference Library, distribution of maps and issuance of news bulletins continued. Increasing use of library by AC personnel noted as well as by Italian journalists who ask for Allied publications.

57. Archives: Documents have been placed in chronological order and maps are being filled by requests from appropriate agencies possessing original files.

58. Routine: Trend of Correspondents' Copy, Daily Digest of Rome Press and Weekly PRB Bulletin continued to be issued.

Elliott W. Stone

ELLIOTT W. STONE
Commodore, USNR
Chief Commissioner

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56. Information Division: Activities of Central Reference Library, distribution of maps and issuance of news bulletins continued. Increasing use of library by AC personnel noted as well as by Italian journalists who ask for Allied publications.

57. Archives: Documents have been placed in chronological order and gaps are being filled by requests from appropriate agencies possessing original files.

58. Routine: Trend of Correspondents' Copy, Daily Digest of Rome Press and Weekly PRB Bulletin continued to be issued.

Elbert W. Stone

ELBERT W. STONE
Commodore, USNR
Chief Commissioner

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HEADQUARTERS ALLIED COMMISSION
AFO 394

Ref: 824/COS. 30 January 1945

MONTHLY REPORT

NOVEMBER 1944

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Public Relations Branch
Navy Sub-Commission
Land Forces Sub-Commission (SACLA)
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Communications Sub-Commission
War Materials Disposal and
Italian P.W. Sub-Commission

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PART I.

AND FIFTH ARMY.

1. PISA Province was transferred to Regional Control with effect from midnight 25 November.

2. Apart from the repercussions in the Press from a visit of the Committee of National Liberation to ROME this has been a much quieter month politically. The tighter control over the movement of Cabinet Ministers and others into the Army Area has doubtless contributed. At the end of the month the parties are presumably waiting to see the outcome of the impasse in ROME and it is expected that activity will increase when the composition of the new government is known. There is a general hope that a new government can be found which is more efficient and energetic, especially about Defascism, than the last one. There is also a widespread demand for action on the institutional and electoral question in spite of the impossibility of such action at this time.

3. Except in the areas where gunfire is audible the people are less friendly with the Allies. (The contrast in the attitude between the ARNO Valley and a village within a few miles of the Germans is very striking.) This is attributable to the restrictions and inconveniences caused by the presence of large numbers of troops and to the inevitable reaction to the insufficient food supplies in the towns. It was felt that after the American Presidential Elections the implementation of the promised 300 grams bread ration would be immediate and the apathy born of disillusionment is now creeping in. Public morality is also deteriorating, though of course it has a long way to go before it reaches the level of, say, NAPLES.

4. The requisitioning of nearly all the hotels, restaurants, and clubs of FLORENCE for Allied use, chiefly British, continues to be a sore subject with the Italians, who sometimes say that it is far too difficult for an Italian civilian to obtain a meal or room for the night by honest means.

5. Sugar is non existent and soap is short supply. Salt is sufficient for an increased ration of 200 grammes per month but there is none available for curing the hogs which are now due for slaughtering in some areas. Apart from these items it has been possible to distribute supplies satisfactorily to implement the existing ration scales. It is not considered however, that the towns, especially FLORENCE, are receiving sufficient to maintain full health and efficiency. The POL situation is satisfactory. Some 11,000 gallons a day are being drawn from the FIFTH Army.

6. The rehabilitation of industry proceeds very slowly owing to the absence of electric power, the necessary materials for repairing plants and raw materials for manufacture. No early solution to these problems can be foreseen.

7. Much progress has been made in planting winter wheat and large quantities of seed wheat have been brought in from GROSSETO. At the end of the month the olive harvest was just starting. The crop promises to be a good one and in spite

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7. Much progress has been made in planting winter wheat and large quantities of seed wheat have been brought in from GROSSETO. At the end of the month the olive harvest was just starting. The crop promises to be a good one and in spite of the destruction of the largest presses sufficient small mills have been put into operation to deal with it. It remains to be seen how much of the oil escapes the Armed and flows into the Black Market.

8. The slaughtering of hogs in the mountain areas is handicapped by shortages of salt.

9. A great amount of work has been done helping the Army in labour procurement. In FLORENCE the labour exceeds the supply except for white-collar workers. In the rest of the area there is widespread unemployment and supply exceeds the demand. At the same time there are insatiable military demands for labour in LIVORNO and in the mountainous areas near the front, but there are no facilities in either case for housing and feeding the workers required.

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10. Progress has been made in repairing the Bonifica near VIAREGGIO which is ready to operate as soon as power is available for the pumps.

11. The security problem continues to be of paramount importance and large numbers of enemy agents have been caught: about 60 now await trial as soon as the cases have been prepared. Heavy demands for Carabinieri Reale to assist in the control of movement have had to be met and it has only been possible to comply as a result of the presence in the area of men waiting to go North. Without their assistance in controlling movement it is improbable that such a large number of enemy agents would have been caught during the month. Carabinieri Reale continue to give very good service: their morale is good and cooperation with Corps and Divisional Military Police is excellent.

12. On 10 November a demonstration was staged by about 150 women outside the FLORENCE Prefettura demanding more milk, less Fascism and more epuration. The purpose was undoubtedly political but it is not certain who organised it. Both this and a smaller demonstration at REGELLO (FLORENCE Province) on 22 November were dispersed without difficulty.

13. The ten kilometre rule was abolished in FLORENCE Province South of the ARNO with effect from 25 November. It is hoped that this will allow a greater resumption of normal trade and economic activity within the Province than has been possible hitherto. The strict control of movement continues to bring to light many expired, altered or bogus passes, and the control is still far from satisfactory.

14. There are many signs of undernourishment in the large towns, especially FLORENCE. The shortage of soap is responsible for many local outbreaks of scabies. Typhoid has been on the increase, especially in PRATO where there are at present 250 cases. Diphtheria occurs sporadically throughout the area and there have been several cases in the FLORENCE Refugee Centre, necessitating the creating of an isolation block. There has been no case of typhus. Apart from the above general health continues to be satisfactory.

15. The A.R.C. Field Representatives continue to perform outstandingly good work on the reorganisation of civil hospitals in the forward areas. No praise can be too high for them.

16. The two centres, at FLORENCE and LUCCA, were kept open during the month. An officer from the Displaced Persons & Repatriation Sub Commission is on duty at the former, while the Sub Commission are taking over the latter at the beginning of December. In addition one of the tented camps from Eighth Army continued to operate under 13 Corps. 4200 persons were evacuated during the month of whom some 450 were returned to their homes locally. Half of the total have homes North of the battle line, the remainder wished to return South in any case. The bulk of the total were from a group of small communes right in the battle line who were evacuated for security reasons.

17. In the forward areas advances have been made direct to communes. In BOLOGNA Province a new system of Annual Financing has had to be devised in the absence of any Banks. Elsewhere the work has been more typically Regional in character. A number of Local Government Budgets have been passed, in most cases after drastic reduction in the estimates submitted. A Specialist Revenue Officer

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18. Arrangements have been made for restarting the FLORENCE Tobacco Factory on a limited scale. The factory at LUCCA is also working. The Salt factory at VOLTERRA is not working satisfactorily - in part this can be attributed to the usual causes of lack of fuel, etc., but to a large extent it is due to the character of the manager.

19. a) The educational activities during the month continue to be satisfactory. Notably is the situation excellent in FLORENCE City and Province where the Provveditore agli Studi reports that for the City nine-tenths of the pupils are receiving daily instruction with a minimum schedule of two hours and with many pupils following a normal schedule. In the Province South of the ARNO most of the schools are now functioning and North of the ARNO the schools have been opened where possible and others are being reopened as rapidly as buildings can be found or be released by

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Army Units.

b) The University of FLORENCE is carrying out its program of make-up courses and examinations preparatory to the beginning of a new school year in January quite satisfactorily. It is also offering short survey courses in Italian Language, Literature, History, and Art for Canadian soldiers in this area and has outlined a much more comprehensive program for all Allied personnel. This proposal is now being studied by the Education Officers of the American and British Forces.

c) The University of PISA was formally opened on 25 November and SIENA on 26 November.

d) Education has been completed in all three universities of FLORENCE, PISA and SIENA and is far advanced in all provincial schools.

20. a) For the first time since the landing at PAESTUM it is possible this month to record real progress in mine clearance. In FLORENCE Province this is due to local initiative in making use of the trained Unione Nazionale Protezione Antiaerea personnel available. They have done excellent work.

b) After many false starts the Italian Army School on the west coast has at last started to produce results. At the end of the month work was also starting in LUCCA Province and a school opened in PISTOIA. The difficulties confronting the officer in charge are considerable but the results achieved so far are encouraging.

21. On the 2 November the ARNO overflowed its banks and inundated the City of PISA. After considerable argument it was accepted as being the highest level the river had reached for 100 years. In PISA no serious damage was done except the covering of the streets with several inches of mud. Energetic emergency measures were necessary and the Prefect performed magnificently. It was fortunate that the consequences were not more serious. Headquarters escaped inversion by the narrow margin of two feet. War damage to drainage systems prevents the land from draining and large areas are still under water: they are likely to remain so until the Spring.

AMG EIGHTH ARMY.

22. No additional territory was handed over to regional control during the month.

All fresh territory occupied was in the Provinces of FORLI and RAVENNA. The provincial capital of FORLI was captured during the month and that of RAVENNA during the first few days of December.

23. Fresh territory occupied consists either of the rich agricultural plain with certain industrial areas or of the extremely mountainous last ridges of the APENNINES. Large areas of the plain are water logged and in some cases completely flooded owing to destruction of dyke retention walls. Administration of the mountainous country has become more difficult owing to the withdrawal of Italian

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23. Fresh territory occupied consists either of the rich agricultural plain with certain industrial areas or of the extremely mountainous last ridges of the APENNINES. Large areas of the plain are water logged and in some cases completely flooded owing to destruction of dyke retention walls. Administration of the mountainous country has become more difficult owing to the withdrawal of Bailey bridges on the mountain roads, and though all available help is being given by the Army, they themselves are short of material for the replacement of these bridges.

24. The details of a scheme for the amalgamation of the staffs of Region EMILIA and AMG 8 Army (under the command of SCAO) were worked out and will be put into practice early in December. The scheme is designed to obtain the best possible administrative results from the use of all available personnel whilst the Army area is more or less static.

25. The local food situation cannot be described as satisfactory. The large stocks are hoards which must be conserved for emergency in BOLOGNA, FERRARA or even VENICE. The townsman has his 200 grammes of bread daily plus a monthly ration of 600 grammes of pasta, 75 grammes of salt and 125 grammes of sugar. Imported milk, dried vegetables and tin meats are issued only to special classes and in cases of grave hardship. Fresh supplies of these items are highly

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Generally speaking the fresh vegetable situation is satisfactory. Meat is rarely available, but fresh milk can be purchased in limited quantities in a number of communes. With the approach of the hog cooling season (for which a special distribution of salt is being made) it is hoped to alleviate the shortage of proteins and fats in the mountain communes, but in the plain there are few pigs to kill and it is neither administratively nor statistically practicable to attempt a large scale redistribution between various parts of the area.

26. Oil and soap have been the principal shortages - absence of the former has been a chronic feature for a long period and no relief is in sight.

27. The olive oil harvest is just starting and some presses are operating. Unfortunately the present area produces little oil and estimates of the total quantity "harvestable" do not exceed 200 tons.

28. Considerable quantities of sugar beet were located but so far none of the sugar factories found were in workable condition.

29. By the first of the month little wheat had been sown due so much to adverse weather as to war damage and dislocation. At the end of the month about 60% of normal area was planted; no barley was sown as it comes after the wheat sowing is finished if there is time. Some wheat and barley will be sown in the spring, the barley mostly for green feed for livestock. Sufficient wheat for seed was found and of 300 tons located in CESENA 200 tons are being moved to the RIMINI area where the seed shortage is acute. In other areas the farmers were able to use their own seed or obtain it in their own commune. There will probably be no need to import wheat or barley seed for the spring planting season as it can be found in communes which threshed before the battle.

30. Contrary to earlier reports, the livestock situation is not hopeless, but is definitely an acute problem. About 50% of the oxen were saved (although different communes vary considerably), 60% of the milk cows and 50% of the cows; only about 30% of the feeder and work calves and young stock and 30% of feeder pigs, however, remain. The sheep situation is satisfactory and though only about 15% of the chickens were saved they can be quickly replaced by multiplication. Most of the horses were taken by the enemy for transport.

31. The typhoid-paratyphoid epidemic in the Republic of SAN MARINO and RIMINI area is under control. For the period 4 Sept to 27 Nov 1944, 812 cases were reported for the Republic of SAN MARINO and RIMINI area and the mortality rate was about 5%.

32. The distressed areas are in the larger communes along the Adriatic coast road and the devastated towns in the flooded PO Valley. Emergency issues of clothing to people in dire need by the Red Cross are helped, and though food supplies have been inadequate they have kept people alive. Restoration of drainage should be carried out in this malarious zone by next April or widescale aerial spraying considered to render it safe for occupation.

33. Refugees have had to remain in Forward Areas because transport difficulties from RIMINI southward have prevented them being moved to A.C. areas. RIMINI was flood with the arrival of about 8,000 southerners, principally from the ARIMINO area, but it is now practically clear.

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[redacted]

28. Considerable quantities of grain have been destroyed but as the area of the super Fortress found were in unstable condition.

29. By the first of the month little wheat had been harvested in the south and the weather as to wet during and subsequent. At the end of the month it was estimated that 80% of normal area was planted; as barley was harvested it was estimated at 90% as it ripens earlier than wheat. Barley was also less affected by the rains. Some wheat and barley in the north, the barley mainly for green feed for livestock. Of the wheat harvested it was found that only about 15% of feeder grade, the remainder being of milling quality. Sufficient wheat for seed and for livestock feed will be retained in the district but as the farmers were able to sell their own seed at high prices, there will probably be no shortage of seed for the spring planting season as it can be used to import wheat or barley seed for the spring planting.

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32. The distressed areas in the larger communities are in the [redacted] road and the devastated towns in the CASOLINO valley. Clothing, to people in dire need by the Red Cross has been distributed, and though food shipments have been adequate they have kept people alive. Distribution of drinking should be carried out in this salarious area by next April, the clothing considered to render it safe for occupation.

33. Refugees have had to remain in Forward Camps longer than was expected. Movement have prevented them being moved to A.C. camps. Food was found with the problem of about 2,000 southerners, who, for it is now practically clear.

34. Changes made into the banks in the 2042 area and natural drainage [redacted] out extensive damage. The cash position of these [redacted] during the month. Authority was granted by Finance Sub-Committee to allow AMG Chiefs officers in Eighth Army Area to approve funds to [redacted] demand through the normal channels for cases where the amounts do not [redacted] effect such repairs.

35. [redacted] in small bays not been disturbed [redacted]

SECRET SECRET.

36. In general the situation remained unchanged [redacted]

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deteriorated, the south as the whole was quieter with few strikes and little agitation. There had been no improvement in the effectiveness of local administration. While the economic difficulties of the situation are apparent no one attempts to take a stand against the prevailing spirit of laissez-faire. Corruption among all classes is probably one of the main reasons for this.

There is still a large number of Commissari Prefettizi in office throughout the Island.

37. To the list of laws or decrees which have been enforced only partially or not at all and which include the grain arassing decrees, laws regarding the circulation of vehicles, and a recent local decree aimed at producing a grain reserve on loan must be added the olive oil arassing decree. Indications are that the arassing of olive oil will be a complete failure.

It is to be hoped that the decrees regarding the calling up of certain classes for the armed forces will not be added to the above list but that there will be rigid enforcement.

38. The month generally was quiet. This may be due to reaction after the serious incident at PALERMO on 19 October. The increase in wages also had a good effect. It is hoped that this effect may be more than temporary but the continuing rise in prices coupled with diminishing stocks of grain and the advent of the cold weather are factors which may lead to a deterioration in the situation.

39. Among the reasons food and its price dominate the situation and the bread prospects were the cause of grave concern to the administrations in the large towns. The position as known to the local administration during the month was that, while there was only sufficient grain in the Island to feed the population to the end of the year, no grain imports were to be expected. For all practical purposes the arassing of grain ceased. A seasonal falling off in the small amounts being arassed was to be expected but the prospects of the Island having no grain in its Granai del Popolo during the first 6 months of the coming year and the increasing profits to be made in the Black Market had the natural result of nullifying any efforts to revive arassing. There was also considerable opposition to the movement of grain from grain-producing provinces to non-producing provinces normally supplied by them. A most complex situation developed. If no grain were imported the principal sufferers must be the workers, many of them in Allied employ, in the large towns,and their families. Those who would not suffer would be those responsible for the failure of the Island to arass a sufficient quantity of grain at least to have fed it throughout the winter as, for instance, the land owners, particularly the large ones, mainly Separatists, the supine local administrators, higher administration who had allowed the pay of the UPSEA officials to fall seriously in arrears, political wanglers and black market operators. All such, if grain is imported, would continue to have the advantage of buying bread both at the ration and at the black market prices.

40. The average daily quantity of grain arassed during the month was 1020 quintals. Total wheat arassed to date is 1,243,376 quintals, and total barley is 105,936 quintals. Amount of wheat reported to be on hand in Consorzio Agrario warehouses on 27 November was 317,379 qls. and barley 40,354 qls.

41. There was no outstanding political activity during the month.

Crime remained at about the same level.

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Health continued to be satisfactory. A small outbreak of smallpox occurred in PALERMO, 39 cases occurred during the month but it is hoped that the prompt restrictive action taken will prevent any spread of the epidemic.

42. The "Soccorso Kitchens" started operations during the month with 14 open in CATANIA feeding 3700 destitute per day. In PALERMO some 12000 hot meals are being served daily and it is expected that this will soon rise to 20000. Of the 20000, 15000 will be free and the remainder sold at a nominal cost. The soup served is rich and thick, providing a great deal of sustenance.

43. Prisons are still seriously overcrowded. 308 persons are now serving sentences imposed by AMG courts as compared with 391 on 31 October 1944.

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44. The road transportation situation has improved somewhat due to a supply of tires for civilian trucks becoming available, but the road movement is limited by the amount of petrol obtainable.

Military highways continue to be maintained in reasonably good condition. Trucks operated by I.R.T. during the first half of the month total 6793, a daily average of 453. The second half of the month is expected to be about the same. A supply of some 700 tires and 300 inner tubes has been allotted for purchase by I.R.T. for trucks in SICILY. This supply is most welcome.

45. The schools opened on 16 November in 7 of the Provinces. The opening in TRAPANI and PALERMO provinces was postponed owing to the smallpox outbreak. Education is still hampered by a shortage of books and accommodation due to war damage and continued occupation by the Services.

46. Currency continues to flow out of the Bank of Italy, PALERMO. Not only was the Bank unable to repay any of the Lit. 200,000,000 advance due on 15 November but an additional Lit. 200,000,000 was brought to the Island from NAPLES by Italian cruiser. The bank here seems to have done and to be doing little to meet the constant drain on its cash resources, referring responsibility in the matter to ROME.

47. It is understood that a first allotment of 400 million lire has been made to cover war damage in SICILY of which 100 million is to be used for repairing private houses. A commission of which the Provveditore alle Opere Pubbliche is to be President, will arrange the allocation of these funds on a provincial basis.

48. The refugees situation has eased considerably after the departure of 2300 for the mainland. Improvement is being effected in the accomodation of the remaining 4802 (this number does not include 16,044 refugees from North Africa awaiting repatriation).

SOUTHERN REGION.

49. SOUTHERN Region is a geographical group of 9½ million people separated from the rest of ITALY by a devastated belt 30 miles deep and corresponds roughly to that part of ITALY south of the 1943/44 winter battle line. As the Region was spared the heavy destruction of the North due to the fairly rapid Allied advance in the Autumn of 1943 and has now had six months for reconstruction, life is slowly returning to normal. The important power plants in the SILA were untouched and supply a certain amount of electric power to the whole area. Though the service is limited and overcrowded the railways are open to civilian traffic. Lack of material is a problem, but nevertheless, a fair amount of repair work is in hand, particularly in NAPLES, and articles of local manufacture are appearing in the shops.

50. There is, however, a real struggle for livelihood, especially in NAPLES and provincial capitals, which has led to a great deal of petty thieving and in NAPLES, much prostitution. There are now less Allied troops from whom to cadge and steal which has sharpened the struggle. A fear of deserter gangs, agrarian break-up and a distrust of currency - which leads to the hoarding of non-perishible agricultural products - all contribute to the difficulties of livelihood in the

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46. Currency continues to flow out of the Bank of Italy, PALERMO. Not only was the Bank unable to repay any of the Lit. 200,000,000 advance due on 15 November but an additional Lit. 200,000,000 was brought to the Island from NAPLES by Italian cruiser. The bank here seems to have done and to be doing little to meet the constant drain on its cash resources, referring responsibility in the matter to ROME.

47. It is understood that a first allotment of 400 million Lire has been made to cover war damage in SICILY of which 100 million is to be used for repairing private houses. A commission of which the Provveditore alle Opere Pubbliche is to be President, will arrange the allocation of these funds on a provincial basis.

48. The refugees situation has eased considerably after the departure of 2500 for the mainland. Improvement is being effected in the accommodation of the remaining 4802 (this number does not include 16,044 refugees from North Africa awaiting repatriation).

SOUTHERN REGION.

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51. The principal troubles in Food Supply were road transportation difficulties, shortage of railway wagons in FOGGIA Zone, at CASTELLAMMARE (Province of NAPLES) and at CROTONE (Province of COSENZA), and limited supplies of sugar and olive oil.

52. The wheat situation in BRINDISI and LECCE was critical on several occasions. And is a cause of continued anxiety unless reserves are accumulated sufficient to make the arrival of a grain ship on schedule not a matter of vital urgency.

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53. Prices continued high throughout the Region, with a tendency to rise further in CATANZARO Zone.

54. The demands of the Military for winter quarters was found to be increasing the housing difficulty badly in large towns where the housing shortage was already acute.

55. Executive responsibility for soap making and distribution passed to the Italian Ministry, effective 1 November 1944.

56. Industrial surveys were conducted in six important plants in the NAPLES area with a view to their reactivation. The Montecatini plant at PORTICI, Province of NAPLES, continued satisfactorily in the production of sulphuric acid and superphosphates. The sulphuric acid section of the Montecatini plant at BAGNOLI, Province of NAPLES, was derequisitioned, and it was estimated that production there would start by 15 February 1945.

57. The Hemp Control Office of the Industry Sub Commission operating within Southern Region reported as follows. Collection of hemp improved. 1,000 tons of hemp were received from farmers during November as compared with 500 tons for the preceding six weeks. This was because 1,000 tons of fertilizer were made available by the Agriculture Sub Commission for hemp farmers, and it was announced that two quintals of fertilizer would be advanced for every ton of hemp delivered by farmers. In the course of the month, there was a complete switch over from the manufacture of hessian for sacks to the manufacture of canvas suitable for water-proofing, and it is hoped to produce 175,000 square metres of such canvas per month. A large quantity of ropes, canvas and other hemp products was discovered in a clandestine store and the goods were confiscated and will be made available to the Allied Forces. The owner escaped arrest, only to be run over and killed a few days later. A representative of the British Royal Navy tested 13 samples of rope that had been made for the Navy under the supervision of the Hemp Control Office, and in every case the breaking point was above the high standard required by the Admiralty.

58. Grain collections were practically completed with totals of 3,067,000 quintals of wheat and 316,000 quintals of barley. The planting of grain was generally well advanced, but, because of unwillingly heavy rains, preparation of land and planting were retarded and the crop is very delicate. Some additional hard wheat seed is still needed and several wheat areas in the Provinces of NAPLES and SALERNO and in CALABRIA are in need of additional soft wheat seed.

