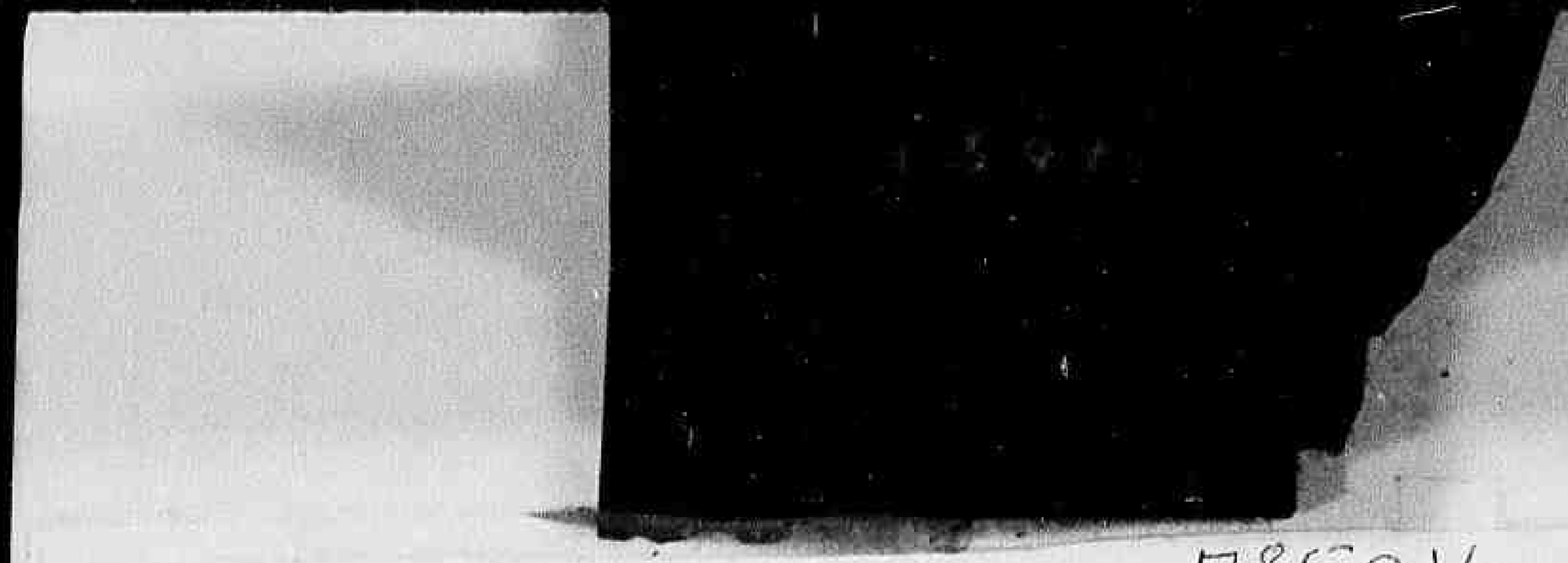

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MONTHLY REPORTS
MAY - JULY 1944

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ADVANCED HEADQUARTERS
ALLIED CONTROL COMMISSION
INTERIOR SUB COMMISSION
APO 394

AC/278/Int 13 July 1944

SUBJECT: Report of activities for the month of June, 1944.

TO : Vice President, Administrative Section

I. CONFERENCES, INTERVIEWS, ETC.

(i) Regional Commissioner's Conference - Region VI - 17 June, 1944. The Director attended this on your behalf. The position of local government was discussed with Regional Commissioner and Provincial Commissioners and the three provinces of Cagliari, Nuoro, and Sassari were visited. At each place, the Prefect was interviewed.
The Director received most unfavorable reports and formed an equally unfavorable impression of the Prefect of Sassari, OTTAVIANO, who he considers, without reservation, should be removed from Sardinia, and preferably from office altogether.

(ii) Tour of Provinces in Region III - 27-30 June 1944. The Executive Officer toured provinces of Naples, Avellino, Benevento, and Salerno. Local government is progressing satisfactorily under the enthusiastic assistance of AMG.

(iii) Rome - A Staff Officer visited Rome in connection with the screening of certain Italian officials who are required by AMG for the administration of newly liberated areas and their dispatch to the provinces concerned (see para 6(i)).

(iv) Interview with the Prime Minister - 21 June 1944. The Director interviewed Bonomi, the new Prime Minister and Minister of the Interior. Aldisio (late Minister) was also present. Various matters of importance, affecting the Italian administration were discussed and the necessity was stressed and agreed that no effort should be spared to secure its proper functioning. Such matters included the following:-

(a) Region I - and the necessity to fill existing vacancies in the office of Prefect.
(b) the Giunta Consultiva, Sicily.
(c) Giunta Comunale, Sardinia
(d) Vice Prefect Ispettore and the necessity to proceed with filling of vacancies in the interests of the administration.
(e) Deputazione Provinciale and the suggestion that its number should be increased.
(f) Partisans - In this connection the Director drew the Minister's attention to difficulties which had at times arisen in connection with activities of patriots groups. In certain

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instances, where AMG officers entered a newly liberated area they found a group of patriots in possession of the area or commune. There was a tendency on their part to resent the presence of AMG, contending that they (the partisans) were the proper and lawful governing authority and that they had been told this by the Italian authorities. In certain cases they had appointed a Prefect and/or Sindaco for the conduct of the Administration. The Director stressed that the bravery and usefulness of these groups who had functioned under great personal risk to themselves and with the highest motives, was not questioned. The Minister and Adisio said that no such intimation had been given by the Italian Government and stated that the matter would be seriously considered with a view to appropriate steps being taken to overcome the difficulties mentioned.
A cable in the above sense was dispatched to AMG 5th and 8th Armies and Region V.

2. DEVELOPMENT OF LOCAL GOVERNMENT

Although the L.D.L. 111 was promulgated 2 months ago, reports from Regions indicate that in some provinces progress of reorganisation has been slow. The Minister has been asked to make suitable representation to the Prefects concerned with a view to the Decree's provisions being implemented.

3. TITLE OF CERTAIN PREFECTS

In order that the Italian Government may later have freedom of action and to effect compliance with Italian law, arrangements have been made to ensure that when an official of a lower grade than that normally required to qualify him to be a Prefect is appointed to such a post by AMG, the appointment will in future be made under the title of "Prefetto Reggente".

4. POOL OF PREFECTS

Meetings have taken place with the Minister and his staff in connection with the formation of a list of Prefects for appointment where necessary in the newly liberated areas. The list has been completed and sent to HQ & MG Section and has been used for the provinces mentioned in para 6 hereof.

5. INCREASE OF CLERICAL STIPENDS

This complex question, raised by Region III, has been taken up with the Italian Government. Law at present exists (R.D.L. 24 January 1944 no. 19) providing for certain increases in liberated Italy, but as it appears desirable that such provisions should also be made applicable to Military Government Territory, the views of the Italian Government have been requested to enable recommendations to be made.

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6. APPOINTMENT OF ITALIAN LOCAL GOVERNMENT OFFICIALS IN NEWLY LIBERATED AREAS.

(i) There has been considerable correspondence and also a number of meetings with the Italian Government in connection with the filling of appointments in the forward areas.

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The following officials have been placed:-

(a) Maglioniere Capo for Frosinone Province.
(b) Prefect for Frosinone Province.
(c) Prefect for Littoria Province.
(d) Commissario Prefettizio for devastated area Frosinone Province.
(e) Prefect for Viterbo Province.
(f) Prefect for Rieti Province.
(g) Prefect for Aquila Province.
(h) Prefect for Grosseto Province.

(ii) The candidate for Terni found locally by the Provincial Commissioner has been agreed with the Italian Government and appointed Prefetto Reggente in accordance with 3 above.

7. GIUNTA COMUNALE AND AMMINISTRAZIONE PROVINCIALE

(i) The Sub-Commission has been in touch with the Ministry regarding various points which have arisen in connection with the constitution of these bodies. Such points include: -

(a) A suggestion that the "supplenti" members should be permitted the right to vote.

(b) That the maximum members should be increased to secure full representation of the localities they serve. These matters are of primary concern to and should be interpreted by the Italian Government in relation to their C.C.L. 111.
With regard to (a) the Minister has indicated that the suggestion is contrary to a fundamental principle of law.
With regard to (b) his views have been invited.

8. PERSONNEL

The following is the personnel as at 30 June 1944:

(i) Military - Officers

Colonel R. G. B. Spicer	Director (B)
Captain R. H. Temple	Executive Officer (A)
Captain C. G. R. Williams	Asst't Executive Officer (B)
Captain T. C. Shanks	Adjutant (B)
Lt. G. V. M. Lewis	Staff Officer (B)

Note: Lt. L. G. Hammond, SC (B) has been assigned to this Sub-Commission but has not yet reported.

(ii) Military - CR/EM

S/Sgt F. G. Wright	Chief Clerk (B)
F/Sgt J. G. Trigony	Stenographer (A)

(iii) Civilians

Marchesiella, Salvatore	Typist (Italian)
Laudati, Filomena	Typist (Italian)

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R. G. B. SPICER
Colonel
Director
Interior Sub-Commission

MJ/jgt

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ADVANCE HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission
A.F.O 394

12th July, 1944.

ACC/14027/PS

SUBJECT : Monthly Report for June 1944.

TO : Acting Vice-President Administrative Section.

This report deals with Public Safety activities during the month of June, 1944.

A. POLICE

1. Policing forward areas.

The Mobile CC.RR moving into new territory with the Armies have done excellent work in restoring law and order. In some instances partisans had disarmed the existing police and taken the law into their own hands, but the Mobile CC.RR quickly restored the authority of the regular police.

2. Rome.

2700 CC.RR and CC.FF entered Rome with the Allied troops on 5th June, 1944 and met with an enthusiastic reception. The Polizia Africa Italiana, a Fascist police organization of 1950 men, was at once disbanded. The Partisans who had formed an armed police force of some 17,000 men, were also dissolved and disarmed. Recognised police agencies - Carabinieri Finance Guards, Agents of Public Security and Metropolitani now number 17,700 men and are working satisfactorily.

3. Police replacement centers.

Additional CC.RR and CC.FF Centers, where men are equipped, trained and held in reserve for policing forward areas have been established in Rome. 1700 CC.RR and 200 CC.FF, who had been disbanded during the German occupation have reported to the Centers. Although considerable difficulties have been encountered in feeding, equipping and transporting these men, groups have been sent forward at the request of Fifth and Eighth Armies and Regions 4,5, and 8.

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4. Agents of Public Security.

A school for training recruits to the Corps of Agents of Public Security is being organised by Dr. Lauricella, ex-Questore of Naples. It is expected that the school will open in Naples early in July.

5. Railway Police.

A special Railway Police Section of the Corps of Agents of Public Security is operating in Sicily. Plans for the extension of the Scheme to the mainland have been prepared and are awaiting consideration by the Council of Ministers.

B. CONDUCT OF ALLIED TROOPS.

The behaviour of French colonial troops, especially, towards women, has shown no signs of improvement. The conduct and discipline of other Allied troops, while better than that of the French, cannot be considered of a very creditable standard.

C. RATIONS.

The provision of an increased scale of rations for civil police Prison Guards and Fire Brigade personnel was authorised during the month and has been greatly appreciated.

D. PRISONS.

Overcrowding continues to be the difficulty in prison administration at the present time. However, progress has been made during the past month, and apart from the question of Military Prisoners, an early improvement in the general position is expected.

1. Requisitioned Prisons.

Lists were supplied to AAI HQ and the following Prisons have been released to the civilian authorities. AVIGLIANO, BENEVENTO, TARANTO, S. MARIA, CAPUA VETERE. Discussions are still taking place regarding Foggia-reale and San Remo, and their release is anticipated.

2. Prison Repairs.

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Lists and locations of Prisons to be given extended accommodation have been supplied to Public Works and Utilities Sub-Commission. The completion of the building and repair program will provide accomodation for a further 3,532 prisoners.

The first priority is BARI, where the completion of an unfinished reformatory will provide accommodation for 500 prisoners, and so ease the difficulty created there by the Italian Military prisoners.

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3. Prison Camps.

Arrangements have been completed for the transfer of 500 prisoners from Region 3 to Sardinia where they will work on farms. Transport has been arranged by Italian civilians, and they are expected to leave Naples about 11th July, 1944.

Steps are being taken to obtain materials to set up a civilian prison camp in Region 3 for 500 prisoners.

4. Italian Military Prisoners.

During the past month a decision has been made by AMG that Italian military prisoners serving sentences of over 30 days, or awaiting trial over 30 days, are a civil responsibility and must be confined in civil jails."

This new policy was brought into being without any prior reference to the Ministry of Grace and Justice, Legal Sub-Commission or Public Safety Sub-Commission. If this had been done, the legal position would have been made clear, and the effect on civil prison overcrowding explained. Under Italian law, a soldier does not cease to be a soldier merely because he is serving a sentence in excess of 30 days.

This matter is being taken up with the Chief Commissioner, and it is hoped that it will be possible to remove the 1,824 Italian military prisoners from civil jails.

5. FIRE AND CIVIL DEFENCE.

A mobile unit of 10 appliances and 100 firemen was sent into Rome on 5th June, 1944 to deal with any contingency. The Rome Fire Brigade was found to be functioning normally and after 4 or 5 days the mobile unit was sent back to Naples.

6. REGISTRATION AND LICENCES.

1. Firearms

The Minister of the Interior has issued an order through Prefects in Italian Government territory requiring all Italian Army weapons and explosives to be surrendered and all civilian weapons and explosives to be declared to the Italian Police.

2. Aliens

General Order 17 has been published re-establishing the Italian system of alien registration. Restrictions have been imposed on the movement of enemy aliens unless in possession of an AMG pass. The same regulations have been published by the Minister of the Interior in Italian Government territory.

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G. STRENGTH OF PUBLIC SAFETY OFFICERS.

Owing to the occupation of new territory during the month it has been necessary to transfer a number of Public Safety Officers from Regions I, II, IV, VI and VII. This will necessarily mean a weakening of the supervision of Police, Prison and Fire Brigade organizations in both Italian Government and Military Government territory.

PAUL G. KIRK,
Colonel, Inf.
Chief, Public Safety
Sub-Commission.

Enclosure:

Appendix "A" Movements of Officers HQ Public Safety.

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APPENDIX "A"

MOVES OF OFFICERS

1/6 Lt. Col. Wilcox went to Naples re CC.RR Replacement Centre.

9/6 Col. Kirk returned this theatre from temporary duty in U.S.A.

11/6 Col. Young took up full time duties with Security Branch.

12/6 Col. Kirk resumed duty as C.P.S.

14/6 Col. Meaney and Capt. Powell left rear H.Q. for Advance H.Q. Rome.

19/6 Major Bullance arrived in Rome for temporary assignment to A.M.G. Rome City.

24/6 Lt. Col. Wilcox went to Naples re personnel.

30/6 Col. Kirk and Capt. Mastroianni visited Rome on temporary duty.

cases, chiefly in regard to "Patriots" who may be unwilling to surrender their arms. These cases will catch the public eye and may lead to high feeling.

WORK AT HQ ACC.

14. Review of cases has continued. Cases reviewed though not great in number, have for the most part been ones of some gravity and at times perplexity. Most of them are from Superior Courts in Naples. A print has been made of Proclamations 1, 2, 3 and 4 (new series). This was issued in two forms; for inclusion in the loose-leaf Consolidated Instructions for Allied Military Courts, and inbooklet form for strictly limited distribution.

Richard H. Wilmer

RICHARD H. WILMER,
Colonel, CAC,
Acting Chief Legal Officer.

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Acting Chief Legal Officer.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Education Subcommission

EDUCATION SUBCOMMISSION REPORT FOR JUNE 1944

PERSONNEL SHIFTS:

Premonitory of events, the Subcommission began the month with a radical shift of personnel. Officers were called in from all Italian Government Territory to meet more decisive and imminent needs. Major KOOPMAN, Education Officer for Region I, was attached to Headquarters as school adviser to the Ministry for all Italian territory and inspector general of schools for the Subcommission. Major WASHBURNE moved forward with Region IV. Captain GREGORY was called in from Region VII and destined for Region X, via emergency service in Region IV. Captain PRATT was destined for Region IX (for which he had trained), via emergency service in Region IV. Captain NOE was transferred from Region III to Region VIII (for which he had trained). Captain VESSELO was called in from Region II for service at Headquarters. Otherwise assignments remained the same.

THE MINISTRY:

Relations have been satisfactory with the new Minister — Guido De Ruggiero — and particularly useful it has been to find in operation in Rome something like a competent staff to give administrative center and substance to the schools which we are relinquishing as fully and as rapidly as may be to the Italian Government. Administrative material has proved, as expected, better as we have moved North. Especially is this true of the key officers known as Provveditori agli Studi. The new Minister himself is experienced at both the school and the university level of education. He is cautious, with intelligence, and a wide knowledge of the Anglo-Saxon tradition, especially the intellectual tradition. He is easy to work with and both modest and fecund of suggestion for personnel and practice.

DEFASCISTIZATION:

Between ministries there is always a lull in defascistization. The outgoing minister reached a state of notable activity at the end, suspending certain professors from Bari University, and more than a hundred teachers in the several schools.

EXAMINATIONS AND STRIKES:

The academic disorder which followed Minister Omodeo's announcement of oral and written examinations for this first year of liberation had subsided as Minister De Ruggiero came to power. Some relaxation of the original announcement was indicated by the hardships of war and the brevity of time intervening. The new Minister wished to relax altogether for the time being on the question of written examinations. Upon our insistence a token payment is to be made this year upon the right principle of written examinations: only for those graduating and only in Italian. Students and teachers are pleased at this. What parents say deponent reporteth not as yet.

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SCHOOLS UNDER THE G...:

The Educators have followed hard upon the heels of the troops to reopen schools in Region IV. In many communities this was done within a fortnight of the troops passing through in pursuit of the enemy. By the end of June schools (mostly elementary) had been opened in fourteen communes of Littoria Province and in thirteen communes in Frosinone Province (about half the provinces). This has meant for each province the getting of a dependable Provveditore agli Studi, the establishment of a Provveditorato, the location of buildings, (frequently extemporized), programs of study, textbooks and quaderni, the return and vetting of administrators and teachers, arrangements for Commissions for Appeals, provisions for money to run the schools, machinery to provide free lunches for some 13,000 children in Littoria Province (already arranged in Littoria and on the way in Frosinone Province). Since the Germans had closed the schools, in cases for more than a year, our solicitude for reopening them, and our promptitude in doing it, have provoked most favorable reaction from the parents. (Up to date what the children sayeth deponent reporteth not.) Dangers to child life from mines and other explosives have added to other cogent enough reasons for rushing the educational season. By keeping the schools going throughout the summer, the children will not only be kept off the streets, with a good many of their lives consequently saved, but they will be able to resume school in October with backwork done and no retardation of educational progress. It is doubtful whether this record has ever been surpassed in the wake of war. It is testimonial not only to a staff on its toes: to previous planning and material seasonably previsad and prepared, but also to collaboration of the Ministry of Public Instruction and to the cooperation of Italian teachers themselves. Many of the latter have answered our appeals to return from other parts of Italy for summer teaching, to be undependably and uncomfortably transported to out-of-the-way communes, and to pioneer in devastated surroundings lifting the hopes of depressed peoples once more by means of improved democratic prospects for their children. They have caught our sense of devotion to the task and are doing splendid penance for their country's pedagogical part in provoking a military psychosis upon Italy and upon the world.

TEXTBOOKS:

The printing of the first installment of textbooks complete, the final distribution of those printed were diverted to the summer program in the newly occupied provinces of Region IV. Meantime negotiations with the Ministry continued and are now bearing fruit in the progressive transfer (so far as the military context permits) to the Italian authorities for the immense textbook program necessary for the next academic year. The monopoly we found it requisite to grant in order to get the books published at reasonable prices is being continued by the Ministry and an official has been appointed to supervise the issuance of from one to two million elementary school books, and such numbers of secondary and university books as the rationing of paper permits. Paper is enroute from the United States, and the Ministry has been fortunate in getting a lien upon a substantial supply sheltered from the Germans in Rome itself.

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UNIVERSITIES:

1. Naples -

Part of the Plant of the University of Naples, so recently derequisitioned, was saved from immediate re-requisitioning -- and the Rector and other University Officials from resignation in protest -- by an amicable arrangement with the Army Command at Naples. No further requisitioning of Naples University will be ordered unless the need for space becomes more acute.

2. Rome -

In collaboration with Education Officer, Rome Region, and the Minister of Education, the return of the Univerarity of Rome to its great and proper function has already begun. A provisional rector has been appointed, and an all-university committee selected to advise us upon the proper political purging of the faculty. It is expected to have the University healthy and under full stride by the opening of the autumn term.

EXTRACURRICULAR ACTIVITIES:

Conferences were held with the National Commissions of both the Dopolavoro and the G.I. organizations as to policies and procedures. Continued work was done in Region III as to both youth and adult activities. Due to the lowered ceiling and to increasing need for personnel in matters indispensable to the schools, this work is progressively being left to civilian commissions and should be integrated with developing plans of the ministry itself.

REPORT OF D' CTOR OF PROPERTY CONTROL FOR J' 1944

1. Personnel.

Lt.Col.Leadley (B) was ordered to Region VIII as Regional Controller of property. Major C. M. Gulland (B) and 2/Lt. W. T. Mayo (A) assigned to Region VIII. Capt. W. G. Board (B) assigned RCP Regions II and VII. Major G. K. Cavenaugh (A) assigned RCP Region I. Major E. C. King (A) assigned RCP Region IV. 2/Lt. I. Manck (A) assigned Rome Region.

Lt.Col. C. Carroll, Deputy Director, temporary duty Rome Region. 2/Lt. I. Manck promoted 1st Lt.

2. General.

It was decided, with the approval of the Chief Legal Officer, that a general decree of de-sequestration which had been passed by the Ministry but not published in the Gazette, and therefore not legally effective, should be stopped. At our request the Minister of Finance suspended publication. This change in plan was prompted by the conclusion, concurred in by the Chief Legal Officer, that Property Control should not take formal custody of Allied properties in transferred territories, if at all, but should place the responsibility for active management and for custody on the Italian Government, subject to the control and directions of CC.

It is believed that the new plan will fix more definitely the continuing responsibility of the Italian Government for all losses to Allied owners accruing to properties between the time of original sequestration and the return of the properties to their owners.

Negotiations will be entered into with the Ministry as soon as practicable looking to consummation of the plan outlined above.

3. Reports were received from Major Shriver RCP Rome Region, stating that many important records of MCELI and Istcambi had been found in Rome. With these records at hand, property control officers subsequently going forward to the northern regions can be furnished in advance with important data as to location, ownership, and importance of properties.

4. Rapid progress in taking control of properties has been made in Rome Region, and in moving towards completion of control in Region III.

5. It was decided that property Control would furnish reports to Allied owners of property, upon request, and when channels of communication are opened up for that purpose.

Region I

6. During the month 9 American, 2 British and 1 French properties were taken into control. 1 American and 12 Italian properties were released to authorized persons. There are 494 properties now under control, of which 182 consist of real estate and 6 industrial organizations.

(a) Ragusa Asphalt Mines. These are now operating on a satisfactory financial basis. Owing to wage increases a new selling price for rock is being negotiated.

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(b) Bronte Estate. Inventory has been agreed with E.C.L.S., and the Nelson relics are being handed back to the estate. The old wood-cutting contract made by E.C.L.S. has been satisfactorily concluded and a new contract approved.

Region II

7. Although no properties have been taken into formal control as no decree authorizing same has yet been published by the Italian Government, considerable work has been done. 7 real properties have been investigated, on 4 of which statements of accounts have been obtained. Lists of securities and bank balances of Allied nationals have been compiled. Branches of 5 industrial concerns whose head offices are in northern Italy have been investigated and reports have been or are being obtained, as well as several agencies of British insurance companies.

(a) Taranto Street Railway Co. This British owned company is operating, but is in a bad financial position. It was administered by the

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Negotiations will be entered into with the Ministry as soon as practicable looking to consummation of the plan outlined above.