59. The olive oil harvest proceeded with some difficulty and it is anticipated that the collection of olive oil will be extremely disappointing unless many more control officers are made available. Black Market activities in olive oil are constantly increasing.

60. The limited supplies of ammonium nitrate and other nitrogenous fertilizers on hand in the Region were distributed. More than 9,000 tons of rock phosphate were received during the month.

61. A feeling of insecurity on the part of farmers became increasingly a major problem affecting agricultural production. A conference at HQ&E commencing on 30 November concerning agriculture, forestry and fisheries, was attended by four officers of the Region.

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South Atlantic, 15 February 1945.

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62. In BARI Zone there were several minor strikes, all of which were settled in a short time. The greatest threat was agitation on the part of port workers at BARI on the question of the "indennita' di presenza".

63. The conduct and efficiency of all police agencies, with the exception of the Vigili Urbani (municipal police), was satisfactory in spite of shortage of personnel, lack of equipment and particularly transport, and poor rates of pay. In NAPLES Zone, patrols of Carabinieri Reali were still operating in conjunction with Allied Military Police patrols in combatting crimes of violence. In the City of NAPLES, 75 CC.RR were assigned to patrol from 2000 hours to 0600 hours in the hope that crime would be accordingly reduced.

64. There was reasonably little crime apart from an increase in crimes of

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violence in NAPLES Zone and CATANZARO Zone.

The principal crime in the Province of CAMPOBASSO was cattle stealing, although there has been a marked drop in offenses of this sort.

Forgery of Allied Military currency reached serious proportions - a total of 106 cases during the month, involving 319 forged notes.

65. Civil police were consistently energetic in combatting black market activities and much contraband was seized throughout the Region.

66. At BENEVENTO a man was arrested by the CC.RR for being in possession of a parachute and a wireless transmitting set. In SALERNO an enemy agent was dropped by parachute and arrested.

67. The prison population of the Region, excluding the small Mandamentali prisons, decreased by some 700 to 12,589 at the end of the month, and of these about half were awaiting trial. Effective 15 November, all civil prisons in the Region became the complete responsibility of the Italian Government, and supervision from Regional Headquarters ceased.

68. Permanent Superior and Summary Military Courts were put into operation at BARI to deal with cases of pilfering and sabotage by civilians in and around BARI and in particular at 14 B.A.D.

69. There was a decline in incidence of both smallpox and typhoid fever which appear to have been checked.

There were four cases of typhus of the murine type, three at CANDITO, Province of NAPLES, and one at BARI. Active prophylactic measures were taken by the Allied Commission Typhus Control Unit.

Rabies was still prevalent among dogs, but the incidence in man was very low in spite of the fact that in the City of NAPLES alone approximately 15 dogs' heads had been examined monthly with 40 per cent of them showing positive. One case of cerebro spinal meningitis was reported from ISERNIA, Province of CAMPOBASSO.

70. Schools were opened in the Provinces of AVELLINO, NAPLES, and SALERNO on 6 November and will be opened in the Province of BENEVENTO on 1 December, where postponement was due to the threat of small pox. Though school premises were insufficient throughout the Region partly because of requisition by the Allied Forces, alternative accommodation was found or schools operated with two or more shifts of pupils.

71. a) Rail. There was a shortage of equipment, particularly box cars, on the railway at the beginning of the month though conditions improved later. It was hoped that a rail transportation conference to be held in NAPLES on 30 November would ease the situation and it is proposed that a similar conference be held monthly in future.

b) Telecommunications. More circuits were available to the public and [illegible] increase in civilian use of telephone and telegraph service.

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72. Allied Financial Agency at NAPLES received 1,441,600,000 lire of Allied Military currency from the United States and made payments to United States and British Armed Forces totalling 1,668,744,000 lire. Remittances from the United States to persons resident in Italy were 366,761,684 lire during the month.

LAZIO-UMBRIA REGION.

73. In ROME the political scene was dominated by inter-party events which finally led to the government crisis. In the Provinces economic difficulties were the principal preoccupation and the fall of the Government made no impression. It is difficult to know how the people do live and there can be few families who are not living on capital or at least partly by some dishonest means. Confidence in the

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Allies is weakening, though this would be strengthened by work being started on an energetic housing programme and an improvement in the food supplied by the Allies.

74. In so far as grain and flour are concerned ROME began December in its best position in several months, as there were 1066 tons of soft grain, 866 tons of flour, 551 tons of hard grain, 1752 tons of barley on hand on 1 December. Throughout November the population received its regular bread ration without interruption and it was of satisfactory quality.

All other foodstuffs on the ration scale were distributed in their full amount except sugar which was not available in sufficient quantity. The special classifications also substantially received the amounts to which they were entitled.

In the Provinces there was great improvement in the flour situation and the black spots in the Devastated Areas (LITTORIA and FROSINONE) had no shortages. The introduction of a small pasta ration generally was a helpful move in the right direction.

Distribution of other A.C. food supplies was on a very small scale and it cannot be claimed that the country is getting an adequate diet. Rumors of an increased scale are, of course general.

The shortage of salt is the most serious problem this month. The failure of the Italian Government to take steps to ensure that sufficient supplies are available is a sad comment on the administration. Unless very much more honest and energetic action is taken at once there will be serious results. The people know that salt is available in the country and this is an added danger.

75. All police agencies in ROME are working better. The P.S. agents and Finance Guards are now receiving their improved scale of rations and this has raised their morale.

The recall of the CC.RR and P.S. from various duties with Allied Forces in the City has resulted in approximately 1000 men being available for night duty patrols. Over 4000 streets, squares and public places are now patrolled effectively after dark. Lt. Col. Perinett, Chief of CC.RR in ROME and Maj. Sciutto of the Finance Guards (now in Forward area) were both decorated during the last few days by General Clark for their services in connection with our entry into ROME on 5th June 1944, with the special contingent of 3000 men.

76. The total crimes reported are about the same as the previous month in ROME but there is a substantial decrease in serious crimes and armed hold-ups.

77. Italian Courts. The mounting case load in ROME Prisons obliged close liaison being maintained with the Italian Courts in ROME. Despite precautions the unrest in the prisons finally developed into rioting which for a period of 24 hours was extremely disturbing. On the face of it, this looked like a police problem, but the refusal of the Judiciary to recognise the need for cooperation and coordination between them and the Arresting Authorities was a large factor. A number of joint conferences were arranged between all Officials having any degree of responsibility in the matter and as a result pressure in the prisons was relieved and further rioting avoided. The Italian Judicial authorities still fail to grasp

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78. Public Health in ROME and the provinces has been satisfactory. The small outbreak of smallpox at ITRI has subsided and vaccination is proceeding. In the devastated areas of FROSINONE and LITTORIA the old problem of clothing, food and shelter exists and anti-malarial plans for the coming year are still a main preoccupation.

Attendance at popular soup kitchens in the City showed a slight decrease during the month, dropping from 180,000 to 170,000 soups served, but industrial kitchens have increased from 300 serving 55,000 workers, to 368 serving 65,600 workers.

79. Distribution of the limited electric power available in the provinces is causing many problems. It is hoped that it will be possible to report w

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stantial progress in this direction next month. At the moment the olive pressing plants, mills and tile factories are seriously crippled.

Work is proceeding as fast as the difficult circumstances allow on bridges and with the repair to public buildings.

Considerable anxiety has been caused by the reluctance of the Italian Government to release funds for projects. LITTORIA Province has suffered very badly in this respect. Despite the untiring efforts of the Provincial Commissioner and the Prefect, the delays are never-ending and seem exasperatingly unnecessary. While this is no responsibility of A.C., it is impossible to allow without protest a state of affairs which may have wide repercussions and which has every sign of being largely no more than bad administration. LITTORIA is only the worst sufferer in what is a general and very serious situation.

60. During the month information concerning approximately 2000 suspects has been carried. Individual case files have been opened for 871 persons. The majority (1700 individuals and 800 cases) live in ROME City; the remainder in the provinces.

61. During the month 22,309 visitors attended the exhibition of Masterpieces of European Painting in Palazzo Venezia. Gross receipts amounted to L. 504,782,25 expenditures L. 85,250,000.

Deposits in the CC. Banca Commerciale for fund for repairs to Italian national monuments damaged by war total L. 1,615,000.

62. A traffic survey of ROME has been made and plans drawn up for the formation of a Traffic Commission to coordinate the transit facilities of the City. A limited number of small trucks will be legalized to carry passengers and to act as an adjunct to the present system of street cars and electric buses. The allocation of electric power and petrol is the determing factor in the amount of mass transportation facilities available in ROME and has been used in deciding upon the routes to be used and the frequency of service.

63. An increasing amount of time has been devoted to the re-activation of specific factories, consequent on the assumption of responsibility by the Italian Government for supplies of controlled and other materials. Re-activation work has mainly been in those industries which can make a substantial contribution to Allied Forces requirements.

ADRIATIC-NORTH REGION.

64. Politically this has been on the surface a fairly quiet month though the Communists are still well to the fore in making themselves felt.

65. Political agitation can be traced to the shortage of certain foodstuffs, the wholesale requisitioning of property by the Army, the inefficiency of the Italian administration and, in the case of AQUILA, a feeling that whatever the disturbance the promoters thereof can get the better of the CC.RR.

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ABRUZZI-MARCHE REGION.

84. Politically this has been on the surface a fairly quiet month though the Communists are still well to the fore in making themselves felt.

85. Political agitation can be traced to the shortage of certain foodstuffs, the wholesale requisitioning of property by the Army, the inefficiency of the Italian administration and, in the case of AQUILA, a feeling that whatever the disturbance the promotors thereof can get the better of the CC.RR.

86. The Provincial Government varies considerably in different Provinces but has generally speaking not settled down. The population has,with justification, no confidence in their present officials.

87. The harvest is coming in well, and the remaining figure is 99% of the target of 2½ million quintals. Threshing is hampered by the Army in ANCONA and PESARO Provinces, as many warehouses have been requisitioned by the troops. In MACERATA 30,000 quintals of maize is ready as soon as storage becomes available. The October and November allocations of olive oil have not yet arrived and though salt is coming in arrivals are not yet up to standard. The intake of potatoes at a rate of under 100 tons a day is also well below the anticipated figure.

88. Work continues on communications and public works, though unless adequate transport is forthcoming in the near future it will fall off considerably. Bridges

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in the North of the Region constitute a very big problem and in the WESTERN area alone the construction of 16 bridges is held up through lack of material.

89. Estimates have been submitted showing materials required for rehabilitation of houses in the Region but to date 80 materials have been received.

90. Electricity has improved, though work is again held up through lack of transport.

91. The Postal Service is being augmented throughout the Region.

92. Police are working efficiently but unless further clothing and equipment are sent soon a number of them will have to be sent on leave.

93. The general health of the population remains satisfactory.

94. In the devastated areas immediate action is being taken in view of the approaching winter. Transport is again a problem in stockpiling the devastated areas and moving 250,000 tons of unmilled grain out of the Region to deficiency regions.

95. A general increase in unemployment is shown throughout the Region and this is likely to increase during the winter. Prices are rising and black market commodities increasing in variety.

96. Organisation of Provincial Labour offices has been completed in the Region with the exception of ANGOLA and PECANG Provinces.

97. The Court of Appeal of MAKOKE is functioning in KOLENTENG and good headway is being made with the cases.

98. The Mine Clearing School at CHIEFI has made a successful start, 32 out of 40 volunteers having passed the first course. They have now started work. The total number of mines cleared during the month in CHIEFI, PECANG and TSELOD Provinces amounts to 88,520.

99. The educational system is gradually being restored.

100. A certain amount of anxiety is felt over the occupation of historical buildings by troops, especially when units are constantly being changed.

SUDETAN REGION.

101. The recent announcement of the changes in the powers of the High Commissioner and the granting of more autonomy to his office has come too late for comment in this month's report. The trend of public feeling has, however, been in favour of this development and it should be beneficial, especially if it curtails clashes of officials in NOVE.

102. There has been only one small demonstration directed against food rats

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SARDINIA REGION.

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102. There has been only one small demonstration directed against food this month and the arrival of two grain ships with a total of about 15,000 tons of barley and wheat has been very welcome.

103. The Granai del Popolo figure has now reached over 293,000 quintals (29,300 tons) out of 300,000 quintals stored at to enable the Island to be self supporting until mid-December. The target total may be reached but hopes of exceeding the figure are fading and unfortunately, the local paper, the "Unione Sarda" came out with an article, misquoting President ROOSEVELT, and announcing that everyone might expect an additional 100 grams of bread per day from Allied sources. Further publicity had also been arranged to spread this news and had to be stopped at once. Whether because of this or for other reasons, the return of grain to the Granai del Popolo, which had risen to a weekly rate of 2,000 quintals, has fallen again to about half that figure.

104. The food rations in SASSARI, although obviously not over liberal and the subject of constant care, are being distributed and keep the people going. Stories of starvation which appear from time to time are difficult to understand. Their origin may be in enemy propaganda, fascist rally and Partisan reports via NAPLES have

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put out such stories. The persistent efforts of the enemy to drop parachutists are perhaps connected with an endeavour to find out the real situation in the Island.

105. Apart from grain, SARDINIA is in a position to make a small outside contribution, and export some types of food to the remainder of Italy. 700 tons of cheese is ready for shipment to the mainland and enquiries have been initiated by the Regional Food Officer with the High Commissioner's Office with a view to exportation of a very substantial number of lambs in December and January. A further export of sheep in May and June next may also be possible.

106. Olive Oil prospects continue to be good and the P.O.W. representative has been supplied with figures of the crop predicted and the quantities of oil that may be obtained. He has also been asked to work out radio talks and a vigorous propaganda to bring home to the people that the oil will be available in the Island and that there is proper machinery for its collection and distribution provided everyone does his duty and co-operates. The responsibility for a fair return of oil is being put on the Sardinians themselves.

107. The trial of the Fascist Militia General, MASSIMI, has been concluded this month. He was charged with treason and an attempt to organise a plot to escape to the mainland to join the Germans in November 1943 and was given 14 years penal servitude by the ORISTANO Tribunal. Five other accused were sentenced with him, the sentences being from 3 to 10 years penal servitude. The remaining 13 of the accused were acquitted. They included certain well known Fascists, among other the late Secretary of the Fascist Party in CAGLIARI, ORTIENZI, and there is no doubt that some sharp feeling has been aroused by comparisons between this just but comparatively mild procedure with the stories of past Fascist brutality and Fascist activities at the present time in Northern Italy.

108. A fleet of both British and American minesweepers has arrived in CAGLIARI Port and they are expected to remain about three months. American troops of the Allied Garrison have moved out with their stores and the Regional Commissioner was appointed Allied Garrison Commander as from 6 November. The Regional Legal Officer has carried out a great amount of administrative work, in particular American Garrison administration in addition to his other heavy duties. The British ration strength is still over 1,000.

109. The small but steady stream of enemy agents dropped in SARDINIA continues. Three more have been dropped this month bringing the total up to 12 since July. One man dropped by parachute on 9 November was captured very quickly in the usual area not far from ORISTANO. Reports have come in of two more being dropped on the 26 November in a new area on the east of the Island, S. GIORGIO VILLASUTSU. These men have not yet been caught but a wireless transmitter of American make dropped by parachute with them has been brought in by the Carabinieri.

110. Sewerage is at last being laid in draining and clearing CAGLIARI City which was badly bombed. Italian soldiery have not been used for the job though a few trucks have been lent by the Italian Army.

Lack of water at CAGLIARI continued to be a great anxiety. There has been no substantial rain over the catchment area and even with water open for only 5 hours out of the 24 daily the reservoirs will be dry by the end of December unless the expected rain comes.

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to bring home to the people that the oil will be available in small quantities when there is proper machinery for its collection and distribution provided everyone does his duty and co-operates. The responsibility for a fair return of oil is being put on the Sardinians themselves.

107. The trial of the Fascist Militia General, MARTINI, has been concluded this month. He was charged with treason and an attempt to organise a plot to escape to the mainland to join the Germans in November 1943 and was given 14 years penal servitude by the ORISTANO Tribunal. Five other accused were sentenced with him, the sentences being from 3 to 10 years penal servitude. The remaining 13 of the accused were acquitted. They included Cottinelli known Fascists, among other the late Secretary of the Fascist Party in SASSARI, ORTEDU, and there is no doubt that some sharp feeling has been aroused by comparisons between this just but comparatively mild procedure with the stories of past Fascist brutality and Fascist activities at the present time in Northern Italy.

108. A fleet of both British and American minesweepers has arrived in CAGLIARI Port and they are expected to remain about three months. American troops of the Allied Garrison have moved out with their stores and the Regional Commissioner was appointed Allied Garrison Commander as from 6 November. The Regional Legal Officer has carried out a great amount of administrative work, in particular American Garrison administration in addition to his other heavy duties. The British ration strength is still over 1,000.

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111. On the opening of schools, the Education Officer visited 14 schools this month and reports that interest in higher education is good but elementary schools have been neglected.

TUSCANIA REGION.

112. Region IV moved from SIENA to LUCCA on 2 November 44 and the Province of PISA was handed over to Regional GC by 5th Army on 26 November 44.

113. Oscillations due to the violent swing from Fascism to Communism appear to be slowing down with a distinct bias towards the "Left", but there is no cause for anxiety regarding the political situation within the Region, chiefly because all are preoccupied with their own futures.

114. Food situation both in the Provinces of PISA and LIVORNO is difficult. In the former there is little besides bread and some vegetables, whilst in LIVORNO dry vegetables are off the list for December. In SIENA where wheat has been exacted to the extent of double provincial needs, withholding of sugar, etc.in favour of large towns is keenly felt. In GROSSETTO the loss of vegetables in the recent floods has been severe. PISA to date has exacted 152,000 quintals of grain.

115. Hay, straw and oats have been [illegible] in large quantities by both Allied Armies. The olive harvest promises to be above average, though the results of the vintage are disappointing.

116. It is hoped that supplies of rope etc.for gear and nets will be forthcoming for GROSSETTO Province as a result of the AC Navy Controller's visit. Fishing will be revived at MARINA di PISA when sanctioned by the A.C.

117. The floods at the beginning of the month caused widespread damage to roads, bridges, crops, livestock and river banks.

118. Allied and Italian courts are now functioning satisfactorily in each Province. The first 19 cases of Decists who committed crimes under PWB and FSB regime have been tried in GROSSETTO Province and sentences of from 2 to 5 years inflicted.

119. Health continues good in spite of overcrowding and lack of essential foods. It is hoped that there will be no further requisitioning of hospitals and also that the new system for the distribution of medical supplies will soon improve: it is not working well at this time.

120. In all Provinces there is large occupation of school buildings by Military Units and Refugees. Lack of window glass and fuel cause a good deal of hardship. Examinations for admission, promotion and graduation took place during the month.

121. It is understood that refugees in the Region who come from the south will be evacuated to their homes. It is hoped that this will be done speedily for with the static nature of the operations and the build up of military personnel and establishments in the Region, it is grossly overcrowded.

ROMA REGION.

122. Further progress has been made by the Armies and the entire Province of FORLI and a large part of the Provinces of RAVENNA and BOLOGNA are now in Allied hands. Some penetration has also been made into MODENA. 5th FIELD and EIGHTH Armies are administering these areas, though in EIGHTH Army sector the Provincial Commissioners of FORLI and RAVENNA are controlling their Provinces under command of SCAO EIGHTH Army.

123. After the capture of the city of FORLI, the Provincial HQ was established in the Prefettura on 25 November 44. This was the first provincial capital of EMILIA to be liberated. If the city was still suitable to accommodate military and occupational [illegible] attack.

124. The RAVENNA plain was also moved forward and on 25 November 44, Provincial HQ was established at CERVIA. As the city of RAVENNA has since been captured it is hoped that this Province will shortly be installed in the provincial capital.

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FORLI Region.

122. Further progress has been made by the Armies and the entire Province of FORLI and a large part of the Provinces of RAVENNA and FERRARA are now in Allied hands. Some penetration has also been made into ROMAGNA. Both FIFTH and EIGHTH Armies are administering these areas, though in EIGHTH Army sector the Provincial Commissioners of FORLI and RAVENNA are controlling their Provinces under command of SCAO EIGHTH Army.

123. After the capture of the city of FORLI, the Provincial HQ was established in the Prefettura on 25 November 44. This was the first provincial capital of EMILIA to be liberated. The city was still subject to sporadic shelling and occasional air attack.

124. The RAVENNA team was also moved forward and on 25 November 44, Provincial HQ was established at CERVIA. As the city of RAVENNA has since been captured it is hoped that this Province will shortly be installed in its provincial capital.

125. As foreseen in the last report part of RAVENNA Province was flooded by the enemy. This was done by breaking the banks of the FIUMI UNITI south of the town.

126. In EIGHTH Army area a special plan has been made whereby the executive administration of the area will be placed under a HQ staffed by EMILIA Region, though directly responsible to the SCAO. The purpose of the plan is to provide the specialist staff not normally present with Army and thus be able to make an earlier start on rehabilitation than would normally be possible. The scheme has been approved by AC Allied Commission and will come into operation when the SCAO considers the position sufficiently static. To facilitate the operation of this scheme Region HQ was moved to RICCIONE 1 December 44.

127. In FIFTH Army area the position remained unchanged and the SCAO continued to

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make full use of the Region MILLA officers under his command to reinforce provinces in FIFTH Army territory and to reinforce CAOs in forward areas. A provision in the EIGHTH Army plan was made enabling specialist officers to remain free to devote part of their time to FIFTH Army area when required.

126. To maintain close liaison with FIFTH Army a portion of the Regional HQ staff was left at SALTINO, calling themselves REAR HQ.MILCENREG. TRAM moved to SALTINO 1 December 44.

127. Although specialist officers were taking an active part in the administration of the Region no part of the area was under Regional control.

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PART II

CIVIL AFFAIRS SECTION

Defascism.

1. The problem in Italy is very different from that in FRANCE; Fascism in ITALY covers over 20 years and decrees passed many years ago have not only to be repealed but measures found to undo the harm they have done. It may take much time and work to undo a wrong done a dozen or more years ago. The Italian Government is tackling the problem energetically and methodically. Since July 43 it has published 70 decrees on this subject (without counting decrees merely appointing new controllers to organisations set up under the fascist regime), ten of which were published before the invasion of the mainland began.

2. The position regarding epuration of the Government up to 30 Nov was:

(a) All suspect senior officials (down to Grade IV included) had either been dismissed or suspended in eight out of thirteen ministries, and the remaining five would probably be epurated a few days later, transport difficulties having delayed certain investigations.

(b) 28,000 cases among the lower ranks had been or were under consideration. Of these, 1700 had been suspended at the request of the High Commission, a number believed greatly to exceed this by the Ministries themselves without reference to the High Commission, and nearly 7,000 cases i.e. 25% of the cases investigated have been referred to the hearing commissions for decisions as to whether or not the persons concerned should be dismissed.

3. Over one thousand two hundred cases have been investigated for Fascist "crimes" and in only five cases has it been decided that the evidence does not justify trial; the cases are already being heard. These do not include, however, crimes committed by Fascists which are punishable under the ordinary penal code as was the case with CARUSO.

4. This report does not include epuration of small undertakings in the Provinces. The Provincial Commissions are only just being formed and though some have actually started, work is in the initial stage.

5. General Order No.35 and administrative instructions have been drawn up for the epuration of Italian officials between our occupation of recovered territory and its restoration to a degree of tranquillity enabling the Italian Government to undertake its own epuration. It covers investigation of the antecedents of officials of certain grades and decision as to whether or not they should be suspended. It is not applicable in any Region without approval of this HQ.

Devastated areas.