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(a) Toronto Street Railway Co. This British owned company is operating, but is in a bad financial position. It was administered by the

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sequestrator [illegible] an operating receivership. [illegible] present administrator has succeeded in settling some of the old accounts at a discount, but cannot attempt to pay the Italian tax on foreign owned capital as assessed at present.

Region III

8. Custody was taken of 33 real and 17 other type properties during the month. There are now 3,411 properties under control, of which 142 are real properties and 44 industrial or commercial concerns. An additional 80 properties have been investigated.

(a) Gutteridge & Co. (British). Although this departmental store has limited hours of business, it may have to close shortly due to lack of stock.

(b) Vesuvius Railway (Thos.Cook & Sons). Since the eruption of Vesuvius and the consequent damage to the line, it has been operating on a very limited basis and at an operating loss. A report giving the financial situation of the company has been submitted to Messrs.Thos.Cook & Sons, Ltd., for advice.

(c) S.Britannico Italiana Gueret. A branch of a Genoa firm, previously engaged in the coal importing business. The tugboat "pominante" belonging to this company has been raised, and repair work to the extent of Lit.400,000 is proceeding.

Region IV

9. Major King reported to HQ Region IV on 27 June 44 as RCP, and Lt. I. Manck reported on 8 July 44. prior to that time there had been no property control officers for this Region.

Appropriate Italian sources were requested to submit reports of sequestrated Allied properties in the provinces of this Region. Preliminary reports indicate the following Allied properties;

Parcels of unimproved land	4
Commercial concerns	5
Villas or buildings and land	32
Personalty	1
Total Allied properties	42

which are located as follows;

Province of Rome (exclusive of Rome City)	20
do. Perugia	12
do. Terni	5
do. Littoria	1
do. Frosinone	4
Total	42

Distribution of nationalities;

American	17

Declassified E.O. 12356 Section 3.3/NND No. 785010

(c) S.Britannico Italiana Cueret. A branch of a Genoa firm, [illegible] engaged in the coal importing business. The tugboat "Dominante" belonging to this company has been raised, and repair work to the extent of Lit.400,000 is proceeding.

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do. Littoria	1
do. Frosinone	4
Total	42

Distribution of nationalities:

American	17
British	13
French	8
Russian	2
Brazilian	1
Other	1
Total	42

2004

At this date, 11 July 44, files have been prepared for all reported properties indicating name of owner, nationality, location, description, (except in a few cases) sequestrator, present occupier, map reference, inventories as at date of sequestration where available, and other pertiment information.

The most important single property and perhaps one of the most valuable in liberated Italy is society "prodotti Chimici Nazionali" with plant in Aurelia, just outside Civitavecchia, Rome Region, owned by Aluminum Ltd (Canada). The plant, engaged in the manufacture of aluminum (but not now in operation), has been inspected and posted and is receiving all necessary attention. Further reports in this connection will be submitted.

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Rome Region

10. Property Control activities fell into the following general categories:

(a) protection of Allied Government property not in possession of another branch of the Armed Forces, and enemy state property.
(b) protection and supervision prior to taking formal custody of property of Allied nationals, including France.
(c) protection of Italian Government or Fascist property not otherwise protected.
(d) protection of abandoned property pending the appointment of Italian officials to take charge under Italian law.

11. Under the above categories the following has been done:

(a) No Allied Government property. Enemy State property has consisted to date of war booty which was taken by this division because of the necessity for immediate action, and included sizeable quantities of miscellaneous German Army property such as rubber soles, hammer handles, etc. These were turned over to the R.A.C.

(b) The control of property of Allied nationals has constituted the major work of this Region. This consists of supervising approximately 150 real and personal properties and 45 corporations and businesses; 26 American, 12 British, and 7 French. All bank accounts and postal savings accounts owned by our nationals have been blocked.

(c) Fascist and Italian Government property has presented some difficulties, because in many instances the head had gone north yet the offices continued to function. In other instances partisan groups had taken possession. After clearing with the division head most interested, assistance was given in closing some offices. In any event possession was taken of all available cash, pending a determination as to its eventual ownership.

(d) Abandoned private Fascist property and other abandoned property involved considerable protective effort because political party members were looting and destroying Fascist party property in particular. At the present time arrangements have been made to refer such matters to the senior notario, who will arrange for action by the Italian courts.

12. The situation in the main is quite satisfactory. There are some operating problems, particularly the difficulty in operating in present quarters. Property Control has a civilian staff of 20 employees.

Every reasonable facility has been afforded to the RCP. Staff relationships have been excellent, both AMG and RAC. RAC officers have been courteously helpful whenever they are contacted.

Region V

13. To date, 13 small rural properties belonging to 9 American nationals have been taken under control. During June the RCP was on temporary duty as [illegible]. He has now resumed duty as property control of-

Declassified E.O. 12356 Section 3.3/NND No. 778016

dies, etc. [redacted]

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Region VI

14. Capt.Copeland (B), Regional Finance Officer, is in charge of Property Control in this Region, and has matters well in hand.

The estate of the late Major Benjamin Piercy (a valuable part of which stands in the name of his daughter Vera Mameli, an Italian subject) is being administered as follows:

(i) The clearly British portion under the supervision of an Italian sequestrator approved by Property Control.

(ii) The Mameli portion under supervision of a curatore appointed by the Italian courts, Mrs.Mameli's whereabouts being unknown.

(iii) The actual resident administration by one Maliverno, an Italian selected by the Mamelis, but approved by Property Control.

(iv) All matters are watched and checked by the RCP (Capt.Copeland).

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The will of Major Piercy has been found in England. A copy is in the hands of CP, together with copy of a letter from Mrs. Mameli, in which she states that she holds her portion of the estate in trust for her father, the said Major Piercy. Apparently, therefore, the beneficial interest in the entire estate in Sardinia belongs to the heirs or devisees of Major Piercy, and will hereafter be treated accordingly.

Region VII

15. No properties were taken into formal control during June, but reports were obtained from the Banco di Napoli covering all properties which they managed for ECELI, and various inspections were made.

(a) Ralph Ciluzzi Estate (American). This estate, in which American heirs have an interest, is in the hands of the Italian courts, the owner having died intestate in 1941. As the administration of the estate has not been good, the RCP has had the Italian court appoint a new and acceptable administrator and demanded an accounting from the old administrator, who had never submitted accounts.

(b) Pertusola Mineral & Metal Co.(French). This company has a branch at Crotone, Catanzaro province, for refining zinc shipped from Sardinia. Some copper sulphate is now produced, but refining of zinc has ceased until ore can be obtained from Sardinia. The plant is under the competent management of an engineer originally employed by the company.

(c) MacAndrews & Forbes (American). This liquorice plant is satisfactorily rented to G. B. Fichera. The excess war profits tax for Lit.1,838,710 assessed against the firm for profit on liquorice root sold by the sequestrator is being disputed.

Region VIII

16. Contact has been made with the bank officials in Grosseto province, and they were instructed to submit reports showing the bank balances, securities, etc, held by them which belong to Allied nationals. It was ascertained that the records pertaining to real estate sequestrated by ECELI through the Monte dei Paschi were kept at Siena and the administration conducted from there.

NUMBER OF PROPERTIES UNDER CONTROL, BY TYPES

Region No.	Real Estate	Industrial & Comm.	Securities, bank bal.	Italian State	Total
1	182	6	281	25	494
3	142	44	3225		3411
5	9				9
7	3	1			4
Totals.	*336	51	3506	25	3918

Declassified E.O. 12356 Section 3.3/NND No. 785016

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* This is the number of owners of real estate; the number of pieces of property is considerably larger.

NUMBER OF PROPERTIES UNDER CONTROL, BY NATIONALITIES.

Region No.	U.S.A.	British	French	Other Allied	Italian	German	Total
1	285	102	20	59	26	2	494
3	3163	99	56	90	-	3	3411
5	9						9
7	3	1					4
Totals.	3460	202	76	149	26	5	3918

CHARLES CARROLL
Lt.Col., Cml.Dept
Deputy Director
Property Control Sub-Commission

13 July 1944

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ADVANCE HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Subcommission for Monuments Fine Arts and Archives

EEDW/bmp

20340/MFAA

11 July 1944.

Subject: Submission of Monthly Report for June 1944.

To : Vice President, Administrative Section.

In compliance with letter 2/3B/AS of 15 Mar 44, subject: Monthly Reports, the report of the activities of the Subcommission for Monuments, Fine Arts, and Archives during June is submitted herewith (in quintuplicate).

20 J 1

ERNEST T. DE WALD
Major, Spec. Res.
Director.

A/126

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ADVANCE HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Subcommission for Monuments Fine Arts and Archives

MFAA/bmp

20340/MFAA

9 July 1944.

Subject: Eighth Monthly Report, for June 1944.

To : Chief Commissioner.

PERSONNEL

1. a. Capt. F.H.J. Maxse assigned 5 June 44 to Region 5 as MFAA Officer.

b. 2nd Lt. F. Hartt assigned 13 June 44 to Region 8 as MFAA Officer.

c. Capt. B. Marriott assigned 28 June 44 to Region 4 as MFAA Officer.

d. Capt. Cecil Ross Pinsent (B) assigned 30 June 44 to this Subcommission, and assumed duties on its HQ. staff.

REPORTS

2. Regional.

a. Region 1. Capt. Maxse reports on inspection tours of projects in progress in Sicily.

b. Region 3. Major P. Gardner reports on projects in progress at S. Angelo in Formis, Capua, Benevento, Pompeii, Caserta, Salerno, Nocera Superiore, and Mignano. Funds to the extent of Lire 21,800,000 for the next three months made available for protective measures with regard to 30 projects in Naples and for Benevento, Salerno, and Nocera. Special problems arising out of the requisition of the palace of Caserta by AFHQ. Many routine inspections with Italian officials to projects in progress.

Dr. Maiuri, director of Antiquities at Naples, submitted a report on German damage to monuments at Cumae and Cancello.

Dr. Ortolani, superintendent of Monuments at Naples, submitted a full report on war-damage in Campania.

2000

c. Region 4. Capt. Marriott has just begun his work with Region 4 and has made emergency trips to Tarquinia and Velletri to take first-aid measures with regard to damage there. Viterbo was visited and the badly damaged museum of S. Maria dalla Verita' examined by the head of the Italian Istituto Centrale del Restauro, Dr. Cesare Brandi, and a competent staff of experts. The problem of Montecassino is treated under a separate heading below.

Rome Region.

d./ Lt. P.B. Cott, USNR, and Capt. T.H. Brooke entered Rome along

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with the first troops.

Lt. Cott contacted at once all the Superintendents of Monuments and placed signs and guards on all protected monuments in the city in cooperation with the Section of Public Safety. There have been many problems in connection with attempted requisition of historical buildings. He has also been actively assisting in the Region 4 areas about Rome, such as Tivoli, Albano, Velletri, Frascati, Castelgandolfo, Nemi, and Grottaferrata, making these visits in company with Dr. Terenzio and Dr. Aurigemma, the responsible Italian Superintendents of Monuments, and has taken the proper measures of protection of damaged buildings.

Lt. Cott procured and sent to the Subcommission a list of the localities in Northern and Central Italy where Deposits of Art Objects from museums and churches exist.

Capt. Brooke inspected the repositories of Archives in the city and succeeded in rescuing the Fascist records in the Ministero delle Corporazioni from destruction by prompt action. He is in close contact with Comm. Emilio Re of the State Archives.

c. Region 5. Capt. Maxse reports on inspections in Foggia Province, Manfredonia, Siponto, and Monte S. Angelo.

3. AMG, Armies.

a. AMG, 8 Army. Tivoli, Subiaco, Chieti, Ortona, Veroli, S. Clamente in Casauria, S. Maria

Major N.T. Newton made first-hand preliminary reports on the condition of monuments at Larino, Termoli, Vasto, Fossacesia, Ortona, Lanciano, Casalanguida, Paglieta, Atessa, Alatri, Anagni, Ferentino, Arabona, Popoli, Capestrano, Bussi, Avezzano, and Aquila.

Capt. R.H. Ellis sent preliminary reports on Casa Ferrari, Castrocielo, Civitavecchia, Casamari, Alatri, Ronciglione, Subiaco, Nepi, Castel S. Elia, Carbognano, Caprarola, Viterbo, Begnoregio, Soriano del Cimino, Vitorchiano, Veroli, Frosinone, Anagni, Ferentino, Tivoli, Todi, Foligno, Spello, Assisi, and Perugia.

b. AMG, 5 Army. Capt. D. Keller submitted preliminary reports on Minturno, Fondi, Gaeta, Formia, Terracina, Norma, Ninfa, Sermoneta, Velletri, Palestrina, Valmontone, Castelgandolfo, Frascati, Civitavecchia (Rome Prov.), Valvisciolo, Viterbo, Ostia, Albano, Ariccia, Nemi, Genzano.

CASERTA, ROYAL PALACE

1933

4. On 25 June 44 the Subcommission received notice that AFHQ proposed to occupy immediately the rooms allocated by AAI for storage of the important deposit of furniture and pictures from the Royal Palaces at Caserta and Naples. The matter was presented as one of both operational necessity and urgency and the Subcommission had no option but to comply. Satisfactory alternative accommodation has now been released by AFHQ elsewhere in Caserta and the material is being moved.

MONTECASSINO

5. The Abbey was visited by the V.P., Adm. Sect. and the Director,

1424.

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MFAA on 10 June 44, and Polish guards were at that time stationed there. Signs forbidding taking of souvenirs were in evidence.

Conferences at various times since 6 June 44 were held with the Abbot of Cava, and arrangements were made for certain monks of the Abbey to be on hand to supervise soldiers of the Italian Engineer Corps in removing to safety objects of value lying about in the ruins.

Later visits by members of the MFAA staff, Capt. Pennoyer and S/Sgt Peebles, to investigate reports of wholesale souvenir-hunting by Allied personnel. These reports were found to have considerable justification, as apparently the guards are no longer stationed at the Abbey. 55 Area was approached on the matter and have taken such action as is possible, but in default of Allied guards, the souvenir-hunting will certainly continue.

LIAISON WITH ITALIAN OFFICIALS

6. Fortnightly meetings were held at Naples 8 and 22 June 44 with Italian directors, superintendents, and inspectors of Monuments to discuss matters in which collaboration is essential.

MOVE TO ROME

7. On 15 June 44 the Advance Section of the Subcommission, consisting of the Director and Sgt Lucia, set out for Rome. Offices were established in the Ministry of Corporations. Lt. Cott of Rome Region arranged for the Director to meet the Italian superintendents of monuments, museums etc. Visits were exchanged with Drs. Loyola and Balsamo, who are the present representatives of the Ministry of Education at Rome. A private audience with the Holy Father was arranged for the Director of the MFAA Subcommission and for Dr. Dinsmoor, a member of the President's commission for the protection of historical monuments in Europe.

8. Major Ward Perkins, Deputy Director, Capt. Pennoyer, Capt. Pinsent, S/Sgt Peebles, and Pfc Jennings arrived 4 July 44 in response to urgent request of the Director. Capt. Croft-Murray remains in Naples for the time being to attend to matters still pending there.

9. Before leaving Naples the Deputy Director assisted in tracing the contents of the Mostra d'Oltremare (Naples 1940)—at least those portions of it which had been scattered about Naples. The losses are less than had at first been feared.

10. At Rome the Director has inspected the deposits of art treasures from various cities in Italy now stored in the Vatican. He is at present checking the cases transferred by the Germans from the Abbey of Montecassino, since several of the cases were reported missing. This is being done together with representatives of the Italian Ministry.

1998

PUBLICATIONS

11. Lists of Protected Monuments - Italy, Section 6 (Emilia - Lombardia) has appeared. Section 5 (Liguria - Piedmont) and Section 7 (Le Tre Venezie) are in course of printing. Section 4 (Tuscany, Umbria, Le Marche) is being reprinted.

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The Soldier's Guide to Rome, prepared by this Subcommission, has been issued to troops through the Public Relations Branch.

VISITS AND FIELD TRIPS

12. a. During the month visits of inspection were made by various members of the HQ. staff to Benevento, Capua, Caserta, Nocera, and Monte Cassino.

b. On 13 June 44 Capt. Marriott and Capt. Pennoyer visited and photographed at PONTE SERRAMELLA (on Route 7: Caserta - Benevento) the remains of a Roman Bridge which had been uncovered by Capt. Feldman, FWU Subcommission, while repairing the damage which had been caused when the bridge had been blown up by a German mine.

c. On 2 June 44, with a party from MAAF, Lt. Hartt was sent forward to Rome to assess the damage to historic buildings in Rome brought about through bombing. Lt. Hartt and party actually entered the city ahead of the occupying forces. His report showed that the only bomb-damage to monuments was the previously reported damage to the Basilica of S. Lorenzo fuori le Mura and the slight damage to the Pyramid of Cestius occasioned by the bombing of the nearby Stazione Ostiense. In the same action a small section of the Imperial Wall was demolished and one grave (not that of Keats or Shelley) was blown up.

d. Dr. W.B. Kinnmoor, of President's Roosevelt's commission for the protection of historic monuments in Europe arrived for a visit of inspection 7 June 44.

e. Colonel H.C. Newton, of the War Department, Washington, and 1st Lt. K.C. Lippmann arrived in Naples/21 June 44 from SHAEF for inspection and visit to the Subcommission. They proceeded to Rome 23 June.

TRANSPORTATION

13. The problem of transportation is still a difficult one. Since the vehicles assigned to this Subcommission have had to be sent to officers with the 5th and 8th Armies, AMG in order that they might operate efficiently, this HQ. has been left without transportation of its own. With the arrival in Rome it is essential to have at least one vehicle for the exclusive use of the Subcommission in the city and in the regions nearby to which inspection and emergency trips must be made.

ERNEST T. DE WALD
Major, Spec. Res.
Director.

V P Admin Sec. 1c

HEADQUARTERS
ALLIED CONTROL COMMISSION
LABOR SUB-COMMISSION
APO 394

LAB 091.4323

10 July, 1944

SUBJECT: Report of Activities of the Labor Sub-Commission for the Month of June, 1944.

29 JUL 1944

TO : Economic Section

OUTLINE

A. STAFF CHANGES

B. LABOR RELATIONS, LAWS AND REGULATIONS

C. WAGES, HOURS AND LABOR CONDITIONS

D. SOCIAL INSURANCE, BENEFITS AND TRAINING

E. STATISTICS, MANPOWER & REGISTRATION PROBLEMS

F. REGION REPORTS, MISCELLANEOUS

A. STAFF CHANGES:

1. Colonel J. R. Smith (A) to Rome Adv. Hq., A.C.C. -- Permanent change of station.

2. Lt. John H. Moffitt (A) Region I to Rome Adv. Hq., A.C.C. -- Permanent change of station.

3. Lt. C. F. Mason (B) transferred from Economics and Supply Division, Region I to Regional Labor Office, Region I, vice Lt. Moffitt.

4. Lt. W. E. Solenberger (A) to Rome Adv. Hq., A.C.C. -- Permanent change of station.

5. Capt. Robert Frazer (A) transferred from Region II to Region VIII.

6. Capt. D. L. Botham (B) now in charge of Region II Labor Office vice Capt. Frazer.

7. Capt. J. A. Robertson (A) transferred from Region III to Region IV.

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E. STATISTICS, MANPOWER & REGISTRATION PROBLEMS

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8. Major S. C. Tanner (A) transferred from Hq., A.C.C. to Region VII.

B. LABOR RELATIONS, LAWS AND REGULATIONS:

1996

1. Labor Unrest - General Comment: There is a growing spirit of discontent among all classes of workers. There has been at least one act of violence and subsequent applause of the act in the local press. The workers are becoming more and more vocal, but are still irresponsibly led and organized. Some of the irresponsible labor leaders have been successful in getting some officials in A.C.C. to sponsor their activities with most unfortunate results. Work stoppages are more frequent than ever before. Negotiation means little to the workers if they feel that a "strike" will dramatize their issues and achieve results. All too frequently they have achieved success by those techniques in Bari, Taranto,

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and Naples, which may well be termed the "hottest spots". Demands for wage increases are frequently accompanied by a veiled threat of a strike. Controls and enforcement are lacking. The general labor field picture is very serious.

2. The month ahead: The spirit of unrest will grow, public servants, a poorly paid group, are demanding action on wages. Two groups are especially vocal and have been putting on a pressure campaign. They are: (a) The State Tobacco Monopoly workers, and (b) the Post and Telegraph workers. The latter group may go out on strike at any time. The whole problem is tied in with the Public Service wage structure and the Labor Sub-Commission is awaiting a plan from the Italian Government. A conference will be held with them before this report is submitted. Armed Force installations are complaining increasingly about the lack of workmen and more especially, about the workers unwillingness to work for the Armed Forces for the wages offered.

3. Examples of Strikes:

a. Sulphur Mines in Sicily: Wages are low in this sweated industry. In May a line of action was adopted which was implemented during June. Since the Industry is not organized, a "Trade Board" was established whereby the Regional Labor Office (Civil) created a committee composed of workmen, mine owners, and representatives of the Labor Office to deal with the wages and hours problem. While negotiations were under way, some miners went out on strike. Negotiations were stopped and the Regional Labor Director asked all Provincial Directors concerned to tell the workmen to go back to work before any further negotiations would be resumed. Meetings of the Committee were arranged for July 4, and a completed wage adjustment proposal is expected soon. The strike was terminated when the workmen found out what was being done for them.

b. Tosi Dock Yards near Taranto: A three day "sit down" strike or "white strike" occurred here in which the workmen decided to protest their treatment, but without any attendant acts of violence. The main bone of contention was wages, so far as the workmen were concerned. The Prefect and the Italian Marine Officer in charge, accompanied by the Under-Secretary of Marine, settled the strike. The conditions of settlement gave the workmen 30 lire per day increase if over 18 years of age and 15 lire per day under 18 years of age. The Tosi yards began paying the increased wage at once. The Region II Labor Officer and representatives of the Ministry of Labor received the information too late to stop this illegal action. Immediate representations were made to the Italian Government by the Labor Sub-Commission with the result that: (1) a strong letter was sent to the Ministry of Marine from the Ministry of Labor telling them that their action was illegal; (2) a wage study was instituted by the Italian Government which will be presented to the Labor Sub-Commission for review, and (3) a procedure for regularizing wage control and wage adjustment was outlined

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c. The Electric Workers Strike in Naples: This was also a "white strike" poorly led and without reason. The workers demanded the immediate restitution of certain deductions made from their wages. The demand made, when not met in the afternoon, caused the workers to go out on strike the following morning. The amount involved was little and did not exceed 300 lire. The strike came only a few days after a generous wage adjustment had been granted. The strike lasted part of one day and the workmen were careful to see that no electric power was cut off. They expertly labeled their action "a demonstration" and not a "strike". Their basic demand was proper but an immediate answer could not have been given since considerable accounting and statistical work was involved on the part of the company, and financial arrangements had to be completed. At no time

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was there a refusal of their claims and proposals. It is the conviction of the Labor Sub-Commission that such "strikes" are being systematically instigated in limited quarters because "easy and soft management" has, in effect, assured the workers and their opportunistic leaders that strikes and demonstrations bring immediate results.

i. There was one act of violence reported which was not related to any strike. An Italian civil official of the Naples Gas Works was bodily thrown out of the plant by the workmen. The act was applauded in the Communist weekly press.

4. Progress on Labor Legislation: A draft decree incorporating all legislation in the labor field was submitted by the old Minister of Industry, Commerce and Labor. The Director of the Sub-Commission forwarded the draft decree with his recommendations to the Chief Commissioner. The draft decree was accepted substantially and is now in the hands of the new Minister of Industry, Commerce and Labor, who has been asked to submit it to the Italian Government. If no substantial amendments are proposed by the Italian Government, the decree will then be promulgated in both Italian Government and A.M.G. territories. This labor act, in addition to abolishing the Fascist Syndical Corporative System in all its aspects, aims at re-instituting freedom of Trade Union organization, authorized the institution of labor offices as the State machinery in the labor field and sets up a democratic system of governing labor relations.

5. Labor Organization Trends: Trade Union organization remains in a more confused situation than ever as a result of the action taken in Rome by the three popular parties, the Communist, the Socialist, and the Social Democrats. Their platform would set up a triumvirate to cooperate in:

a. Achieving a unity of Trade Union movement, by eliminating party politics from the Trade Union field, and

b. Creating a central Confederation of Labor with a national objective, incorporating the "Red and White" Federations.

The "Confederazione Generale del Lavoro" appears to have taken exception to this move, particularly because the "Party of Action" elements led by Dino Gentile objected to the Partito d'azione being left out of the Central Committee of three. The plea is put forward that the actiontaken in Rome was arbitrary -- an argument that could be well applied to the members of the Confederazione Generale del Lavoro in respect to the method they adopted in the creation of the Confederation. The new situation calls for intervention of the Labor Sub-Commission, and the Minister of Industry, Commerce and Labor has already been consulted in order to evolve a scheme for the election of representatives of Trade Unions and the creation of Federations and Con-

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6. A specific study is now under way to establish and promulgate the legislation necessary for a "Trade Board", and which would particularly aid the sulphur mining industry in Italy. This industry, because of its low level of wages, poor living conditions, impoverished housing accommodations and numerous other social and economic factors, necessitates a Trade Board review. The main function of this Trade Board will be to alleviate these unwarranted working and living conditions and plan for the proper participation of workmen in the income accruing to mine operators as a result of recent "official" price rise. The Trade Board will consist of workers, management and a number of impartial members selected by the Minister. Staff will be supplied by the Labor Office.

C. WAGES, HOURS, AND WORKING CONDITIONS:

1. Several conferences with A.M.I. Labor and Wages Committee, Wages Sub-Committee, and other committees were held, and the majority of all items

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on the agenda of these meetings involved matters concerning the Labor Sub-Commission. Wage rates issued were presented for civilian steel workers, a number of Armed Force jobs, glass factory workers, merchant marine, and others. The Labor Sub-Commission, representing A.C.C., was also asked, in addition to its numerous functions, to make special reports on unauthorized publications effecting labor matters and the shortage of unskilled labor in the Naples Area. The Labor Sub-Commission had several studies and investigations under way and met the several problems as completely as possible in view of its limited staff. Satisfaction of this Sub-Commission's activities, including full liaison, was noteworthy and highly commented upon by the several members of the Labor and Wages Committee.

a. Report on Glass Workers: A.C.C. representative pointed out the illegal character of recent wage increases and the fact that the new agreement entered into was not being honored. The rejected agreement was drafted and approved by the Provincial Labor Officer without approval of authority, on his own initiative, and in full knowledge that it was definitely contrary to A.C.C. labor policy and legislation. The A.C.C. representative also recommended that the illegal January rates of pay, having now been in effect six months, be allowed to stand pending further investigation.

b. Report on Steel Workers: The issue of higher and possibly illegal wages held over to a future meeting. Reports covering this industry are not yet completed.

c. Report on Marine Rates of Pay: Careful study revealed that rates of pay proposed, while much higher than previously in force, were conservative when compared with legal rates of pay normally received by Italian Merchant Marine personnel. A.C.C. recommendation to approve proposed rates of pay was accepted by the Committee.

d. REPORT ON UNAUTHORIZED PUBLICATIONS: This is a matter of deep concern to all those interested in labor control problems. A.C.C. outlined the controls of vetting that have been set up, but pointed out that most local papers were not censored until after publication. Any damage done by these unvetted publications on the labor front was done before it could be stopped by A.C.C., and the only discipline possible in such cases was not under control and authority of the A.C.C. The A.A.I. rightfully takes a very serious view of the situation and want a revision in the present policy which will require a pre-censoring of all labor and food news releases. This problem requires immediate as well as forceful direct attention from higher authority.

e. Report on Shortage of Unskilled Labor in the Naples Area: A.C.C. representative reported as per the attached Exhibit "A".

f. A.C.C. representative presented a revised administrative wage scale and proposed the establishment of new positions to meet problems unique

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e. Report on Shortage of Unskilled Labor in the Naples Area: A.C.C. representative reported as per the attached Exhibit "A".

f. A.C.C. representative presented a revised administrative wage scale and proposed the establishment of new positions to meet problems unique to A.C.C. The proposals provided for an overlapping series of administrative and executive grades, business analysts, exporters, etc. After some debate the Committee accepted the proposal, thus giving A.C.C. much greater freedom to employ well-qualified and expert Italian civilians to assist it in its work. Opposition to the new positions arose chiefly from F.B.S., who felt that A.C.C. was attempting to establish "chiseling grades". The F.B.S. representative was informed that A.C.C. did not, and would not, engage in such practices and that if F.B.S. took action along the lines indicated, that such action would be completely out of harmony with, and contrary to, the spirit in which A.C.C. made its recommendation. Hence, it is imperative that A.C.C. establish high standards for the new grades and strictly enforce and police appointments to them.

2. Wage decisions were rendered during the month in the case of S.M.E. and S.E.P.A.C. (Electric Companies), two water companies, and the Gas Company

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for the Naples Area. The wage adjustments allowed were kept under the Armed Force wage scale, were substantial in amount, and, more important, corrected a long-standing Fascist injustice. Public utility wage rates had been kept at an unusually low level for a number of years and little recognition had ever been given to the essential and important public service character of the labors of the workmen.

3. All wage studies were continued, with particular emphasis on utilities, dockyards, steel industry, glass industry, beer brewing industry, and a few others where unrest was prevailing. Attention was also directed in the clerical and administration fields of civilian wage rates which were increased in a certain few categories.

4. During the month a uniform interpretation of the "wage increase order" as applied to public servants was issued. The interpretation was based on careful studies made in the several provinces. The application of orders had been confused for some time with the result that persons doing the same kind of work in similar offices, frequently received different salaries. This interpretation not only corrected this situation, but has also made it possible to establish a uniform base for planning any new wage rates or needed wage adjustments.

5. Part of the small Labor Sub-Commission staff moved on as an advance forward echelon to Rome. Plans were made to move the officer and civilian personnel on the wage study staff to Rome as the month closed, with the balance of the inadequate staff to follow later.

6. In the wage field there are many evidences that unauthorized wage increases are being granted in private industry. This creates situations in which public servants demand higher wages and the Armed Forces complain, with proper validity, of manpower shortages. The Italian Government has no effective wage control enforcement machinery, and the size of the Labor Sub-Commission staff precludes its doing more than making strong protests to appropriate and higher authority when such violations are discovered. Even the discovery of the illegal action is difficult because of the limited staff of labor officers and the inability of the Italian inspectorial staff to travel and make inspections. Notwithstanding, plans are being formulated and developed which will regularize the technique for making wage adjustments. A trial statement of the plans is attached as Exhibit "B". This has been circulated to all Labor Officers and has been the subject of informal discussions with officials in the Italian Government. While it is admitted that this is a "left-handed" technique of achieving wage control, nevertheless, it will bring some results. It will also open the door and allow for the correction of present injustices which are causing some labor unrest.

193.

7. The advance party that proceeded to Rome will endeavor, in ad-

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7. The advance party that proceeded to Rome will endeavor, in addition to its many duties, to study the wage situation in the forward areas and of North Italy. As this report goes in, the A.A.I. Labor and Wages Sub-Committee will meet with the advance party to consider wage scale revision for that area. The results will be covered in the July report. It should be noted, however, that for the first time, the Labor Sub-Commission was in an advance prepared position in its relations with A.A.I. It represents a serious effort to consider problems before the situation is too confused by the rapidly changing events of war.

8. As stated earlier and repeatedly, the present labor situation is most serious. The Labor Sub-Commission, with great reluctance, but with the full approval of higher authority has admitted the principle of wage adjustment in those circumstances where past injustices can be proven and where the proposed adjustment of wages are kept under the Armed Force Wage Scale. This is the only deviation in the "hold the line" policy so consistently followed by the Labor Sub-Commission.

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How much longer this policy can, in justice to laboring people, be followed is open to serious question. There is one big reason why this is so. There is an obvious and close relation between prices and wages. The A.C.C. has consistently given way on prices in a manner that reflects a degree of weakness in dealing with crooked black marketeers. This problem was made the subject of a special memorandum, to the Chairman of the Price Committee, during the month of June. If the A.C.C. continues to permit official and unofficial prices to rise, the disparity between wages and prices would become so great that public demand for wage increases could not be successfully resisted. If the demands are resisted, unrest will result. We cannot afford unrest until the battle is over. The Labor Sub-Commission has, is, and intends to continue to stand fast, but in the interest of social justice as well as for military considerations, it is believed that something must be done to keep prices and wages more nearly in a parity position.

The increased food ration for July was received well by Labor, but it has not answered all labor problems. Working people have not, do not, and will not, live on bread and pasta alone. Progress has been made in reference to food, but much more remains to be done especially on the general price front.

Put in still another way, the A.C.C. is in an untenable position if it attempts to do at one and the same time the following things:

Hold the line on wages.

Give way on prices.

Maintain Industrial Labor Peace.

Provide bread alone for the people at low prices.

Satisfy the Military requirements, as far as labor is concerned in the rear areas.

9. Uniform interpretations of all A.M.G. Regional Wage Adjustment Orders, as applied to public employees, was finally made after much study. The original wage adjustment orders were first promulgated for Sicily, but due to the emergency and necessity of putting the order into effect, it was made in general terms. This left many questions of interpretation open and unanswered. Since that time, innumerable cases have come up from all regions and the solutions to problems of unification and uniformity were required. Hence, since a single and uniform ruling would be necessary and its effect felt in all of Italy, this important factual study was undertaken by the small Labor Sub-Commission staff, augmented by dire necessity by the employment of Italian civilian economists, finally to complete this plan.

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10. Numerous calls have been received by the Labor Sub-Commission for a Labor Staff in forward areas, which was beyond the ability of this office to fill. Having been working with almost a skeleton staff, it was inevitable that an available staff for such desired forward areas would be next to impossible. This office appreciates the difficulties surrounding this lack of labor personnel, for it has been ever known that labor troubles usually start by the application of poor policy immediately on the heels of occupation.

11. Increased rations to civilians was the outstanding item assisting in holding the line on wages -- beginning 1 July. This may tend to relieve the many requests for wage increases proposed on the basis of high costs of food. As has always been held, food, and not wage increases has always been the answer to the Italian working man's problem.

12. Inspectorial work involving wage studies continued in the hemp industry, public utilities industry, steel industry and glass industry.

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13. Full liaison continued with the Labor Ministry at Salerno, ~~even~~ though change of Ministers took place and contact was difficult.

14. Investigations were undertaken in several cases of labor agitators and persons that were reputed to be undermining the Italian labor structure.

15. Where competent and trained officers are unavailable at Regions, this Sub-Commission has advised policy and procedure. Some of the important measures and standards to follow were: (1) to proceed cautiously -- not entertain upping of wages in any respect, for retreat of wages once drawn was most difficult; (2) to employ civilians at the lowest rate possible under the minimum, or the minimum, and not the maximum; and (3) that food and the cost of living were important items to take into consideration in any wage study.

16. The Labor Sub-Commission has consistently held that the price of wheat should be held to the minimum and in no event should to beyond 709 lire per quintal. Notwithstanding, a higher rate was set and granted, which this Sub-Commission feels will bring on labor repercussions in the not-too-far distant future. Assurances were freely given by several members of the Price Control Committee and some Sub-Commissions that while the price was set high the results of amassing would be a worthwhile compensation. It was also said that the price of bread would definitely not be increased beyond five lire by the higher wheat price, for that would certainly add chaos to the cost of living scales, and bring immediate demands for wage increases.

D. SOCIAL INSURANCE:

1. During the month there was continued close cooperation with Italian officials on all Social Insurance problems. Many administrative matters of importance were settled and close liaison with the situation at the National Headquarters in Rome was established. Much assistance was rendered the Italian National Headquarters in the furthering of activities of social insurance with constant liaison an ever important factor.

2. All Social Insurance work progressed according to schedule. This field is very complicated, but lends itself to easier control than wages.

3. Pension work progressed favorably. Parallel pension orders for all A.M.G. territory and continued efforts toward the abolition of certain Fascist pensions in King's Italy is proceeding slowly in full cooperation with the Finance Sub-Commission.

1993

E. STATISTICS, MANPOWER, AND REGISTRATION PROBLEMS:

1. Little progress was made in registration during the month, except in Sicily where the work progressed steadily.

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E. STATISTICS, MANPOWER, AND REGISTRATION PROBLEMS:

1. Little progress was made in registration during the month, except in Sicily where the work progressed steadily.

2. Labor shortages (see Exhibit "A" attached).

3. Another of the many important functions performed by the already burdened Labor Sub-Commission was the study of costs of living in relation to the possible upward adjustment of Army Wage Scale. This analysis was undertaken with the aid of professional Italian civilian economists on living costs prevailing in Naples and Rome, in relation to wage scale and its attendant problems.

F. REGION REPORTS. MISCELLANEOUS

1. REGION I SUMMARY: a. An agreement between employers and employees of the General Electric Society was reached, and submitted to the Ministry of Labor and the Labor Sub-Commission

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b. A strike occurred at the ABCD Mines, Ragusa, early in June and lasted for a few days. The high cost of living in relation to wages was the prime grievance. The High Commissioner informed the workers of the proposed increased bread ration to be given as of 1 July, 1944. The Company agreed to pay a sum of money into its cooperative store to permit workers to purchase the necessities of life at the reduced cost of about 20 lire per man per day.

c. Pro mpt action on the part of the High Commissioner averted a strike by State Employees, when the Finance Ministry ordered the stoppage of payment of the indemnity of Bombardment. The details are being investigated by the Labor Sub-Commission.

d. A one-week strike occurred at the Trabonella Sulphur Mines, Caltanissetta, late in June. Negotiations were immediately undertaken to reach an early agreement as stated elsewhere in this report; the answer to this problem is "Trade Boards" for adjusting the demands of this depressed industry.

2. REGION II SUMMARY: a. A strike occurred in the Tosi Dockyards at Taranto, but was quickly settled. The instructions received from Labor Sub-Commission, A.C.C. Hq., of the minimum requirements to be followed when a wage increase is demanded proved to be of invaluable help to both British and Italian Naval representatives.

b. Harvest labor was an item of great disturbance caused mainly by the uncertainty as to what wages were to be paid. The presence of Italian Army Labor troops kept the wages down below the 200 lire mark and the average was about 160 lire per day. Ample labor is now available throughout the area.

c. Having no Provincial Labor Office in Apuglia has proved a hardship on A.C.C. labor activities, especially in handling labor disputes. The Italian Government has neglected to revoke the Fascist Labor Syndicates. Political activities on the part of labor syndicates has been noted. There is a strong communistic trend in the area.

d. The Italian Regional Labor Director is in dire need of transportation, and, hence, badly handicapped in supervising the Regional area. All means have been exhausted to furnish the Director with transportation. A final appeal is now recorded to avoid his being entirely immobile by the move of Regional Headquarters from Matera to Bari.

e. A general movement in Bari is developing for the upping of wages, with utility workers providing the opening wedge. This office still feels the effect of the Bari Brewery Company (both at Bari and at Naples) irregular wage increase which has caused the Labor Sub-Commission no end of trouble in more than one area.

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4. ROME SUB-REGION SUMMARY: a. The A.C.C. Labor Section, headed by Lt. Col. Lane, has done a magnificent piece of work in Rome, (1) applying labor policy developed to date; (2) revising the German labor exchange system; (3) abolishing of the Fascist Corporative System, (4) establishing the Free Union and Collective Bargaining; and (5) the promulgation of a wage scale which increased wages in some categories.

b. Considerable discussion and controversy followed a proposal on the part of Rome Area Command to inaugurate a revision upward of the Army Wage Scale. Supporting data was furnished out of a brief study of collective contracts, currently prevailing rates, and cost of living fig-

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ures. Action on this matter has been postponed pending further study.

J. T. R. BAIN
Colonel
Director, Labor Sub-Commission

2 Incl ;
Appendix "A"
Appendix "B"

DISTRIBUTION :

Lord Stansgate, Vice-President Administrative Section	1
Lt. Col. Lane, AMG 5th Army	1
Regional Commissioners, all Regions (Att: Labor Off)	1 ea
Major Morse (SHAEF)	1
AMG 8th Army	1
Colonel Lawley, Hq A.A.I.	1
Major Albright, Liaison Officer Labor S/C	1
Information Branch	1

1992

EXHIBIT "A"

JOB/mv

HEADQUARTERS
ALLIED CONTROL COMMISSION
LABOR SUB-COMMISSION
APO 394

LAB 091.4611

29 June, 1944

SUBJECT: Shortage of unskilled Labor in Naples Area
TO : Chairman, Labor and Wage Control Committee

1. This report is in response to Para. 6 of the Minutes of the Labor and Wage Control Committee, 3 June, 1944.

2. The Labor Sub-Commission, based on such limited information as is available, reports as follows:

a. There is no shortage of manpower in the Naples Area. By this it is meant that there are enough persons available to more than occupy all jobs available so far as the Armed Forces are concerned;

b. There is a definite shortage of skilled and semi-skilled workmen. This shortage arises out of the following facts: that many skilled workmen were forced out of the area by the Germans prior to our occupation; that the Armed Forces demand a type and number of skilled and unskilled labor such as never existed inthe Naples Area and that there is no Civilian Mobilization Law by means of which such workers can be forced out of private industry to work for the Armed Forces;

c. In addition to this occupational shortage of skilled and semi-skilled workers, there is, undoubtedly, a certain amount of geographic shortage in that workers are available in surplus in some areas, but are not readily available for jobs in other areas. This lack of availability is due largely to two facts. First, that the Italian worker frequently refuses to leave his family to go into another area to take a job, and second, the scarcity of transportation;

d. While it is true that are a sufficient number of people to fill all jobs, from a manpower point of view, it must be stated that there is in fact a shortage of all classes of workers who are unwilling to work for the Armed Forces, under the terms laid down in Administrative Instruction NO. 24. Wages are not high enough to meet the cost of living and there is undoubtedly real competition from private industry. This statement is made in full recognition of the fact that there are several thousand workers registered as unemployed in the Naples Area. We are, therefore, faced with the anomalous situation of there being enough persons to fill all jobs, but a shortage of workers in fact.

3. The reason for the situation outlined above is obvious. It lies in an old Fascist Mobilization Law which is entirely dependent upon certain Fascist [illegible] structures have been abolished. Hence,

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were forced out of the area by the Germans [illegible] Armed Forces demand a type and number of skilled and unskilled labor such as never existed inthe Naples Area and that there is no Civilian Mobilization Law by means of which such workers can be forced out of private industry to work for the Armed Forces;

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3. The reason for the situation outlined above is obvious. It lies in an old Fascist Mobilization Law which is entirely dependent upon certain Fascist party structures for enforcement. These structures have been abolished. Hence, the Mobilization Law is inoperative.

4. The Mobilization Law could be amended in such a way as to become operative if the Italian Government would approve a new labor law which has been submitted to it by the A.C.C. This new law provides for machinery which would make it possible to enforce a Mobilization Law.

5. Some time ago, the Ministry of Industry, Commerce and Labor did issue a Ministerial Circular attempting to revive the old Italian Mobilization Law. This Ministerial Circular never became operative because there was no basic operative machinery provided.

6. The Labor Sub-Commission has presented to the new Ministry its basic Labor Law and as soon as this is passed, is prepared to submit a revision of the existing Italian Mobilization Law.

/s/ James O. Babcock
/t/ JAMES O. BABCOCK
Major, Spec. Res.
Ass't. D/Director
Labor Sub-Commission

Declassified E.O. 12356 Section 3.3/NND No. 785016

EXHIBIT "5"

HEADQUARTERS
ALLIED CONTROL COMMISSION
LABOR SUB-COMMISSION
APO 394

JOB/mv

LAB 091.461

30 June 1944

SUBJECT : Minimum Requirements for the Establishment of an Individual Wage Rate and for the Submission of a Proposed Wage Rate Adjustment for any individual Job or for any Industrial Establishment. (Non-military Installations).

1. The Labor Sub-Commission, Allied Control Commission has submitted to it on frequent occasions requests for the Adjustment of individual wage rates and requests for the adjustment of collective contracts governing private employment. These requests are frequently contained in letters which give very inadequate information. This memorandum is proposed for the purpose of regularizing the manner in which such requests for adjustments should be made.

2. The outline below is presented for consideration to all parties concerned. Please review it and comment on it to the Labor Sub-Commission Hq. A.C.C. the provisions are not mandatory at this time but it will be most helpful if they can be followed as closely as possible. By complete cooperation of all parties it is believed that a document can be finally produced which will speed up action and regularize all wage adjustment activity, satisfactory to all.

3. It is proposed that whenever it is necessary to establish a new wage or to propose an adjustment the procedure outlined below should be followed.

1. GENERAL REQUIREMENTS

1. Job Description: For each individual job with which the proposal is concerned, there shall be submitted a complete job description including specific statements concerning the following:

a. Actual work performed
b. Kind and type of work performed
c. Time spent on each phase of operation
d. Amount of skill required
e. Amount of training required
f. Amount and kind of machinery and equipment used
g. Amount of supervision of this job and over other jobs.

2. The present salary or wage for each job shall be shown, including the following information:

a. Base Salary (Stipendio)

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be made.

2. The outline below is presented for consideration to all parties concerned. Please review it and comment on it to the Labor Sub-Commission Hq. A.F.C. the provisions are not mandatory at this time but it will be most helpful if they can be followed as closely as possible. By complete cooperation of all parties it is believed that a document can be finally produced which will speed up action and regularize all wage adjustment activity, satisfactory to all.

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e. Amount of training required
f. Amount and kind of machinery and equipment used
g. Amount of supervision of this job and over other jobs.

2. The present salary or wage for each job shall be shown, listing the following information: 1950

a. Base Salary (Stipendio)
b. Active Service Supplements
c. Temporary War allowance (Assegno Temporaneo di Guerra)
d. Family Allowance (Aggiunta di Famiglia)
e. All items of indennita'
f. Bonuses, Gifts, etc.
g. Deductions for social Insurance Tax and food, etc.
h. Net Wage (items a, b, c, d, e, and f, less item g.)

3. There shall be submitted a general statement concerning the following:

a. Hours of employment
b. Working conditions including such things as requirements for special clothing, hazards of employment, living conditions, transportation facilities, etc.

4. Proposed salary or wage for each job with complete justification for the proposal of any change from the previously established rate.

5. It is important that the relation of the job or jobs under

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consideration to certain other jobs be shown as follows:

a. The relationship of the particular job to other jobs in the same establishment.

b. Comparison of the particular job or jobs to the same or similar jobs in related trades or industries.

c. Comparison of the particular job or jobs to the same or similar job in Armed Force installations.

d. In each of the circumstances outlined in a, b, and c, the proposal must show a list of the jobs to which comparison is made together with a statement of the total salaries or wages paid and the number of persons currently employed in these jobs.

II. CHANNELS FOR SUBMITTING INFORMATION

1. In territory under Italian Government Control: All proposals originating in territory under the control of the Italian Government shall be submitted through the following channels:

a. First, through the competent Regional and or Provincial Labor Office (Civilian), depending upon the place of origin or the geographic scope of the proposal.

b. Second, from the competentRegional Labor Office (Civilian) to the Italian Ministry of Industry, Commerce and Labor.

c. Third, from the Italian Ministry of Industry, Commerce and Labor to the Labor Sub-Commission, Hq. A.C.C.

2. In territory under AMG/ACC control: All proposals originating in territory under the control of the AMG/ACC shall submitted through the following channels:

a. First, through the competent Regional and or Provincial Labor Office (Civilian).

b. Second, from the competent Regional Labor Office (Civilian) to the Regional Labor Officer (Military)

c. Third, from the Regional Labor Officer to the Labor Sub-Commission, Hq. A.C.C. through the Regional Commissioner.

III. REQUIREMENTS AS TO FORM OF SUBMISSION

1. It is essential that all comparative facts an figures be submitted wherever possible in chart and table form. There will not be, for the present, any set of prescribed forms to be followed, but such forms

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III. REQUIREMENTS AS TO FORM OF SUBMISSION

1. It is essential that all comparative facts an figures be submitted wherever possible in chart and table form. There will not be, for the present, any set of prescribed forms to be followed, but such forms will be issued in the near future. In the meantime, any wage submission that is made should be drafted so that it may be read quickly and with understanding.