6. Progress continued in the devastated areas through the provision of materials for the repair of houses, and clothes and blankets for the inhabitants. Up to date, 75,000 metres of canvas have been handed over to the Commissario at BENEVENTO for the repair of houses and a further 25,000 metres were being dispatched to QUIRT for

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Devastated Areas.

6. Progress continued in the devastated areas through the provision of materials for the repair of houses, and clothes and blankets for the inhabitants. Up to date, 75,000 metres of canvas have been handed over to the Commune at FOGGIA for the repair of houses and a further 25,000 metres were being dispatched to ORTONA for the same purpose. 6,000 blankets were due to arrive early in December and a further [illegible] has been [illegible] in PESCE to collect more blankets for the devastated areas.

7. The glass position is being investigated. AC Headquarters have offered the Italian Government all the glass table tops in their buildings for hospitals and other damaged buildings. A housing expert is now canvassing the repairs necessary to buildings in devastated areas.

Mine Clearance.

8. Progress in mine clearance continued, particularly at PESCARA, CHIETI and PISA, and the towns of PESCARA and PISA were reported practically clear of mines. Planning for the Northern Provinces was being undertaken with the Italian Government.

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LOCAL/.....

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LOCAL GOVERNMENT SUB-COMMISSION.

9. Local Government:

(a) Reports from Prefects continue to show good progress in the establishment of local government in the ABRUZZI-MARCHE Region. In the same Region, a minor disturbance took place at MACERATA which resulted in the Prefect leaving his post. His place has been taken by Gen. ZANETTI as Prefetto Reggente and no more complaints have been received. An enquiry is being held.

(b) A People's Court was set up at MONTECATINI in PISTOIA Province but was promptly dissolved.

10. Appointment of Italian Government Officials: Some confusion and delay in filling vacant administrative posts has been caused by the "Personale" Division of the Ministry of the Interior nominating for such posts officials upon whom reports indicate the undesirability of their employment for security reasons. Steps have been taken to ensure that greater care is taken in such matters by the Ministry in future.

11. Sindaci:

(a) Reports were received from AL Provinces of the difficulty of obtaining unpaid Sindaci and the desirability of paying such Officials in forward areas. The general feeling was that payment should only be made in particular instances but as the difficulty of obtaining unpaid Sindaci arose in only 6% of all Communes, the case for payment was considered not proven.

(b) The appointment of a new Sindaco of NAPLES has been held up owing to the Government crisis.

12. Epuration: The Central Committee for Epuration has continued its work and considered the cases of 50 officials in the higher grades.

PUBLIC SAFETY SUB-COMMISSION.

13. Police: AFHQ approved the transfer of the PICENO Division of the Italian Army to the CC.RR. This involved a total of 181 officers, 4141 OR's. An equal number of CC.RR will therefore become available for duty in the North. The movement of personnel should be completed by 24 December.

14. Recruiting:

(a) In agreement with Land Forces Sub-Commission (MMIA), 4% of men accepted into the Army will be enrolled as CC.RR. They will be selected by CC.RR Officers and it is anticipated 1000 recruits will be obtained in the period December/January.

(b) 1900 recruits are at present under training and 3500 Army OR's will be transferred to CC.RR in the near future. In all 5000 additional men will be available for CC.RR service at the beginning of 1945.

15. Mobile Battalions: All agencies concerned have agreed on the formation of mobile, lightly armoured battalions of CC.RR. The scheme will start in SICILY and

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15. Mobile Battalions: All agencies concerned have agreed on the formation of mobile, light armoured battalions of CC.RR. The scheme will start in SICILY and later on the mainland. This scheme should greatly increase efficiency.

16. Prisoners of War: CC.RR PW are now being repatriated. 12 Officers and 643 OR's have recently arrived from AFRICA and GREECE.

17. Railway Police: The Ministry of the Interior has planned to recruit 1800 Agents of Public Security to form a special Railway Police. Pending training of these men, ex-railway employees will be used.

18. Policing the North Italian Frontier: It is generally agreed that at first there will be no civilian movement across the frontier of NORTH ITALY and that subsequently persons with Military Travel authorizations only will be permitted to cross the borders. Details for policing by Allied and Italian personnel were being worked out with AFHQ and ALI.

19. Prisons/...

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19. Prisons: After the riots in Regina Coeli Prison, ROME, 700 prisoners were transferred to other prisons. The same prisoners were still trying to create trouble, using as an excuse that they received 500 grams of bread a day in Regina Coeli prison and only received 300 grams in other prisons. The question of an overall ration scale for prisoners was being considered.

20. Prison Supplies: There was still a great shortage of necessary items for prisoners such as beds, mattresses, blankets, medical supplies, shoes, clothing and cooking utensils. Steps were being taken to have this remedied.

21. Crime:

(a) Crimes of violence have increased in SOUTHERN ITALY. They are committed largely by Allied Military personnel, or persons masquerading as such. Joint patrols of Italian and Allied Military Police were being used to combat this situation. In the same area counterfeit AMG currency is appearing more frequently.

(b) Crime throughout liberated ITALY is under control and had not increased since last month's report, particularly in the case of ROME.

(c) The so called black market was still a major problem but often, and with many items, it is the legitimate market hoarding and selling at exorbitant prices. The question of supply and demand is, as usual, the determining factor.

22. Fire and RAD: In forward areas near FLORENCE, UNRRA, directed by Fire and RAD officers, is being used in mine clearance work with excellent results.

PUBLIC HEALTH SUB-COMMISSION.

23. Political: Complete control of Public Health in SARDINIA has now been handed over to the Italian Authorities. The Public Health policy in liberated ITALY is to act more and more in a consultative and advisory capacity to the Italian authorities and to assume no executive responsibility. The Senita' Pubblica Branch of the Ministry of the Interior welcomed this policy and assumed more responsibility in Public Health administration.

24. Public Health:

(a) Four cases of "endemic" or murine typhus have been reported from NAPLES Province. The illness assumed a mild form and there were no deaths.

(b) The Typhus Demonstration Unit successfully completed its tour of SOUTHERN Region and SICILY and arrangements were made for similar demonstrations to be held in ROME for teams from the Provinces of LAZIO-UMBRIA Region. The Unit will in due course tour in the forward areas.

(c) A dusting station has been set up at the Prenestina Railway Station, ROME, where refugees are treated with anti-louse powder on arrival.

(d) A report has been prepared on malaria control work in the CASTEL VOLTURNO and VENAFRO areas.

In preparation for next season's malaria work a series of classes has

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In preparation for next season's malaria work a series of classes has been run at the Institute of Hygiene. Medical Specialists will attend them to learn the most up-to-date methods of combatting malaria.

Plans for the coming malaria season were also being discussed with the Italian Government and it was proposed to start experimental work on the destruction of hibernating mosquitoes in the VOLTURNO area.

(e) The Incidence of Venereal Disease in the more Southerly Regions was increasing and the Italian Government was trying hard to provide additional beds in its hospitals for the treatment of this disease.

(f) Outbreaks/.....

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(f) Outbreaks of typhoid at SAN MARINO and RIMINI were energetically dealt with and the Army Medical Services gave great assistance. The BENEVENTO epidemic is now over.

(g) November tuberculosis figure for ROME was 193 compared with 238 in Nov 43.

(h) During November, 29 cases of smallpox were reported in the PALERMO area. Cases and contacts were isolated and 400,000 vaccinations have been performed. In mid November six cases of smallpox were reported from a civil hospital in TERNI but there have been no further cases, and the usual precautions have been taken. The BENEVENTO outbreak has now subsided to 30 cases and NAPLES Province had 317 cases, 46 less than in October.

(i) The ROME infant mortality figure for November was 134.9.

25. Veterinary:

(a) The Veterinary Schools of PERUGIA and PISA reopened and the PERUGIA Laboratory produced vaccine for swine erysipelas.

(b) The incidence of all animal diseases previously reported had considerably decreased during the month.

(c) Twenty seven condemned horses have been procured for the Solaro Institute, SIENA, in order to maintain its production of anti-serum for human beings.

(d) A culture of Brucella Abortus, received from the United States , has been given to the Italian authorities to begin producing the appropriate vaccine.

26. Medical Supply:

(a) ENDIMA., the Italian Government organisation, began distributing medical supplies which arrived at LEGHORN during the month and were transferred to FLORENCE. A small quantity of medical supplies was sent to GREECE and YUGOSLAVIA. A shipment of 750 tons captured by the FIFTH Army at SALERNO was released for the Civil population and soon was also given to the Italian Army.

(b) The clothing Section with all its personnel was transferred to the Transportation Sub-Commission.

27. Welfare:

(a) In SOUTHERN Region and SICILY the Italian Government's interest in welfare was increasing. The Italian Welfare Director for SICILY visited ROME to discuss welfare questions with the Undersecretary for the Interior and suggested that a Provincial Welfare Department should be created for every Province in ITALY.

(b) The Welfare Branch considers that the ONMI (Opera Nazionale Maternita ed Infanzia) should devote greater interest to its activities outside ROME.

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LEGAL SUB-COMMISSION.

28. MIL No.151 Constituent Assembly: The Legal Sub-Commission advised on the function of the Constituent Assembly established by MIL No.151 of the 25 June 1944 and expressed the opinion that it was the function of this Assembly to determine whether the Italian Constitution should be monarchical or not.

29. Status of Yugoslav Missions: The status of the members of the Yugoslav Missions in ROME was considered and the decision was reached that according to existing law, members of these Missions were subject to the jurisdiction of the Allied Military Courts.

30. Regina Coeli Prison Riots: The troubles at the Regina Coeli Prison in ROME were investigated and found to be largely due to delays in the pre-trial procedure of the Italian Courts. To lessen these delays, arrangements were made for the appointment in ROME of four additional judges.

31. CO No.28/.....

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31. GC No.26 - Labour Relations: Rules decided upon under General Order No.26 cover the operation of Provincial and Regional Labour Offices and arbitration procedure in cases of labour disputes.

32. Italian Judges: In view of the anticipated shortage of Italian Judges in the Northern Regions, Italian Military Tribunals will sit in those areas. The necessary decree to implement this policy was prepared.

33. Espionage trials: The cases tried in AMG Courts and reviewed by this Sub-Commission included nine cases of espionage. Of these cases six death sentences were confirmed, one death sentence commuted owing to the youth of the accused and two prison sentences were confirmed.

EDUCATION SUB-COMMISSION:

34. Visits: The Acting Director and the Minister of Public Instruction visited the Provveditori agli Studi, the pro-rectors and other staff members of the Universities in SIENA, FLORENCE, LUCCA and PISA. A number of informal and informative conferences were held with school officials and students.

35. Printing:

(a) The "summer printing" of new elementary school text books were reaching the book shops and the children, and a large distribution will take place in December throughout liberated ITALY. Paper, ink, etc are arriving in quantity from AMERICA.

(b) The new programmes of study for elementary and secondary schools have been printed and distributed.

36. Universities and Schools:

(a) Educational work progressed in all Regions, but most actively in TOSCANY Region. The Universities of PISA and SIENA have been ceremonially opened though their buildings have been almost entirely requisitioned. Some work was, however, carried on in improvised quarters.

(b) Schools are open and functioned wherever suitable locations could be found. From 50% to 100% of the children normally attending school are at school, the percentage varying according to local conditions.

(c) A hot mid-day meal for school children was offered to schools and they are beginning to avail themselves of it. The programme is, therefore, being extended and will, it is hoped, eventually cover all schools.

37. Boy Scout Movement and Girl Guides:

(a) The two National Boy Scout organisations in ITALY, Catholic and non-Sectarian, have federated, with Vatican approval, each retaining internal autonomy. Requests have been forwarded to the International Commissioner of Boy Scouts for recognition of the federation and its two component organisations.

(b) The Girl Guide organisation in ITALY is being slowly developed.

38. Derequisitioning of School Buildings: Derequisitioning of school buildings proceeded [illegible] more rapidly than Italian officials thought

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[illegible] Provveditori agli Studi, the pro-rectors and other staff members of the Universities in SIENA, FLORENCE, LUCCA and PISA. A number of informal and informative conferences were held with school officials and students.

35. Printing:

(a) The "summer printing" of new elementary school text books were reaching the book shops and the children, and a large distribution will take place in December throughout liberated ITALY. Paper, ink, etc are arriving in quantity from AMERICA.

(b) The new programmes of study for elementary and secondary schools have been printed and distributed.

36. Universities and Schools:

(a) Educational work progressed in all Regions, but most actively in TOSCANA Region. The Universities of PISA and SIENA have been ceremonially opened though their buildings have been almost entirely requisitioned. Some work was, however, carried on in improvised quarters.

(b) Schools are open and functioned wherever suitable locations could be found. From 50% to 100% of the children normally attending school are at school, the percentage varying according to local conditions.

(c) A hot mid-day meal for school children was offered to schools and they are beginning to avail themselves of it. The programme is, therefore, being extended and will, it is hoped, eventually cover all schools.

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(b) The Girl Guide organisation in ITALY is being slowly developed.

38. Requisitioning of School Buildings: Derequisitioning of school buildings proceeded too slowly. Allied Forces were more helpful than Italian officials, though, so far, Allied persuasion (as authority was lacking) has been ineffectual particularly in ROME where schools were still occupied by miscellaneous organisations, including leading political parties.

ENCLOSURE, FREE/.....

MONUMENTS, FINE ARTS AND ARCHIVES SUB-COMMISSION.

39. Condition of monuments in newly occupied territory:

(a) RAVENNA - First reports showed that, with the possible exception of S. APOLLINARE IN CLASSE, none of the great Byzantine monuments had suffered serious damage.

(b) RIMINI - Detailed inspection by Italian experts confirmed that the TEMPIO MALATESTIANO, despite heavy damage, would be restorable without grave loss to its essential character.

(c) Damage in the Romagna was in general widespread, though FORLI escaped surprisingly lightly.

40. Repairs to Monuments: First-aid repairs to war damaged monuments continued throughout AGB and AC territory. Work was started on the Churches of PISA, and substantial repairs were under way in VITERBO. Great progress has been made in NAPLES since the summer.

41. Monuments in enemy held ITALY: From detailed examination of air photographs damage to monuments in VERONA and PARMA seems to have been slight, and damage in BOLOGNA is far less than might be expected.

42. Deposits of works of art:

(a) Reports have been made based on information obtained from intelligence and diplomatic sources, on deposits in TUSCANY, what has been removed from them by the Germans and the subsequent fate of some of the objects removed.

(b) A completed report on movable works of art in LAZIO revealed a very small percentage of loss.

(c) There are indications that in NORTH ITALY some deposits of works of art have been moved to the ALPINE VALLEYS.

43. Exhibitions:

(a) The Exhibition of European Masterpieces at the PALAZZO VENEZIA continued to attract 800 visitors daily and has been extended to 31 Dec. Similar exhibitions will open shortly at FLORENCE and SIENA.

(b) In ROME preparations were made to reopen the BORGHESE GALLERY and a part of the GALLERY OF MODERN ART. MICHELANGELO's Moses and the mosaics of Santa Costanza have been cleared of their protective covering.

44. Photographic Record: Difficulties of equipment and supply continued to hamper the compilation of essential photographic record. The documentation of NAPLES and BENEVENTO was well advanced. A third group of photographs, illustrating deposits of works of art in TUSCANY, was sent to WASHINGTON and LONDON.

PATRIOTS BRANCH.

45. Reorganisation: A reorganisation of the Patriots Branch has taken place in

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PATRIOTS BRANCH.

45. Reorganisation: A reorganisation of the Patriots Branch has taken place in the light of five months' experience. The Advanced Echelon in FLORENCE has been closed, and the distribution of Intelligence Reports to Regional Commissioners and others from the Advanced Echelon has ceased.

46. Planning for the North: It is likely that much larger numbers of patriots will be met than hitherto and arrangements have been made accordingly. Centres and points for the reception of patriots are being established in Army areas.

The following have also been requested:

(a) A large scale release of boots, clothing of all kinds, and blankets from military sources for the use of patriots.

(b) The issue of rations on a scale approximate to the Allied Military ration to patriots employed in labour gangs in Army areas or being handled in the reception centres behind the front.

(c) The/.....

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(c) The acceptance of wounded patriots in ITALIAN or Allied military hospitals.

47. Monetary Allowances: The NEC decided that monetary allowances would be paid to all fighting patriots and that indemnities and pensions equal to those granted the Italian Regular Army would be paid to wounded patriots and the families of the dead.

48. Certificates issued to Patriots: The NEC have been informed that no certificates other than those signed by the Allied Commander in Chief can be issued in Military Government territory. They have been informed further that no Patriot Committees other than those constituted by the Allied authorities can be tolerated in Military Government territory.

49. Withdrawal of Patriots Representatives from Italian Government territory: All patriot representatives of the CLN in army areas have been withdrawn, and all patriot representatives, Military or CLN, will be withdrawn from Italian Government territory by 31 December.

DISPLACED PERSONS & REPATRIATION SUB-COMMISSION.

50. Yugoslavs: A general exodus of Yugoslavs to YUGOSLAVIA began from SOUTHERN ITALY. The original request for 1500 agriculturalists to return was followed by a request for a further 1500 agriculturalists to be sent to the Yugoslav Islands. Finally the Committee of National Liberation Army, Yugoslavia, at NAPLES said they wished to return all Yugoslavs to their home country. By the end of the month 2,537 had been evacuated. The attention of the Yugoslav Representative was drawn to the fact that conditions for orphan children might be very difficult in Yugoslavia and it was suggested that these might be left in ITALY to benefit from Allied care during the winter months.

51. Health in Camps and Hospitals:

(a) All Northern Camps were visited during the month, with the exception of FLORENCE. The general condition of refugees was fair. Up to 60% or 70% scabies was reported with varying degrees of louse infection (5% to 50% reported). Living conditions are very trying in water logged and muddy camps onthe shortage of blankets is an acute problem.

(b) Hospitals in SOUTHERN ITALY have overmpe number of admittances. The most prevalent disease was mild measles. One confirmed case of typhus was reported from CENTO Camp at No.1 Transit Camp (Refugees) and appropriate measures were taken.

(c) A dental clinic was been opened in ROME for refugees at CINECITTA Reception Centre.

52. Repatriation: Nationals of some twenty six nations have been registered for repatriation. The work advanced rapidly but repatriation was still a lengthy procedure.

53. Refugee Movements:

(a) Italian refugees moved from the North to ROME totalled 7,096 and 4,000 Southerners in ROME were repatriated to the South.

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(b) Hospitals in SOUTHERN ITALY have average number of admittances. The most prevalent disease was mild mumps. One confirmed case of typhus was reported from CHIEC Camp at No.1 Transit Camp (Refugees) and appropriate measures were taken.

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53. Refugee Movements:

(a) Italian refugees moved from the North to ROME totalled 7,096 and 4,700 Southerners in ROME were repatriated to the South.

(b) At the end of November there were 4,790 persons in SICILY who wished to return to FOGGIANE and LITTORIA, ROME, CAMPAGNA and NAPLES. Due to present conditions in FOGGIANE and LITTORIA, no repatriation is possible for at least two months.

54. Loans to Allied Nationals: Cash loans to Allied Nationals through the Banco di Italia and its branches were started in November. Payments were authorised to be made in 21 Provinces and 4,736 displaced persons received loans totalling 10,435,000 lire, an average of 2,470 lire a person. Displaced persons of 18 different Nationalities have been helped by this scheme. Information was received early in the month that a U.S. Treasury licence had been issued to the American Joint Distribution Board to effect a transfer of funds to PALERMO and it was also agreed that the Joint Distribution Board would repay the refugees sent to U.S.A. for lire collected by the Sub-Commission. No information has been received that payment has been made.

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PART III

ECONOMIC SECTION

AGRICULTURE SUB-COMMISSION.

Reconstruction of Italian Agriculture, Forestry and Fisheries.

1. The development of a closer working relationship between the field and central staff members of the Ministry of Agriculture and the Agriculture Sub-Commission through a joint conference on Liberated Italy on Agriculture, Forestry and Fisheries and Hunting was the outstanding feature of November. A clearer understanding of mutual problems, the joint development of concrete recommendations for their solution, a gain in self-confidence by Ministry representatives together with the acceptance of increased responsibilities by the Italian Staff was the result of the four-day conference.

The major recommendations of the conference were plans to increase production of cereals, dried vegetables, potatoes, olive oil, fuelwood, charcoal, fish and game. Improvement in the control of livestock slaughter and fish markets, and transfer by motor schooner were also suggested. Methods for improving the status of personnel carrying out the recommendations were suggested, such as the provision of legal status for Provincial and Communal Committees in Agriculture, de-militarization and further epuration for the Forestry Corps and a budget for the re-organized Fisheries Division in the Ministry of Agriculture.

2. A joint programme of requirements for agricultural supplies was being worked out with the Ministry of Agriculture.

3. Wheat production estimates for CALABRIA and SICILY will be reduced one-fourth from the 1944-45 estimates of August. Dried vegetables for ITALY will be one-tenth less due to lack of fertilizer and seed. About one-sixth of the proposed seed wheat program failed to materialize because of transportation difficulties. A report of estimated quantities of vegetable seeds for export is now available. Seed potatoes are moving to SICILY but collections in ABRUZZI are disappointingly low. Increased corn acreage is predicted to use land not planted with wheat, hemp, sugar beet and potatoes because of plant destruction or lack of seed.

4. CAMPANIA and TOSCANA Regions have surpassed their goal in the "Granai del Popolo" and LAZIO-UMBRIA and ABRUZZI-MOLISE were rapidly attaining theirs. The total stands at 9,813,774 quintals, or 85% of estimated collections.

5. Olive Oil collections started late and reached 33,303 quintals, compared with 101,047 quintals in 1942-3.

6. A definition of respective responsibilities for dealing with reclaimed land area problems was being prepared, in conjunction with the other Sub-Commissions involved.

7. Regional Meetings of Prefects and representatives of the Forestry Corps were held at five large consumption centres to discuss fuelwood prices. Plans were made for more wheat to be made available to woodmen, and discount bags allocated to the producers.

8. The Fisheries Division obtained a further relaxation of naval restrictions

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7. Regional Meetings of Prefects and representatives of the Forestry Corps were held at five large consumption centres to discuss fuelwood prices. Plans were made for more wheat to be made available to woodmen, and rationed bags allocated to the producers.

8. The Fisheries Division obtained a further relaxation of naval restrictions and planned for the distribution of recently arrived fishing supplies.

COMMERCE SUB-COMMISSION.

9. Materials Division:

(a) Availability of Materials.

A new list of controlled, restricted and Italian Government-controlled materials was compiled and sent out to all interested parties. The list of materials controlled by ...AMG has been reduced from fifty items to thirty-five. In forwarding this list to the Ministry of Industry, Commerce and Labour, it was suggested that the Italian Government might wish to place on their controlled list some of the items taken off the ...AMG list. So far, nothing definite has been advised by the Ministry on this point.

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(b) Require/.....

(b) Requirements and Releases.

As the Italian Ministry of Industry, Commerce and Labour have undertaken to furnish returns of availability of controlled materials and their blocking and releasing as from the 1 November 1944, much time during November was devoted to conferences with Ministry officials and the preparation and distribution of the necessary directives to ease the inevitable growing pains of the new system.

Though the whole matter of control and release of materials in general demand for the reconstruction of Italy's industrial and economic structure including, in some instances, the priority requirements of the Allied Armed Forces, is a very complex one, it is already obvious that the original directive was fundamentally sound. This is confirmed by the evidence reaching Commerce Sub-Commission of the apparent smoothness of the switch-over from A.C. to Ministry control in the Provinces.

(c) Newsprint.

There have been very few arrivals of imported newsprint, the total quantity amounting to about 62 tons. Large stocks were on hand, however, and no serious difficulty ensued.

AFHQ approved the requisition of 1000 tons of newsprint a month for the first six months of 1945 and it was forwarded to WASHINGTON.

AFHQ under the terms of Memorandum No.50 of 25 November has approved a plan of A.P.B. to transfer control of the press to the Italian Press Commission. The necessary steps to implement this memorandum as regards distribution of newsprint are being taken.

(d) Textiles, Shoes and Clothing:

As directed by this Headquarters, Commerce Sub-Section, SOUTHERN Region, arranged for the transfer of the shoe repairing and clothing repairing and dyeing contracts to the Ufficio Provinciale del Commercio e dell'Industria of NAPLES. This was carried out and made effective 1 December.

(e) Matches.

The match situation has improved insofar that constant efforts to obtain power for the important SAFFA Plant at IESI have been successful. An output of 5,000,000,000 matches has been attained.

(f) Tobacco.

The tobacco situation is bad in SICILY, because of the delays in sea transport from the mainland, which has to supply raw tobacco to the tobacco factories at PALERMO and CATANIA.

(g) General.

Commerce Sub-Commission was charged with obtaining net import requirements for clothing, shoes, textiles, matches, paper (including newsprint), masks, cradles,

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(g) General.

Commerce Sub-Commission was charged with obtaining net import requirements for clothing, shoes, textiles, matches, paper (including newsprint), marks, candles, materials for the functioning of State Monopolies, the manufacture of cigarettes and materials to implement an export program.

Complying with instructions from Public Health Sub-Commission, 4,500,000 litres of Alcohol were ordered from SICILY.

10. Fuel Section:

Arrangements have been made for the Italian Government to take over the printing of all POL Application forms, Circulation Permits, Petrol Coupons etc. At our suggestion a new type of more flexible coupon is being introduced w.e.f. 1 Jan 45, and the printing is nearly completed.

11. Foreign/.....

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11. Foreign Trade Section.

Shipments of various commodities in November totalled approximately 9,000 tons, with a total value of Lire 5½ millions. A further 9,500 tons were at port awaiting shipment at the end of the month.

The silk industry in CALABRIA and SICILY was running smoothly, the monthly production amounting to 4 to 5 tons of raw silk. Some of the silk produced has given disappointing results in the tests carried out in U.K., but generally speaking the standard has been satisfactory.

The first three lemon ships of the season were loaded during the month and from all reports the quality of goods shipped was excellent.

From 25 October to 21 November 2,834 tons of timber were transferred from CALABRIA to SICILY for lemon box making.

A provisional six months program of exports to MALTA has now been authorised.

FINANCE SUB-COMMISSION.

12. The prolonged delay in the formation of a new Government following the resignation of Prime Minister BONOMI and his cabinet on 26 November resulted in a serious interruption of day-to-day business between the Finance Sub-Commission and the Ministries of Treasury and Finance. Long awaited decisions were deferred, and certain decrees essential to the welfare of the community were not ratified. As an example, discussions on the controversial subject of the management and custody of Italian foreign assets were suspended. A decision whether this important function should be centralized at the Istituto per i Cambi con l'Estero or revert to the Banca d'Italia was still awaited.

13. Before and during the interregnum, signs were not lacking that the Italian Government through official and unofficial channels were continuing to press for an extension of the dollar credits made available to ITALY and announced by the President on 10 October 1944. From conversations with the Minister of Treasury it was known that these were his personal views, but it was not until 21 November, at a meeting of the Inter-Ministerial Committee of Reconstruction with members of the Economic Section, Allied Commission, that the Minister presented a memorandum requesting, inter alia, that either goods or foreign exchange should be made available as a counterpart against Allied Military lire paid out by the Allied Forces for goods and services; and, in addition, against those amounts disbursed by the Italian Government on behalf of the Allied forces. While the Minister of Treasury explained that the proposal was not officially presented by the Italian Government, there can be no doubt that its policy was to press constantly for such concessions.

14. From a report forwarded from WASHINGTON by Lieut.Comdr J. J. LAWLER, USNR, Joint Director of the Finance Sub-Commission, it was evident that the Italian Government Mission, whose visit to the U.S.A. was referred to in the October report, was approaching the U.S. authorities in similar terms. At a meeting on 10 November with representatives of the U.S. State Department and F.E.A., MM.QUINTIERI and MATTIOLI indicated that the basic problem of ITALY was financial and would be largely solved by the creation of counterville in dollars for AM lire issued in

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15. The excess of purchases over payments of Buoni del Tesoro Ordinari amounted to 2,029 million lire in October, compared with 2,999 million lire in September, and with an average of 2,652 million lire for the first four months of the current fiscal year. The decline from September resulted largely from reduced purchases in SICILIA and TOSCANA Regions and increased redemptions in ROME.

It will be/..5561

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It will be noted that the October net gain of 2,025 million lire in Buoni Ordinari is in contrast to a net gain of 1,323 in all Buoni. In addition to the Ordinari (discount bonds), the latter figure includes Buoni Novennali and Buoni Poliennali (coupon bonds) and interest payments on both types. For the Novennali and Poliennali, counting interest, there was a net loss of 702 million lire during October.

16. The indicated deficit for October was 5,365 million lire. For the first four months of the fiscal year beginning 1 July, 1944, the deficit totalled 24,818 million lire, a monthly average of 6,207 million lire.

17. The agreement between the Banca d'Italia and the Allied Commission concerning the remittance system was approved by COH. Following the receipt of approval, representatives of the Banca d'Italia and the Banco di Sicilia and the Allied Commission to effect arrangements respecting the operation of the system on a geographical basis. The various correspondent banks in the UNITED STATES will continue to send lists of remittances to the Banco di Sicilia for SICILY and to the Banco di Napoli for SARDINIA, ROME and the Provinces South of ROME. In addition, following the appropriate amendment to General License 32 A on 24 Nov., they have begun to forward to the Banca d'Italia remittances for the ten (10) extra provinces North of ROME and the Banca d'Italia will effect payment of remittances through the nearest commercial bank, as follows:

Banco di Roma	TERAMO, AQUILA, PESARO
Banco Nazionale del Lavoro	ASCOLI, MACERATA, RIETI
Monte dei Paschi di Siena	GROSSETO, TERNI
Banco di S. Spirito	RIETI, VITERBO

The "Big Five" banks in the United Kingdom agreed to act as correspondent banks of the Banca d'Italia for all liberated ITALY, and will, no doubt, be forwarding remittances at an early date. The Bank of England is now in a position to withdraw from active participation in the remittance scheme. While it was realized that it would be preferable for the banks in GREAT BRITAIN and UNITED STATES to have direct correspondent relations with Italian commercial banks, there are certain practical difficulties which must be taken into consideration, i.e., the restrictions of the amount one individual may receive in a given period, and the location of the head office of some of the more important banks in that area of ITALY still occupied by the enemy. It is deemed advisable to use the Banca d'Italia for effecting remittance payments North of ROME until the whole of ITALY is liberated.

18. Up to 26 November, 1944, the property of 266 individuals and organizations was placed under protective sequestration, including such Fascist leaders as MUSSOLINI, STARACE, GIANNI, FARINACCI, CRUCIANI, CIANO and FRIGNANI. It is estimated that over five billion lire worth of property has been sequestered. However, as much Fascist property is believed to have been cloaked both in ITALY and abroad, the above mentioned estimate is believed to be low. An active investigation was in process to uncover such further holdings.

19. Further progress was made in the plan for transferring to the Italian Government the responsibility for receiving, distributing and accounting for miscellaneous supplies. The plan followed in general the procedure now employed for foodstuffs. Under the proposed system the Italian Government through the [illegible] would receive copies of imported supplies based

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the remittance system was approved by COS. Following the receipt of approval, representatives of the Banco d'Italia and the Banco di Sicilia and the Allied Commission to effect arrangements respecting the operation of the system on a geographical basis. The various correspondent banks in the UNITED STATES will continue to send lists of remittances to the Banco di Sicilia for SICILY and to the Banco di Napoli for SARDINIA, ROME and the Provinces South of ROME. In addition, following the appropriate amendment to General License 32 A on 24 Nov, they have begun to forward to the Banco d'Italia remittances for the ten (10) extra provinces North of ROME and the Banco d'Italia will effect payment of remittances through the nearest commercial bank, as follows :

Banco di Roma	TERAMO, AQUILA, PESARO
Banco Nazionale del Lavoro	ASCOLI, MACERATA, CHIETI
Monte dei Paschi di Siena	GROSSETO, TERNI
Banco di S. Spirito	RIETI, VITERBO

The "Big Five" banks in the United Kingdom agreed to act as correspondent banks of the Banco d'Italia for all liberated ITALY, and will, no doubt, be forwarding remittances at an early date. The Bank of England is now in a position to withdraw from active participation in the remittance scheme. While it was realised that it would be preferable for the banks in GREAT BRITAIN and UNITED STATES to have direct correspondent relations with Italian commercial banks, there are certain practical difficulties which must be taken into consideration, i.e., the restrictions of the amount one individual may receive in a given period, and the location of the head office of some of the more important banks in that area of ITALY still occupied by the enemy. It is deemed advisable to use the Banco d'Italia for effecting remittance payments North of ROME until the whole of ITALY is liberated.

18. Up to 26 November, 1944, the property of 266 individuals and organizations was placed under protective sequestration, including such Fascist leaders as MUSSOLINI, STARACE, GIURATI, PARINACCI, GRAZIANI, CIANO and FARINACCI. It is estimated that over five billion lire worth of property has been sequestered. However, as much Fascist property is believed to have been clocked both in ITALY and abroad, the above mentioned estimate is believed to be low. An active investigation was in process to uncover such further holdings.

19. Further progress was made in the plan for transferring to the Italian Government the responsibility for receiving, distributing and accounting for miscellaneous supplies. The plan followed in general the procedure now employed for foodstuffs. Under the proposed system the Italian Government through the Istituto Nazionale Commercio Estero would receive cargoes of imported supplies based on ships' manifests and thereafter distribute the same through their agents in various cities. Some imported supplies have already been turned over to INCE under the new plan, and the required receiving reports obtained by AC. Further extension of the plan is considered highly desirable by AC. The arrangement has previously been approved in principle by COS. The present difficulties encountered in the distribution of miscellaneous imports are twofold: first, the uncertainty as to the specific Italian Ministry under which INCE will operate - a condition that has been further complicated by the recent resignation of the Italian Government, and second, and of more immediate concern, the inability of AC to furnish landed costs as a guide for fixing the ultimate sale prices on these commodities. Very likely the uncertainty regarding the supervising agency within the Italian Government will be resolved in the near future, by the establishment of a Ministry of Foreign Trade, in order that official arrangements may be made for the receiving, distributing and accounting requirements: prolonged delay, however, in making the landed costs of articles available to INCE will impede the effective distribution of supplies by that organization.

FOOD/.....

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FOOD SUB-COMMISSION.

20. The Director of Food Sub-Commission returned to AC Headquarters at the end of the month after completing his special mission to WASHINGTON and LONDON, the object of which was submission of Allied Commission estimates of food requirements for January - June 1945, and a first hand presentation of the information and reports on which the estimates were based.

After a series of discussions lasting nearly two months, the estimate for pulses, meat, milk and sugar was approved. The wheat programme was still under discussion when Colonel Lacy concluded his mission on 21 November.

21. General Supply Situation:

(a) The 300 gram ration for the whole of ITALY was again the question of paramount importance throughout the month. Several summaries of the present wheat situation in relation to the establishment of this ration were submitted through AFHQ to the Combined Chiefs of Staff, to enable a decision to be reached.

It was hoped that this decision might have been reached by the end of the month, but such was not the case and demands for an increased bread ration, a possibility that had been receiving increased publicity, had still to be faced with no indication of how demands could be met. The question at issue was the wheat import required as against the amount of wheat that could be imported due to the world shipping situation and as against the commitments that may be necessary in Northern ITALY when that territory is liberated.

(b) There was no immediate improvement in the prospects with regard to sugar, dried vegetables and dehydrated soup owing to lack of definite news from WASHINGTON. Pending the grant of further imports, ration issues of these items have been consistently reduced since September to attempt to conserve supplies. A final cut in the issues of soup and dried vegetables was postponed as long as possible, but by the end of the month it was found necessary to discontinue issues in urban areas, and only distribute these items to special classes such as hospitals, refugees etc.

Increased imports of dried skim milk were announced at the end of the month.

(c) Transporting supplies to the right place at the right time was no easier during November owing to the usual difficulties of scanty imports, slow unloading of civil supplies and difficulties of coastal movement and inland transportation.

22. Under Secretariat of Food.

Though it was hoped as a result of long discussed plans that an Italian Under Secretariat of Food would assume responsibility during the month for the feeding of liberated ITALY, very little progress was made in this direction owing to delays on the part of the Italian authorities. The Royal Decree forming the new Undersecretariat was not finally passed owing to technical difficulties. A draft plan showing the organisation of the new Ministry and roughly how they propose to function was submitted and discussed but so far no organisation has

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It was hoped that this decision might have been reached by the end of the month, but such was not the case and demands for an increased bread ration, a possibility that had been receiving increased publicity, had still to be faced with no indication of how demands could be met. The question at issue was the wheat import required as against the amount of wheat that could be imported due to the world shipping situation and as against the commitments that may be necessary in Northern ITALY when that territory is liberated.

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23. Rome Supplies.

With the assistance of the ROME Supply Committee a total of 15,000 tons of non-rationed foods arrived in ROME markets, an average of 525 tons a day. Of these, 1,000 tons were potatoes, and energetic measures were being taken to increase this tonnage for December.

2... Ration/.....

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24. Ration Scales:

As a temporary measure pending the decision on the 300 gram bread/pasta ration, an additional pasta ration of 300 grams for a fortnight for all normal consumers North of the GARIGLIANO line was authorized as from November. A ration scale was also agreed upon for feeding returned Italian prisoners of war whilst in disembarkation camps in SICILY and Southern ITALY.

The arrangements for printing ration cards for the period 1 March - 30 June 1945 are well in hand - despite the non-arrival of 440 tons of paper requisitioned for this purpose.

INDUSTRY SUB-COMMISSION.

25. Two major events occurred in the month of November :

(a) The initiation of a basic rehabilitation programme for Italian industry.

(b) The establishment of the Industrial Coordination Committee of the Allied Force Local Resources (Italian) Board.

The Rehabilitation Programme (a) above:

This is a relatively short term policy for putting some of the basic industries of ITALY on their feet, and dollar credits for an amount at present unspecified are to be placed at the disposal of the Italian Government for this purpose. The huge and complicated task of establishing priorities of certain raw materials and of using these credits to the best possible advantage has now to be tackled. This is the responsibility of the Italian Government with the assistance and supervision of Sub-Commissions in the Economic Section.

After a number of conferences between Economic Section and the Italian Ministers it was decided that the relatively modest credits available would be devoted to rehabilitation of the following basic services and industries which are vital to the reconstruction of the economic life of the Italian Nation:

Transportation.
Hydro-Electric Services.
Agriculture.
Textiles and Leather.
State Monopolies.

Industrial Coordination Committee (b) above:

In May last Industry Sub-Commission suggested the formation of an Industrial Coordination Committee in a letter to AFHQ, G-5 Section, dated 30 May 1944. It had long been obvious to officers of Industry Sub-Commission that industrial resources in Liberated ITALY were being uneconomically and illogically utilised, that parallel production by various branches of services of the Allied Armies was the cause of waste of available electric power, of imported materials, and of transportation. Materials available and unused in one plant were unavailable to another. Spare equipment such as motors and machine tools were treated by the Allied Forces [illegible]

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In November the Industrial Coordination Committee of AFLRS was formed. One of its important functions will be the consideration of applications to dereguisition industrial plants, many of which are being utilised by the Allied Forces for purposes other than those for which they were constituted, e.g. as billets or supply dumps.

26. Industrial/.....

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26. Industrial Activities.

(a) Textiles and Ancillary Industries:

Further progress was made in the rehabilitation of the PRATO woollen factories, and report were received which indicate that if power and fuel were available, upwards of 1,000,000 Kgs of cloth could be produced a month. Power however remains the limiting factor and at present out of over 50 firms reported to be ready or almost ready to resume operations, only 6, which have their own generating plants, are working partially. Bids have therefore been placed for 700,000 KWH a month, to be consumed largely during night hours to avoid normal peak periods.

Production of leather remains unsatisfactory, and new proposals made by the tanners themselves are under consideration by the Ministry.

(b) Structural Materials:

Grinding of clinker has started at COLLEFERRO and about 600 tons of cement have been produced. Bids for coal and power have also been submitted the cement factories at MONOPOLI and VITO VALENTIA.

The possibility of reactivating two glass works in the ROME area by modifying the plants to burn lignite instead of long flame coal is being investigated and, pending trials, bids for fuel and power have been made. The production of paraffinised paper as a glass substitute has begun at BOMBRINI-PARODI DELFINO, COLLEFERRO.

S.I.M.S.A., COLLEFERRO, has started making roofing felt and experiments are also being carried out in ROME in the manufacture of roofing materials from salvaged tins.

(c) Coal:

The new coal quay at CIVITAVECCHIA was completed during the month and discharge and distribution have averaged 600 tons a day. FIUMICINO is also ready to discharge barges or small steamers.

AFHQ has decided that AC and the Italian Government shall be responsible for supplying 31,650 tons of coal and lignite a month to the Armies during the winter.

(d) Mining:

SARDINIAN Coal. Production for October was 34,602 tons. Stock on hand on 31 October was 31,675 tons. Increasing production to quantities required is a problem of labour, much of which was lost during the period of curtailed production.

Mainland lignite. Power and transportation are the usual problems of production here and the estimate for November was 20,000 metric tons. Stocks of 200,000 tons of lignite and 15,000 tons of briquettes at CASTELNUOVO may be drawn upon by Allied Forces to the extent of 18,000 tons a month, which will relieve the financial situation.

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Sulphur. Production of the SICILIAN mines increased substantially during October from an average of 3,415 tons in the previous two months to 4,928 tons. On the mainland stocks in the MARCHE-ROMAGNA mines now amount to 18,000 tons.

(e) Caustic Soda:

The Adiere Plant, ROME, is ready for operation except for supplies of electrolytic Salt. This has been located in SICILY and arrangements are being made for shipment.

LABOUR/.....

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LABOUR SUB-COMMISSION.

27. The labour situation was still precarious and, although increased wage adjustments stemmed the tide in most instances, the real answer to industrial peace was still sufficiency of food.

28. The Labour Sub-Commission frequently stressed to the Minister of Industry, Commerce and Labour the importance of legalizing the Regional and Provincial Labour Offices in Italian territory by Royal Decree. Reports from various areas showed the increasingly prominent role that these Labour Offices played in the labour field. Further delay is unjustified and is affecting the efficacy of the work being done.

The Labour Offices are the machinery through which the Italian Government can study and solve labour problems and through which a free and independent trade union movement can obtain support. A few of the many problems of the Labour Offices are:

(i) To follow the labour phenomenon in its social aspect so as to be always informed of developments.

(ii) To study labour problems and provide regular compilation of labour statistics.

(iii) To promote the peaceful settlement of labour disputes through conciliation, mediation and arbitration by offering the contending parties a meeting ground as well as a legal means of composing their differences.

(iv) To control and supervise a placement of labour which, according to the decisions of an International Labour Conference, should be a State responsibility.

(v) To supervise the recognition and enforcement of all social legislation.

29. The Labour Sub-Commission did not object to the re-establishment of the Offices of Port Captaincies nor to the registration of seamen through the Personnel Section of that office, providing that these "Capitanerie di Porto" charge no fees and that such registrations will not result in a monopoly of employment process.

30. The labour situation in the LIVORNO-PISA area has been complicated by short supply, and the fact that LIVORNO is a supply base for operations on the fighting front. Upon the request of the Regional Commissioner of TOSCANA Region, the Base Purchasing Agent of PBS, FIFTH Army, Royal Navy and other units, a special Headquarters Labour Officer was detailed as a single authority to coordinate all the labour activities in this area. Problems were generally comparable to those of last winter in the Port of NAPLES. Results already achieved justify the continued assignment of our representative for an indefinite period.

31. Wage agreements between employees and employers of the "S.I.S.L.F.E.", NAPLES - PIEDIMONTE D'ALIFE Railroad and COMPAGNIA CONTINENTALE METANI were reviewed and approved during the month.

32. Independent investigations were carried out after the PALERMO riot of 18 Oct to ascertain the causes of the incident from the labour point of view. From

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can obtain support. A few of the many problems of the Labour Offices are:

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30. The labour situation in the LIVORNO-PISA area has been complicated by short supply, and the fact that LIVORNO is a supply base for operations on the fighting front. Upon the request of the Regional Commissioner of TOSCANA Region, the Base Purchasing Agent of PTS, FIFTH Army, Royal Navy and other units, a special Headquarters Labour Officer was detailed as a single authority to coordinate all the labour activities in this area. Problems were generally comparable to those of last winter in the Port of NAPLES. Results already achieved justify the continued assignment of our representative for an indefinite period.

31. Wage agreements between employees and employers of the "S.I.E.L.I.E.", NAPLES - PIEDIMONTE D'ALIFE Railroad and COMPAGNIL CONTINENTALE BRUNT were reviewed and approved during the month.

32. Independent investigations were carried out after the PALERMO riot of 18 Oct to ascertain the causes of the incident from the labour point of view. From unofficial sources it was learned that the main cause of the demonstration was economic and not political. Good judgment of the Civil Authorities could easily have avoided the tragic denouement. The demonstration arose out of the following:

(i) Proposal to increase the bread ration.

(ii) Lack of control of prices.

(iii) Blackmarket speculation.

(iv) Demand for higher wages.

33. In order/.....

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33. In order to parallel the Italian Royal Decree of 31 October for an increase of wages in private industry, the Special Sub-Committee of the Labour and Wages Control Committee approved an increase in the Allied Forces Wage Scale, granting an additional 40 to 60 lire a day to the present wage of workers for the Armed Forces. This increase, effective 16 November, was proposed to meet the higher cost of living and to restore the preferred position of the Armed forces.

34. The plan to give full social insurance coverage to Italian workers employed directly by the Allied Forces throughout ITALY was approved by both the Italian Government and Allied Forces during the month and was scheduled to become effective on and after 1 December.

35. Progress was good in the registration of labour. New registration forms have been completed and distribution to all areas will be made shortly.

36. In LAZIO-UMBRIA Region the request for supply of labour to Allied units increased and our labour supply office has been very active. During the month, of the 65 requests processed from Allied units, a total of 1105 of various categories were employed.

Exact statistics of the number of persons unemployed and available for work are difficult to obtain. Though the ROME Province Labour Office registered 49,725 unemployed it is still an incomplete return. A conservative estimate of unemployed figures for the whole of LAZIO-UMBRIA Region is 125,000.

37. In ARC FIFTH Army territory there are 51 Labour Supply Offices in the area now in operation, in FLORENCE, PISTOIA, LUCCA and highway 65, and they have altogether thus far furnished 7,161 men and women.

PUBLIC WORKS AND UTILITIES SUB-COMMISSION.

38. The Italian Government was given greatly increased powers to execute within its territory all projects not involving use of critical (or imported) structural materials. Works of military necessity required by Armies will, however, continue under direct control of this Sub-Commission.

39. A decree covering financial subsidies for building repairs (private properties) was approved by the Council of Ministers. This will be the beginning of a considerable housing programme. The Minister of Public Works has a 500 million lire fund for discretionary allocation in connection with commencing initial projects. Some delay due to administrative difficulties has occurred. There is a similar difficulty in the financing of repairs to hydro-electric plants and power facilities generally for which a fund of 2 billion lire is contemplated.

40. As "black market" activities have extended to building materials, which are increasingly reflected in estimates submitted by Genio Civile, the Minister was urged to establish controls and maximum prices by promulgation of a decree or by some other method.