2. At least five copies of all documents are required. The distribution will be as follows:

a. In territory under control of the Italian Government
   (1) One copy to Provincial Commissioner, if originated in the Provincial Office
   (2) One copy to Regional Labor Office (Civilian)
   (3) One copy to Regional Commissioner, or Regional Labor Officer
   (4) One copy to Italian Ministry, Ministry of Commerce Industry and Labor
   (5) One copy to Hq. A.C.C. Labor Sub-Commission

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LAB. 091.461 dated 2nd June 1944 (Cont'd)

b. In territory under ~~A.M.G./A.C.C. control~~ -

(1) Same as above
(2) Same as above
(3) Two copies for AMG/ACC Regional Office
(4) One copy to Hq. ACC Labor Sub-Commission

c. Additional signed copies of Management labor wage adjustment agreements may be required whenever proposals are originated by the joint action of Management and Labor and presented to the competent Provincial or Regional Labor Office for review, recommendation, and transmittal to higher authority.

IV. REQUIRED CERTIFICATIONS

1. For wage adjustment proposals in territory under control of AMG/ACC.

a. The appropriate Labor Office will review, check up and certify in a written statement, the accuracy of the proposals submitted.

b. All documents must bear the signature of representatives of Labor or management, or both, depending on the nature of the submission. It is particularly important in general industrial wage adjustment agreements that the agreement be signed by authorized representatives of both management and Labor.

c. The competent Regional Labor Office (Civilian) will review wage adjustment proposals and attach a statement with appropriate remarks and recommendations to all proposals submitted through its office. The competent Regional Labor Office will then forward the file to the Regional Labor Officer (Military) in the proper Region.

2. For wage Adjustment Proposals in territory under control of the Italian Gov't.

(a) Same as above
(b) Same as above
(c) The competent Regional Labor Office (Civilian) will review wage adjustment proposals, attach a statement with appropriate remarker and recommendations to all proposals submitted through its office. The competent Regional Labor Office will then forward the file to the Ministry on Industry, Commerce and Labor, and notify the Regional Labor Office of the action by forwarding a copy of the file to him.
(d) The Ministry of Industry, Commerce and Labor will review and make proper recommendations and forward the file to Hq A.C.C. Labor Sub-Commission for final action.
(e) The Labor Sub-Commission when a decision is finally reached will notify the Ministry of Industry, Commerce and Labor whose responsability it will be to notify the parties concerned.

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(e) The Labor Sub-Commission when a decision is finally reached will notify the Ministry of Industry, Commerce and Labor whose responsability it will be to notify the parties concerned.

3. The Regional Labor Officer will submit to Hq. A.C.C. Labor Sub-Commission, through proper military channels, the entire file with his recommendations.

4. The Labor Sub-Commission, when a decision is finally reached will notify all parties concerned of the decision through channels, i, e, through the Regional Labor Office.

/s/ JAMES O. BABCOCK
Major, Spec. Res.,
A/D/Director
Labor Sub-Commission

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and the Courts.

ALLIED MILITARY COURTS.

9. PERSONNEL.

The outstanding problem is personnel. The area under AMG increases, but the judicial and prosecuting personnel remains static. Furthermore, heavy demands are still being made for Allied Military Courts in Italian Government Territory. This problem is acute. Every effort is being made to meet the problem by making full use of non-AGC legal personnel and of the Italian Courts.

10. ROME.

In the month of June, Rome was occupied and military courts established. Every effort is being made to ensure that the administration of justice in this capital city is such as to be a credit to the Allies. Here, in particular, lack of personnel is a great difficulty.

Crime at the beginning was very light; the number of cases is increasing, they are most trivial in nature--"possession" and infringement of Regional Orders. Normally, two summary and one superior court sit daily. The Regional Legal Officer, his two judges and his prosecuting office staff have done well and the courts are conducted with dignity.

11. OTHER REGIONS.

In Region I an Italian was convicted and sentenced to death for stabbing and killing an Allied sailor. The case is under review.

In Region II there have been a number of Allied Military Courts. Particularly noteworthy is the court which sat at LECCE (13 sitting days) to try various accused for espionage and fascist activities. Twenty-five were acquitted, 9 were convicted. Sentences ranged from 20 to 6 years imprisonment.

In Region III the lack of personnel is felt acutely. Every effort is being made to transfer as much work as reasonably possible to Italian Courts, but there is a grave danger of arrears accumulating.

Region IV report that they have got away to a good start.

Region V. In Campobasso & Foggia provinces efforts are being made to pass work to the Italian Courts to make personnel available for more northerly provinces. Three persons were tried for espionage, all three were convicted; one was sentenced to death and the other two to 20 and 15 years imprisonment.

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Region VII. No Allied Military Courts were held.

Region VIII. Reports establishment and normal planning activities.

Nothing of note to report from 5th and 8th Armies.

12. GENERAL INDICATIONS.

In those areas where the Germans withdrew and Allied troops passed through rapidly, the volume of work for Allied Military Courts is not heavy and, as there are no depots, etc., it is not expected to have to compete with a flood of "possession" or theft cases.

13. PARTISANS.

It is thought probable that in areas which were, until recently, within German occupied territory, there may be a large number of arms possession

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HEADQUARTERS
ALLIED CONTROL COMMISSION
LEGAL SUB-COMMISSION
APO 394.

12 July 1944.

REFERENCE : ACC/4043/L.

SUBJECT : Legal Sub-Commission, Monthly Report for June 1944.

TO : Acting Chief Commissioner, ACC.

1. The work of this Sub-Commission during the month of June 1944 in addition to advisory and legislative work has been principally as follows:-

GENERAL :

2. After many consultations with Food, Industry & Commerce and Agriculture Sub-Commissions, General Order No. 29 was completed covering the Declaration and transfer of essential supplies, ration control and maximum prices.

3. Special mention should be made of work with Labor and Agriculture Sub-Commissions with respect to proposed basic Italian Legislation.

4. The following items are to be noted:

Work on delegation of powers of King to his son as Luogo-tenente; on documents in connection with proposed additional restoration of territory to Italian Administration. Giving consideration to interim legislation dependent on restoration and conferences with various sub-commissions in that regard; on formation of Region 8 legal set-up, various discussions on personnel matters; preparation of analogy between proclamation offenses and Italian law; considering various problems involved in defascistization and epuration in Italian Government Territory and Military Government Territory; conferences in Rome by CLO and DCLO on local and general governmental and legal matters; review of spy trials; assignment to CLO to be Acting VP Admin Sec and DCLO to be Acting CLO.

ITALIAN BRANCH.

5. Lt Col Hannaford was attached to "S" Force and entered Rome with it on 5th June. He took up his quarters at the Ministry of Justice which remained open under his supervision. List of personnel available at the Ministry and Court of Cassation were obtained, together with particulars of judicial officials having proceeded to the seat of the Fascist Republican Government at Brescia. Republican Legislation was sent to Salerno for perusal.

6. Over 200 judicial and other officials were interviewed together

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Work on delegation of powers of King to his son as Luogo-tenente; on documents in connection with proposed additional restoration of territory to Italian Administration. Giving consideration to interim legislation dependent on restoration and conferences with various sub-commissions in that regard; on formation of Region 6 legal set-up, various discussions on personnel matters; preparation of analogy between proclamation offenses and Italian law; considering various problems involved in defascistization and epuration in Italian Government Territory and Military Government Territory; conferences in Rome by CLC and DCLC on local and general governmental and legal matters; review of spy trials; assignment to CLO to be Acting VP Admin Sec and DCLO to be Acting CLO.

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6. Over 200 judicial and other officials were interviewed together with staff of Italian Military Courts.

7. Reports on the activities of the Ministry and the Supreme Court from 8 Sept to date of occupation were also requested and obtained. Contact was maintained with the Political Section and advice on points of international law and on the local situation given on several occasion. A report on the local situation was handed personally to the Chief Commissioner and a conference took place with Chief Commissioner and CLC on points raised in the memorandum.

8. Since the constitution of Bonomi's Ministry, constant liaison has been kept in Rome with the Minister and the various officials of the Ministry

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ADVANCE HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Public Health Sub-Commission

ACC/3016/PH 11 July 1944

SUBJECT: - Public Health Sub-Commission,
Report for Month of June 1944.

THRU : - Adm Sec.

TO : - Chief of Staff.

1. PERSONNEL:

(a) During June, in order to keep more closely in touch with the rapidly advancing AMG 5th and 8th Armies and with new Regions as they open up, the Director, Deputy Director, Chief of the Malaria Control Branch and Executive Officer moved to Advance Headquarters. In consequence, the Sub-Commission is at the moment maintaining a Headquarters Staff at Advance, Main and Rear HQ. Main HQ staff has been reduced to minimum maintenance personnel.

(b) Orders have been received for Lt. Colonel Charles D. Shields (A) to proceed to another theatre. Lt. Colonel Shields' services to this Sub-Commission have been of inestimable value and his departure will leave a gap which cannot easily be filled.

(c) Early in June Colonel Martin E. Griffin (A), Chief, Medical Supply Branch, was recalled to the U.S.A. in a consultative capacity. He returned to duty during the latter part of the month.

(d) Lt. Colonel Hilbert Marks (A) was assigned to the Sub-Commission on 13 June 1944 and has been sent to Region VII as Regional Public Health Officer, thus releasing Major W.D.R. Thompson (B), who will replace Lt. Colonel Shields in Region III.

(e) When Region VIII was activated, Major W. MacKenzie (B) whose public health experience in this theater of war goes back to the early days of AMGOT and who has done excellent work both in Sicily and Region III, was appointed Regional Public Health Officer. Major William H. Savin (A) and Captain Samuel O. Hill (A) have been appointed Welfare and Sanitary Officers respectively of Region VIII.

(f) As Region VIII required more medical assistance, Major John A. Lewis (A), VD Control Officer, was detached from the Headquarters staff and assigned to Region VIII. The Sub-Commission is now without a VD Control Officer. The Italian Government has been informed that Dr. Del Plato, their appointee as Government Venereologist, must now carry out his duties without the cooperation of an Allied Control Commission counterpart.

During the time that Major Lewis was VD Control Officer, he worked with tireless enthusiasm and patience to cope with the innumerable difficulties which confronted him. As a result of his efforts, the civil authorities have provided a large number of hospitals in Italian Government Territory for the treat-

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During the time that Major Lewis was VD Control Officer, he worked with tireless enthusiasm and patience to cope with the innumerable difficulties which confronted him. As a result of his efforts, the civil authorities have provided a large number of hospitals in Italian Government Territory for the treatment of infected prostitutes and it may well be said that a portion of the credit for the present gratifying decrease in the VD incidence among Allied troops is due to Major Lewis's work.

(g) Capt. Arno who has completed handing over all medical supplies to the Italian authorities in Region I has been transferred to Region IV. Capt. Light has relinquished charge of the Central Medical Store, Naples and has been transferred to AMG 8th Army, his place in Naples being taken by Captain Bushnell.

(h) The DDPH returned from special assignment to 5th and 8th Armies on or about 12 June. During period of assignment special attention was given to environmental sanitation, hospital and medical care and medical supply problems in forward areas.

Major Cherry was attached to 5th Army on temporary duty for similar duty upon return of DDPH to HQ.

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(i) Lt. Colonel G. M. Frizelle (B), Major George H. Wilhelmi (A) and Captain R.A. Mancelli have received promotion to their present rank.

2. POLITICAL:

(a) Upon receipt of the information that if urgent necessity demands it, Regional Public Health Officers may have to be moved from rear to forward Regions, the Ministry of the Interior has circularized all Medical Provincials of Regions I, II, VI and VII to the effect that they must be prepared to accept full administrative responsibility if required. At the same time the Minister of the Interior has requested that the thanks of the Italian Government be given to all those officers who have already been moved forward, for the work of reorganization they had done in their own particular spheres of activity.

(b) Preliminary talks have been held with representatives of the Italian Government with a view to handing over complete responsibility of distribution of medical supplies in Southern Italy to the civilian population. The principle is that the Italian Government should buy in bulk from the Central Medical Store after which distribution to provinces and price fixation would be undertaken by the Ministry of Interior. Allied Control Commission will continue to render assistance by arranging rail and other transport facilities. Such a step would relieve considerably the burden of work undertaken by the Supply Branch.

3. FIELD TRIPS:

The headquarters Staff made a fresh record for field trips during the month of June, the total being 220 days. The Director and Executive Officer spent a week in the forward areas, establishing valuable contacts with AFHQ 5th and 8th Armies.

4. PUBLIC HEALTH BRANCH:

(a) Smallpox. - The Naples epidemic continues and a number of cases have been notified in the Province as well as the city. The daily average of new cases is three and the type of infection is a mild one, no deaths having occurred. Vaccinations in Naples now total approximately three hundred thousand.

(b) Venereal Disease. - Major Lowrie's last report on VD. before taking up his new duties in Region VIII states that:

(i) A progressive fall in the venereal disease rates in the PRS-Naples area from 269 per thousand per annum in January to 136 per thousand per annum in May.

(ii) A conference was held in Palermo by the Vice President, Administrative Section, with representatives of Interior, Local, Public Health and Public Safety, regarding measures to be taken to continue treatment of VD patients after discharge from hospital and to tighten up the administration of VD hospitals. As a result of the conferences certain proposals concerning fresh legislation were made to the Italian Government. The latter, having carefully studied the proposals, replied that all points raised are already dealt with by Italian law and rather than issue fresh decrees, it would prefer to instruct all prefects to enforce the existing laws more strenously. This is being done.

(c) Veterinary.

(i) The spread of hog cholera in Campobasso, Foggia and Chieti provinces is now decreasing. This is largely attributable to the fact that 21,000 swine have been immunized with Crystal Violet Vaccine produced by the Stazione Sperimentale at Foggia.

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(c) Veterinary.

(i) The spread of hog cholera in Campobasso, Foggia and Chieti Provinces is now decreasing. This is largely attributable to the fact that 21,000 swine have been immunized with Crystal Violet Vaccine produced by the Stazione Sperimentale at Foggia.

(ii) This is a comparatively new product in both the USA and Great Britain and has never been used previously in Italy. It is felt that its use on a large scale in Southern Italy will prove to be a valuable field test as regards efficiency.

(iii) Foot and Mouth disease is now present in Teramo, Bari, Foggia and Campobasso Provinces. A total of 110 cattle, 50 sheep, 44 swine and 10 goats are infected. Executive Memorandum No.63 has been circulated to Regional Commissioners to procure cooperation in controlling the disease. In addition, Major Rushmore has conferred with the Veterinary Officer attached to HQ Sub.2 District on control measures.

(iv) During June, no cases of Rabies were reported either to this HQ or to the Italian Authorities.

(v) The production and distribution of veterinary biologicals has been very satisfactory during the past four months. A total of approximately 1,500,000 cattle, sheep, horses and goats have been immunized against Anthrax. A total of 50,000 swine have been immunized against Erysipelas, and 55,000 cattle against Blackleg. A considerable quantity of Anthrax, Blackleg and Erysipelas anti-serum is now available for the treatment of these diseases if they arise.

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5. MALARIA CONTROL BRANCH

(a) Organization.

(i) The organization of this Branch is the same as that reported for May with the exception that -

(ii) Mr. Fred W. Knipe a malaria engineer of many years experience joined the Rockefeller Foundation staff affiliated to the Branch which forms the Demonstration Unit.

(iii) Two Italian doctors were transferred from the Typhus Control Branch to the Malaria Demonstration Unit.

(iv) Dr. Fred L. Soper has returned to this Headquarters after a tour of duty in the Middle East, resuming duty with the Demonstration Unit.

(v) Major R. M. Young, M.C. and Captain R.A. Elliot returned to No. 12 General Hospital after having performed work of a very high order in the Malaria Demonstration Unit for which they have received commendation.

(vi) Colonel P. F. Russell, M.C., Major T.P. Anderson, Sn.C. and Captain M.A. Mancelli, Sn.C. have moved to Advance Headquarters.

(b) The Malaria Advisory Unit has spent much time in the field and has covered an extensive area.

(c) Arrangements have been made for distribution on a Regional basis of salvaged Army shoes for malaria control labourers, Paris green, picks and shovels. Negotiations are now in progress to obtain such other items as salvaged battle dress, rakes, scythes and flit guns of local manufacture.

(d) A contract has been made with the Comitato Italiano Petroleti for the production of 220,000 liters of kerosene-pyrethrum insecticide, using Italian grown pyrethrum flowers.

(e) In Rome, the Director of the Institute of Hygiene, Professor Moretta and Professor Missiroli have been most cooperative and have provided laboratory accommodation for Dr. Soper and his staff.

(f) For the next few weeks Major T.P. Anderson will be employed in malaria control in Rome Region, while Capt. M.A. Mancelli and Lt. Morris will be similarly employed in Regions IV, VI and VIII.

(g) Full and active liaison has been maintained with the Malaria Consultant, AFHQ, and the malariologists of NATOUSA, PBS, ALF & 5th Army and a number of PBS and 5th Army teams have been trained by the Demonstration Unit in the spraying of DDT in houses for the control of flies and mosquitoes.

(h) The following memoranda have been prepared and circulated during the month:

(i) DDT Memorandum No.2 - Preliminary Note on the use of DDT as spray (liquid and dust) in dwellings.

(ii) Technical Memorandum No.3 - Hand-Killing Adult Mosquitoes . Technical Memorandum No.4 - Note on the Treatment of Malaria with Atabrine (Mepacrine). Technical Memorandum No.5 - Anopheles Control by Field-Mixing and Hand-Casting Paris Green.

6. SUPPLY BRANCH:

(a) It is hoped that concrete proposals from the Italian Government concerning the principles enunciated at the conference referred to at 2 (c), will short-

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(c) Arrangements have been made for distribution on a Regional basis of salvaged Army shoes for malaria control labourers, Paris green, picks and shovels. Negotiations are now in progress to obtain such other items as salvaged battle dress, rakes, scythes and flit guns of local manufacture.

(d) A contract has been made with the Comitato Italiano Petrolati for the production of 220,000 litres of kerosene-pyrethrum insecticide, using Italian grown pyrethrum flowers.

(e) In Rome, the Director of the Institute of Hygiene, Professor Marotta and Professor Missiroli have been most cooperative and have provided laboratory accommodation for Dr. Soper and his staff.

(f) For the next few weeks Major T.P. Anderson will be employed in malaria control in Rome Region, while Capt. E.A. Ismealli and Lt. Wehrle will be similarly employed in Regions IV, VI and VIII.

(g) Full and active liaison has been maintained with the Malaria Consultant, AFHQ, and the malariologists of NATOUSA, PBS, AAF & 5th Army and a number of PBS and 5th Army teams have been trained by the Demonstration Unit in the spraying of DDT in houses for the control of flies and mosquitoes.

(h) The following memoranda have been prepared and circulated during the month:
(i) DDT Memorandum No.2 - Preliminary Note on the use of DDT as spray (liquid and dust) in dwellings.
(ii) Technical Memorandum No.3 - Hand-Killing Adult Mosquitoes . Technical Memorandum No.4 - Note on the Treatment of Malaria with Atabrine (Mepacrine). Technical Memorandum No.5 - Anopheles Control by Field-Mixing and Hand-Casting Paris Green.

6. SUPPLY BRANCH:

(a) It is hoped that concrete proposals from the Italian Government concerning the principles enunciated at the conference referred to at 2 (b), will shortly be received.

(b) A visit by Major Wilhelmi to Regions II, IV, V, VII and VIII and AAC 5th & 8th Armies revealed that a satisfactory stock of medical supplies was being held.

(c) Further consignments of supplies will shortly be received in Rome and in AAC 5th & 8th Army areas.

(d) Satisfactory progress has been made with drug firms in Naples and it is hoped that in the near future they will be able to produce biologicals on a large scale.

(e) A supply of raw materials has been made available which will make the manufacture of sulphur ointment possible. This is most important in view of the prevalence of scabies.

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(f) Some 500,000 doses of smallpox vaccine were made available to the Italian Government for re-distribution as required.

(g) The Civilian Clothing Warehouse in Naples is functioning satisfactorily. Arrangements are being made by Capt. Parks to close the warehouse at Vlarano and transfer the contents to a new warehouse in Rome.

7. WELFARE BRANCH:

(a) Owing to shortage of Welfare Officers and the necessity of staffing forward areas, Regions I, VI, and VII are without any specialist welfare personnel.

(b) RC & RE Section have been requested to insert addenda to Appendix "B" of Executive Memorandum No.58. This Memorandum describes the function of the Italian Refugee Branch and the Displaced Persons Sub-Commission as regards welfare in their own spheres.

(c) In Region I, Welfare organizations have not been receiving sufficient funds for their activities due to the obstructionist policy of the Ministry of Finance Delegate. The matter was referred to the Italian Government and the Ministry of Interior reports that the Finance Delegate will be removed on 30 June, and his functions assumed by the High Commissioner.

(d) A very valuable step has been taken by the Italian Government in making provisions for the settlement of children of women while undergoing hospital treatment for VD. The principle is that the child or children will be taken care of by relatives, sent to private families or settled in an orphanage or religious institution, the cost being borne by the Government. This decision is considered to be so important that RC & RE Section has been asked to initiate similar measures in AMG Territory.

(e) By endorsement in G.U. 32, certain articles of R.D.L. No.113 were made effective in Military Government Territory. The result was to increase the amount of the Soccorso Militare grant 70% and to extend the assistance to families whose breadwinners had been taken away by the Germans. The remaining provisions of the decree, which relate to a combination of Soccorso Militare and ECA activity, were not made applicable to Military Government Territory, as it was believed that this step was better left to the Italian Government when it assumes jurisdiction over the territory in question.

(f) The matter regarding allowances to ex-internees in Italian Government Territory has not yet been adjusted. The Ministry of Interior states that the changes in Italian Government have precluded action on the request of the Allied Control Commission that the order of the Italian Government reducing these allowances be rescinded and a new scale established. The matter is now ready for action by the Council of Ministers. There has been considerable delay on this question.

(g) Welfare officers have been informed of the control, under Italian law, which exists as regards organizations which collect money for charitable purposes.

SUMMARY:

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SUMMARY:

(1) Activation of forward Regions is depleting both HQ and rear Regional staffs.

(2) VD Control work in Italian Government Territory is now a completely Italian responsibility.

(3) Negotiations are in progress for the Italian Government to handle the distribution and costing of medical supplies in Southern Italy.

(4) The Naples smallpox epidemic continues in mild form. No deaths have been reported.

(5) VD rates among troops are showing a progressive fall. The Italian Government is taking steps to enforce more strictly the existing laws concerning the treatment of infected women and to improve the administration of VD hospitals.

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(32) Four memoranda dealing with malaria control have been prepared and published by Colonel Russell.

(33) Satisfactory stocks of medical supplies are on hand for the Armies and all Regions.

(33) Arrangements with drug firms in Naples have reached the stage that the early production of bacteriocids on a large scale is anticipated. Raw materials have been obtained to start the manufacture of sulphur ointment in quantity.

(34) 500,000 doses of smallpox vaccine have been turned over to the Italian Government.

(35) The Italian Government has issued instructions regarding the settlement of children whose mothers are undergoing treatment for V.D. AC & SG Section has been requested to issue similar instructions in AMG Territory.

(36) The Secours Militaire grant in Military Government Territory has been increased by 50% and assistance has been extended to families whose breadwinners have been removed by the Germans.

(37) The question of allowances to Ex-Internees in Italian Government Territory has not yet been settled.

[signature]

O. S. PARKINSON, Brigadier,
Director, Public Health Sub-Commission.

PH/GMF/ja

DISTRIBUTION:
HQ, AFHQ (4)
HQs all Regions. for PHOs (1)
Dr. Verroso, c/o Italian Ministry of Interior (1)
HQ AMG 5th Army. (1)
HQ AMG 6th Army (1)
Heads of Branches, P.H. Sub-Commission (7)
Public Relations Branch, ACC (1).