41. In CAMPANIA, the Public Works Sub-Commission has had no officer for the last three months and by January 1945 this position will apply to SICILIA and CALABRIA.

42. A draft decree concerning increases in rates for water, gas and electricity (public utilities) was modified, in conjunction with other interested Sub-Commissions,

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37. In 5TH and FIFTH Army territory there are 51 Labour Supply Offices in the area now in operation, in FLORENCE, PISTOIA, LUCCA and highway 65, and they have altogether thus far furnished 7,161 men and women.

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39. A decree covering financial subsidies for building repairs (private properties) was approved by the Council of Ministers. This will be the beginning of a considerable housing programme. The Minister of Public Works has a 900 million lire fund for discretionary allocation in connection with commencing initial projects. Some delay due to administrative difficulties has occurred. There is a similar difficulty in the financing of repairs to hydro-electric plants and power facilities generally for which a fund of 2 billion lire is contemplated.

40. As "black market" activities have extended to building materials, which are increasingly reflected in estimates submitted by Genio Civile, the Minister was urged to establish controls and maximum prices by promulgation of a decree or by some other method.

41. In SARDINIA the Public Works Sub-Commission has had no officer for the last three months and by January 1945 this position will apply to SICILIA and CALABRIA.

42. A draft decree concerning increases in rates for water, gas and electricity (public utilities) was modified, in conjunction with other interested Sub-Commissions, but it has not yet been promulgated.

43. The general rehabilitation of water undertakings and some sewerage systems continued, water supplies to ROME City being almost back to normal standard.

44. The 50 million lire Pontine Marshes project (Bonifiche) made good progress, particularly towards prevention of further flooding along Route 7. Channels have been cleared, temporary dams built to replace destroyed floodgates and smaller pumping stations restored to service. The largest one (MAZZOCCHIO) remains useless, the enemy having removed all electrical plant. Similar works were executed in TOSCANA Region, viz. valleys river ARNO, SERA, ALBEGNA, CHIANE and elsewhere. Studies of the probable situation in PO Valley area continue in conjunction with Agriculture, Public Health and Industry Sub-Commissions. Portable pumping units totalling 10,000 h.p. have been indented for, equivalent to 10% of installed plant now there. (In PONTINE area 90% of such plant found destroyed).

45. Speci

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45. Special works required by P.B.S. on Routes 1 and 7 (NAPLES - ROME - LEGHORN) were begun. Urgent bridge works are in hand on Route 6 (ROME - CASSINO) preparatory to the removal of portable Bailey bridges urgently required by the Armies in the North. Access roads to air fields (FOGGIA area) were taken over from the U.S.A. Air Force Engineers on special request. Floods in North caused extra demands from Military Districts for diversions and bridge works. Bailey bridge replacements by more permanent structures continue regularly. Of all Bailey bridges in an area North of ROME 72% will be released by January 1945 and another 14% will be replaced by "FLAMINIO" bridges (steel) now being manufactured in ITALY. In November 319 roads and bridges schemes (military) were in hand, value 620 million lire, 85 being completed during the month. The Sub-Commission approved 421 other schemes; viz. roads and bridges, public buildings, schools, debris clearance, public utilities including water works, housing etc., at a total cost of 352 million lire. During the month 273 such schemes were completed at a cost of 194 million lire. Projects dealt with independently by Italian Government totalled 330 end of October. Value 75 million lire.

46. About 20,000 K.V.A. generating equipment (electrical) restored to service, making total 300,000 in Central ITALY. 163 km transmission lines were restored and in ABRUZZI, MARCHE and TOSCANA Regions considerable similar works was done, as well as on small generating stations. The lack of transport and consequent lack of regular maintenance over a long period caused a serious transmission line breakdown in SOUTHERN Region. The electrical companies concerned were assisted by the Sub-Commission's personnel and special transport. Electrical Reconstruction Committee held first meeting, Lt.Col. LAWTER making reports on his mission to USA, UK and FRANCE. Planning to rebuild repairable power stations by end of 1945 was begun in conjunction with the principal electric companies and the Ministry of Public Works. Electrical construction supplies showed some improvement except for insulating materials. Some of these are now beginning to arrive by sea. The transportation problem of many Power Companies becomes more and more acute, handicapping both reconstruction and regular maintenance. The Ministry of Public Works has been asked to appoint a representative, located at HQ of Sub-Commission, to facilitate interchange of views, reduce correspondence and from time to time take over responsibilities.

47. Officer personnel was 71 in total, viz. 19 at HQ and 52 in Regions. The Director of the Sub-Commission, Lt. Col. JENNY, returned to duty from WASHINGTON and Lt. Col. LAWTER from LONDON.

SOUTHERN SUB-COMMISSION.

48. The general situation is satisfactory. Vessels, except schooners, have operated smoothly and no particular difficulties have been encountered.

49. The schooner situation, however, has presented certain anomalies which continue to receive the attention of Economic Section, Mediterranean Shipping Board and the Italian Ministry of Marine. One of the main difficulties, now overcome, is the legalisation of COGNA. This enabled the operating companies to come to satisfactory terms with the schooner industry.

50. Negotiations have continued during November on a freight tariff based on a ton mileage basis to cover all commodities. This tariff is now practically agreed

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AUSTRIAN SUB-COMMISSION.

48. The general situation is satisfactory. Vessels, except schooners, have operated amicably and no particular difficulties have been encountered.

49. The schooner situation, however, has presented certain anomalies which continue to receive the attention of Economic Section, Mediterranean Shipping Board and the Italian Ministry of Marine. One of the main difficulties, now overcome, is the legalisation of CODEMA. This enabled the operating committee to come to satisfactory terms with the schooner industry.

50. Negotiations have continued during November on a freight tariff based on a ton mileage basis to cover all commodities. This tariff is now practically agreed by all parties and supersedes the unsatisfactory methods hitherto in force. These tariff rates [illegible] avoid erratic freight rates and will be a considerable help to schooner owners.

51. The tariff rates for carriage of goods by schooner will be approximately forty-five times greater than was laid down before the outbreak of hostilities in 1939. This [illegible] increased running costs, delays and rate of exchange.

52. During October, 4914 weight tons of civil cargo was carried by Italian schooners and 2130 weight tons by Italian coaster. In November 8946 weight tons and 5960 weight tons respectively were carried by schooner and coaster. Approximately 6543 weight tons of civil cargo was also carried by vessels under flags other than ITALIAN.

53. In view/[illegible]

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53. In view of the cessation of the present service between CAGLIARI and NAPLES a civilian service will be instituted. This service will be the first return to a regular shipping service run by the Italian Authorities for civilian cargo.

54. Schooners are still delayed unfortunately by cargo not being available against individual allocations. It is requested that all concerned give their particular attention to this point so that the maximum use may be made of those vessels which are available for the carriage of civil goods.

TRANSPORTATION SUB-COMMISSION.

Railways.

55. Military railheads have been almost static during the month. Weather conditions have caused damage to various tracks making movement difficult. A plan has been agreed with Director of Military Railway Services for the satisfactory rehabilitation of Italian Railways. This will place additional responsibilities on AC.

56. Fourteen engineering projects were in hand, ranging from long stretches of track to bridge work, and all projects when completed will assist in the distribution of essential needs of the community.

57. The question of a ROME - NAPLES passenger service continued to the fore, but limited track capacity and priority of military and food supply demands have so far prevented its introduction.

58. A violent cyclone in SARDINIA caused a train derailment on 8 November, when one person was killed. Locomotives in that island are being converted to burn Sulcis coal, thus restricting import of coal.

59. The work of wagon repairs has been stepped up to meet acute shortage of wagons.

Roads.

60. Three G.T. Coys were operating, viz: Nos. 1000, 1001 and 1004. The fourth G.T. Coy (No.1002) was made available by AFHQ and is reporting on or about 8 Dec.

61. The progress of ERAC has been very much retarded owing to the crisis in the Italian Government. As a result the revised haulage rates were not published and the formation of ERAC not completed.

62. During the month returns have been received from Regions with information concerning location of vehicles, present holdings, and additional requirements of maintenance, personnel, equipment, garages etc. These returns are now being consolidated and every endeavour made to meet requests still outstanding.

63. Three additional tyre repair plants in ROME have been requisitioned and re-established by this Section. These will resume operations as soon as requisitioned raw material arrives. The collective output of these will average 110 of various sizes a day.

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63. Three additional tyre repair plants in ROME have been requisitioned and re-established by this Section. These will assume operations as soon as requisitioned raw material arrives. The collective output of these will average 110 of various sizes a day.

64. One of the problems encountered by the 1st Truck Battalion was the lack of Control Vehicles. The civilian cars assigned were inadequate in number, not road worthy for operation in Army Forward Areas and difficult to maintain.

Shipment/.....

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Shipment.

65. Bad weather caused serious delays in schooner traffic during the month. The small vessels which are operating are confined to port whenever weather conditions are unfavourable. Many of them are under repair and winter conditions generally reduce the available tonnage. During November goods amounting to 8946 tons were lifted by schooner and 3950 tons by coaster.

66. All bids submitted to AFHQ during the month were accepted with the exception of 8600 tons phosphate rock.

67. A regular service from SARDINIA to NAPLES was agreed with AFHQ and will start on 25 December. The S.S. ARTAZIA has been selected for this ferry service and will do two round trips per month. Her capacity will be about 250 personnel and 1000 tons cargo.

68. CASTELLAMARE, CIVITAVECCHIA, SALERNO and CHIOGGIA all worked satisfactorily.

General.

69. On 21 November the Clothing Section, Medical Supply Branch, Public Health Sub-Commission, was transferred to Transportation Sub-Commission.

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PART IV.

POLITICAL SECTION, PUBLIC RELATIONS BRANCH AND INFORMATION SUB COMMISSIONS.

POLITICAL SECTION.

1. November brought many important events of political significance. In spite of the Prime Minister's efforts to strengthen the Government and his pleas for unity early in November, the discussion within the Government and the dissatisfaction without continued to increase until it became clear that reconstruction of the Cabinet was a necessity. Consequently, on 26 November the Prime Minister submitted his resignation to the Lieutenant General of the Realm, thereby precipitating a crisis that was still unsettled at the end of the month.

2. Following constitutional procedure, the Lieutenant General proceeded to hold conversations with the Presidents of the Senate and of the Chamber, with leaders of the six Government parties, and with other political personages. These conversations were concluded on the evening of 29 November and shortly thereafter the Lieutenant General charged Signor Sonnoi with the task of forming a new Government.

3. A number of factors had contributed to the political instability. Probably the most important was the realization by the old Government and the public that warfare in Italy will continue for some time and that the existing Government, instead of being an interim organization, as some had originally thought, would be called upon to take planned and energetic action for an indefinite period. The Government had been hanging together largely as a result of the agreement to co-operate which the several parties were attempting to maintain for their individual advantages, in spite of the bitter attacks they levelled at each other in the public press.

4. At the time of the resignation, it was rumored that the Parties of the Left had contributed to the instability by demanding that they be given the portfolio of Interior, War and Foreign Affairs and by asking for the removal of certain representatives of the moderate parties from the Government.

5. Elsewhere it was said that the President of the Council of Ministers had decided to form a Cabinet of technicians. The Communist paper, "AVANTI", was loud in denouncing such a possibility and called it an attempt "to exclude the Communists from the Government".

6. Subsequent to the resignation, Count Sforza was named Chairman of the group of C.L.N. representatives who met to discuss a means of solving the crisis. It was said that he was sent for the Foreign Affairs portfolio in a new Government. However, Count Sforza resigned as Chairman, after a Committee of the C.L.N. had called upon the British Ambassador. According to BAI they were given to understand by the Ambassador that Count Sforza, would not be welcome to the British Government as a member of the new Italian Cabinet.

7. In spite of numerous contributory factors, it appeared likely that the resignation of the Government was caused primarily by the unwillingness of the President of the Council and of the moderate members of his Cabinet to accede to the demand for key ministerial posts by the Parties of the Left.

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8. The announcement of the resumption of direct relations between Great Britain and Italy and the establishment of diplomatic relations by the United States, Russia and the Latin American countries with Italy has been followed by a considerable degree of diplomatic activity. At the end of November fifteen of the Latin American Representatives had advised the Italian Government of their intention to resume diplomatic relations and five of them, Brazil, Cuba, the Dominican Republic, Mexico and Peru have already appointed representatives.

9. The issuance of instructions to the patriots in the North by Field Marshal Alexander in which the patriots were asked to slow down activity due to the condition of the winter campaign caused a large amount of public comment. In general, the press called for an intensification of Government and Allied assistance to prevent collapse of all partisan activity, while the press of the left urged recognition of the Committees of Liberation as "provisional governments" in newly liberated territory.

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The Socialists in a subsequent resolution urged the recognition of the main Committee in enemy-occupied territory.

10. The arrest of General Mario Roatta and Colonel Bartolini, former Chief and number, respectively, of the Army General Staff brought again into public discussion the possibility of a full inquiry into the cause of, and responsibility for, the collapse of the Italian Army after the Armistice.

11. A very favorable public reaction resulted from the review of the re-equipped and re-organized Italian Army Units that was held when the Units passed through NAPLES on 24 November. Although the occasion was used by some of the parties as an opportunity to show their political banners, the splendid appearance of both personnel and material provoked favorable comment and no small degree of pride from the large number of spectators.

PUBLIC RELATIONS BRANCH.

12. While carrying on the usual routine work associated with daily press releases, daily digests of the Italian press, trend of correspondent's copy, weekly bulletin and arrangements for interviews and conferences on behalf of Allied, neutral and Italian correspondents, the Public Relations Branch was also increasingly occupied by questions arising from the resumption of Italian activity in the cinema, theatre, radio, and press agency fields, and the question of operation as it touches the Undersecretariat of the Press and Information and the parastatal agencies depending from it. As a result of protracted discussions, agreement was obtained from AFHQ for the establishment of a Temporary Film Board to decide the various complex problems now arising with AC, PWB and Italian Government representation. After considerable discussion with AFHQ a plan for the future structure of the Italian radio was also put forward to AFHQ; a similar plan was laid before the Council of Ministers by the Undersecretary of the Press. Steps were taken to clear up the copyright difficulties existing over theatrical productions translated from English. Agreement was obtained from AFHQ to permit Allied Press Agencies to resume the input of news on 15 January and steps were taken to open the field similarly by Italian news agencies, provision being made against exclusivity.

13. A feature of the month was the delegation by the Allied Publications Board to the Italian Press Commission of all powers regarding the granting or revocation of licenses in territory under Italian jurisdiction, P.W.B. controlled papers remaining exempt from this control and the APB reserving the right of intervention on questions of military security or undemocratic practices.

14. The vexed question of accreditation and procedure for Italian war correspondents was finally cleared up, and a conducting officer was sent with these correspondents to the Fifth and Eighth Army areas. An air tour was arranged for Italian civilian correspondents to Italian air units re-equipped by the Allies.

15. The work of the Archives section proceeded steadily, eight crates of documents being received from SICILIA Region. SARDEGNA Region is in process of sorting out obsolete records for submission.

NAVY SUB COMMISSION.

16. The general dissolution of the Italian Fleet pending the peace and the ultimate

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NAVY SUB COMMISSION.

16. The general disposition of the Italian Fleet remains the same and the ships continue to carry out useful work in the MEDITERRANEAN. The larger vessels have been used mainly as fast transports.

17. The Navy Sub Commission has received information from the Ministry of Marine, that the Italian organisation of the ports of CIVITAVECCHIA, SAN STEFANO and PIOMBINO is proceeding satisfactorily. The three ports were recently returned to Italian control and the full administrative and operational responsibility is now vested in the Ministry of Marine.

18. The Ministry has announced its intention of establishing a Port Division in its offices in ROME which will be under the direction of a Senior Naval Officer and which will co-ordinate all matters in those ports which have been or which will in the future be returned to Italian Navy Control. In the larger ports the local Italian or-

ganisation will be in charge of a Naval Commander of appropriate rank: in the smaller ports, such as SAN STEFANO, the Tenente di Porto or Harbourmaster will be in charge. The representatives of the Ministry of Marine appear to have accepted their new responsibilities in the ports enthusiastically and have undertaken the necessary arrangements in a business-like manner. It is hoped that it will be possible for the Ministry of Marine to obtain an estimate of the amount of Allied traffic expecting to use the ports so that necessary arrangements can be made by them for labour and equipment.

19. One of the main difficulties regarding the supply of Naval Stores to the Italians is that no central storing system exists in the Italian Navy. The Ministry of Marine has recognised the disadvantage of its departmental system however, and it is understood that it is setting up a central stores department which will co-ordinate the demands of the various departments of the Ministry. It is worthy of note that this step is being taken quite spontaneously by the Ministry of Marine.

LAND FORCES SUB COMMISSION (M.M.I.A.).

20. During November the FRIULI and CREMONA Combat Groups completed their re-equipping and preliminary training in the BENEVENTO Area. Inspections were made by H.R.H. Prince UMBERTO of PIEDMONT and by Field Marshal Sir Harold ALEXANDER who told the commanders he was impressed and well satisfied, and that the Groups would form part of his Group of Armies and be treated in the same way as those of all the other nations fighting under him. Some anxiety was experienced over the standard of training of motor drivers and other mechanical specialists which has resulted in considerable damage to equipment; extra British personnel were provided to raise the standard. Towards the end of the month both Groups moved forward to come under command of British 1 District and 10 Corps respectively for higher training before going into the line. During the moves each Group provided a representative column of 1500 men and 200 vehicles to march through ROME as evidence to the citizens of their existence. They were given an enthusiastic reception from large crowds in spite of the efforts of the younger generation to turn the event into an excuse for expressing their political views. H.R.H. Prince UMBERTO took the salute of the FRIULI combat group on 24 November but was prevented from doing so in the case of the CREMONA group by the government crisis.

21. LEGNANO and FOLGORE Groups remained in the CAPUA Area reorganised on the new basis but awaiting their equipment and vehicles - modified training scales only of which have been received. There was some discontent over clothing and lack of blankets and boots but this situation improved towards the end of November when equipment was released in greater quantities.

22. MANTOVA Group remained in the heel and completed its reorganisation in time to move to BENEVENTO Area at the end of the month to relieve the FRIULI and CREMONA Groups. Training scales of equipment are due to be released during the first week in December. The BIU has been formed and is functioning.

23. PICENO Group is still under discussion and its future was changed many times during the month. The latest decision is that 3,000 of its officers and men should be loaned to the Allied Commission for Carabinieri duties until 15 February 1945. It is undecided whether the remainder is to join the nucleus of the Sixth Combat Group, be used as a reserve holding Group, or be disbanded and converted into a Replacement Training Depot.

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24. Reinforcements for the Combat Groups are being provided from call-ups in various parts of Italy and a Depot has been established at TEANO (N.W. of CAPUA). The problem of equipment, training facilities and future location for this depot has not yet been solved, though considerable attention was given to it during November.

25. Auxilliary units which were to be formed for the first two Groups are now ready to accompany them to the forward area. The rest are slowly forming alongside their respective Groups but their equipment presents a difficult problem.

AIR FORCES SUB COMMISSION.

26. The Italian Air Force continues to support the Allied war effort in active

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operations over the BALKANS. The scale of effort during November has greatly exceeded that ever achieved before. This has been due partially to the arrival at operational bases of squadrons equipped with Allied types of aircraft which have been under training during the past months, and partially to an increase in serviceability.

27. Fighter Wing: The whole of the Italian Fighter Wing is now fully operational. The number of sorties carried out by the Wing is an all time record and considerably in excess of that ever carried out before. Enemy transport has been damaged or destroyed, and a considerable weight of bombs has been dropped by fighter bombers on important targets. Unfortunately this effort has not been carried out entirely without loss.

28. Seaplane Wing: There has been little demand of an operational nature on the activities of this Wing, and the number of sorties carried out shows a considerable reduction. Permission has been granted by H.Q. M.A.A.F. for a limited number of the aircraft of this Wing to be used on transport service, and preparation of the bases for this service is now being actively carried out. The air sea rescue commitment still remains, but during the month few sorties have been carried out and there have been no results.

29. Light Bomber Wing: One of the squadrons has been on active operations and has carried out a number of sorties, it is claimed, with average results. Half the second squadron is at its operational base and the other half is held up by weather conditions, but will move to the operational base as soon as these improve.

30. Bomber Transport Wings: In spite of difficulties through serviceability of aircraft more sorties were carried out during November than in October, and a satisfactory weight of supplies was either carried or dropped.

31. Progress has been made in the formation of the school, and the aircraft and personnel are now located on the training airfield. Training flying at the school has actually started, but because of the considerable surplus of trained crews it has not been found necessary to carry out any intensive flying, and the main effort has been devoted to the improvement of serviceability.

32. The serviceability of the Italian Fighter aircraft again shows an increase which is greatly to the credit of all concerned. In spite of considerable technical difficulties the serviceability of the Bomber Transport aircraft has improved slightly compared with October. The initiative, ingenuity and hard work of the technical personnel and ground crew of this Wing is most praiseworthy. The serviceability of the Light Bomber Wing is good and demonstrates the ability of the Italian technical personnel to keep these aircraft in a serviceable condition.

33. The situation as regards manpower is unchanged, but the I.A.F. is making a substantial contribution to both the R.A.F. and the U.S.A.A.F.

34. It is regretted that the question of an increase of rations for aircrews is still not settled. A visit by a Staff Officer from H.Q. M.A.A.F. Rear, has been made and certain definite recommendations have been forwarded by that H.Q. to higher authority, and it is hoped that these will have some result in the immediate future.

35. The morale of the Italian Air Force still remains high. A special message of congratulation was received by the Fighter Wing from the Air Officer Commanding, BALKAN Air Force, for their operations during the early part of the month.

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36. The political crisis which occurred in the last week of the month has naturally had its effect on the Italian Air Force, but so far this effect seems to be less far reaching than usual, and at any rate in so far as the operational units are concerned they are putting their active aid to the Allies first.

37. The question of defascistation is still highly unsatisfactory.

COMMUNICATIONS AND ORGANISATION.

38. Telecommunications.

(a) Telephone. Exchanges were repaired or installed and brought into use

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in: FIUGGI, ANZIO, VENTRAILA, TUSCANIA, SORIANO, RIETI, AMELIA, ACQUASPARTA, TODI, RONCIGLIONE, ANCONA, JESI, OSIMO, CASTELFIDARDO, LORETO, RECOLI, PRATO and FOGGIA. Circuits were completed from ROME to TERNI (additional), RIETI, ANZIO, AQUILA (additional) and between many towns in the UMBRIA-LAZIO, ABRUZZI-MARCHE and TOSCANA Regions.

(b) Telegraph. Many additional offices have been connected to the telegraph network, and between 50% and 60% of offices in the forward provinces in the authorised zone are now open.

The pneumatic tube distribution system for the telegraph service in NAPLES has been restored.

Many conferences, in which the U.S. and British Embassies took part, were held in an attempt to reach an agreement on the conditions for opening of a radiogram and cablegram service to the U.S. and U.K., but no decision was taken.

39. Postal.

(a) Commercial correspondence was authorised in the U.S. and U.K. with certain restrictions, and the weight limit for this class of correspondence has been increased from 210 grams to 1 Kilo.

(b) The overprinting of large stocks of certain denominations of Fascist Republican stamps was agreed with the Italian Government and 80 bags of stamps and postcards were sent to FLORENCE in readiness for extension of services.

(c) The withdrawal of the Italian Naval ship service to SARDINIA has made postal connection insufficiently frequent. A merchant ship service now carries correspondence only bi-monthly, though urgent official and air mail stamped private correspondence is being taken by air.

(d) The forms originally intended for International Red Cross messages to civilians in enemy occupied territory many now be used for Italian soldiers in GERMANY. Previously these men could not receive any mail as the Germans refuse to let them be considered entitled to Prisoners of War treatment.

(e) The foreign mail letter traffic now totals about 15 tons a month, of which about 10 tons is P.O.W. mail. This is approximately 3 million letters a month.

WAR MATERIALS DISPOSAL AND ITALIAN P.W. SUB COMMISSION.

40. War Materials Disposal.

In respect to the War Material Disposal side few words should suffice to explain what covers a considerable amount of constructive effort and planning.

41. The main problem of the month was in connection with transference of salvage material between the Comission, PPS and British Salvage. Opinion was divided as to whether Commerce Sub Commission should handle directly all material offered by salvage agencies or if it should in the first instance go through the War Material Disposal Sub Commission. The question is still under consideration and a decision awaited.

42. The day to day work of the Sub Commission included the inspection of all the

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and cablegram service to the U.S. and U.K., but no decision was taken.

39. Postal.

(a) Commercial correspondence was authorised in the U.S. and U.K. with certain restrictions, and the weight limit for this class of correspondence has been increased from 240 grams to 1 Kilo.

(b) The overprinting of large stocks of certain denominations of Fascist Republican stamps was agreed with the Italian Government and 80 bags of stamps and postcards were sent to FLORENCE in readiness for extension of services.

(c) The withdrawal of the Italian Naval ship service to SARDINIA has made postal connection insufficiently frequent. A merchant ship service now carries correspondence only bi-monthly, though urgent official and air mail stamped private correspondence is being taken by air.

(d) The forms originally intended for International Red Cross messages to civilians in enemy occupied territory many now be used for Italian soldiers in GERMANY. Previously these men could not receive any mail as the Germans refuse to let them be considered entitled to Prisoners of War treatment.

(e) The foreign mail letter traffic now totals about 15 tons a month, of which about 10 tons in F.O.W. mail. This is approximately 3 million letters a month.

WAR MATERIALS DISPOSAL AND ITALIAN P.W. SUB COMMISSION.

40. War Materials Disposal.

In respect to the War Material Disposal side few words should suffice to explain what covers a considerable amount of constructive effort and planning.

41. The main problem of the month was in connection with transference of salvage material between the Commission, PRS and British Salvage. Opinion was divided as to whether Commerce Sub Commission should handle directly all material offered by salvage agencies or if it should in the first instance go through the War Material Disposal Sub Commission. The question is still under consideration and a decision awaited.

42. The day to day work of the Sub Commission included the inspection of all the goods yards in ROME Area with a view to clearing material, (mostly salvage) from loaded trucks. After inspection a number of trucks containing machinery etc. were despatched to factories in agreement with Industry Sub Commission. Other material [illegible] it was impossible to dispose of was sold on the public market and 20 railway trucks and wagons were thus made available for Movements.

43. Seventy derelict MT vehicles which had been recovered and brought into ROME Area were inspected. It was found possible to make eleven available to Italian Ministry of War and nine to LAZIO-UMBRIA Region, Transportation Division. These vehicles will, in due course, after repair, be back on the road again.

44. A considerable number of jerricans were returned through the Sub Commission to the Petrol Section of PAAC.

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ITALIAN PRISONERS OF WAR.

45. The work of the Italian Prisoners of War Division of the Sub Commission was centered on the adjustment of past policy to meet new directives, the continuation of Italian Prisoners of War repatriations, the co-ordination and control of Italian Prisoners of War repatriated to fill specific appointments in Italian Government and local administration, and the study of a plan for the ultimate absorption by Italy of over one million and a quarter of the male population who are now Prisoners of War. In the carrying out of these duties, the Sub Commission was ever cognisant of the necessity to avoid or give rise to such questions as might cause political issue or agitation on the subject of Italian Prisoners of War.

46. On all questions of Italian Prisoners of War the Sub Commission stipulated that the main issue was for all Italians to understand how essential it was that Italian Prisoners of War should contribute the maximum possible to the war effort.

47. The Sub Commission has always worked on the lines that the Italian Government should assume the maximum amount of responsibility in connection with Italian Prisoners of War and by gradually making the problems relative to Italian Prisoners of War, Italian Government problems rather than ones for the Commission, a considerable amount of unnecessary work should in due course be eliminated. In accomplishing this the relationship between the Sub Commission, the Italian High Commissioner for Prisoners of War and the Undersecretary of State for War has continued to be cordial and understanding. On the 8 November, the Italian Ministry of War set up a new branch called Autonomous Office for Veteran Prisoners of War and Repatriated soldiers. It is too early to express an opinion as to how this department will carry out its function: so far it has been entirely satisfactorily.

48. Detailed work of the Prisoner of War Sub Commission included sorting and forwarding to the High Commissioner for Prisoners of War semi-monthly allotments by Italian co-operators to their families in Italy, the total amount of allotments made for November being 6,106,000 lire, balances due to repatriated Italian Prisoners of War amounting to 3,600,000 lire were also forwarded to the Italian High Commissioner for Prisoners of War to pass to the Italian Ministry of War for payment.

49. The final decisions in respect of liability for the payment of the repatriation balances, is still unsettled.

50. Complaints on conditions of Italian Prisoners of War in INDIA, 136 individual enquiries concerning the health of Italian Prisoners of War whose families had not heard from them for over 6 months, the despatch of 6,000 copies of Notizie Naziomi Unite daily to Prisoners of War in NORTH AFRICA, and the forwarding of Italian packages to Prisoners of War in SARDINIA and CORSICA were all duties carried out during the month.

51. Repatriations during the month of November totalled 1,141 and a return of approximately 2,400 Italian Prisoners of War during December has been arranged. Requests for repatriation of 3,556 Italian Prisoners of War were passed through the Sub Commission during November. During the previous month the Sub Commission has in conjunction with PWB been able to inform the Italian public both by radio and through the Italian press the numbers and names of the Italian Prisoners of War who have been repatriated. The Sub Commission originated a bi-weekly radio program giving the names of the recent repatriated Italian Prisoners of War and certain other information which would help to give peace of mind to Italian

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52. The staff of the Italian Prisoners of War Division of the Sub Commission working on the plan for the mass repatriation of all Italian Prisoners of War are completing their study on this subject. The object has been to find ways and means of returning these Prisoners of War to ITALY so as to cause as little discontent and unhappiness as possible. Throughout the study the heads of the other Sub Commissions and different parties of the Italian Government have been consulted and discussions with those most interested in the Vatican are also taking place. The report on this plan should be ready for consideration within the next few weeks.

Elbridge Stone

ELBRIDGE W. STONE
Rear Admiral, USNR
Chief Commissioner

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HEADQUARTERS ALLIED COMMISSION
APO 394

Ref: 824/2C

17 February 1945

MONTHLY REPORT

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POLITICAL SECTION

1. The Italian political crisis which had reached a climax with the resignation of Signor Bonomi on Sunday, 26 November, was clarified on 7 December when four of the six parties of the Committee of National Liberation entered the new government presided over by Signor Bonomi. It is now evident that the crisis was precipitated by two important points of disagreement between the parties of the right and left. The center and right wing parties maintained that the government's authority would be weakened by the extensive epuration carried out under Count Sforza and also by the granting of power to the Committees of National Liberation in liberated territory. The left wing parties were in sharp disagreement on both points.

2. When the new government was formed Signor Bonomi gave formal assurance that he accepted all previous Italian obligations towards the Allies and that the Italian Government would not re-open the institutional question without prior consent of the Allied Governments until Italy had been liberated and the Italian people given the opportunity of determining their own form of Government.

3. The new Cabinet contains practically the same personalities as in the previous government. The primary changes are the exclusion of representatives of the Socialist and Action Parties and the reduction of the number of Ministers Without Portfolio from seven to three, two of whom are also Vice-Presidents. The Ministry of Communications was split into the two Ministries of Post and Telegraph Communications and of Railroad Transportation. One entirely new Ministry was created - the Ministry of Occupied Italy, headed by a Communist.

4. Two new situations emerged after the formation of the present Government. First, the position of the CLN was undoubtedly weakened and the Government given a conservative tinge: second, the absence of the Socialists in the Government resulted in a strong opposition bloc of the Socialist and Action Parties. Nenni, who will undoubtedly be the opposition's spokesman stated that the basic issues were avoided but not solved. He said that his party would not fight the Government systematically but would criticise dispassionately all measures not directed towards winning the war and achieving an Italian democracy.

5. The Communists achieved a technical triumph and secured an excellent bargaining position due to their alliance with the Socialists as they are virtually inside and outside the Government.

6. Signor Bonomi undoubtedly achieved a personal success by his patience and tenacity in adhering to his principles in spite of the pressure which was brought to bear during the days of the crisis.

7. It is still too early to judge the capabilities of the new four-party coalition government, but its composition should result in a greater degree of stability and unity than heretofor.

8. The Right-Left Division in the political parties seems to be based to a large and increasing degree on an ideology expressed by the distinction in the Pope's Christmas message between the "people" and the "masses". There were indications of a consolidation of the Christian Democrat, the Liberal, and the Right-Wing elements of the Labour Democrat Parties with a view to forming a "Peoples' Group" which would threaten politically the "Masses Group" of the Left.

9. While the apparent cause of the demonstrations against military conscription

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9. While the apparent cause of the demonstrations against military conscription in CATANIA on 11 December was a protest by students against being drafted, there appear to have been other less obvious causes. Outside forces were believed, and not without evidence, to have incited the students to assume their attitude of indifference toward the war and to rebel against participation in it. Both Separatist and Fascist elements were considered responsible at least in part for the disturbance.

10. Count Sforza declined the appointment of Ambassador to the United States. At the end of December no other nomination for the post had been made by the Italian Government.

11. On 27 Dec/....

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11. On 27 December the Public Relations Office of the Presidency of the Council of Ministers announced that diplomatic relations were to be resumed with BELGIUM and were to be "reactivated" with RUMANIA. At the same time it was stated by Italian Government representatives that most problems impeding a resumption of relations with FRANCE were solved and that the Government was hopeful of a speedy settlement of those which remained.

12. The press of 29 December announced a resumption of ITALO-NORWEGIAN relations.

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PART I

AMG Fifth Army.

1. This was the most uneventful month since last winter. The area remained unchanged throughout the period except for the temporary recapture by the enemy of the commune of BARGA (LUCCA Province), which is now back in Allied hands. This was the first time since the landing at SALERNO that a commune had been lost after the setting up of Military Government. A fascist radio station was heard broadcasting a message of formal thanks to AMG for the civilian food the enemy found in the village, which had only been delivered two days before its recapture. The amount involved was not large.

2. As a result of new policies and support from Headquarters Allied Commission a new Patriot Branch was created at FIFTH Army AMG at the opening of the month, with a Patriot Officer in charge of the two large Reception Camps at FLORENCE and PESCIA, for the handling of homeless patriots now coming through the line. The problem remains extremely difficult owing to the absence of any clear cut system of obtaining the necessary supplies for rehabilitating individuals and to the delicate political questions involved.

3. Public morale was in general slightly higher except for a rumour scare created by military operations at the close of the month. In LUCCA this scare caused a noticeable outflow of cash from the banks. Elsewhere the improvement in morale can be attributed to the distribution of the first olive oil rations for many months and to the general feeling of goodwill due to the holiday season. The arrangements made for Midnight Masses and the Allied Christmas parties for children created an extremely favourable impression.

4. In spite of the improvement in morale noted above there was a general under current of discontent among the population as a result of the widespread scarcity and high price of food. The continued failure to establish a 300 gram bread ration also caused some bitterness.

5. There were several cases of armed robbery and one of jail-breaking. These were thought to be the work of lawless gangs who in some cases claimed to have been Patriots. This discredited the whole patriot movement in the eyes of many Allied officers and Italians. Masked armed bandits continued to operate in FLORENCE Province, their crowning achievement was the hold-up of a Civil Affairs Officer.

6. There was an increase in forged currency: 90 forged 1000 lire notes were discovered in FLORENCE and some 30 others elsewhere. Apart from the paper the forgeries were excellent imitations.

7. The typhoid epidemic at PRATO continued to be serious. After a lull in the middle of the month many new cases were reported as a result of a systematic house-to-house search and is not thought to indicate a true rise of incidence. The main water supply was still cut of commission owing to the destruction of a large railway viaduct and the source of infection from the many subsidiary supplies has not been discovered.

8. The shortage of electric power remained extremely acute and prohibited any large scale rehabilitation of local industry. Reconstruction of buildings of all kinds was held up by a shortage of cement.

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8. There was an increase in forged currency: 30 forged 1000 lire notes were discovered in FLORENCE and some 30 others elsewhere. Apart from the paper the forgeries were excellent imitations.

9. The typhoid epidemic at MILAN continued to be serious. After a lull in the middle of the month many new cases were reported as a result of a systematic house-to-house search and is not thought to indicate a true rise of incidence. The main water supply was still out of commission owing to the destruction of a large railway viaduct and the source of infection from the many subsidiary supplies has not been discovered.

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11. Five enemy agents were tried by a General MG Court: all were convicted and sentenced to death except one girl who was sentenced to twenty years imprisonment.

MG Eighth Army.

12. Additional territory was liberated in the Province of RAVENNA, and the capital of the Province was captured on 5 December.

13. Patriots in FORLI Province either returned to their normal occupations or accepted work with the Army in labour squads. In RAVENNA Province about 600 Patriots were employed in an operational role and the majority were reported to be first class men doing fine work.

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13. The/....

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12. The attitude of the civilians towards the Allies is satisfactory. Anti-looting patrols established by the Army in RAVENNA, FORLI and FAENZA have proved effective and a noticeable improvement in the attitude of the people has resulted.

13. There was a stronger undercurrent of political feeling in the area than has been encountered hitherto. It came to the surface soon after a speech in ROME by Signor BONOMI, which was interpreted by the Committees of National Liberation to mean that they were the representatives of the Italian Government in liberated as well as occupied ITALY. It had to be explained to them, very firmly, that this was not the case and that the only government permissible in an Army area must necessarily be Allied Military Government. Action taken against the Committees of National Liberation is a matter of some delicacy, as it is liable to be construed as action against the Communist Party, because, although the Committees are composed of all six parties, it is the Communist Party which is best organised, most active and most vocal.

14. The area is almost entirely agricultural and as usual the countryman is in a far better position than the townsman for basic necessities. There is no shortage of grain, and on the whole, despite an acute shortage of oils and fats, the food situation is satisfactory. A serious shortage of fuel, however, particularly in the towns is causing some concern. Sufficient wood is obtainable from local sources in the plain to keep the bakeries going, but supplies for hospitals and domestic purposes are meagre.

15. The health of the people was good, apart from an epidemic of typhoid, which showed a decline.

16. There was no critical evacuation problem in the forward areas, but with the coming of winter the Army's need of quarters was expected to increase and plans to deal with this were in hand. So far these needs have been met without too drastic a disturbance of the inhabitants. Evacuation of inhabitants was, however, necessary.

17. Of the larger towns, RIMINI is the most heavily damaged and the housing problem there is acute.

18. In the Province of RAVENNA, where large areas were flooded by enemy action, work was begun on repairs to breaches in river and canal banks and on the restoration of pumping stations. The flooded areas have already been considerably reduced. In the Province of FORLI the reconstruction of bridges along the major roads was begun and plans made for dealing with minor roads.

19. Throughout the area civilian motor transport is almost non-existent, but every endeavour is being made to recondition such vehicles as have not been removed by the Germans. While the most essential needs were met with W.D. transport, the lack of vehicles is inevitably impeding progress everywhere.

20. Factories have been badly damaged. Those which it was hoped might restart cannot do so until electric power is available. Renovation was therefore largely confined to brick, cement and lime works.

SICILIA REGION.

21. General conditions in SICILY during December were very unsettled. Although

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SICILIA REGION.

21. General conditions in SICILY during December were very unsettled. Although the heads of the political parties attempted to arouse interest in the war effort, the majority of the population were non-political; the people are interested in the outcome of the war but primarily from a personal point of view. However, lack of confidence in the Government, the economic situation, disparity of prices and wages, threatened food shortage, the suffering from an early and severe winter were causes which continued and intensified existing discontent. Between 10 - 20 Dec the military call-up provided the means of an immediate protest which was expressed in an extensive series of demonstrations which, in some places, led to riots. The Italian civil authorities were unable to maintain order without resort to the military. In CATANIA, the centre of the disturbances, damage was serious and public buildings were fired.

22. With the/....

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22. With the exception of one large meeting held at ASSISI, the Separatist Party was apparently inactive and the leaders of the movement attempted to clear themselves of any connection with the riots. It has, however, been reported that propaganda was continued clandestinely, particularly against the call-up.

23. In addition to a slightly critical attitude toward the Allies, there were increased signs of fascist sentiments. This was particularly noticeable at the time of, and after, the enemy offensives on the Western and Italian fronts.

24. Public officials continued to show uncertainty of their position, lack of confidence and general administrative inefficiency. The High Commissioner showed additional authority as a result of the proposed grant of increased power to the local administration and after the incident at CATANIA, the Central Government quickly replaced the Prefect and transferred the Questore.

25. The crisis in the food situation was averted by the arrival of grain shipments totalling 12,000 tons wheat and 6,000 tons barley. In local trade there was a continuous upward trend of prices and the poor classes in the towns suffered considerably on this account. The total amount of olive oil harvested to-date was 4,366 quintals, which was insufficient to meet the December ration and accordingly this amount was reserved for hospitals.

26. The amount of grain unused increased slightly as a result of the High Commissioner making provisions to collect one half of the legal per capita retention. Exports from the Island consisted of a cargo of 4,000 tons of wine, citrus fruits and salted fish sent to the continent and 165,800 cases of lemons and 130 tons of argols sent to England.

27. The work of reconstruction made very little progress due primarily to the lack of materials. The rainfall relieved the shortage of electrical power by refilling hydro electric reservoirs. Railroads operated satisfactorily but were restricted by the inadequate coal allotment and the need for additional cars while road transportation deteriorated because of the scarcity of spare parts and tyres. Seriously city progress was made on new telephone installations for lack of materials, and services are only about 30% completed. Telegraphic services were almost normal and the mail service continued to operate satisfactorily.

28. The health of the people was good generally but the early and severe winter combined with the lack of clothing and shelter caused considerable suffering. The rate of infectious diseases decreased.

29. Schools in the two neighboring provinces were reopened, after a delay caused by a threatened smallpox epidemic. A few school buildings were released, but many were still occupied by Allied and especially Italian military and governmental agencies.

30. The number of refugees in SICILY was 3,721. Their standard of health was low and there was considerable suffering among them for lack of clothing.

SOUTHERN REGION.

31. The end of the cabinet crisis, though it had never roused violent feelings in Southern ITALY, was welcomed and removed the deadlock which had prevented the

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31. The end of the cabinet crisis, though it had never roused violent feelings in Southern ITALY, was welcomed and removed the deadlock which had prevented the appointment of a Sindaco for the City of NAPLES.

32. The distribution of the bread ration was maintained throughout the month, although stocks at NAPLES sometimes reached a dangerously low level. The pasta ration was generally maintained, but fell behind hand at TARANTO and elsewhere due to power shortage at the mills. An olive oil ration was distributed.

33. The olive crop was fair to good. With the withdrawal early in the month of the olive oil officers borrowed from convalescent depots, collection of olive oil fell to a low level. The orange crop promises well.

34. Heavy rain early in the month caused several road and rail breaks in CALABRIA and BASILICATA. Floods also caused breaks in the power line between SILA hydro-electric stations and BARI and repairs were hampered by snow.

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35. Transportation continued to be the touchstone of all SOUTHERN Region problems. Small deliveries of tyres were obtained from ROME, but they met only the smallest proportion of the needs.

36. The labour situation was uneasy throughout the month. There were sporadic strikes caused by the question of adjustment of salaries and wages and by difficult living conditions, and at the end of the month there was a threat of a widespread strike of statal and parastatal employees at BARI. Generally speaking, hardship and discontent were more prevalent among professional men and clerical staffs than among the labourers or shopkeepers. Competent Italian authorities estimate that many of the professional classes are keeping themselves alive only by selling their household goods.

37. The opening of AMG Courts in BARI and BITONTO, chiefly to deal with thefts from the large British ammunition depot, was a great success: the thefts declined rapidly and local Italian Courts received a powerful stimulus. Work in the NAPLES AMG Courts continued to be heavy.

38. Public health remained good. There was a worrying flare-up of smallpox at BENEVENTO, chiefly serious because of the proximity of troops. It was however of a mild type, there were few deaths and preventive measures were taken.

39. Armed bands of deserters are still terrorising the country side - usually Italians in stolen Allied uniforms - though to a decreasing extent owing to the energetic measures taken against deserter groups by the Allied Military authorities.

LAZIO-UMBRIA REGION.

40. The activity of political parties was less obvious during the month, and took the form of consolidating initial advantages and smoothing mistakes.

41. In ROME the only imported food stuff in general distribution was canned meat. Other imported items such as dried vegetables, dehydrated soup, sugar and evaporated milk were distributed mainly to school children, hospitals, etc. 523,245 people received these special distributions.

42. The electric rationing scheme proved satisfactory, and improved distribution with a slight increase in power supply should further ease the situation.

43. Though crime is still a serious problem there was a slight improvement. There were a number of armed hold-ups in isolated areas but nothing to indicate the work of well organised gangs.

44. Italian courts still functioned extremely slowly and the prison load remained heavy. The Higher courts, however, particularly the High Court for Sanctions against Fascism, worked hard and efficiently.

45. Parties and distribution of Christmas parcels were organised for 24,000 children affected by the war.

46. No action was taken either regarding damaged schools or releasing schools now being used for other purposes. The uncooperative attitude of the Italian authorities in this matter has been the subject of strong representation to the

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46. No action was taken either regarding damaged schools or releasing schools now being used for other purposes. The uncooperative attitude of the Italian authorities in this matter has been the subject of strong representation to the Italian Government. Schools will probably have to close in PERUGIA and TERNI in the cold weather because of lack of glass and all heating facilities.

47. Italian refugee camps in ROME were overcrowded due to a large number of refugees from the North, and from the devastated areas, who cannot return to their homes. New centres have, however, been opened in the Provinces of LITTORIA and FROSINONE and refugees from these Provinces now in ROME centres will start moving on 1 January 1945.

48. Black market was still rife and there was no shortage for anyone who could pay the price. Discussions with representatives of the Merchant Associations were held to control black market activity.

ABRUZZI/.....

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ABRUZZI-MARCHE REGION.

49. Although on the surface all seemed quiet on the political front there was an ever-present activity underneath. While the more cultured and intellectual heads of other parties talked ways and means among themselves, the native Communist leaders showed greater aggressiveness by doing the work necessary to getting additional members and votes for their party, should the popular elections announced for the coming spring be eventually held.

50. The bulk of the population was more concerned with the food situation as it affected them. They cannot understand why the promised 300 gms bread ration is not forthcoming, particularly in those surplus producing provinces which ship grain to areas receiving 300 grams, while they, the producers of apparent plenty, are allowed only 200 grams.

51. The provision of an organised truck company has greatly eased the supply situation. This company is being used in the distribution of grain from the surplus provinces to deficient areas and to the railhead at JESI for shipment to southern ITALY.

52. ABRUZZI-MARCHE Region has now reached 107% of the target set for the collection of grain of the 1944 crop. A substantial amount more is expected to be collected.

53. The collection of potatoes was very poor due to the big difference in prices obtained by the grower and the retailer in ROME and the much higher prices given to growers in the NAPLES area.

54. Olive Oil pressing was very unsatisfactory and, with the exception of the Province of TERAMO, practically none came in. The larger producers had more confidence in the value of the oil than in Italian money and were therefore hoarding it.