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

CONFIDENTIAL

MONTHLY REPORT

JUNE 1944

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PART III	-	Administrative Section	Pages 17 - 19
PART IV	-	Political Section, Communications Sub-Commission.	Pages 20 - 22
APPENDIX	-	"A"	

SEEN	TO:	INIT.
ADMIN DIRECTOR	✓	
CHIEF STAFF O.		
STAFF O 1 (B)		
STAFF O 2 (A)	✓	
STAFF O 3		
CHIEF CLERK		
DATE 4 AUG 1944		

1988

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CONFIDENTIAL

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

Ref/498/CA.

31 July 1944.

MONTHLY REPORT FOR JUNE

General Remarks

1. The speed of the advance has not slackened during the month and many new towns and Provinces have been occupied. The City of ROME was entered by Fifth Army on 4th June and so began the administration by Allied Military Government of the first capital city in Europe to be liberated.

2. In view of the fact that the Rome Committee of National Liberation contained the recognised leaders of all the Parties except the Communist Party, it had long been clear that a political crisis was inevitable when Rome came into Allied hands. In the first place, whatever government was in power in the South of Italy would inevitably have to resign and, in the second place, it was to be feared that, despite any commitments made by the Parties in the South, the Rome leaders would reopen the institutional question. In the upshot a solution was found both for the governmental and institutional problems.

3. In forward areas the month has taught many lessons: the necessity of close co-operation between AMG's with the Armies and the Regions following up behind: the vital necessity for planning well ahead with respect to supplies and transport: the necessity of having organised transport companies both with the Armies and forward Regions: the fact that the refugee problem decreases with the speed of advance: the value of training and planning in view of the inevitable breakdown in communications: the increasing necessity for a pool of Italian Government officials which can be called upon at short notice: the need for continuity with regard to legislation in the forward areas and those turned over to the Italian Government.

4. With large areas of newly occupied territory, new Regions have had to be formed with the inevitable reduction of numbers in the southern areas. This practice is in accordance with policy but has been attended by many difficulties owing to the necessity for keeping large numbers of Allied officers in Sicily, Region II and FOGGIA in order to initiate the collection of the grain.

5. In the southern areas the effects of this reduction of officers are becoming apparent: inevitably the standard of administration is lowered and becomes more approximate to the Italian standard: inevitably the distribution

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5. In the southern areas the effects of this reduction of officers are becoming apparent: inevitably the standard of administration is lowered and becomes more approximate to the Italian standard: inevitably the distribution of food becomes irregular: corruption begins. On the other hand there is no doubt that the local governments, slowly, and perhaps feebly, but gradually, are beginning, at any rate in the elementary forms of administration, to find their feet.

1987

6. It is difficult especially in Southern Italy to inspire into the people any enthusiasm towards the Allied war effort. They work because they must earn their bread but to the mass of the people the war has passed them over. Particularly noticeable is the spirit in ROME, a city untouched by war and whose citizens appear to have more zeal in safeguarding their own local interests, be they physical or political, than in any progressive measures towards the rehabilitation and reconstruction of their country as a whole.

PART I/.....

Declassified E.O. 12356 Section 3.3/NND No. 785016

PART I

R.C. & M.G. SECTION

AMG EIGHTH ARMY.

1. During the month the Provinces of RIETI and TERNI have been taken over and a large portion of PERUGIA. The Province of FROSINONE has been handed over to Region IV and AQUILA, CHIETI, PESCARA and TERAMA Provinces to Region V. Patriots are now being encountered by Army AMG's in increasing numbers and form another and separate responsibility for CAOs. Many of these men have led a roving existence for long periods and it is not easy to divert their usefulness into the normal channels of the community. The situation requires handling with exceptional tact to avoid widespread repercussions. A directive was issued by AMG Eighth Army and the Patriot Branch has been formed at HQ Allied Control Commission to co-ordinate action.

2. PERUGIA with a population of 100,000 was by far the largest city liberated. It was little damaged. The banks were well supplied with cash.

3. The wheat crop in all Provinces is excellent and harvesting is in progress but milling is a problem due to the present lack of electricity in the area.

4. In the Provinces of FROSINONE and AQUILA alone, 1500 tons of supplies were distributed.

5. From the date of the CASSINO battle 23,000 refugees have been dealt with.

6. Health generally is extremely good and a number of hospitals have been encountered in good condition, some well stocked with medical supplies.

7. Preparations for the occupation of FLORENCE include the issue of an Operation Order and an Administrative Instruction by Eighth Army with their AMG counterparts. It is hoped that this will safeguard the amenities and treasures of this famous city.

AMG II POLISH CORPS.

8. Early in the month it was considered necessary to attach an AMG spearhead to this formation from AMG EIGHTH Army which remained with it until its task was accomplished on 24 June.

9. The following Provincial capitals were entered: CHIETI, PESCARA, TERAMO, ASCOLI-PICENO and AQUILA. Conditions varied considerably, from PESCARA which was badly damaged, to TERAMO almost unscathed.

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10. Escaped Allied PW's became a problem as there were several hundreds of them. All speak of the good work done by the patriots.

AMG FIFTH ARMY.

11. SCAO II Corps was the first AMG officer to enter ROME on June 4th. He reported an enthusiastic reception of the Allies and cars being loaded with flowers. Two days supply of food for the city was left by the enemy. ROME Province was handed over to Region IV on 15 June. This being the first capital city to come under ACC control it is thought that more complete details of the activities of this newly created Region than are usually included in this Section of the Monthly Report would be of interest. Consequently at Appendix "A" is a Summary of the June Report of ROME Region.

12. During the month, in addition to ROME Province, LITTORIA Province was handed over to Region IV on 9th June and VITERBO Province on 29th June.

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13. Conditions were much better NORTH of ROME than had been up to that point. Health was generally good and damage to property less. It is estimated that damage amounted to 40% but only in the path of the enemy's rearguard. PIOMBINO was one of the more important towns where devastation was really bad due to deliberate demolition. It is of course a sizeable port and possessed iron and steel works for processing iron ore mined in the neighbourhood. Large quantities of ore were left although a number of mine workings were destroyed.

14. Wheat crop is good and harvesting under way. It is estimated that in VITERBO Province alone 70,000 tons of grain will be collected.

15. In last month's report the conduct of French African troops on this front was commented on and it is good to be able to mention an improvement. Cases of rape are still occurring but to a much less extent and the inhabitants of VITERBO showed approbation of the action by the C.R.O in that town who himself arrested two Moroccans on this charge.

REGION I (SICILY)

16. Grain collection in Sicily is meeting with considerable opposition and there is evidence that a substantial proportion of the harvest of the smaller farmers is going underground. Other measures having failed the law is now being prosecuted with vigour.

17. In addition to all other forms of publicity for Granai del Popolo a film is being made for immediate showing in towns and villages.

18. Morale was considerably raised by the entry of the Allies into ROME and by landings in France.

19. Political activity is on the increase particularly the Communist Party. The Separatist Movement appears to be sponsoring grain evasion.

REGION II (APULIA, LUCANIA)

20. There has been jubilation on the liberation of ROME and on the political side strenuous efforts made by Labour and Communist parties to establish an ascendency. Defascistization has made progress with bolder action by the Italian authorities.

21. Reaping of the splendid grain crop has been a complete success. Threshing and collection has begun and the next phase is the problem of transport and defeat of those who would divert grain to their own profit.

22. Labour shortage and high costs at one time threatened harvesting but the threat of producing military labour averted the trouble.

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23. Some progress has been made with the distribution of the large surplus of wine in APULIAN Provinces, but generally transport is at too much of a premium to be spared for this task.

24. Good crops of grapes and figs are forecast, and normal crops of olives and nuts. Potato yield will be small and almost nil from imported seed.

25. A single case of foot and mouth disease was reported and thanks to immediate control measures there has been no spread.

26. Public Health is good, sanitation continues to improve and there is marked progress with communications in MATERA and POTENZA Provinces.

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REGION III (CAMPANIA)

27. Shops in NAPLES have been selling potatoes at 7 - 8 lire per kg. and there is a large surplus which is being exported to neighbouring Provinces. Wheat is coming in well particularly in the Province of SALERNO. There are ample supplies of soft fruits. Fishing industry attained 3410 quintals - a new record. Next month perhaps this record will be beaten for the director and two inspectors of the Central Fishing Agency were arrested for black market operations.

28. The tramways in and out of NAPLES have resumed operations.

29. The conduct of Allied troops is still unsatisfactory and considerable crime is reported.

30. ALC Courts in the Region, excluding SALERNO, tried 1328 cases and acquitted 41. Italian Courts in the City of NAPLES tried 6332 cases and acquitted 814.

31. Health is good and the outbreak of smallpox in NAPLES is abating but is still active in the Province, notably in AFRAGOLA. 300,000 have now been vaccinated in NAPLES and 25,000 out of 40,000 in AFRAGOLA.

32. Increasing use of the railways is now possible and AOC bids for the month amounted to 29,842 tons.

33. Plans have been made for NAPLES Bourse to open simultaneously with the ROME Bourse. Sales and exchanges of Italian Government Bonds for the month exceeded redemptions by 240,000,000 lire. Market prices of bonds were higher.

REGION IV (UMBRIA, LAZIO)

34. The history of this Region did not commence until the Armies started to attack on May 11th, but by the end of June it was in control of four Provinces, LITTORIA, FROSINONE, ROME and VITERBO, with three more to be added, RIETI, TERNI, and PERUGIA. It was originally intended that ROME City would be a Sub-Region under Region IV but a change of plan resulted in the creation of a separate Regional HQ to administer the City.

35. Region IV is facing a heavy task for its territory is more devastated by war than any other. It should be remembered that it includes the rivers MELFA, RAPIDO and LIRI where the most bitter fighting of the campaign has taken place and townships have been destroyed utterly.

36. In the four Provinces so far taken over, the Italian machinery of Civil Government has been set going: "Epurazione" has been taken in hand; political problems have been few; plans for dealing with Patriot Bands are under discussion; Italian Courts have been reopened; Bank and Post Offices have been reopened; [illegible] the incidence of crime is low

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37. Prospects are good for almost all crops; wheat, corn (maize) olives and vines. In FROSINONE, LITTORIA and ROME the harvest has suffered from war damage, lack of labour and the presence of mines. Indeed mines may be said to constitute an outstanding problem and in parts prevent a return to normality for the present. Daily casualties occur among workers who are bold enough to try to cultivate their crops. Although handicapped by shortage of agricultural machinery, the Italian peasants have done excellent work in reaping and gathering crops almost entirely by manual labour.

38. Reconstitution of the Italian Agricultural Agencies has been taken in hand. New officials have been found where necessary. There is a lack of fuel for the small amount of mechanical equipment available and a lack of binding twine, sacks, etc. On the whole, however, hard work and improvisation by the Contadini are overcoming obstacles in a most commendable way.

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39. Industry has been severely crippled but a good start has been made in rehabilitation. The Engineering Division has had to cope with a great volume of repair work on roads, public services etc. The Italian organization of Genio Civile has been put to work. Transportation has been a grave pre-occupation throughout. The Germans in their withdrawal stripped the country-side of all transport not carefully hidden. Much that was hidden was in a bad state of repair with perished tyres and batteries. ACC transport had to be driven by inexperienced Italian drivers and gave cause for much anxiety. However wheels are moving and civilian transport is being organized in every Province.

REGION V (MARCHE, ABRUZZI E MOLISE).

40. As stated earlier this Region during the month took over four Provinces from the Eighth Army, viz. CHIETI, PESCARA, TERAMO and AQUILA. Generally speaking the passage of the Armies has not done much harm to the crops, which promise well. The AVEZZINO basin in AQUILA Province is one of Italy's richest agricultural centres and the enemy did nothing to destroy crops here or elsewhere. Mines and booby traps abound, of course, and make reaping a hazardous process, with casualties among the labourers.

41. Feeding of the new areas proceeding according to plan but transportation is difficult owing to the number of blown bridges, mines and bomb craters. Evidence of the Allies precision bombing of the enemy's supply routes is to be seen and its effects felt ! Unfortunately when our troops moved on they removed some of their temporary bridges with them.

42. Plans are being made for a sea supply route.

43. This Region includes the Provinces of FOGGIA, the largest individual wheat growing area of Italy. Harvesting is almost completed and the arrangements for bringing in thousands of Italian troops to assist worked smoothly.

REGION VI (SARDINIA)

44. Propaganda activities of the Communist Party are continuing intensely and especially in the mining regions of IGLESIAS. A new sheet entitled "MINIERA" is being published by the party. Recently Paolo TEDESCHI delivered speeches in the more important urban centres of the island. The following three points were the theme of his talks :

(i) Maximum collaboration in the war effort by the Italians.
(ii) Moral and material reconstruction of the Nation.
(iii) Defascistization of civil administration and within the Armed Forces.

Economic Resources and Supply.

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Economic Resources and Supply.

45. The food situation generally is satisfactory but instances of failure in distribution still occur. The fresh vegetable market and the greater supply of local produce has made the demand for imported foodstuffs less acute during the month. Fats generally are lacking and olive oil is an urgent need. Fish supplies at various markets have increased considerably especially tunny. Approximately 150 tons of tunny fish are already canned in oil and salt.

46. Arrangements are being made to ship 100 tons of hides to the mainland. The ammonia plant at CHILIVANI is expected to start operation about the middle of July. Soap is very scarce but if the expected supply of 10 tons of caustic soda arrives local manufacture should be possible shortly.

47. Crop yields are good but indications are that they will not be above average. Damage by hot dry winds and unusually cold weather prevented high yields. The grain is of excellent quality and good progress is being made in harvesting and threshing.

48. During the month the programme for the Granai del Popolo was organised with all Provincial and Communal Committees in action. The attitude of farmers varies and some reluctance towards consigning the grain to the Granai del Popolo exists. This is due in general to three factors: (i) fear that last year's experience may be repeated when additional consignments were required, reducing the retentions authorised at harvest time; (ii) the fact that much wanted commodities can be secured in exchange for grain or flour but not for money; (iii) the temptation of the huge profits to be gained in the black market.

Public Works and Utilities.

49. Public Works and Utilities on the Island continue to be operated by civilian personnel under normal conditions except for shortage of spares and maintenance materials.

50. The tram service is operating on the outskirts of CAGLIARI and it is hoped to resume the service within the city during July. Delays in starting have been due to necessary repairs to equipment and shortage of supplies for tracks and/or overhead wiring.

Public Safety.

51. Public order generally continues to be satisfactory. During the month thefts decreased by 25% while robbery declined by 37%.

52. With further transfers of Italian military personnel from the civil prisons the prison accommodation situation has still further improved. Although some prisons are still holding prisoners above their normal capacity the situation generally can now be considered as satisfactory.

Public Health.

53. The health situation on the Island is generally satisfactory. There is no evidence of malnutrition. The medical, Hospital and Sanitary services are functioning as well as can be expected under the prevailing circumstances. Consignments of ACC medical stores arrived on schedule.

54. There is every indication that there will be no serious endemic of malaria in the Island this season and that there may be an appreciable diminution compared with 1943 statistics.

Finance.

55. There appears to be little change in the inflation situation but any tendency in this direction should be minimised by the increasing movement of the Italian Army from SARDINIA and by greater efforts at tax collection.

56. The gradual return to confidence is apparent as the savings and deposits

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56. The gradual return to confidence is apparent as the savings and deposits in the banks show a substantial and steady increase.

REGION VII (CALABRIA).

57. The Regional Commissioner reports that morale is high consequent on the landings in NORMANDY, successes in and beyond ROME, and the increase in the bread ration from 200 - 300 grs. per day. Striving after perfection, unsatisfactory Sindaci are still being removed and the formation of Giunta Provinciale Administration is proceeding slowly but surely.

58. The railways are improving to such an extent that they can now be depended on to handle almost all the Allied food supplies, but there is a serious shortage of rolling stock.

59. Prices show a slight tendency to rise except in the black market where bread has fallen 30 points.

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60. The Minister of Agriculture visited COSENZA where a speech he made left a deep impression and was a valuable contribution to the great effort being made for a maximum collection of the harvest. Large farmers are on the whole working for the success of "Granai del Popolo" but small ones find black market temptations hard to resist.

61. As ever the pinch is transport and in this Region the shortage is affecting distribution of larvicides for anti-malarial work.

REGION VIII (TUSCANY).

62. For the first time this Region, which will eventually include the Provinces of GROSSETO, LIVORNO, SIENA, FIRENZE, PISA, AREZZO, PISTOIA, LUCCA and MASSA, finds itself sufficiently advanced to submit a comprehensive report. At the end of the month territory occupied by the Allies consisted of the whole of GROSSETO and parts of LIVORNO and SIENA but the Region is as yet controlling only a small portion of its territory. It is hoped that by the time the next report comes to be written more details of general interest will be available.

ANG ELBA.

63. Political reaction in so far as the industrial population is concerned appears to be mainly Communistic. The agricultural people are moderate and rather more Socialistic in their views. Popular opinion is strongly in favour of the Allies, and maximum co-operative effort is being encountered from every direction.

64. The main industries have been completely disrupted since September 1943, Agriculture engages approximately 65% of the working population; transport, industry and mining 20%; and general commerce 6%.

65. Iron Ore Mines. These turn out a very high-grade ore reputed to contain over 60% pure iron. Mines mainly surface-operated could rapidly be brought back into production; but all smelting plant is completely destroyed.

66. Calcium Mines. Porto Ferraio. Damaged and looted, but not beyond repair. Production could probably be recommenced in about three months.

67. Electrical Plant. Privately owned. Very little damaged. Already back in service for lights only.

68. A full ration of 300 grams daily is now being distributed to all Communes. This year's grain crop will be poor, due to a seven month's drought. This has also effected the vegetable gardens.

69. Fisheries are momentarily at a standstill. It is proposed to resume [illegible] fishing shortly. Stopped originally by Germans, and at present impossible

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ITALIAN REFUGEE BRANCH.

70. Movements from forward areas showed a further increase with a total for the month of 14,737 whilst dispersals were as follows :

To Region I	- 462
" " II	- 2661
" " III	- 500
" " VII	- 5951
To Italian Army	- 2887
To Homes in Regions III and IV	- 3144
	15,605

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71. On entry into Rome CESANO Camp was found established by the Germans in a disused factory and contained 7,000 refugees in a most pitiable condition. They had insufficient clothing and bedding and were practically starving. There was no real medical attention or sanitation and disease was rampant Emergency measures were taken at once to remedy this appalling state of affairs and the refugees are now properly fed and housed and a hospital is in operation.

72. Another camp has been established at CINECITTA, South of ROME.

73. There has been an unfortunate and ill-timed movement by refugees to areas which have recently become safe, e.g. NAPLES. Not only are communications unprepared for this movement but considerable confusion is caused by the arrival of groups of people who are without accommodation and are at once a liability to authorities.

INTERNEES & DISPLACED PERSONS.

General.

74. Headquarters of the Sub-Commission moved from BARI to ROME and the Camps in Southern Italy came under command No.1 Sub-Section, LECCE, with a staff officer from the Sub-Commission attached to HQ Region II, BARI. Region II assumed administrative control (with certain qualifications) of No.1 Sub-Section and Camps under command.

75. President Roosevelt announced on Friday 9th June at his press conference that arrangements had been made to bring 1000 European Refugees from ITALY to an emergency refugee settlement at PORT ONTARIO near OSWEGO, N.Y. The announcement created great interest in ITALY and the 1,000 refugees were selected from the following places : ROME, NAPLES, POTENZA, BARI, SALERNO, DI BAGNI, TARANTO.

76. On the fall of ROME the Sub-Commission opened an office at the same time and place as Rome Area Command. Through the various group leaders some 5,200 Allied Nationals were supplied with additional food and in some cases medical assistance as well.

77. During the month 1906 refugees were received and 1219 embarked for Middle East.

Organisation.

78. Two new camps have been opened, (a) CINE CITTA, 12 kms from ROME, transit camp capacity 2000 persons, and (b) AVERSA near NAPLES, transit camp for North Africa, capacity 4000 persons

79. A small group, 1 officer and clerical staff, are ready to move into FLORENCE and deal with all Allied Nationals following the method so successful for ROME.

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Medical.

80. Medical assistance for Allied Nationals in ROME has been made available when required, but on the whole their health is good. Use has been made of the Italian Civil Hospitals in the few cases where treatment was indicated. Many children are undernourished and the establishment of a convalescent home for sick children in the hills or at the seaside is being investigated.

Red Cross.

81. The condition of clothing of refugees on arrival is still variable. Clothing is held for all camps at BARI where the initial issues are made. Supplementary issues are made as required at DI BAGNI where the initial issues are made. Supplementary issues are made as required at DI BAGNI and DI LEUCA where there are workshops making and remaking clothes. A variety of garments are made from various materials, large or damaged clothing into children's clothes etc. The scarcity of thread is still a problem. With the diminished

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staffs in camps which are considerably isolated from military units the welfare problem of the staff constitutes a difficult problem of its own.

Record Bureau.

82. The Record Bureau moved from BARI to ROME at the end of the month. With more territory liberated the work of enquiries for welfare and whereabouts is bound to increase and with the liberation of the bigger towns in the north, it is anticipated that very considerable numbers of enquiries will be received. About 400 enquiries were received from the International Red Cross in ROME, which they had been holding unable to take action until the Allies' arrival.

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PART II

ECONOMIC SECTION

LABOUR SUB-COMMISSION.

1. There is a growing spirit of discontent among all classes of workers who are becoming more vocal but are irresponsibly led and organised. A new decree incorporating all legislation in the labour field is about to be submitted to the Italian Government. This, in addition to abolishing the Fascist Syndical Corporative System in all its aspects, aims at re-instituting freedom of trade union organisation, authorises the setting up of labour offices as the state machinery in the labour field and sets up a democratic system of governing labour relations.

2. The Labour Sub-Commission has attended a number of meetings of the Add Labour and Wages Committee, and the Sub-Commission's activities in the field of wages, hours and working conditions have been the subject of favourable comment.

3. Wage studies have been made on public utilities, dockyards, steel mills, glass and brewing industries where unsettled conditions have prevailed. Attention has also been given to the clerical and administrative fields.

4. There is evidence that unauthorized wage increases are being granted by employers.

5. Increased rations beginning 1st July was the outstanding item assisting holding the line on wages. This may tend to relieve many requests for wage increases based on the high cost of food. More food is the answer to the working man's immediate problem with increased wages as a secondary issue.

Labour Organization Trends.

6. Trade Union organization remains in a more confused situation than ever as a result of the action taken in ROME by the three popular parties, the Communist, the Socialist, and the Social Democrats. Their platform would set up a triumvirate to cooperate in:

(a) Achieving a unity of trade union movement, by eliminating party politics from the Trade Union field, and

(b) Creating a central Confederation of Labour with a national objective, incorporating the "Red and White" Federations.

7. The "Confederazione Generale del Lavoro" appears to have taken exception to this move, particularly because the "Party of Action" elements led by Dino Gentile objected to the Partito d'Azione being left out of the Central Committee of three.

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7. The "Confederazione Generale del Lavoro" appears to have taken exception to this move, particularly because the "Party of Action" elements led by Dino Gentile objected to the Partito d'Azione being left out of the Central Committee of three. The idea is put forward that the action taken in ROME was arbitrary - an argument that could be well applied to the members of the Confederazione Generale del Lavoro in respect to the method they adopted in the creation of the Confederation. The new situation calls for intervention of the Labour Sub-Commission, and the Minister of Industry, Commerce and Labour has already been consulted in order to evolve a scheme for the election of representatives of trade unions and the creation of Federations and Confederations on democratic lines.

Social Insurance.

8. During the month there was co-operation with Italian officials on Social Insurance problems. Many important administrative matters were settled and close liaison at the National Headquarters in ROME was established.

9. All Social Insurance work progressed according to schedule. This field is very complicated, but lends itself to easier control than wages.

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10. Pension work progressed favourably. Parallel pension orders for all AMG territory and efforts toward the abolition of certain Fascist pensions in Italian Government Territory is proceeding slowly in full co-operation with the Finance Sub-Commission.

FINANCE SUB-COMMISSION.

11. The new Bonomi Government has reverted to the practice which prevailed before Fascism, that of dividing financial matters between the Ministries of Finance and Treasury, the former having jurisdiction over revenues, and the latter over expenditures, budgets, and the public debt.

12. The Finance Sub- Commission's policy of having the Banca d'Italia provide currency for newly liberated territories has worked extremely well in practice. Currency surpluses have moved from rear areas to forward areas, thus reserving supplies of AMG lire for their primary purpose, that of paying the Allied Forces.

13. As of 1st June, the maximum amount which an Italian household may receive from the U.S. under the personal remittance system was revised from $ 100 per quarter to $ 50 per month.

14. A directive was received from CCS approving the recommendation of the Finance Sub-Commission that Internees and Displaced Persons Sub-Commission be made responsible for disbursing advances to Allied nationals and for accounting to AFA for such payments, other than advances to American and British nationals.

15. Arrangements were effected whereby remittances may be made by British held Italian prisoners of war to their dependents in Italy. A similar plan is being developed for American-held Italian prisoners.

16. Reports from Rome indicate that last winter, anticipating the City's fall, the Germans formed separate Head Offices of the social insurance institutions in the North. A Head Office of "Previdenza", for example, was formed at VITTORIO VENETO. Some cash securities and documents were transferred at the time. There remain in ROME, however, sufficient records and reserves to carry on necessary operations. When plans for ROME were being drawn, careful consideration was given to the position of the national Commissioners, and it was decided that arrangements should be made for them to go to ROME at the earliest possible moment. Accordingly, after consultation with the Labour Sub-Commission and the Italian Government, the national Commissioners have been despatched to ROME to assume control and recreate their Head Offices.

17. During the month progress has been made in supply accounting, both at HQ and in the Regions. At the close of the preceding month consolidated accounts were prepared only through 31 January 1944, due to delay in the submission of Regional reports, a condition primarily ascribable to lack of personnel. The additional officers allocated to supply accounting during the past two months have

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18. The new fiscal year begins on 1st July. Budgets have been prepared and presented by each Ministry, and are now being considered by the Council of Ministers. Owing to the change in Governments it is anticipated that the approval of these budgets will be delayed for about a month. Accordingly, the incoming Government is to issue a decree authorising Ministries to work provisionally, on the basis of the prepared budget, but this authority will not constitute provisional approval of any budget. The normal Italian procedure will be re-introduced whereby each Ministry issues its own "ordini di accreditamento", for each chapter of its own budget, and all such authorities will be registered at the Corte dei Conti before they can be effective.

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19. Discussions have continued during the month with the Ministry on improvements in the Italian revenue system. The change in Ministers has again necessitated going over old ground, but the proposed legislation has not been changed by the present Minister.

FOOD SUB-COMMISSION.

General.

20. Food Sub-Commission has had one of its busiest months. The reasons are briefly stated. In anticipation of forthcoming events and to meet the needs of AMG Fifth and Eighth Armies in the forward areas, stockpiles of flour and miscellaneous essential foodstuffs including soap, salt, sugar, soup, canned meats, dried vegetables, biscuits etc. had been built up within the Army boundaries. But due to the speed of the advance AMG transport was insufficient to carry all the stocks forward and 2000 tons were left behind at CARINOLA and CAPUA for liquidation, and restrictions on movement by sea and rail rendered all organised movement and planning ineffective.

21. Due to port congestion and operational movement, outloading of civil supplies during period 5 - 20 June was approximately 4000 tons in arrears and discharges at ANZIO fell behind schedule. This, of course, aggravated the situation.

22. It is realised that under operational conditions, there can be no static or clean-cut movement programme, but except for the untiring efforts and individual resource of the entire personnel of the Sub-Commission involving very long hours, there would have been a serious breakdown, not through lack of supplies, but because of the inability of the transportation services to handle through the ports.

Supplies.

23. Stocks during June were sufficient for full issues of imported miscellaneous items. Soup continues to be a popular item in the ration in forward areas.

24. Flour now being milled at 91% extraction has proved successful. Plans are now being prepared for increasing to 95% during the next few weeks and for using some of the barley crop by mixing with wheat in milling.

25. A large consignment of dry salt fish arrived during June. The fish was in very good condition and is being issued in ROME and NAPLES.

26. The rapid advance of the troops and the consequent call upon transport of all kinds at both the front and in the base areas for maintenance constituted the main difficulty of supply during June. Yet, despite this difficulty the front areas were maintained and ROME was supplied regularly throughout the period.

27. The harvest has started in most areas in the plains. Hill harvesting

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27. The harvest has started in most areas in the plains. Hill harvesting is not expected to begin until mid-August or late August. Threshing has commenced in some areas but it will be early August before there is any appreciable effect on the supply programme. The scheme for moving the grain by rail has been approved by Movements AAI. Movement will commence from MATERA on a fairly large scale during the week commencing 10th July. Some 3000 tons will be moved into Region VII and a smaller quantity into BARI area for milling for LECCE.

28. As there have been few facilities for milling in forward areas a heavy milling programme has had to be undertaken in NAPLES area. This possibility was foreseen some time ago and a stockpile of 10,000 tons of flour was maintained in NAPLES to meet it. It was from this stock that ROME was supplied as soon as it fell by means of shipments to ANZIO.

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Food Processing Division.

29. During the month the Food Processing Section centered its attention on the programme to pack canned peeled tomatoes and the processing of tomato paste in barrels. Four canning plants have been selected to handle the peeled tomato programme and a revised schedule of the essential canning supplies required is being furnished by Industry and Commerce Sub-Commission. Plants were selected by the Canners Committee to process tomato paste in the NAPLES - SALERNO area.

30. A visit was made to LITTORIA and SEZZE to investigate the sugar refinery at LITTORIA and the tomato processing plant at SEZZA. The sugar refinery was found to have suffered little damage and its restoration is largely a matter of replacing motors and generators confiscated by the Germans. However, there will be no sugar beet crop in the area this year. A stock of 850 tons of molasses suitable for yeast manufacture was discovered at the refinery. The tomato processing plant suffered only slight war damage.

Olive Oil.

31. 1500 tons of edible olive oil has been earmarked in CALABRIA and will be despatched to NAPLES.

Ration Cards.

32. Difficulties have been experienced in the printing and distribution of Ration Cards mainly owing to transportation., A government plant and a large stock of paper was found intact at ROME and will ease the print problem considerably.

Enforcement.

33. Examinations have been carried out at 41 bakeries during June in NAPLES, total to-date 125. Offences by bakers appear to have decreased but consumer cards impounded have risen from 241 in May to 476, approximately 1% of the cards examined.

34. On one inspection of prenotation coupons in BARI Province it was found that 3439 were suspect. On the commencement of harvesting period, POTENZA Province were able to report a reduction of 25% in the number of ration cards.

TRANSPORTATION SUB-COMMISSION

Railways.

35. Contructional priorities for the month were as follows :-

(a) NAPLES - ROME via FROSINONE.
(b) NAPLES - ROME coastal route.
(c) ANZIO - ROME.
(d) CIVITAVECCHIA - ROME.

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36. These were military responsibilities, and railway construction groups were ordered to abandon temporarily other routes on which they were engaged. All the lines mentioned above were very thoroughly wrecked by destruction of sleepers, rails and bridges Traffic for the present is restricted to that for military purposes but it is hoped soon to pass ACC traffic, also on the lines NORTH of ROME to ORTE and PERUGIA.

37. Priorities still exist in Southern parts of the system but military authorities have been most helpful in affording facilities for ACC supply traffic thanks to close liaison with Movements and Director General of Military Railway Services.

38. In Sicily the railway system shows an appreciable return to normality in some sections. Efforts are being made to obtain 30,000 sleepers for maintenance purposes, and repairs of war damage are proceeding satisfactorily. The SIMETO Bridge should be rebuilt by August 20 and the PALERMO - MESSINA and CATANIA - MESSINA lines re-opened in early part of the autumn. By the end of the year the bridge over the River PETROLE, the last link severing the coast line from REGGIO, should be completed.

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Roads.

39. There is nothing special to report. The shortage of transport becomes ever more pronounced as more country is taken over and much transferring of vehicles among Regions has taken place. Special arrangements had to be made too for collection of grain in FOGGIA Province.

Water.

40. Schooner traffic is being constantly expanded as vessels are recovered and repaired. Their use for supplying some of the recently released areas, as a means of supplementing other methods of supply, will be invaluable. 16,140 tons of schooners are now carrying civilian supplies.

PUBLIC WORKS & UTILITIES SUB-COMMISSION.

41. The work of the Sub-Commission in June was marked, from the middle of the month, by a change of importance: viz. Specialist officers in the field, working largely in contact with Headquarters, were brought together in Regions under a single head, viz. the Regional Engineer. Hence, that officer now has under his control such widely diversified engineering projects as highways reconstruction, bridge design and construction, water-works, reclamation schemes and malaria control, gas-works, main drainage, canals and irrigation, buildings and structures generally, works in docks and harbours, and electrical problems with their varied specialised features (including systems of rationing power-supplies).

42. As a measure of the vast amount of work being controlled the following is a survey of the bridge situation in the 7 Provinces of NAPLES, AVELLINO, BENEVENTO, CAMPOBASSO, FOGGIA, POTENZA and REGGIO. Some months ago there were 640 road interruptions on State and Provincial roads (the majority of these being outside the classification of "military highways"). These included anything from small or medium sized culverts under the roads, to bridges of complicated construction and with large spans. In the two Southern Provinces there were 150 such places of which 35 were large bridges, 25 medium, 90 small (including the culverts). By the end of April, 71 had been restored and 29 were in hand. In the 5 Northern Provinces mentioned, there were 490 such places, 59 large span bridges and 41 bridges of medium span (i.e. over 30 feet). Of the 59 large bridges, 41 were under reconstruction at the end of April together with 90 of the others; At most of the culverts or small bridges temporary diversions or crossing arrangements had been made, but a large number still remain for full repair and reconstruction involving heavy demands on materials and manpower.

43. Up to the end of May the total value of contracts let on repairs and maintenance of roads and bridges was about 250,000,000 lire and by the end of June the figure had risen to nearly 352,000,000 lire. This included over 6,000,000 lire of miscellaneous work, distinct from highways and bridges.

44. A principal difficulty for some time has been not that of finding contractors of competence, but to find those with engineering equipment.

45. Damage to Public Utilities by retreating enemy. The German practice [illegible] of all available facilities until the last moment, and then detonate

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44. A principal difficulty for some time has been not that of finding contractors of competence, but to find those with engineering equipment.

45. Damage to Public Utilities by retreating enemy. The German practice is to make use of all available facilities until the last moment, and then detonate explosive charges which have been placed in position for some time. With the exception of two steam-driven electric generating plants, totalling about 40,000 hp, practically all generating stations both hydro-electric and steam-driven in ROME have been destroyed or seriously damaged. It is also their practice to destroy high-voltage sub-station transformers and equipment wherever these are adjacent to the power plants. Destruction by the enemy has usually been very thorough and systematic, the explosive charges being placed by experts familiar with power stations and their most vital spots. Hydro-electric stations will require complete generating sets, switchboards and cables. Sub-station transformers, oil circuit breakers and related equipment will be needed to control voltages from 150,000 volts downwards. There can be very little mass-ordering or mass-production for most of these things, since each unit or plant is designed to suit a precise set of conditions.

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AGRICULTURE SUB-COMMISSION.

Production.

46. Harvesting of fruit, vegetables, hay and grain crops was well under way during June with excellent results almost everywhere except in areas immediately along winter fighting zones and scattered areas in Southern Italy where potato and vegetable crops are short.

47. It is estimated that 25% of the wheat on the Italian mainland had been harvested and threshing was under way in most of Southern Italy.

48. Much of the harvest is being effected against great odds and shortages of materials and facilities including power for harvest machines, and transportation to haul grain from fields to threshers and threshers to warehouses. Where normal facilities for cutting and threshing are not available resort is made to hand harvesting, binding and threshing.

49. Early potato harvest began in the NAPLES areas in June and a large crop is in prospect. The north-east coast crop is late, and the southern crop is short due to seed failure and poor stands.

50. Cherries came on to markets during most of June and at the end of the month a large apricot crop was being harvested. Due to the lack of sugar for preserving and canning purposes all of the cherries and most of the apricot crop were consumed in the fresh state.

51. A fairly heavy green bean and tomato crop was ripening as the month closed and there will be a surplus for tomato paste production in the late crop coming on in the Naples area.

Distribution.

52. Final distribution of 7000 tons of copper sulphate and approximately 15,000 tons of agricultural sulphur was completed during June. Approximately 350 tons of sulphur and 200 tons of copper sulphate had been stockpiled for the Army's advance and these materials were in forward areas and being used shortly after June 1st. While the amounts were inadequate they were acclaimed by Italian farmers even in the small amounts available. Imported binder twine arrived at least 30 days late but all the main production areas received supplies for binders.

Fisheries.

53. Several shipments of fresh tuna fish and salted fish were made by Region I both to NAPLES and ROME. Production as a whole was nearly normal around the Island of SICILY.

INDUSTRY AND COMMERCE SUB-COMMISSION.

Industrial Section.

54. Fertilizer. The production of agricultural fertilizer will be assisted

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INDUSTRY AND COMMERCE SUB-COMMISSION.

Industrial Section.

54. Fertilizer. The production of agricultural fertilizer will be assisted with the output of the Montecatini Plant at PORTICI which will have an anticipated daily production of 30 tons of sulphuricacid for superphosphates.

55. Olive Oil. It has been arranged for the Gaalini & Masturzo Plants in NAPLES to start up. These will be engaged on the extraction and refining of olive oil with a total production of 15 tons per day of edible oil. By-products are used for soap manufacture.

56. Paper. The restoration of a paper mill in FOGGIA, now due to start operating, will do much to allay the chronic paper shortage.

57. Leather. As a check to the black market in the leather industry tanning extract is now controlled. The repairs of salvaged boots has been brought up to 5,000 pairs per week.

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Fuel Section.

58. Every effort is being made to make the POL rationing scheme effective, particularly in Italian Government Territory where there has been a good deal of lethargy, even opposition. During the harvest period allocations for agriculture for July - September can be drawn at any time during that period.

Foreign Trade Section.

59. The following have been exported during the month:

Sulphur	2,600	tons to N.Africa.
Hemp	707	" " U.K.
Raw Silk	5	" " "
Argots	100	" " "

Mining Division.

60. Estimated production of Sardinian Coal for the month is 35,000 metric tons. A progressive step up in production is planned for the coming months, rising to 70,000 metric tons in December. 1,000 metric tons of sulphur were mined during May.

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PART III

ADMINISTRATIVE SECTION

1. Activities of forward Regions is depleting both Headquarters and rear Regional Staffs of all Sub- Commissions, with corresponding effects on the amount of work and degree of supervision which remains possible.

INTERIOR SUB-COMMISSION.

2. Development of Local Government. Although the RDL 111 was promulgated two months ago, reports indicate that in some provinces progress of re-organisation has been slow. The Minister has been asked to make suitable representation to the Prefects concerned with a view to the Decree's provisions being implemented.

3. Pool of Prefects. Lists of Italian officials suitable for various appointments are maintained: recently 14 Prefects and other officers have been selected and sent forward for 7 Provinces.

4. Clerical Stipends. This question, which is complex, is under discussion with the Italian Government, Some increases have been granted, but do not apply to all clergy or in all parts of Italian Government territory.

PUBLIC SAFETY SUB-COMMISSION

Police.

5. Policing Forward Areas. The mobile CC.RR moving into new territory with the Armies has done excellent work in restoring law and order. In some instances patriots had disarmed the existing police and taken the law into their own hands, but the mobile CC.RR quickly restored the authority of the local police.

6. Rome. 2700 CC.RR and GG.FF entered ROME with the Allied troops on 5th June and met with an enthusiastic reception. The Polizia Africa Italian, a Fascist police organisation of 1950 men, was at once disbanded. The Patriots who had formed an armed force of some 17,000 men, were also dissolved and dis-armed. Recognised police agencies - Carabinieri, Finance Guards, Agents of Public Security and Metropolitani now number 17,700 men and are working satisfactory.

7. Police Replacement Centres. Additional CC.RR and GG.FF centres, where men are equipped, trained and held in reserve for policing forward areas have been established in ROME. 1700 CC.RR and 220 GG.FF who had been disbanded during the German occupation have reported to the centres. Although considerable difficulties have been encountered in feeding, equipping and transporting these men, groups have been sent forward at the request of FIFTH and EIGHTH Armies and Regions IV, V and

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8. Conduct of Allied Troops. The conduct of French Colonial Troops, especially towards women, has shown some improvement. The conduct and discipline of other Allied troops still leaves room for improvement.

9. Prisons. During the past month it was ordered that Italian soldiers serving sentences of over 30 days, or awaiting trial for over 30 days should be a civil responsibility and confined in civil prisons. This matter is being pursued and it is hoped that it will be possible to remove 1,824 Italian Military prisoners from overcrowded civil jails.

10. Fire and Civil Defence. A mobile unit of 10 appliances and 100 firemen entered ROME on 5th June. The Rome Fire Brigade was found to be functioning normally and after a few days the mobile unit was sent back to NAPLES.

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11. Registration and Licensing.

(a) Firearms. The Minister of the Interior has issued an order through Prefects in Italian Government Territory requiring all Italian Army weapons and explosives to be surrendered and all civilian weapons and explosives to be declared to the Italian Police.

(b) Aliens. General Order No.27 has been published re-establishing the Italian system of alien registration. Restrictions have been imposed on the movement of enemy aliens unless in possession of an ACC pass. The same regulations have been published by the Minister of the Interior in Italian Government territory.

PUBLIC HEALTH SUB-COMMISSION.

Diseases.

12. (a) Venereal Disease. V.D. control work in Italian Government territory is now complete under Italian Government responsibility. The incidence of V.D. among troops is showing a progressive fall. The Italian Government is taking steps to enforce more strictly the existing laws concerning the treatment of infected women and to improve the administration of V.D. hospitals.

(b) Smallpox. The Naples smallpox epidemic continues in mild form. No deaths have been reported. Smallpox vaccine for 500,000 has been allotted to the Italian Government.

(c) Malaria. Four memoranda dealing with malaria control have been published. Arrangements have been made for the production of 220,000 litres of kerosene-pyrethrum insecticide.

13. Veterinary.

(a) Swine Fever. A new method of immunisation against Hog Cholera is in operation. The vaccine used has been prepared entirely in FOGGIA and the results of this field test are being followed up.

(b) Foot and Mouth. Foot and mouth disease is present in TARANTO, BARI, FOGGIA and CAMPOBASSO Provinces. Steps have been taken, in co-operation with military authorities to prevent its spread.

Supplies.

14. Negotiations are in progress for the Italian Government to handle the distribution and costing of medical supplies in Southern Italy. Satisfactory stocks of medical supplies are on hand for the Armies and all Regions. Arrangements with drug firms in NAPLES have reached the stage that the early production [illegible] have been obtained

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Welfare.

15. The Italian Government has issued instructions regarding the settlement of children whose mothers are undergoing treatment for V.D. Similar instructions are to be issued in AMG Territory. The Soccorso Militare grant in Military Government Territory has been increased by 70% and assistance has been extended to families whose breadwinners have been removed by the Germans. The question of allowances to Ex-Internees in Italian Government Territory has not yet been settled.

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PART IV

POLITICAL SECTION, COMMUNICATIONS S.O.

POLITICAL SECTION.

1. The political events of the month centred round the capture by Allied forces of the city of ROME on the night of the 4/5th June. In view of the fact that the Rome Committee of National Liberation contained the recognised leaders of all the Parties except the Communist Party, it had been obvious from the beginning of Badoglio's first administration that a political crisis was inevitable when ROME came into Allied hands. In the first place, whatever government was in power in the South of Italy would inevitably have to resign, and in the second place it was to be feared that, despite any commitments made by the Parties in the South, the Rome leaders might reopen the institutional question. In the upshot a solution was found both for the governmental and institutional problems.

2. The first steps were taken in accordance with a pre-arranged plan. The King formally derogated powers to the Prince of Piedmont to sign Royal Decrees and to exercise prerogatives as Lt.General of the Realm. Marshal Badoglio handed his resignation and his government's to the new Lieutenant, who instructed him to form a new government. For this purpose the Marshal took a representative of each of the six Parties in the old government to meet the Rome Committee of Liberation on June 8th, three days after the Allied occupation of the city. It became immediately apparent at the first meeting that the leaders of all the Parties were unwilling to serve under Badoglio but were ready to join a government under Bonomi, who was the President of the Rome Committee. The Marshal thereupon called on the Lieutenant General of the Realm to report this and to recommend that H.R.H. should call on Bonomi to form a government. Before he did so, however, the Chief Commissioner formally warned the Lieutenant General that there were two conditions which H.R.H. must insist upon before entrusting anyone with the task of Prime Minister, that any Prime Minister and his Government must accept without question all existing undertakings to the Allies and that the institutional question must not be raised until the end of the war. Bonomi did not demur at either of these conditions and by the evening of the 9th June had already decided upon his list of Ministers, which was completed next day with a full additional list of under-secretaries.

3. This government was approved by the Allied Advisory Council and all members having established themselves in Salerno the Lieutenant General of the Realm on the 18th June formally signed the necessary decrees to enable them to start their labours. The full list of Ministers is as follows :

Prime Minister, Minister of the Interior and Foreign Affairs	LABOUR DEMOCRAT	Bonomi
Minister of Education	INDEPENDENT	De Ruggiero
Minister of Agriculture	COMMUNIST	Gullo
Minister of Labour	CHRISTIAN DEMOCRAT	Gronchi

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Minister of Finance	ACTION	Siglienti
Minister of the Treasury	LIBERAL	Selerni
Minister of Communications	LABOUR DEMOCRAT	Cerabona
Minister of Public Works	SOCIALIST	Marcini
Minister of War	LIBERAL	Casati
Minister of the Navy	INDEPENDENT	De Courten
Minister of Air	" "	Piacentini
Minister of Justice	CHRISTIAN DEMOCRAT	Tupini
Ministers without Portfolio	ACTION	Ciasca
	LIBERAL	Croce
	CHRISTIAN DEMOCRAT	De Gasperi
	LABOUR DEMOCRAT	Ruini
	SOCIALIST	Saragat
	INDEPENDENT	Sforza
	COMMUNIST	Togliatti

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LEGAL SUB-COMMISSION.

16. Every effort is being made to ensure that the administration of justice in ROME is such as to be a credit to the Allies.

17. An officer of the Sub-Commission was on the Staff of "S" Force and entered ROME with it. He kept the Ministry of Justice functioning without break, investigated the activities of the Ministry and interviewed over 200 officials.

18. Military Courts have been established. Crime at the beginning was light but is increasing although the cases are mostly of a trivial nature.

EDUCATION SUB-COMMISSION.

19. Administrative personnel have been found more plentiful as we go North. As was expected in FROSINONE and LITTORIA the Germans had suspended schools in some cases for over a year. Education was resumed behind the advancing Armies and in many cases schools were re-opened, frequently in improvised buildings within a fortnight of our troops passing through. Text books and other items were provided.

20. Taking the children off the countryside will not only reduce mortality from mines, but prepare them for a full resumption of work in the autumn. Italian teachers have materially assisted in this rehabilitation. Many of them have volunteered to be transported to devastated Regions far from their homes and live under conditions of hardship.

21. Arrangements have been made to provide free lunches in the devastated regions in FROSINONE and LITTORIA. 18,000 children are already being so fed in LITTORIA.

22. Work is proceeding smoothly with the new Ministry, with the production of text books and re-organisation of the Universities of ROME and NAPLES.

PROPERTY CONTROL SUB-COMMISSION.

23. On legal advice, the policy of the Controller of Property taking custody of the property of Allied Nationals is under review. Hitherto sequestrated property has been placed by the Italian Government in the hands of managers and when the C.P. took possession it was the practice to leave the property under the same management, but his taking possession terminated Italian liability. It is proposed that an acknowledgement only shall be taken from the Italian Government as to the condition of the property at the time and that it has no claim on it. In order that liability for the property shall not attach to the C.P. it is proposed that an acknowledgement only shall be taken from the Italian Government as to the condition of the property at the time and that it has no claim on it.

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MONUMENTS FINE ARTS & ARCHIVES SUB-COMMISSION.

24. MFA officers have been well forward with the troops and reports have been made on all towns of any importance within a short time of their recovery.