55. All provinces now have organised labour offices. Due to the large number of troops billeted in the Region, there was no unemployment problem but the Camera del Lavoro, organised on political lines, caused trouble with labour, particularly in ANCONA Province.

56. Progress was made in repair work on military and other roads, though it was hampered by lack of transport.

57. Good progress was made in work on all electrical projects.

58. The black market increased considerably with the cold weather and shortage of essential foodstuffs.

59. 90,200 mines of various types were removed during December by the Mine Clearance Coy in CHIETI Province but the work was hindered through lack of transport.

SARDINIA REGION

60. The month was reasonably quiet on the surface, but there were signs of turbulence in the increased number of lesser crimes.

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61. The Autonomy Decree, which was delayed by the Italian Government crisis, was the focal point of the month in Sardinia. Full details are awaited but according to information available the High Commissioner will have increased powers and will not only coordinate but also direct all authorities except the Armed Forces and State Tax Legislation which will be controlled by the Central Government. A Bank of Sardinia is to be formed with an opening fund of 150 million lire and special provision is being made for the development of mining.

62. As special conditions exist in SARDINIA, powers to fix local prices, etc., should be beneficial and, provided control is kept over shipping, such powers should not have disturbing effects on other Regions.

63. The Ground...

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63. The Granai del Popolo figure for grain now totals over 303.000 quintals so the modified goal of 300.000 quintals set four months ago was reached and passed. Some grain is still coming in but the harvest is virtually collected.

64. The olive oil crop was exceptionally good, though it is still uncertain whether the olive oil will be successfully collected. The Press and Radio campaign was pushed forward vigorously and all possible pressure brought to bear to attain this object.

65. Meat prices were down to a reasonably low figure, the seasonal stock of lambs were available at below 60 lire a kilo (without the Italian Government tax) and there was no black market for the moment in this commodity. Shipping difficulties, unfortunately, made the scheme for the export of lambs to ROME impracticable.

66. During December there were 11 murders as against the monthly average of 5 and 36 cases of armed robbery as against the normal 25. Concern is felt because the robber bands were evidently better armed than usual. They aquired or stole weapons and ammunition from all the different armed forces that were in the Island and their activities were most disquieting.

67. Over 300 prisoners at ASINARA Penal Settlement and 25 at ISILI Penal Settlement finished their sentences. Arrangements were being made for 50 or 60 to return to home communes in liberated Italy, work can be found for 15 more in SASSARI and another 10 in the mines.

68. The Italian Army in SARDINIA has now been greatly reduced and troops remaining in the Island, including Services, numbered less than 10.000.

69. Steady exports of paint pigment, coloured earth, cork, salt and firecly continued. Salt stocks totalled over 1.000.000 tons.

70. SARDINIAN coal production remained at about 40.000 tons for December. It is estimated that production can be raised to 55.000 tons a month with means now in sight, but additional miners will be required to attain the 70.000 figure needed to fulfill military needs.

71. A regular semi-monthly steamer service began between SARDINIA and the mainland, taking up to 300 passengers and 1.000 tons of cargo on each trip.

72. The drought which had a serious effect on the CAGLIARI water supply ended on Christmas Day. On Christmas Eve the reservoirs held little more than 100.000 tons of water; by 31 December the total had risen to over 2.000.000 tons. The water situation is, therefore, secure until February when heavy rainfall is again normally to be expected.

73. Mine sweeping operations in CAGLIARI Bay were carried out and were enlivened by the presence of a U.S. Navy blimp.

TOSCANA REGION.

74. Conditions in TOSCANA Region for December were on the whole an improvement on those for November, particularly in regard to local government, food and wages.

75. The new Prefects in AREZZO and GROSSETO made a very favourable start and the

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74. Conditions in TOSCANA Region for December were on the whole an improvement on those for November, particularly in regard to local government, food and wages.

75. The new Prefects in AREZZO and GROSSETO made a very favourable start and the local government situation in those Provinces improved.

76. A general distribution of olive oil and sugar to the population increased food for midnight meals for PBS civilian employees and the granting of a definite allowance for a noon meal for AMG civilian employees were all favourable factors.

77. The increase in wages for employees of PBS became effective 16 December, and of FIFTH Army 1 January 1945. The delay in the increased wages for provincial and communal employees becoming effective was unfortunate as the Italians believed that the Allies were preventing them from obtaining this much needed increase.

78. Successful action..

78. Successful action was taken against counterfeiters and masked bandits operating in SIENA Province. At least five members of a counterfeiting gang that had made and distributed about 7.000.000 lire of counterfeit money were arrested in ROME and several counterfeiting plates discovered.

79. The situation in LIVORNO improved due to increased wages, more food and a more active police force.

80. The Island of ELBA passed to Regional control on 20 December and is now administered by LIVORNO Province.

81. In most provincial capitals troops and other Allied personnel provided Christmas parties for Italian children - a gesture which was greatly appreciated by the people.

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5548

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PART II

CIVIL AFFAIRS SECTION

Defascism.

1. ¶25 "central" hearing tribunals were formed and another 44 should be formed shortly. Of the "Provincial" Commissions only one, PESC, is actually working, though 8 are being set up. 40 more, however, without taking North ITALY into account, will have to be found. One of the chief problems is lack of judges. So many have already been taken for this purpose that the administration of ordinary justice has been affected and the Ministry of Justice objects to releasing more. The possibility of using experienced advocates for this work is being considered

2 The preliminary investigations of the first four grades of civil servants was completed in ten out of the thirteen Ministries by 30 December. In the remaining Ministries the Prime Minister used his power to retire all those officials whose cases had not been investigated by that date, and will subsequently withdraw the order for retirement in those cases where the completion of the investigation shows them to be not guilt. Those investigations should be completed by 15 January

3. The time limit for the completion of the preliminary investigation in all other cases was 28 January As these investigations could not be completed by that date a decree was issued extending this time by one month for cases to be dealt with centrally and by three months for those to be dealt with provincially.

4. The preliminary investigations to date resulted in 16,500 persons being committed for hearing. This is estimated to consist of 60% of the first four grades, 20% of the middle grades and only 1% of the lowest grades.

5. Nearly 1,900 of those committed for trial were suspended previously by the High Commission as their fascism was so notorious that their retention was detrimental. 2,900 officials were suspended at the request of other than the High Commission, including a large proportion by AC officers. By present standards many of these would not have been suspended and will probably be reinstated after trial.

6. 3,600 cases of the 16,500 have already been heard and 600 dismissed, 1,500 given a lenient punishment and 1,500 acquitted. Most of those acquitted were suspended by AC officers in the early days.

7. The High Commission has lodged over 200 appeals against these decisions.

Mine Clearance.

8. Good progress was made in mine clearance but was handicapped by short age of equipment and transport.

9. The unfavourable situation in mine clearance in liberated ITALY:

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3. The time limit for the completion of the preliminary investigation in all other cases was 26 January. As these investigations could not be completed by that date a decree was issued extending this time by one month for cases to be dealt with centrally and by three months for those to be dealt with provincially.

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9. The undermentioned are engaged in mine clearance in Liberated ITALY:

(a) Trained:

561 Italian Mine Clearance Company	Str	209
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Civilian casuals, trained and working	Str	307
		725

(b) Under Training:

Civilians		
Total Personnel	Str	160
		885

5547

10. The 561 Company was working at CASTA where the terrain is difficult. Most of the buildings were demolished and the ruins mined. Work was necessarily slow and the number of mines removed smaller than in minefields.

11. The 562 Company were working in and around PESCARA and CHIETI. The area is a vast mine belt containing many thousands of mines.

12. Civilian squads were working at PISA Province, LUCCA, LIVORNO, PISTOIA, PERUGIA, TERNI, RIETI, ORTONA, VITERBO and FLORENCE.

13. Centres of Instruction were opened at PISTOIA and VITERBO. The centres of instruction at CHIETI, SPOLETO and TERNI continued to train workers and the centres of instruction at PISA and LUCCA will shortly be holding further courses.

14. A total of 114,311 mines were removed in all areas during the month.

Devastated Areas.

15. A G.T. Company was temporarily allotted to augment existing transport in the devastated areas, and with this assistance, many tons of clothing brought to the country under the auspices of National Agency for the Distribution of Relief in Italy, and 4,000 blankets from Allied Military sources, were distributed.

16. The housing decree, published in the Gazzetta Ufficiale of 12 December, provided assistance for individuals to rebuild damaged buildings, and coal was allotted to enable cement works in the neighbourhood of PESCARA to resume work.

LOCAL GOVERNMENT SUB-COMMISSION.

17. The problem of the Sindaco of NAPLES was satisfactorily solved by the appointment of Avv. Gennaro PERTICONE, who took up office on 6 January. He was assured of the unanimous support of the Comitato di Liberazione, and will begin functioning with a Vice-Sindaco and a Giunta of fourteen members.

18. In PALERMO Province Prefect D'AMBONI was replaced by Dr. BATTLATI, a career official. When the change was made the Ministry stated that it had been necessary due to recent disturbances.

19. A substitute for Prefect GIUDICE of CATANIA had to be found as he proved incapable of meeting the situation during the recent incidents. The Ministry of Interior sent Prefect VICELLI to take over office temporarily, but has since asked formally for him to be appointed Prefect.

20. In view of the possible shortage of senior officials for the administration of Northern Provinces the Ministry of Interior agreed to promote a number of younger officials. It was proposed to the Ministry that a "pool" of junior officials be formed to meet first demands in newly liberated Provinces.

PUBLIC SAFETY SUB-COMMISSION.

21. The most important feature of December was the disturbance in SICILY largely due to the military call-up. Protest demonstrations, the first of

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PUBLIC SAFETY SUB-COMMISSION.

21. The most important feature of December was the disturbance in SICILY largely due to the military call-up. Protest demonstrations, the first of which occurred in PALERMO on 11 December, rapidly spread to other cities and towns and became so serious that Italian Military Units had to be called in by the Italian authorities. Fire-arms, hand-grenades and other weapons were used by both the military and rioting civilians, resulting in death, injury and property damage. Additional troops were dispatched from the mainland to SICILY by the Italian Command and at the close of the month the situation was reported quiet.

22. The Ministry of War agreed to place at the disposal of Carabinieri in SICILY, two cars, 24 trucks and 24 armoured vehicles for two mobile battalions, each of 500 Carabinieri. The vehicles were expected to be in service on the Island early in January 1945.

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23. On 22 December a raid by the Autobianchi in the South section of [illegible] resulted in the seizure of a considerable amount of firearms, grenades, ammunition and one radio transmitting set. 175 persons were detained for investigation, 24 of whom were arrested. Prosecution of 27 others is expected.

24. Armed robberies and brutality occurred in some areas but suitable action was taken.

25. The morale of police agencies improved further, but they still lack equipment, particularly motor transport, and are frequently flood with delinquents who are well equipped with both transport and arms.

26. The black market continued a major problem, with prices still on the upward trend. No cooperation was received from the populace who buy whatever possible at any price.

27. The trials of Major General [illegible] and Lieut. General [illegible] held in the High Court of Justice, MMIK, took place without incident. The defendants were sentenced to 20 years imprisonment each. This trial was a preliminary to the larger figures involved in the forthcoming prosecution of General [illegible] and 13 others on 22 January.

28. An enemy agent named PANTUR was dropped by parachute in the Province of [illegible], SICILY on 30 December and arrested.

29. Efforts were made to reconstitute the central registry of criminal records which was destroyed by the Fascists and Germans.

PUBLIC HEALTH SUB-COMMISSION.

30. Two cases of typhus were reported from the outskirts of NAPLES during the month. Due notification of typhus control measures were held in MMIK for the Province of LAZIO-UMBRIA Region, and the Typhus Demonstration Unit began a tour of PUGLIA Region and Fifth Army area. Disinfestation of the Regina Coeli prison in MMIK began and incoming refugees and refugee camps were disinfected.

31. The Italian Government released material and equipment for anti-malaria work for 1945 and Rockefeller Foundation and UNRRA provided assistance for the coming year's anti-malarial programme.

32. The infant mortality figure for November was 100.2 and not 134.9 as previously stated.

33. The MMIK Institute of Public Health produced vaccine for the protection of cattle against brucellosis in addition to anthrax vaccine. The MMIK Veterinary Laboratory produced vaccine against foot and mouth disease. There was little rabies in the country except in PUGLIA Province where active measures were taken to eradicate it.

34. ENCIM., the Italian Agency for distributing medical supplies, was not

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34. ANNONA, the Italian agency for distributing medical supplies, was not successful during the first month of operation, and distribution of supplies was badly held up. Corrective measures were taken.

35. The Medical Supply Branch with the cooperation of the Industry Sub-Committee put 40 pharmaceutical firms and 3 biological firms into partial production during the past week. Penicillin was given to two biological firms and in due course small quantities of this drug should be available for use.

36. The Welfare Branch distributed food and clothing to the poorest and aged and helped maintain relief for Italy [illegible] the handling of 500 tons of clothing. It was arranged that discarded clothing and shoes from naval and military stores will in future be distributed to the needy.

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LEGAL SUB-COMMISSION.

37. Additional Italian judges are required for the increased number of Italian criminal cases and cases involving Allied interests, and for the epuration committees. Many judges have themselves been epurated will have to be replaced.

38. A new directive was prepared with the Office for Publication of Laws of the Ministry of Justice on the implementation of Italian legislation in Military Government Territory.

39. The extent of the jurisdiction of the Epuration Commission over Italian Judges serving in colonies administered by British Military authorities was examined.

40. Allied Military Courts in ROME have operated effectively and a directive on Italian law applicable to theft in danger of requisition and other war stores was distributed.

41. Three death sentences for espionage were imposed and submitted for confirmation.

EDUCATION SUB-COMMISSION.

42. Paper, inks, etc. for printing and binding arrived from the UNITED STATES and 950,000 defaecated illustrative text books have been printed to date and distributed.

43. By using make-shift buildings and double sessions most of the children in liberated ITALY can now get school.

44. The need for building materials especially glass, was acute. School superintendents were authorized to close schools during severe weather and carry on into next quarter to make up lost time. No progress was reported in ROME in repairing and disinfecting schools, 92 of which remained closed as a result. Elsewhere much more energy and ingenuity were used and buildings were either sufficiently repaired to function (usually without glass) or alternative locations were found.

45. SAN MARINO Republic asked for help in opening schools. A survey was made and preliminary steps taken to this end.

MONUMENTS, FINE ARTS & ARCHIVES SUB-COMMISSION.

46. In ROME the exhibition of Masterpieces of European Painting was again extended and will remain open throughout the month of January. There were 23,000 visitors during the month of December. The National Gallery of Modern Art was opened to the public.

47. On 22 December during a violent windstorm a mosaic of the 14th century Procaccini by the Sienese artist BARNA, collapsed in the Collegiata at SAN GIMIGNANO. The pieces which there were point of ground the bricked-in

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43. By ~~using~~ make-shift buildings and double sessions most of the children in liberated ITALY are now at school.

44. The need for building material especially glass, was acute. School superintendents were authorised to close schools during severe weather and carry on into next summer to make up lost time. No progress was reported in NAPLES in repairing and disinfecting schools, 92 of which remained closed as a result. Elsewhere much ~~w~~ energy and ingenuity were used and buildings were either sufficiently repaired to function (usually without glass) or alternative localities were found.

45. SAN MARINO Republic asked for help in opening schools. A survey was made and preliminary steps taken to this end.

MONUMENTS, FINE ARTS & ARCHIVES SUB-COMMISSION.

46. In ROME the Exhibition of Masterpieces of European Painting was again extended and will remain open throughout the month of January. There were 23,000 visitors during the month of December. The National Gallery of Modern Art was opened to the public.

47. On 22 December during a violent windstorm areas of the 14th century frescoes by the Sienese artist AMBROGIO collapsed in the Collegiata at SAN GIMIGNANO. The plaster on which they were painted covered the bricked-in windows of the Romanesque church. These fill-ins were apparently weakened during the German bombardments of the town and the windstorm completed the damage. Measures to safeguard the remaining frescoes and to strengthen the walls of the church were taken.

48. Excellent co-operation with the Eighth Army was achieved in protecting the world-famous early monuments in RAVENNA and a local committee was formed to help in the repair and safeguarding. All the great churches were virtually intact, and only two monuments of highest importance received severe damage: S. GIOVANNI IN LATERANO and S. MARIA IN COSMEDIN.

49. Three important reports on the location of movable works of art were transmitted to WASHINGTON and LONDON during the month. The first concerned the treasures placed in deposits in TUSCANY; the second, those in the deposit of LAZIO, and the third the present location of the objects shown in the MUSEO D'OLTREMARE at NAPLES in 1940.

50. A documented report was received from Prof. PASOLI of the Uffici in FLORENCE concerning the objects removed from the Tuscan deposits by the Germans.

51. [redacted] visited in order to inspect the damaged museum and important fragments of Etruscan pottery were brought to ROME for repair.

MISPLACED PERSONS & REPATRIATION SUB-COMMISSION.

52. By 4 December 4,790 Yugoslavs had been repatriated to YUGOSLAVIA. Subsequent movements were cancelled by the Yugoslav Government due to lack of accommodation and food in YUGOSLAVIA. 1,400 now await repatriation.

53. Camp Commanders and their staffs organised Christmas and New Year festivities for all refugees in Allied national camps, which were greatly appreciated.

54. There was local illness and epidemics of infectious diseases subsided, though a few cases of chicken pox were reported.

55. 5,000 Italian refugees were repatriated to the south from Army areas. Good work was done by the UNRRA teams trained to assist at PONT LUCAIL Italian refugee camp, near ROME.

56. The Banca d'Italia was authorised to advance the total sum of 12,100,000 lire. 5,000 displaced persons benefited from these advances. The average payment authorised was, to a household 3,950 lire, and to others 2,420 lire.

57. One of the more important agencies distributing equipment and clothing to the needy in IT LY was American Relief for Italy Inc., which worked in liaison with AC Allied Commission. Shiploads of supplies from the UNITED STATES arrived and considerable amounts of food and clothing was and will be distributed.

58. The fact that clothing rationed only a few hours before the men was in high altitudes had a good moral effect.

59. The Vatican ship from BUENOS AIRES which raped 197 tons of food supplies including coffee, sugar, tea etc. This will be milled in ROME.

60. The last relief ship in present schedule is discharging at NAPLES.

61. High priority was obtained for a further ship to leave NEW YORK by the end of January with 1,800 tons mixed cargo on board including 50 trucks

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DISPLACED PERSONS & REPATRIATION SUB-COMMISSION.

52. By 4 December 4,790 Yugoslavs had been repatriated to YUGOSLAVIA. Subsequent arrivals were cancelled by the Yugoslav Government due to lack of accommodation and food in YUGOSLAVIA. 1,400 now await repatriation.

53. Camp Commanders and their staffs organised Christmas and New Year festivities for all refugees in Allied national camps, which were greatly appreciated.

54. There was less illness and epidemics of infectious diseases subsided, though a few cases of chicken pox were reported.

55. 5,000 Italian refugees were repatriated to the south from Army areas. Good work was done by the UNRRA teams located to assist at PRATT (UNRRA Italian refugee camp, near ROME.

56. The Banca d'Italia was authorised to advance the total sum of 12,100,000 lire. 5,000 displaced persons benefited from these advances. The average payment authorised was, to a householder 3,950 lire, and to others 2,420 lire.

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58. The fact that clothing reached many communes before the snows in high altitudes had a good moral effect.

59. The Vatican ship from BALTIMORE discharged 197 tons of food supplies including coffee, sugar, tea etc. This will be mailed to ROME.

60. The last relief ship on present schedule is discharging at NAPLES.

61. High priority was obtained for a further ship to leave NEW YORK by the end of January with 1,600 tons mixed cargo on board including 50 trucks for U.N.R.R.A. (Inter National Distribution of Goods in Italy).

PATRIOTS BRANCH.

62. Sufficient quantities of equipment and clothing are in hand to meet immediate requirements and reports from Fifth and Eighth Armies showed that the Reception Centres were working smoothly. There were approximately 900 patriots in the Centres under Fifth Army control and less than 500 in the centre under Eighth Army control.

63. A Recruiting Agency was sent to Fifth Army area and, in addition, one resident Recruiting Officer was located at each District Centre. There was a considerable increase in the numbers volunteering for the Italian Army.

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PART III

ECONOMIC SECTION

AGRICULTURE SUB-COMMISSION

1. The Sub Commission continued to work closely with the Ministry of Agriculture and officials on the development of an over-all agricultural program for Italy. Some personnel changes took place within the Ministry which should improve the operation and administration of its technical branch.

2. The movement of wheat seed was completed in Central and Southern Italy and a high percentage - 98 in ALLIED-UNRRIA Region - of wheat seed requirements were met. 1027 tons of seed potatoes were moved from APRICA to SICILY though this was only 20 of the estimated requirements. Some potatoes were sent to APULIA, but the quantity will be far short of the minimum requirements.

3. The estimate of agriculture, forestry and fishery import requirements prepared jointly by the Italian Ministry of Agriculture and the Agriculture Sub Commission was completed and submitted to the Economic Section on the 30 December 1944. It covered a period of 18 months broken down into units of six months. The principal items were for agriculture -- fertilizers, pesticides, farm power and machinery; for fisheries -- thread for nets, cables, tin and marine power; for forestry, saws, axes and saw mill requirements. The estimated landed cost of the imports is 37 million dollars.

4. The movement of surplus citrus fruit from SICILY to Central Italy continued with promise of quantities being available for areas other than ROME.

5. By the end of December, 89% of the estimated wheat collection for liberated Italy had been delivered to the "Granai del Popolo".

6. The olive oil crushing was most unsatisfactory. By the end of the month only 101,347 quintali had been crushed in liberated Italy compared with 353,610 quintali at the same date in 1942-43. In view of this serious position the Minister of Agriculture asked the Allied Commission for active assistance in the crushing program. The Allied Commission undertook to supply 60 Officers with transportation to assist the Italian Government in its oil crushing program. These will commence operations in January.

7. By a Decree dated 2 December 1944, 500 million lire were appropriated for the repair and reconstruction of war-torn and public reclamation roads.

COMMERCE SUB-COMMISSION

8. December was a month of handing over to the Ministry of Industry, Commerce and Labour, and coaching Ministry personnel in the work of freezing, releasing, and preparing availability reports of controlled materials.

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2. The movement of wheat seed was completed in Central and Southern Italy and a high percentage - 98 - in LAZIO-UMBRIA Region - of wheat seed requirements were met. 1027 tons of seed potatoes were moved from AVELLINO to SICILY though this was only 20% of the estimated requirements. Some potatoes were sent to ABRUZZI, but the quantity will be far short of the minimum requirements.

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4. The movement of surplus citrus fruit from SICILY to Central Italy continued with promise of quantities being available for areas other than ROME.

5. By the end of December, 8% of the estimated wheat collection for liberated Italy had been delivered to the "Ground del Popolo".

6. The olive oil crushing was most unsatisfactory. By the end of the month only 101,247 quintali had been crushed in liberated Italy compared with 353,610 quintali at the same date in 1942-43. In view of this serious position the Minister of Agriculture asked the Allied Commission for active assistance in the crushing program. The Allied Commission undertook to supply 60 officers with transportation to assist the Italian Government in its oil crushing program. These will commence operations in January.

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COMMERCE SUB-COMMISSION

8. December was a month of handing over to the Ministry of Industry, Commerce and Labour, and coaching Ministry personnel in the work of freezing, relaxing, and preparing availability reports of controlled materials.

9. The Italian Press Commission was unable, on account of lack of warehouse space, to take over the control of newsprint stocks, and the transfer of control was therefore deferred until January. Imports of newsprint were at a bare minimum, and stocks will only cover requirements up to February 1st.