25. Arrangements have been made with the Abbot of CAVA for monks to proceed to CASSINO to supervise the recovery and safe removal of objects of value lying among the ruins. Despite notices forbidding the taking of souvenirs, there is little doubt that wholesale souvenir hunting by Allied personnel is taking place.

26. Remains of a Roman bridge have been discovered at PONTE SERRETELLA when repairing a bridge blown by the Germans. The damage to antiquities in ROME by Allied bombing has on examination proved to be almost negligible, the only damage of importance being that to the Basilica of S. Lorenzo fuori le Mura, which has been previously reported and which is being repaired.

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Civil Censorship.

11. Operational control was handed over to the Italian Government and the Allied Censorship Officers were withdrawn at ports used for foreign mail. Italian censor officers have also been attached to censorship stations in Military Government Territory to prepare for the transfer that will take place when this territory is handed over.

ARMY, NAVY & AIR FORCE SUB-COMMISSIONS.

12. As in previous months reports have been rendered directly to the Allied Services concerned.

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

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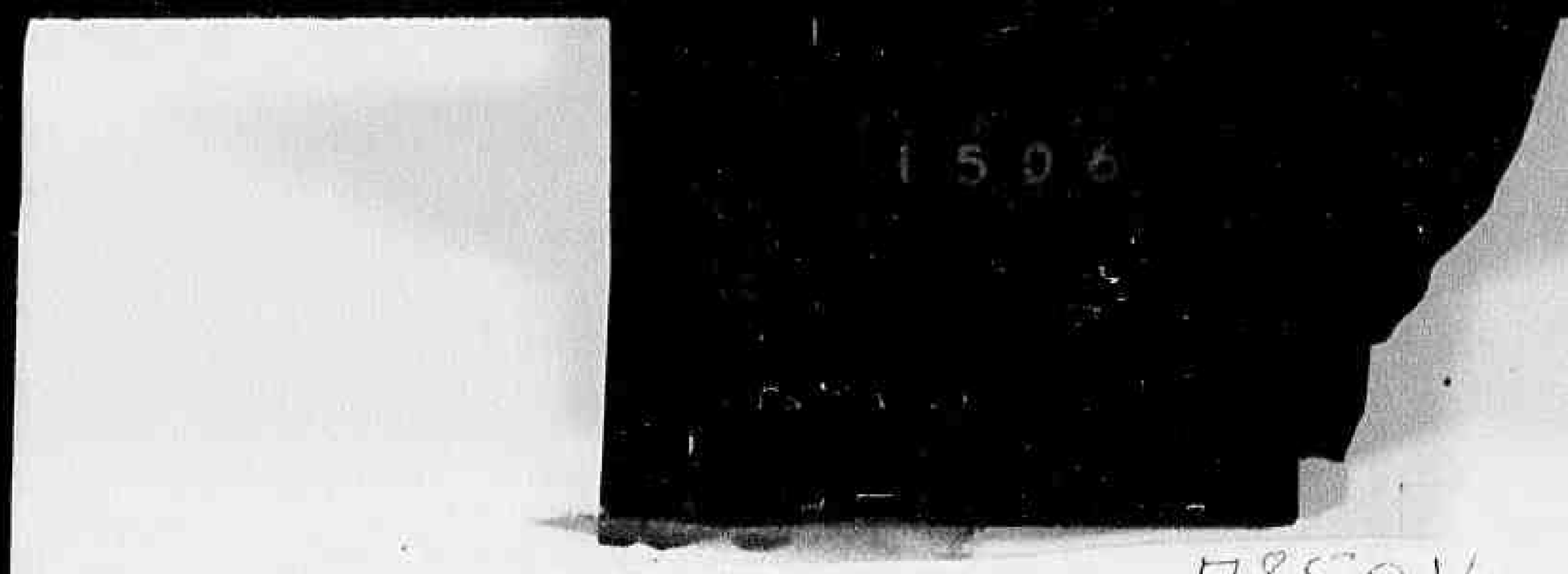

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4. The first meeting of the Council of Ministers was held on June 22nd. Their first act was unanimously to approve a declaration in which the following points were made. They declared that the Government, on account of its political origin, represented that large majority of the country which, even in 1940, was against Fascism and against Italy's entry into the war by the side of Hitlerite Germany. They repudiated the so-called Fascist claims against the honour and integrity of other nations and they condemned the Fascist aggression against France, Greece, Yugoslavia and Russia. These aggressions had violated Italy's political tradition and consequently the Cabinet intended to continue the war by the side of the United Nations until the final defeat of Reactionary Germany and to intensify Italian participation in various ways. In addition, the Cabinet considered a decree for the calling of the Constituent Assembly, which would be elected by universal and secret ballot when the whole country was liberated.

5. The Council of Ministers met for the second time on 30 June, and their main work was concerned with the preparation of a decree dealing with grain evasion laws. This provides penalties of imprisonment from six months to six years and fines at the rate of twenty times the value of the grain withheld, a timely measure which should have a salutary effect in encouraging the evasion of this year's harvest on the necessary scale.

6. On the same day the Advisory Council met in Naples and unanimously recommended the transfer as soon as possible of the Italian Government from SALERNO to ROME and with the move of the Government to the capital greater administrative efficiency should result since there has been neither the necessary permanent staffs nor accommodations for the proper functioning of Government in a provincial city such as SALERNO.

COMMUNICATIONS SUB-COMMISSION.

Telecommunications.

7. In Italian Government territory there have been only minor changes. The percentage of telegraph offices connected by the end of June reached 100% in SARDINIA, 51% in SICILY and 84% in ITALY, an average of 77%.

8. In SICILY practically all military signal personnel have been withdrawn and the maintenance of the military circuits still remaining has been taken over by Italian organisations under arrangements made by the Regional Telecommunications Officer. In the NAPLES area telegraph service has been restored to the larger suburban areas, TORRE ANNUNZIATA, PORTICI, TORRE DEL GRECO, MARINA etc.

9. Communications to and within ROME have been the chief activity of the month. In ROME, the urban automatic system was practically undamaged, but there were many problems of power supply, restoration of services and priorities, most were dealt with by the combined efforts of Allied Armies and AMG Telecommunications Officers. The first circuits to ROME were restored by the military for their purposes on overhead routes by the middle of June. The main underground cable was restored (24 circuits) on July 1st.

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of this year's harvest on the necessary scale.

6. On the same day the Advisory Council met in Naples and unanimously recommended the transfer as soon as possible of the Italian Government from SALERNO to ROME and with the move of the Government to the capital greater administrative efficiency should result since there has been neither the necessary permanent staffs nor accommodations for the proper functioning of Government in a provincial city such as SALERNO.

COMMUNICATIONS SUB-COMMISSION.

Telecommunications.

7. In Italian Government territory there have been only minor changes. The percentage of telegraph offices connected by the end of June reached 100% in SARDINIA, 91% in SICILY and 84% in ITALY, an average of 77%.

8. In SICILY practically all military signal personnel have been withdrawn and the maintenance of the military circuits still remaining has been taken over by Italian organisations under arrangements made by the Regional Telecommunications Officers. In the MESSINA area telegraph service has been restored to the larger suburban areas, CORSO AMMIRAGLIA, PORTICI, TORRE DEL GRECO, RESINA etc.

9. Communications to and within ROME have been the chief activity of the month. In ROME, the urban automatic system was practically undamaged, but there were many problems of power supply, restoration of services and priorities, that were dealt with by the combined efforts of Allied Armies and ACC Telecommunications Officers. The first circuits to ROME were restored by the military for their purposes on overhead routes by the middle of June. The main underground cable was restored (24 circuits) on July 1st.

Postal.

10. The main development in the South was the restoration of internal and foreign letter services in the province of BENEVENTO and in the remainder of NAPLES Province, which is now fully served. Registration, insurance, express, air-mail, and money order services are included. To provide for postal matters in ROME, a Postal Officer was sent forward and arrived in the city on June 4th. Conditions were found to be very favourable. All Post Offices were in good order and not occupied by any military units. In addition to the Central Post Office, there are five Branch Offices and seventy Sub-Offices in the city. Records, stamp stocks, etc. were generally intact. The personnel normally employed number some 2000 (apart from a large Ministerial staff) and the chief officials were mostly available. Assorted stocks of postage stamps were on hand, and in quite large supply for most denominations. These stocks comprised a number of the normal Italian issue, a further number which had been overprinted by the Republican Government, and two denominations of a special Republican issue which are stated not to have been put on sale. All other than the normal stamps are being called in and "frozen".

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APPENDIX "A"

REPORT

PROGRESS IN ROME FROM 4 JUNE - 30 JUNE 1944.

Political.

1. Principe Filippo Doria Pamphili, anti-fascist, has been put in as Sindaco of the Governatorato of Rome. A junta has been formed of twelve members, two from each political party. Close contact is being maintained with the Committee of Liberation. An Epuration Order, Regional Order No.1, was published 26 June 1944. There is no particular tension evident in the administration of the Rome Governatorate.

Economics and Supply.

2. There is slightly better than a week's supply of flour and five days supply of other foods. Upon arrival in the city the bread ration was 100 grams per day of mixed white and dark flour. This was immediately changed to 100% white flour. On 21 June 1944 the bread rations was increased to 150 grams all white flour and on 25 June the ration was increased to 200 grams per day, all white flour. On this basis the daily tonnage of flour required to feed ROME is slightly over 300.

3. On 18th June the five day issue of miscellaneous foodstuff rationed as laid down by ACC was distributed to the stores. Another such issue occurred on 23rd June and another one on 28th June.

4. By Regional Order No.6 a subsidy of 1.30 lire per kilo was ordered to be paid to all bakers duly registered. Subsidies rendered were from 6 to 30 June, but no authority granted beyond that date without further order. Regional Order No.7 established on the top retail price of milk at 5 lire per litre. Regional Order No.2 ordered that all existing provisions, orders and decrees of Italian law requiring that all fruits, vegetables, dairy products, meat etc. brought to the city of ROME should be sold at the general market were considered to be in full force.

Industry.

5. During the period of this report, constant visits and interviews took place with Italian and other business men desiring to collaborate and get their plants into production or to protect what remained and to reorganise. Inspections were made of :

Chemical Plants	4	Electrical Supplies	2
Automobile repair or manufacture	1	Automatic Telephone	1
Cement and building materials	2	Glass, Radio Quartz	2
Explosives etc	2	Armaments	1
Gas and war gases	2	General engineering	1
Fertilizers	1	Industrial gases	3
Soap	2	Tyres, Rubber Goods	1
Printing Radio Equipment	1	Tayon, Parachutes	2

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4. By Regional Order No.8 a subsidy of 1.30 lire per kilo was ordered to be paid to all bakers duly registered. Subsidies rendered were from 6 to 30 June, but no authority granted beyond that date without further order. Regional Order No.7 established on the top retail price of milk at 5 lire per litre. Regional Order No.2 ordered that all existing provisions, orders and decrees of Italian law requiring that all fruits, vegetables, dairy products, meat etc. brought to the city of ROME should be sold at the general market were considered to be in full force.

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Fertilizers	1	Industrial gases	3
Soap	2	Tyres, Rubber Goods	1
Printing Radio Equipment	1	Tayon, Parachutes	2
		Timber and Metals	2

6. Steps were taken to set up a local committee to control the distillation, brewing, sale and medical analysis of all alcoholic beverages.

1975

Agriculture and Fisheries.

7. Economics and Supply hired a civilian, Mr. Van Artssen, former director of the International Agriculture Institute of Rome. His activities consisted in receiving hundreds of applications for assistance in the way of electric power pumps, fuel, lubricating oil etc. in connection with agricultural production to save crops and to improve output.

8. Personal inspection was made of about ten large farm properties in the AGRO ROMANO, and the Milk Central Station. Study and recommendation of milk subsidy came from this Section.

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9. An order was posted and permits printed for the resumption of fishing under proper limitations on a short coastline. This was done in conjunction with Region IV.

Labour.

10. The Italian Collocamento was reopened at No.6 Via Lucullo. The records and files were intact. The personnel were not present and new personnel have been engaged. The old personnel could not be used because of their close collaboration with the German forced Labour programme. Approximately 10,000 workers have been furnished to the Armed Forces through this office. There is an over-supply of labour in all classifications except English speaking typists.

11. The order abolishing the Fascist Corporative System and permitting free organizations of employers and employees was issued on 13 June. This order included titles creating Italian Labour Offices and adjusting wages of Government and private employees.

Public Works and Utilities.

12. Water. Damaged siphons, tubes and secondary aqueducts were repaired by inter-connecting the two systems and installing regulating valves. Supplies of water were maintained in the city to the extent of approximately 100,000 gallons a day at the lowest. Further repairs have improved the situation, and the normal water supply should be resumed by 9th July. Permanent repairs still have to be made.

13. Electric Power. The hydro-electric network normally supplying ROME with 126,000 kilowatts was cut off, and some stand-by sets consumed fuel which was in short supply. Several small hydro-electric installations were located nearby, and these were repaired and put back into operation. Due to shortage of power a rationing system was put into effect which allowed civilians four hours of power every other day at a specified time. Military installations were given continuous service. Up to 30th June the lowest number of kilowatts on the line in any one day was 17,000 and the largest number 26,000. Within the course of the next ten days the total capacity on the line should be in the region of 40,000 kilowatts, of which 26,000 is steam or diesel generated and 14,000 hydro-generated. These 40,000 kilowatts cannot be maintained continuously, since the fuel burning plants are stand-by plants and were not meant for the steady use to which they have been recently put and must be stopped from time to time for repairs. The coal needed for fuel driven plant varies from 30 tons a day at low load to 300 tons a day at peak load.

14. Tramway Services. Tram lines are restricted to 50% of operation at the present time. In the morning 360 cars are being used - from 11 o'clock onwards 180 cars. The service is limited to the times when workers should go and return from work, and is also limited by the total power available on any one day.

15. Gas. Under the Germans no gas was supplied to the city for several months.

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15. Gas. Under the Germans no gas was supplied to the city for several months. Gas was supplied to the hospitals immediately after our arrival. However, due to the shortage of fuel the gas plant was closed down and the fuel diverted to the power plants. This condition will remain in effect until such time as adequate supplies of fuel for gas as well as power can be assured.

16. Sewers. The Sewage system of the city is unharmed. Since they operate by gravity they are functioning satisfactorily, especially with the increase in the water supply. Normal maintenance is being continued.

Public Safety.

17. (a) General. Public order is very good. Proclamations observed in almost every respect. No clashes between civil police and public, no rioting.

2,850 civil police brought into ROME area - one fire brigade. Guards placed on over 4,200 buildings almost immediately on arrival. Over 2,000 Carabinieri disbanded by the Germans have been recruited and are on active duty. This is in addition to the numbers brought in. The Polizia Africa Italiana force of 1,950 men were dissolved and disarmed. The General in charge has since been arrested, and the assets of 3½ million lire frozen.

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The patriot political police force of some 17,000 was dissolved and disarmed. All former civil chiefs of police have been removed from office. About 2,800 undesirable police have been removed, due to bad records or over-age. There are now approximately 17,000 officially recognised civil police in service, and working well.

The Rome fire service is completely mobilised and on active duty.

Before our arrival the Germans let all prisoners out of jail. Due to the fact that the prison records were found intact many of these criminals were re-arrested. The prisons are in good condition.

Large quantities of fire arms and ammunition were surrendered to the police; arms and explosives located at various places turned over to the military. The offices of political organizations were raided, and quantities of arms and explosivies seized.

(b) Allied Courts. Three Allied Military Courts are functioning and of these two are Summary and one Superior. The Courts are now disposing of approximately fifty cases per day.

(c) Italian Courts. Upon arrival in the city it was found that all Courts were prepared to function normally, with the exception of three sections of the Court of Cassation, the three judges of which had fled the city with the Germans. Italian Courts are now functioning under the supervision of the Legal Division and are up-to-date with their calendars.

Public Health and Welfare.

18. Diseases. No epidemic disease. Tuberculosis definitely on the increase due to general malnutrition. The rate has risen to 200 per thousand as against 75 per thousand eighteen months ago. The death rate has increased only among the old age groups in the sixth decade, due mostly to heart disease.

19. Hospitals. There are 16,000 beds for civilians, 6,000 being for general disease, the remainder for specidist cases. Army units have not encroached on civilian needs.

20. Medical Supplies. AMG medical supplies have arrived and are adequate for all hospital needs. In addition, all wholesalers and pharmacists have sufficient supplies for at least three months.

21. Milk. About 30,000 litres of fresh milk are distributed daily to various essential categories. 52 tons of powdered milk have arrived and are to be used for infant feeding during warm months. This amount is sufficient for a four months period.

22. Welfare. Under the supervision of Public Welfare 339 soup kitchens [illegible] They are operated by four

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21. Milk. About 30,000 litres of fresh milk are distributed daily to various essential categories. 52 tons of powdered milk have arrived and are to be used for infant feeding during warm months. This amount is sufficient for a four months period.

22. Welfare. Under the supervision of Public Welfare 339 soup kitchens feeding approximately 264,000 people are operating. They are operated by four organizations :

1974

1. Ente Assistenza di Roma.
2. Circolo di San Pietro.
3. Opera Nazionale Assistenza Religiosa Morale Operai.
4. Societa Generale Immobiliare.

Of this number approximately 40,000 persons are receiving free assistance; the remaining groups pay approximately 3 lire. By the end of June all persons were giving up ration points for their daily meal at the soup kitchen.

23. Contact has been constant with the Welfare Committee at the Vatican. This Committee is effective and helpful. Had it not been for their activity in furnishing food to the large chain of soup kitchens severe suffering would have occurred in ROME before food was received in the stores. Many cases of individual relief have also been handled.

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24. The general condition of the populace is slowly improving and as soon as the food ration can be further increased and varied the general condition of undernourishment which prevails throughout should be corrected.

Education.

25. University. The University is now open again. A Pro Rector and a Committee of Rehabilitation has been appointed. When its work is done, the election of deans and a rector will be held. Examinations will be held as usual in the autumn.

26. Schools. Examinations were being held at the time of our arrival, and were completed. Another session for the benefit of students who were excluded from taking examinations for political and racial reasons will be held next week. A new Provveditore was appointed.

27. Music. Arrangements were made with the Musical Academy of Santa Cecilia to give symphony concerts twice a week during July and August for troops and civilians. The series will begin as soon as the engineers can arrange lighting for the theatre.

28. Theatres. A certain number of theatres were reserved for civil entertainments. 19 companies have been given permission to give performances.

29. Opera. There will be a summer season of opera as soon as the engineers can provide lighting.

30. Libraries. All libraries have been reopened and are functioning normally.

31. Academies. All academies are functioning normally. A request has been made to ACC to dissolve the Accademia d'Italia, a Fascist creation, and to reconstitute the old Accademia dei Lincei which had been absorbed by the Accademia d'Italia.

Communications.

32. Roads. Streets, roads and bridges (with one exception) in the city were found in excellent shape. Regular repairs are going forward. Only one bridge over the Tiber had been destroyed. Arrangements are under way to have this permanently repaired. Roads in Governatorate outside the city were badly damaged. Repairs are proceeding.

33. Rail. The steam and electric railroads leading into the city have been entirely in the hands of the military. The line from Civitavecchia and the line direct from ROME to NAPLES will be operating early in July.

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34. Telephones. The exchanges were found intact, but the long distance repeater equipment had been removed. The Germans had restricted the civilian telephone to 5,000 users. All telephones were disconnected by our advance forces. By the end of the second day all important military installations were connected to the civilian system and on the third day civilian service was restored to as many lines as had been permitted under the Germans. Some 5,000 additional civilian telephones, including those required by the Vatican, have since been added. The goal will be the return of 60% of the 120,000 civilian telephones to service; the remaining 40% are needed for military purposes. An order has already been drawn up and will be issued early in July to civilian telephone users. Subscribers will be limited to four calls per day. This rationing will be spot checked and immediate disconnection from service will be the penalty for misuse.

35. Telegraphs. The three main telegraph offices were undamaged but owing to demolition of equipment, no general service is available.

36. Censorship. The Postal Censorship unit arrived the first day we entered ROME, established an office, and assembled the Italian censorship staff of approximately 170. These men have been vetted by F.S.S. and are now working.

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37. Postal Service. The six main post offices and the seventy branch offices are intact. Postal service will start 1st July.

Property Control.

38. The property of Allied Nationals has constituted major work, consisting of supervising approximately 150 real and personal properties, and 45 corporations and business, of which 26 were American, 12 British and 7 French. All bank accounts and postal savings accounts owned by our nationals have been blocked. Enemy state property so far has consisted of 130,000 litres of liquor, the raw materials for which were furnished by the Germans.

39. Fascist public property presented some difficulties. Possession was taken of all available cash pending determination of eventual ownership. Abandoned private Fascist property required considerable protective measures to prevent looting.

Finance.

40. All banks and financial institutions were protected upon, entrance into the city. 600 million lire of AMG cash were deposited in the vaults of the Banca d'Italia. These lire were brought in on trucks on the first day. Subsequently 450 million lire were brought up from the Naples Branch for the ROME branch of the Banca d'Italia.

41. A few banks and post offices were open for business on 5th June but were closed later in the day in accordance with Proclamation No.4.

42. Meetings were subsequently held with bank officials. In the opinion of managers, due to the advance of additional lire, the banks could safely be re-opened. This was done on 12 June, with no restrictions.

43. The post offices opened simultaneously and all normal services of these institutions were put into effect, except for mail.

44. No discrimination of any kind has been made against notes printed before our arrival. The banking situation after 25 days of occupation is considered to be satisfactory.

Displaced Persons.

45. At present approximately 5,000 Allied Nationals have been located in ROME, belonging to 26 nations.

46. It was found that the numerically larger goups, i.e. British (including Maltese), Polish, Yugoslav (Royalists and Patriots), Hebrews and Greeks, were well

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46. It was found that the numerically larger groups, i.e. British (including Maltese), Polish, Yugoslav (Royalists and Patriots), Hebrews and Greeks, were well organized and had been well taken care of by the representatives of their protecting powers or by elected committees. Many had been often moving from residence to residence at short notice, or in hiding, while others had been fed, housed and cared for by Italians, often at great personal risk to life and property.

47. The numerically smaller groups and those less closely knit together have now been organized and almost every individual Allied National has been accounted for.

48. Special arrangements have been made for medical care of the sick and small quantities of comforts, such as milk, concentrated soups, etc., have been made available.

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Monuments, Fine Arts and Archives.

49. Monuments and Fine Arts. Fine Arts situation in ROME City very good. Almost no war damage. Church of S. Lorenzo seriously damaged by bombing in July 1943; repairs are in progress under direction of Superintendent of Monuments, but hampered by lack of materials.

50. Archives. A general policy of removal to the North of the majority of the more important recent Archives was carried out by all Ministries before the arrival of the Allies in ROME. In the Ministry of Foreign Affairs very little remains for the period 1933/43. Regarding the Ministry of Justice, it is reported that the legal records were bombed and in large part destroyed en route North. In spite of these removals the amount remaining in the various Ministries was so large that the plans laid for the exploitation of the Archives for intelligence purposes could not be carried out. In the return intact of all evacuated documents an important preliminary is the preparation by individual Ministries of a comprehensive statement with exact lists of missing classes, files etc. This is being done.

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ACC/045/CP

5 August 1944

-7 AUG. 1944

Subject: June 1944 Monthly Report of ACC.

To : Acting Head,
Administrative Section.

1. Pursuant to our conversation of this afternoon with Colonel Cripps, I have attached a revised draft of section 23 of part IV of the above report, which I suggest be substituted for the existing section of that report. There are errors in the section extant which ought to be rectified.

CHARLES CARROLL
Lt.Col., Ord.Dept
Acting Director
Property Control Sub-Commission

1971

1521

Declassified E.O. 12356 Section 3.3/NND No. 785016

EXTRACT FROM REPORT OF DIRECTOR OF PROPERTY CONTROL
FOR JUNE 1944

It was decided, with the approval of the Chief Legal Officer, that a general decree of de-sequestration which had been passed by the Ministry but not published in the Gazette, and therefore not legally effective, should be stopped. At the request of the DPC the Minister of Finance suspended publication. This change in plan was prompted by the conclusion, concurred in by the Chief Legal Officer, that Property Control should not take formal custody of Allied properties in transferred territories, if at all, but should place the responsibility for active management and for custody on the Italian Government, subject to the control and directions of the DPC.