10. The Ufficio Provinciale del Commercio e dell'Industria of Naples assumed supervision of the repair of salvaged army boots in Southern Region, but was unable to take over supervision of the repairing and dyeing of salvaged army clothing, owing to the lack of transport and warehousing facilities. The Sub-Commission therefore set up the necessary organization, using AFA funds. Six factories were put into operation for repairing clothing, contracts were placed for dyeing, eight warehouses were requisitioned, and the necessary supplies of dye, thread, needles and plus were obtained. Production at the rate of 2,000 garments a day commenced, and has already been increased.

11. Shipments for exports during the month totalled 8,449 tons, valued at 65 ½ million lire, whilst a further 8, 753 tons were at the ports, awaiting shipment at the end of the month. The shipping situation remained difficult, and much of the above material was lying at the ports for some time; a further ,873 tons was called forward to the ports for January. Total exports since the Allied occupation have now passed the one milliard lire mark.

12. Shipments of lumber to U.K. during this season now total 13,519 tons. Further purchases were suspended whilst the question of freight rates on timber for lemon boxes was under consideration.

13. Difficulty in moving railhead stocks greatly affected the chances of exporting sulphur to any extent during the first half of 1945, only 10,000 tons being available against total Mediterranean requirements, excluding Italy, of 25,000 tons.

14. 2,100 kilos of silk stolen at NAPLES in October 1944 was recovered; a survey of AGOSTA region disclosed 6 filatures in good working condition and 12,000 kilos of dried cocoons rescued, with a possibility of rescuing a further 20,000 kilos.

FINANCE SUB-COMMISSION

15. The Italian Government's Financial Mission to the United States continued its discussions with the U.S. Treasury Department during December. The Mission made a number of technical proposals dealing with the provision of lire to the Allied Forces, accounting for imported supplies, and further dollar credits, but the Treasury had, at the end of December, made no reply to such proposals.

16. During December it was felt that the time was appropriate to discuss formally and on a broad basis with the Italian Government the question of Italy's foreign exchange position and policies. Informal conversations had been carried on with the Minister of the Treasury for several months, but without any positive action. The Minister appeared to favour the retention of Istituti, while the Finance Sub-Commission recommended that the necessary executive organisation be established within the Bank d'Italia. In order to bring the problem to the attention of the President of the Council of Ministers and to stress that it was a matter of national importance, involving several Ministries, the views of the Finance Sub-Commission were embodied in a letter sent to H.E. Ivanoe Bonomi by the Chief Coordinator. At the same time, a letter was addressed to the Minister of the Treasury, outlining the problems that will confront the new exchange control organisation.

17. On 23 December 1944 the Minister of the Treasury made his third budget statement. In this lengthy document, not all of which was made public, he estimated that the total budgetary deficit may reach 150 billion lire for the fiscal year 1944-45.

18. Pursuant to authority received from the Combined Chiefs of Staff, the Minister of the Treasury was informed that the estimated aggregate amount of

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13. Difficulty in moving mid-winter stocks greatly affected the chances of exporting sulphur to any extent during the first half of 1945, only 10,000 tons being available against total Mediterranean requirements, excluding Italy, of 30,000 tons.

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18. Pursuant to authority received from the Combined Chiefs of Staff, the Minister of the Treasury was informed that the estimated aggregate amount of AM lire in the hands of banks and the public in Italy at the end of October 1944 was 44 billion lire. Of this amount 6 billion lire was issued through the Allied Commission or Allied Military Government to meet the necessary currency requirements of the Italian civil administration.

19. In implementation of the statement by the President of the United States on 10 October 1944, and pursuant to instructions received through the U.S. State Department, the President of the Council of Ministers was informed that the amount of dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay was estimated to be in excess of one hundred million dollars.

20. The amount of purchases over-the-counter of all Italian Government bonds was 2,409 lire in November. This figure compares with a monthly average of 1,675 million lire for the previous four months of the current fiscal year.

21. The new major tax revisions across were published during December, with work on a number of less important items proceeded.

FOOD SUB-COMMISSION

22. Despite the cessation of the general issues of miscellaneous commodities in urban centres, the general supply situation during December was reasonably satisfactory, because greater supplies of local produce came on to the market for the Christmas period.

23. In areas where local produce was not available, however, grave feeding problems arise, as for instance in LIVORNO Province (in which lies the important port of LEGHORN). Here, to deal with the problem a concession was made, and supplies of pasta, pulse and dried vegetables were authorised to enable a ration equal to be issued to workers in addition to the present distribution equal authorised for heavy workers employed by the Allied Forces.

24. Another instance was the devastated areas which have no local resources to supplement the basic ration. There are about 200,000 roofless persons in these areas concentrated over six provinces and special provision for their feeding was made.

25. Stocks of local grain at the end of the month were satisfactory (487,000 tons in all), but were concentrated mainly in Central Italy. In South ITALY and the Islands the grain from last year's harvest is practically exhausted and these regions have now to be fed almost entirely upon imported grain. The irregularities in the arrival of cereal ships continued, thereby causing interruptions in the bread supply of several regions in the South, and emergency adjustments had to be made. The BONE grain situation is, however, improved, and at 31 December there was a 25 days supply in the city, the highest since the occupation.

26. Imports for the month showed an improvement over November, but no there included considerable quantities which are to be stockpiled for eventual use in Northern ITALY when liberated, there were no greater amounts available for general distribution.

27. Early reports of the result of the crushing of the new olive oil crop were disappointing. Pending fuller report of the return possibilities for 1945, authority was given to issue three monthly rations for December. The quantities required for BONE and NAPLES were distributed from the stocks of old crop oil.

28. Progress was at last made in attempts to persuade an Italian Government organisation to take over complete control of food questions in liberated ITALY. A High Commissioner of Food with direct access to the Cabinet was appointed and started to organise his Department.

29. During the period 26 November to 30 December approximately 17,000 tons of non-ration food were brought into the BONE market, i.e. an average of 900 tons a day. 1,500 tons of current crop olive oil arrived. Liquor beans (Calabria or Liberian) with both citrus fruits and onions were the only fresh foods available.

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24. Another instance was the overcrowded areas which have no local resources to supplement the basic ration. There are about 200,000 roofless persons in these areas concentrated over six provinces and special provision for their feeding was made.

25. Stocks of local grain at the end of the month were estimated (467,000 tons in all), but were concentrated largely in Central Italy. In South ITALY and the Islands the grain from last year's harvest is practically exhausted and these regions have now to be fed almost entirely upon imported grain. The irregularities in the arrival of coastal ships continued, thereby causing considerable in the break supply of several regions in the South, and emergency adjustments had to be made. The ROME grain situation, however, improved, and at 31 December there was a 25 days supply in the city, the highest since the occupation.

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27. Early reports of the result of the crushing of the new olive oil crop were disappointing. Pending a fuller report of the ration possibilities for 1945, authority was given to issue three fortnightly rations for December. The quantities required for ROME and NAPLES were distributed from the stocks of old crop oil.

28. Progress was at last made in attempts to persuade an Italian Government organisation to take over complete control of food questions in liberated ITALY. A High Commissioner of Food with direct access to the Cabinet was appointed and started to organise his Department.

29. During the period 26 November to 30 December approximately 17,000 tons of non-perishable food was brought into the ROME market, i.e. an average of 500 tons a day. 1,500 tons of canned meat also arrived. Larger boats (Cacciatore or Liberties) with both cranes finds difficulty in getting alongside quays regularly.

INDUSTRY SUB-COMMISSION

30. During December consideration was given to the Ministry of Industry, Commerce and Labour in preparing a programme of Essential Imports for the Industrial rehabilitation of ITALY.

31. Further assistance was given to the Soda Sulphur Works at ROSIGNANO, which when running at full capacity will supply the caustic soda and sulphuric acid for the whole of ITALY, thus making imports thereof unnecessary, and enabling industries depending on these products to start functioning.

32. Industrial gases and calcium carbide manufacture received considerable assistance. Given the necessary electric power, TERNI should soon produce 600 tons of calcium carbide monthly.

33. The PERUGIA match plant which closed down owing to lack of power, is to start producing again, thus relieving the critical situation in matches.

34. Food processing was transferred during the month from Food to Industry Sub-Commission, and surveys of sugar beet processing plants were pushed forward vigorously. It is hoped to produce substantial quantities of sugar by Autumn 1945.

35. Soap production continued but was hindered by the transport difficulties of moving sulphur oil to the factories.

36. Map paper for the British Army will be produced at FABRIANO (ANCONA) to AMG Survey Director to specifications: all arrangements are in hand and 100 tons will be produced a month. Newsprint and 'standard' paper were produced under A.C. supervision at four mills.

37. Sardinian coal mining caused concern due to lack of labour and transport.

38. Superphosphate Fertilisers were produced at four plants, two more will start operating almost at once, and three more will follow early in 1945. Copper sulphate production will start shortly at BAGNOLI on delivery of copper and brass military scrap and of copper matte from SARDINIA.

39. Hemp production continued and 1,200 tons were pooled during the month. Power for hemp was available, but transportation thefts and contraband activities reached considerable proportions.

40. The TURBESPACCATE Plant of PIRELLI is now ready to reclaim rubber for manufacture of tyres, soles and heels, and automobile accessories. Efforts were made to obtain derequisition from the British Army of the PIRELLI ROME Plant for the manufacture of soles and heels and other articles.

LABOUR SUB-COMMISSION

41. The labour situation was fairly satisfactory and there were few serious disturbances.

42. Due to the Ministry of Industry, Commerce and Labour's drastic budget cut many activities of the Labour Offices in Italian Government territory will be curtailed.

43. Several industries and trades, including the sulphur mines, were investigated.

44. The Sub-Commission drafted a standard provision to be incorporated in all contracts between Allied Armed Forces and private Italian contractors governing the payment of wages and social benefits to contractor's employees. The standard

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35. Soap production continued but was hindered by the transport difficulties of moving sulphur oil to the factories.

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LABOUR SUB-COMMISSION

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43. Several industries and trades, including the sulphur mines, were investigated.

44. The Sub-Commission drafted a standard provision to be incorporated in all contracts between Allied Armed Forces and private Italian contractors governing the payment of wages and social benefits to contractor's employees. The standard provision was approved by Allied Forces Local Resources Board and is now being published by AFHQ. It protected the Armed Forces against overcharges for labour and social insurance on contract work while making it possible for contractors to pay their employees the standard Italian wage and enable them to obtain indemnities and social security benefits.

PUBLIC WORKS & UTILITIES SUB-COMMISSION

45. The number of qualified and experienced Italian engineers was still far below requirements for the vast repair and reconstruction programme before the Government. Salaries offered were deplorably inadequate, often below the wage of a semi-skilled workman. Successive Ministers have failed to improve matters and an individual was asked to hold at times more than one

one/appointment

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ng/intent drawing a double or triple salary. Alternatively, fees were paid to whole-time professional men, such as Consulting Engineers, according to plans and estimates prepared. The only judge of these plans in often the man himself and abuses are inevitable. The Minister was warned of these dangers.

46. At the special request of the Chief Engineer, AMG, the Allied Commission assumed responsibility for all roads and bridges (Military Lines of Communication) to LEGHORN. Every item of contractors' plant was mobilised. During the month an important conference was held, convened by the Chief Engineer No.I District, which settled organisational details regarding roads and bridges and the further tasks of the Commission. Ten special inspections were made of all military routes between NAPLES, ROME, LEGHORN and FLORENCE. Portable bridges (Bailey type) were removed at six out of seven sites South of ROME and were replaced by more permanent structures. North of ROME reconstruction on 25 large bridges will start shortly.

47. At the end of December the following were in progress:

(a) Projects of Military priority:

	Number	Value (Lire)
Highways	175	590.000.000
Bridges	286	414.000.000

(b) Other Projects(...O. Responsibility).

Miscellaneous	693	663.000.000

(c) Other Projects(Italian Responsibility).

Miscellaneous	675	871.000.000

(d) Bridges rebuilt to date: 736

(e) Roads under maintenance: 6.000 Km.

48. By the end of December 2,000 Km of transmission lines were restored in Central Italy and 21.000 Km of hydro-electric generating plant. A "master-control" station will be established in ROME to regulate output, loading of transmission lines, maintenance of standard voltages and frequencies at a final figure (45 cycles). This is a major change of policy, which has never before been attempted in Italy, involving the "pooling" of resources and the acceptance of unified control. The Electrical Reconstruction Committee approved the change. By June 1945 it is expected that 300.000 KW of plant will be in operation as opposed to 50.000 KW in June 1944, though it will still be only one-third of normal requirements. Power allocations in CHIETI and ROME areas will not be increased until additional output is available. Insulating materials and transformer parts arrived in small quantities. ROME now has 30% of its normal supply of electricity as against 17% when the City was occupied in June.

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47. At the end of December the following were in progress:

(a) Projects of Military Priority:

	Number	Value (Lire)
Highways	175	390.000.000
Bridges	286	414.000.000

(b) Other Projects(...C. Res, railway).

Miscellaneous	699	665.000.000

(c) Other Projects(Italian Res, railway).

Miscellaneous	673	671.000.000

(d) Bridges rebuilt to date: 736

(e) Roads under maintenance: 6.000 Km.

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TRANSPORTATION SUB-COMMISSION

49. The A.C. played a prominent part in reconstruction and rehabilitation work on twelve major projects in forward rail heads, including the supervision of repair of the rail line from GENOA to ANCONA. Owing to the aerial attacks conditions on the fronts, the forward railheads reached at GENOA on the East coast and PISA on the West.

50. The New Works and Contracts Committee, formed jointly of Military Railway Services, Italian State Railways and A.C., satisfactorily settled problems on construction, supply, finance and, to some extent, shortage of freight cars.

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51. There were still no passenger services working North of ROME but additional facilities were provided for civilian railway travel between ROME and CIVITAVECCHIA. A tri-weekly service between ROME and NAPLES will shortly be instituted.

52. Five companies out of a complement of eight in the Italian Truck Bn were fully employed on various hauls in the forward areas. Of the remainder one worked in ROME under Transportation Sub-Commission and the other two are not fully formed owing to lack of Italian personnel.

53. Four G.T. Coys. were in operation, two in Army areas and two further to the rear of AMG territory.

54. Negotiations proceeded with the Ente Nazionale Autotrasporti Cose (ENAC), the Italian Governmental agency which will license and issue permits for petrol to all road vehicles concerned in the transportation of goods and passengers. It will also coordinate all road haulage movements. ENAC will not function in AMG territory but transportation is being organised on a similar system to facilitate an easy change over to ENAC when AMG territory is taken over by the Italian Government.

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PART IV

PUBLIC RELATIONS BRANCH AND INFORMATION SUBCOMMISSIONS

PUBLIC RELATIONS BRANCH

1. The most important developments of the month centered around Italian films and introduction of Allied news agencies into the Italian theatre. Approval was given by SACMED to the distribution of news in Rome only by Allied news agencies from January 15. The ban on Italian news agencies was lifted from the same date. Approval was also given by SACMED to the establishment of a Temporary Film Board to regulate the Italian film industry and discussions were initiated between AD, PWB and the Italian Government regarding the drafting of a necessary decree.

2. The number of Italian correspondents permitted to cover news grew to 52 who were issued official accrediting cards. Twelve neutral correspondents also have these privileges.

3. The work of the Archives Section of the Public Relations Branch made progress in gathering, arranging and collating the records of the Allied Commission preparatory to eventual turning over to official record agencies of the British and American Governments.

NAVY SUBCOMMISSION

4. Cruisers and destroyers of the Italian Navy continued their useful work of transporting troops and stores in the Mediterranean. The work of the dockyards one of the most important contributions made by the Italians to the Allied war effort, proceeded satisfactorily.

5. The Navy Subcommission requested numerous Allied authorities to supply information regarding benefits to be derived from a greater use of the port of PIOMBINO. It is hoped that the replies received can then be used to formulate instructions to the Ministry of Marine which will assure maximum assistance from the Italian Navy. Present indications are that increased use of PIOMBINO for off loading civilian supplies would greatly relieve the port of LEGHORN.

6. The Ministry of Marine was asked to supply complete information regarding the number of schooners that can be handled by the Italian Navy Port organization at the present time.

7. 2000 volunteers were enrolled into the Italian Navy to replace an equivalent number of time-expired men. These were the first volunteers to be accepted since August 1943.

LAND FORCES SUBCOMMISSION (AGIA)

8. The call-up of the 1924-1924 classes in SICILY began on the 4 December. It caused serious clashes between youths eligible for service and the Italian military authorities. In spite of pressure to postpone the call-up temporarily the War Ministry was instructed to continue and to take severe disciplinary action against those refusing to report.

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[illegible] Government regarding the drafting of a

2. The number of Italian correspondents permitted to cover news grew to 62 who were issued official accrediting cards. Twelve neutral correspondents also have these privileges.

3. The work of the Archives Section of the Public Relations Branch made progress in gathering, arranging and collating the records of the Allied Commission preparatory to eventual turning over to official record agencies of the British and American Governments.

NAVY SUBCOMMISSION

4. Cruisers and destroyers of the Italian Navy continued their useful work of transporting troops and stores in the Mediterranean. The work of the dockyards one of the most important contributions made by the Italians to the Allied war effort, proceeded satisfactorily.

5. The Navy Subcommission requested numerous Allied authorities to supply information regarding benefits to be derived from a greater use of the port of [illegible]. It is hoped that the replies received can then be used to formulate instructions to the Ministry of Marine which will assure maximum assistance from the Italian Navy. Present indications are that increased use of [illegible] for all loading civilian supplies would greatly relieve the port of [illegible].

6. The Ministry of Marine was asked to supply complete information regarding the number of schooners that can be handled by the Italian Navy Port organization at [illegible].

7. 2500 volunteers were enrolled into the Italian Navy to replace an equivalent number of time-expired men. These were the first volunteers to be accepted since August 1943.

LAND FORCES SUBCOMMISSION (MAIA)

8. The call-up of the 1914-1924 classes in SICILY began on the 4 December. It caused serious clashes between youths eligible for service and the Italian military authorities. In spite of pressure to postpone the call-up temporarily the War Ministry was instructed to continue and to take severe disciplinary action against those refusing to report.

9. The Allies were supplied with manpower from call-ups and personnel repatriated from the [illegible] and [illegible]. Over twenty-one thousand Italian military were evacuated from [illegible] and a considerable proportion of those fit for service was allotted to the Allies, the largest proportion as reinforcements to the Combat Ops and Fuck Tpt Ops.

10. The [illegible] Gp, originally no 7 the Combat Gps, was disbanded because of the urgent need for Carabinieri and volunteers due to the poor response to the call-ups and the Allies' demand for volunteer reinforcements.

11. Of the five combat Groups four were engaged in higher training during the month and are ready to move forward. The Fifth Group which was on Internal Security duties in the SOUTH made a good start with individual training.

12. The Reinforcement Training Centre and Schools for the Combat Force are now situated in CESANO-BRACCIANO area. This centre will deal with about 2,000 trained reinforcements a month and can accommodate 12,000 men. The permanent staff is composed of personnel from the former PISCINO Group.

AIR FORCES SUBCOMMISSION

13. The Italian Air Force continued to support the Allied war effort in active operations over the BALKANS. The scale of effort during the month was considerably reduced partly due to bad weather conditions and partly to the fact that the enemy has withdrawn northwards in the BALKANS and is moving out of range of the Italian Fighter Wing. On 14 days during the month the only flying possible was weather reconnaissances.

14. The number of sorties carried out by the Fighter Wing were considerably reduced for the reasons given above. On the other hand results were satisfactory and enemy transport was damaged or destroyed. The serviceability of fighter aircraft decreased slightly. This was expected because of the intensive nature of the operations carried out during December. A quantity of Daimler-Benz engines and spares for them were discovered in FRANCE and were released for the Italian Air Force by SHAEF.

15. There was little demand for the Seaplane Wing except for Air/Sea Rescue service. Preparation for the use of the seaplanes on the Transport Service continued.

16. Both the Light Bomber Squadrons are now at their operational base and made a satisfactory number of sorties throughout the month. Serviceability remained good.

17. In spite of bad weather conditions, nearly the same number of sorties was carried out by the Bomber Transport Wing during the month as during November. A satisfactory weight of supplies was either carried or dropped, and a number of British and other personnel and equipment evacuated from the BALKANS. The serviceability of the Bomber Transport aircraft remained the same. Tires were the biggest difficulty and unless suitable ones can be found the aircraft will shortly be grounded. A quantity of engine spares were found in the Middle East and released for the Italian Air Force.

18. The number of sorties carried out by the Courier/Transport Squadron was satisfactory and the service was much used by Government officials who would otherwise have lost much time through inadequate road and rail facilities.

19. The School is now ready to accept pupils and has its full quota of training aircraft and instructors. The first course will start as soon as the pupils arrive, though for the moment there is a surplus of trained crews.

20. The morale of the Italian Air Force remained high. The Fighter Wing was naturally anxious to be moved to a base from which they could again carry on their good work against the enemy.

COMMUNICATIONS SUBCOMMISSION

21. Civil telegraph and provincial telephone services were authorized in the additional provinces of LUCCA and PISTOIA.

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22. Civil telegraph service from ROME to the South was much improved during the month by the release of circuits from Allied use and by the installation of equipment transferred from SICILY.

23. Many additional telephone exchanges in Military Government territory were opened and many more are practically installed; this is the result of work in progress since July. PISA, MODENA, TRIANO, MONTECATINI, FLORENCE, LUCCA and PESCARA are among the towns with new services.

24. Long distance telephone services were authorized in all Italian Government territory, except FOGGIA Province.

25. Mail services were extended to the provinces of ANCONA, PERUGIA, SIENA, AREZZO, LIVORNO, FLORENCE, and PISA (the last two up to the R. ARNO only).

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26. Censorship was closed in the provinces of FROSINONE, LITTORIA, VITERBO, CHIETI and RIETI, and opened in the provinces newly included in postal services.

WAR MATERIALS & ITALIAN P.W. SUBCOMMISSION

27. In December, 54 derelict vehicles recovered into ROME were inspected. Of this number 12 were returned to Italian War Ministry and 42 were handed over to LAZIO-UMBRIA Region, Transportation Division, for repair and rebuilding.

28. Scrap material was cleared from twenty railway wagons in ROME. Five wagons containing Italian machine gun parts were handed over to the Italian Directorate of Artillery and six wagon loads of factory equipment were despatched direct to interested firms.

29. Vehicles operated by the ROME transport pool are using German tires and it has been decided that they would not be confiscated, but that the Subcommission would issue permits as and when necessary for the use of such tires.

30. Credit balances of repatriated PW totalling 4,400,000 lire were cleared through the Subcommission during December.

31. Allotments made by Italian noncombatant PW amounting to 20,000,000 lire were forwarded to the Italian Government for payment.

32. The policy of transferring as much responsibility as possible to the Italian Government on the question of Italian PW was continued.

33. During November and December a total of 20,000 Italian PW and soldiers were repatriated from the BALKANS and FRANCE. A considerable number have been re-marked to go back into the Italian Army as combat troops after a period of leave.

34. Italian PW in LIBYA continue to receive 6,000 copies of PWB's "Notizie" per day, and the Italian Red Cross have arranged for the supply of suitable books.

35. The plan for the repatriation of half a million Italian PW was being prepared and should be available early in January.

For Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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30. Credit balances of repatriated PW totalling 4,400,000 lire were cleared through the Subcommission during December.

31. Allotments made by Italian cooperator PW amounting to 20,000,000 lire were forwarded to the Italian Government for payment.

32. The policy of transferring as much responsibility as possible to the Italian Government on the question of Italian PW was continued.

33. During November and December a total of 20,000 Italian PW and soldiers were repatriated from the BALKANS and FRANCE. A considerable number have been commanded to go back into the Italian Army as combat troops after a period of leave.

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