It is believed that the new plan will fix more definitely the continuing responsibility of the Italian Government for all losses to Allied owners accruing to properties between the time of original sequestration and the return of the properties to their owners.

Negotiations will be entered into with the Ministry as soon as practicable looking to consummation of the plan outlined above.

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2/3-3/15

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
REGION 6

20 JUL 1944

10 Jul 1944

TO: Headquarters, A.C.C. (R.C. & M.G. Section)

REFERENCE: HQ/1052

REGION 6
REPORT FOR JUNE 1944

1. POLITICAL REACTIONS AND POPULAR OPINION

(a) The morale of the population remains good. Morale has been helped by the news of the Allied victories on all fronts which have been received with optimism and enthusiasm. The increased tempo in the movement of Italian troops from the Island has also given general satisfaction.

(b) The political situation has remained unchanged though possibly due to the presence of Emilio LUSSU in Sardinia and a tour carried out by Paolo TEDESCHI, member of the Italian Communist Prty Executive, there has been an increase in political activity.

(c) Propaganda activities of the Communist Party are continuing intensely and especially in the mining regions of IGLESIAS. A new sheet entitled "Minatori" is being published by the party. Recently Paolo TEDESCHI delivered speeches in the more important urban centres of the Island. The following three points were the theme of his talks:

(i) Maximum collaboration in the war effort by the Italians.

(ii) Moral and material reconstruction of the Nation.

(iii) Defascistisation of civil administration and within the Armed Forces.

(d) The Sard Action Party is undergoing a crisis. The CAGLIARI section of the Party has been dissolved by the Regional Delegate. The deterioration of this Party has been brought about by the passing of its idol Emilio LUSSU, now in Sardinia, to the Italian Action Party. LUSSU has a tremendous following in Sardinia and a considerable increase in the membership of the Italian Action can be expected.

(e) The Christian Democratic Party is still gaining adherents particularly in the more religious rural districts. The occupation of ROME by the Allies

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(e) The Christian Democratic Party is still gaining adherents particularly in the more religious rural districts. The occupation of ROME by the Allies without the destruction of the city is considered a great victory for the Pope by the Party. The Party feels that the frequent appeals made by the Pope and his very presence in the City prevented the city from becoming a theatre of battle. Following accords reached at the Party's Regional Congress held at ORISTANO on May 28th last, ex-Fascists are being admitted into the Party provided they are considered honest and did not engage in any acts of violence while members of the Fascist Party.

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(f) The activities of the Socialist Party are still quite limited although its membership has increased during the month. The appointment of Sig. CORSI of IGLESIAS, the leader of the Sardinian Socialist Party, to a post in the new Government has given great satisfaction in Party circles.

(g) With the presence of Emilio LUSSU in the Italian Action Party, it is foreseen that membership will increase substantially. There is some talk of a merger of the Italian Action Party and the Sard Action Party. It is thought probable that to effect such a merger is the principal object of LUSSU'S visit to the Island.

(g) The Sard Agriculture Party has a very scant following, while the Republican Party shows no signs of life.

(h) The Liberal Party appeals to the upper elements. Membership of the Liberal Party indicate that a large percentage of university students, teachers, businessmen and managers have enrolled. The recent talk of Benedetto CROCE at the Regional Liberal Party Congress at [redacted] has not been given wide publicity on the Island.

(i) The fourth edition of the Fascist underground sheet "Il Rompichello" made its appearance during the month. Investigations by the Special Police Inspectorate and the three Questure of the Island are continuing. There are unconfirmed reports of meetings of a Fascist character in [redacted] Province and of the appearance of a new Fascist sheet known as "Il Fungo.e".

2. LOCAL GOVERNMENT - PROVINCIAL

There is still a considerable lack of efficiency and drive in local Government. The hours worked in local Government offices generally militate strongly against any real effort. The hours seem to be in accord with those which apply in SICILY and presumably on the mainland.

The situation as regards constitution of local Government bodies is shown in the following tables:-

/Over.....

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PROVINCE	Giunte Provinciali Amministrativa	Deputazione Provinciale	Giunte Comunale	REMARKS
CAGLIARI	The citizen members of this body will be selected at the first meeting of the Deputazioni	This body is now constituted with a President, 6 members and 2 supplementi. The first meeting has not yet been held.	This body has been formed in all except 5 Communes in the Province.	In each case political representation is fairly spread in the Deputazioni as regards representation of the various walks of life it is perhaps to be regretted that the Legal profession is so strongly represented especially in the Province of NUORO. This is probably unavoidable. As regards political representation in the Giunta Comunali it is interesting to note that Independents both as Sindaci and Assessori are in the overwhelming majority.
NUORO	The citizen members have been selected by the Deputazione but no meeting of the Giunta has yet been called.	This body is now constituted with a President, 6 members and 2 supplementi. The inaugural meeting took place on 27 Jun 44. The 4 citizen members of the Giunta Provinciale Amministrativa have been selected.	This body has been formed in every Commune of the Province	
SASSARI	The citizen members of this body will be selected at the first meeting of the Deputazione.	This body is now constituted and consists of a President and 5 members with two supplementi. The first meeting has not yet been held.	This body has been formed in every Commune of the Province except one i.e. TEMPIO where the proposed new Giunti will not co-operate with the present Communist Sindaco. Negotiations are proceeding.	

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It will be seen that the organisation os local Government is well forward. It is perhaps to be regretted that more time was not allowed under the terms for nomination of the various bodies. The matter has been somewhat rushed. It remains to be seen whether or not the bodies will turn out to be truly representative and give popular satisfaction.

/In SASSARI.....

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In SASSARI and NUORO Provinces the Prefects acted in most cases in accordance with popular opinion as reflected by the Provincial Committees of the Concentrazione Anti-Fascista and in all cases the Provincial Commissioners were consulted about nominations.

The new Prefect for NUORO Province is still awaited. So also is the new Secretary General to the High Commissioner. Both these appointments were approved some time ago.

A recommendation has been made that the Prefect of SASSARI should be replaced.

The work of the Provincial De-Fascistisation Commissions is proceeding. Some misgiving is felt as to the justice and general effectiveness of these Commissions. Attendance at their deliberations by Provincial Officers lends colour to the view that personal ambitions and animosities play a large part in their proceedings. It is felt that at the end of the day the more dangerous and important Fascists will remain where they were, whilst the harmless and often quite efficient subordinate employees will be out of work.

3. ECONOMIC RESOURCES AND SUPPLY

The food situation generally is satisfactory but instances of inefficiency in distribution still occur. A survey of the wheat and flour requirements of the Island based on the figures submitted by distributing agencies has been completed. Considerable variance in the totals of allocations to each Province appear to have come to light and the matter is now being investigated. Considerable confusion was created by the announcement of the increase in the bread ration, by the timing and the lack of clarity of the notification and by the subsequent postponement.

The fresh vegetable market and the greater supply of local produce has made the demand for imported foodstuffs less acute during the month. Fats generally are lacking and olive oil is an urgent need. Fish supplies at various markets have increased considerably especially tunny. Approximately 158 tons of tunny fish are already canned in oil and salt.

There has been little opportunity of encouraging local industry and commerce. The ban on schooner sailings still persists and no real development of trade outside the Island is possible.

Arrangements are being made to ship 100 tons of hides to the mainland. This will leave remaining stocks at 189 tons and there is a possibility that tannin may eventually be made available from the mainland for Sardinia it is hoped that some revival of the tanning industry may be possible. The ammonia plant at CHILIVANI is expected to start operation about the

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/4. AGRICULTURE .....

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4. AGRICULTURE, FORESTRY AND FISHERIES

Crop yields are good but indications are that they will not be above average. Damage by hot dry winds and unusually cold weather prevented high yields. The grain is of excellent quality and good progress is being made in harvesting and threshing.

During the month the programme for the Granai del Popolo was almost completely organised with all Provincial and Communal Committees in action. The attitude of farmers varies and some reluctance towards consigning the grain to the Granai del Popolo exists. This is due in general to three factors: (i) Fear that last year's experience may be repeated when additional consignments were required, reducing the retentions authorised at harvest time; (ii) the fact that much wanted commodities can be secured in exchange for grain or flour but not for money; (iii) the temptation of the huge profits to be gained in the Black Market.

The announcement that the increased bread ration would not, after all, take place on July 1st caused much dissatisfaction and has undoubtedly had an adverse effect on the Granai del Popolo. Many farmers would have preferred to consign all grain and to live on the bread ration cards at the 300 grm rate so that bread could be secured at Communal bakeries rather than baked at home. Confidence has been shaken and the effect cannot yet be estimated.

Owing to the scattered situation of the threshing areas in a sparsely populated Island, control presents unusual difficulties especially in view of the lack of transportation.

Despite repeated promises received no sulphur for the vines has yet arrived nor is any information yet available as to its being loaded in SICILY for export to SARDINIA. It will be too late to be of any use to this year's crop. Resort had to be made to such expedients as pulverising the local Sardinian sulcis coal which contains a small percentage of sulphur. Present estimates are that owing to the failure to provide sulphur there will be approximately a 30% reduction in the grape crop, seriously reducing the supply for making wine as well as for use as table fruit and for drying. This reduction seriously effects the economy of the Island. Wine supplies are rapidly becoming exhausted so that the 1945 supply will depend on this year's harvest.

Although reported to be loaded on a schooner at NAPLES on June 17th, copper sulphate has not yet reached SARDINIA.

5. PUBLIC WORKS AND UTILITIES

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5. PUBLIC WORKS AND UTILITIES

Public Works and Utilities on the Island continue to be operated by civilian personnel under normal conditions except for shortage of spares and maintenance materials.

Roads other than those classed as military highways which are maintained

/under.....

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under supervision by the Allied Military authorities are in poor condition generally but are as satisfactory as can be expected having regard to the neglect consequent on the years of war.

A general study of road conditions is being made by the Director of Public Works who is shortly proceeding to the mainland to discuss road and related matters with his ministry.

The tram service is operating on the outskirts of CAGLIARI and it is hoped to resume the service within the city during July. Delays in starting have been due to necessary repairs to equipment and shortage of supplies for tracks and/or overhead wiring.

Electric Power and Water Supply continue to be satisfactory.

6. PUBLIC SAFETY AND FUNCTIONING OF ITALIAN COURTS

Public order generally continues to be satisfactory. During the month thefts decreased by 25% while robbery declined by 37%. Although this is a sharp decrease over the previous month this type of crime is still prevalent in the Island. In connection with armed banditry the Carabinieri have identified a group of 16 robbers who are believed to be responsible for many of the hold-ups. Five of these have been arrested and widespread search is being made for the remainder.

There have been no developments in subversive activity which continues, if at all, to be on a very limited scale.

Only four food demonstrations took place during the month but one of these was of a somewhat serious nature on which a special report has already been rendered.

This disturbance occurred on June 24th at VILLANOVA MONTELEONE in the Province of SASSARI. It was caused primarily by the local population trying to force local mills to grind without authorisation. The crowd which had occupied a mill attacked a posse consisting of one Carabinieri and three Forestry Guards and attempted to disarm them. Fire was opened and one farmer was killed and eight civilians and two officials were wounded.

Investigations to date tend to the opinion that the opening of fire was justified. Order was restored and there has been no trouble since.

With further transfers of Italian military personnel from the civil prisons the prison accommodation situation has still further improved. Although

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With further transfers of Italian military personnel from the civil prisons the prison accommodation situation has still further improved. Although some prisons are still holding prisoners above their normal capacity the situation generally can now be considered as satisfactory.

As regards the disposal of cases involving crime against Allied interests the situation is generally satisfactory although it is not as good as was expected in May. Arrears have not yet been overtaken but as a result of pressure brought to bear, many trials were carried out during the month and most outstanding cases should be dealt with before the end of July. As

/regards.:.....

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regards other criminal cases, statistics are being collected but so far results have proved disappointing, many of the courts being unpunctual in the rendering of their returns.

The High Commissioner, the Primo Presidente and the Procuratore Generale del Rei have agreed to the setting up of an informal Board for the purpose of examining cases of prisoners detained for more than one year and of making recommendations in their cases. This Board is intended to take the place, to some extent, of the Prison Commission formerly proposed. The Board will have no legal powers, its function is purely advisory. As regards civil courts generally, the 21 Cancellieri expected have not yet arrived though the need for them is exceedingly urgent. The position as regards transportation has not materially improved though there are prospects of some advance being made provided the Ministry of Justice authorises the running and maintenance of vehicles being procured.

While the general situation has undoubtedly improved it is felt that a change in the higher offices is desirable. Successors to the Primo Presidente and the Procuratore Generale del Rei were nominated some time ago but have not yet arrived.

It is felt that the present men, whilst no doubt not below the average standard of officials of their respective grades are out of date and are not facing up to affairs with sufficient energy and determination.

7. PUBLIC HEALTH AND WELFARE

The health situation on the Island is generally satisfactory. There is no evidence of malnutrition. The Medical, Hospital and Sanitary services are functioning as well as can be expected under the prevailing circumstances. Consignments of A.C.C. medical stores arrived on schedule.

The venereal disease rate remains satisfactory thorughout the Island with the exception of CAGLIARI where there was a slight increase. Steps have been taken to eliminate any contributing factors and to hasten provision of increased accommodation at CAGLIARI for the detention of suspected civilian venereal cases.

During the month the temperature remained below average level and consequently the development level of malaria vectors was retarded. Reports on malaria morbidity to date have proved more satisfactory than anticipated. Reports received cannot be considered as accurate but data is compiled from the same agencies as in previous years. In CAGLIARI Province 325 cases were reported for May 1943 while this year there were 85; in CARBONIA area 105 cases were reported up to the end of June 1943 and this year the number was 24. This diminution is significant in view of the fact that in these

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A consignment of shoes which were badly needed was received for malaria workers in the field and also a quantity of Paris Green.

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During the month very considerable progress was made in the anti-malaria programme and results are better than anticipated.

There is every indication that there will be no serious endemic in the Island this season and that there may be an appreciable diminution compared with 1943 statistics.

A few sporadic cases of typhoid were reported in scattered small communities. A suitable isolation hospital for infectious diseases in CAGLIARI Province has not yet been provided but very urgent steps are being taken to rectify this.

For the Northern part of the Island a building is now being restored in SASSARI for this purpose.

The Island is still without any civilian ambulance service. This is due to lack of tyres for which requisitions have been submitted.

A campaign has been initiated for improved sanitation and for clearing streets and villages of garbage and refuse, particularly in bombed areas. In CAGLIARI City which presents the greatest problem, 50-gal. drums have been installed for garbage collection and there has been improvement in the situation.

Arrangements are nearing completion for the distribution of 23 tons of Red Cross clothing for the Island. A representative of the American Red Cross on the mainland visited the Island to advise on distribution. In agreement with A.C.C. the High Commissioner has appointed a committee to co-ordinate distribution throughout the Island. To avoid items finding their way into the Black Market it is essential to have as water-tight a scheme as possible. Moreover, it is proposed, if possible, to make arrangements to convert such articles as men's night-shirts into more badly needed types of clothing.

8. EDUCATION

The present situation generally is satisfactory. The Higher Schools are more efficient than the Elementary Schools.

The usual causes of absence still obtain, such as lack of clothing and shoes and difficulties about food. To these have now been added harvesting.

Approximately 1,200 Libri Testi di Prima Classe Elementare arrived during the month and were handed over to the authorities. The cost of text books is a handicap. If the Patronato Scolastic or some other State aid is not forthcoming a large number of children in elementary schools will not be able to buy new books this year as they cost from 10 to 35 Lire each and the poorer parents are not prepared to pay these prices. The schools are gradually receiving the end of their requirement of scholastic materials and a number of

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The accommodation situation improves as increasing numbers of the Italian Army leave the Island, but extensive repairs required of buildings delays re-application to their proper use. Boy Scout Troops are being organised but almost wholly under the auspices of the Catholic Church.

/9. COMMUNICATIONS.....

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9. COMMUNICATIONS

(i) Roads

Road Transportation is hampered by lack of efficient vehicles and spare parts. More facilities for wholesale distribution of petroleum products to centres of retail distribution to users of automotive, fishing, industry and agriculture purposes are needed from the standpoint of economy. Steps are being taken to improve matters as far as possible.

As regards the registration of motor vehicles there was some delay and confusion in the issue of circulation permits by Italian authorities, but no petroleum products were issued during June except on approved rationing. Although tyre shortage is critical this situation does not appear to affect applications for registration. There seems to be abuse of the requirements as regards the necessary use of vehicles and more energetic police action to remedy violations is in hand.

(ii) Rail

A rail car service was initiated during the month over a 20 mile stretch of railroad in the IGLESIAS area.

(iii) Telecommunications

Telephone service is considered adequate under existing conditions which, due to military necessity, limit civilian activity.

The telephone and telegraph connection with ROME is being repaired. There are each way two circuits by telephone and one by telegraph. The Sardinian end of the cable is near OLBIA in the North-East corner of the Island.

Postal services are hampered by lack of Transportation and are poor where the railways are not operating fully and where there are no railway connections.

10. FINANCE AND PROPERTY CONTROL

Action is being taken to stimulate the various tax and revenue offices. There is a general increase of revenue but difficulty is being experienced owing to shortage of staff and delay in formation of District Commissions.

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Difficulty is being experienced in obtaining suitable State Lottery tickets, but strenuous efforts are being made to restart the Lottery. The estimated

/loss.....

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loss of revenue resulting from the absence of the Lottery is 5,000,000 Lire. As regards the tobacco monopoly the present stocks of tobacco are sufficient for six months.

There appears to be little change in the inflation situation but any tendency in this direction should be minimised by the increasing movement of the Italian Army from Sardinia and by greater efforts at tax collection.

The gradual return to confidence is apparent as the savings and deposits in the banks show a substantial and steady increase.

There are no fresh developments in regard to Property Control.

H. C. R.,
Brigadier,
Regional Commissioner.

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HEADQUARTERS REGION IV
Allied Control Commission
APO 394

21 July 1944

REPORT

Notes on Conference on devastated areas held at ROAD JUNCTION near PIEDIMONTE - S. GERMANO, Tuesday 18 July 1944, at 1130 hours.

Present:

Regional Commissioner, Region IV
Commander 55 Area (Brigadier Moseley)
AQMG 55 Area
Regional Engineer, Region IV (Col. Edwards)
Regional Medical Officer, Region IV (Col. Page)
Regional Welfare Officer, Region IV, (Major Kenny)
Prov. Commissioner, Frosinone Prov. (Lt.Col. Thornhill)
Provincial Engineer (Major Evans)
Provincial Medical Officer (Major Pino)
Civil Affairs Officer (Capt. Salway)

Prefect of Frosinone (S.E. Zanframundi)
Commissario Speciale (Capitano Bozzi)
Genio Civile (Frosinone)
Medico Provinciale (Frosinone)

The following main points were decided.

Regional Commissioner, Region IV
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Prefect of Frosinone (S.E. Zanframundi)
Commissario Speciale (Capitano Bozzi)
Genio Civile (Frosinone)
Medico Provinciale (Frosinone)

The following main points were decided.

1. Communications:

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Work on the main roads now proceeding satisfactorily. Major Perley for HQ Region IV responsible for work on Highway 6, Highway 82 and lateral road Frosinone-Subiaco. On other roads 200 Cantonieri employed under Major Evans.

2. Headquarters:

Decided that the HQ of Captain Bozzi, Commissario Speciale for devastated areas, would be established at Roccasecca.

3. Return of Population:

Region IV to arrange for publicity in the press of Rome and Naples warning sfollati against returning to the devastated areas, in view of hardships involved. Only men and women capable of enduring rough conditions and doing hard work should return.

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Capt. Salway produced complete figures of 1939 population and present population of various Communes, these to be the basis for as much control of return as is possible.

4. Agriculture:

Prefect to approach Italian Government direct, and Region IV to support application for re-stocking of area with beasts from South Italy.

Commissario Speciale to provide estimate of the amount of seed required.

Region IV to take in hand question of the removal of mines. 55 Area will produce such maps of minefields as are available and will hand to Provincial Commissioner Frosinone. 55 Area will only be responsible for removing mines of or near main roads and similar places of military importance.

CIP supplies urgently needed for agricultural works. Region IV to take in hand.

5. Housing:

First move to be salvage of material from existing destroyed houses, in order to provide a pool of building materials to erect temporary structures where most needed. Prefect has sufficient powers to effect this.

Question of long term building policy, especially the question of re-building Cassino on new site and Pontecorvo to be referred by Prefect to Italian Government.

6. Feeding:

The general principle to be that food for devastated areas is to be found from the rest of the Province. Commissario Speciale to produce an estimate of any special feeding arrangements required in very damaged localities.

7. Medical:

Col. Page reported that a system of pooling of available Italian Doctors was already in hand.

Malaria danger was not too serious; atabrine had already been distributed for prophylaxis purposes in the most dangerous areas. One CAD already distributed; one CAD will be distributed next week.

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Mobile Italian Hospital already established at Roccasecca, but without ambulances. Reported that casualties from mines show marked decline.

Clearance of dead: Brigadier Moseley agreed this was military responsibility though it proceeded slowly. (Later Brigadier Dunlop met Lt.Col. Lawson of HQ Graves Registration Naples, and Capt. Foster, established at Venafro, who said that progress of clearance of dead now proceeding, and Cassino-Rapido area nearly clear.)

8. Water Supply:

Situation near the Liri not bad. Situation south of the Liri barely satisfactory. Emergency wells being sunk south of the Liri and repairs being made near the Liri.

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9. Anti-flooding measures:

Clearance of rivers already in hand, and serious flooding not anticipated.

Regional Commissioner

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HQ ACC (RC & MG Sect)
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HEADQUARTERS REGION IV
Allied Control Commission
APO 394

TO : HQ ACC - (RC & NG Section) 16 July 1944

SUBJECT : Monthly Report

FILE No.: R4/850.081 (C)

Herewith the Monthly Report on Region IV Activities. This report covers the months of both May and June. Delay in rendition is regretted.

Regional Commissioner

Encls. (3)

Part I Report
Appendix A
Part II Report

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HEADQUARTERS REGION IV
Allied Control Commission
APO 394

9 July 1944

REPORT ON REGION IV for month of June

PART I. - GENERAL

1. The story of Region IV during the month of June is, in fact, the story of the Allied advance. It is regretted that no report for May was ever submitted from this Region. This however has one advantage; it allows the story to be told in one consecutive narrative from the opening of the offensive on May 11.

2. Region IV had the advantage of ample time for preparation. The plan had been early adopted of forming Provincial Teams, complete in officers, men and equipment. These Teams moved forward, well in advance of probable time of deployment, to come under command of AMG 5th or 8th Army as the case might be. This policy proved very successful. Owing to shortage of available persons it could not be carried out in its entirety in the case of the northerly Provinces. Even so, however, nucleus Teams could be formed and sent forward.

3. Acting on the same general principle of securing close cooperation with AMG's Army, an advanced Regional Headquarters was opened under canvas near Calvi Risorta on April 17.

4. The picture of Region IV at the time of the opening barrage on the evening of May 11, was therefore:

Advanced Headquarters on route 6 near Calvi Risorta.
Main Headquarters at Naples.
Regional Transport at Vico Equense.
Frosinone Team, under command 8th Army, at Venafro.
Littoria Team, under command AMG 5th Army, in camp near Sparanise.
Rieti Team, under command AMG 8th Army, in camp near Alvignano.

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Rome Province Team in Naples.
Viterbo Team in Naples.
Terni and Perugia Teams forming in Naples.

5. As the offensive developed, Provincial Teams entered into their Provinces under orders of AMG Armies. Communes were subsequently handed over from spearhead CAOs to Provincial CAOs, and eventually complete Provinces were handed over to Region IV.

6. It is not proposed to follow in detail the developement of the advance of Region IV, but the following dates will be of interest:

May 27 Lt.Col. Morton opened Provincial HQ at Littoria.

June 4 Lt.Col. Thornhill opened Provincial HQ at Frosinone, moving two days later to Fiuggi.

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June 5 Advanced Headquarters Region IV moved to a camp site near Porcellino.

June 8 Lt.Col. De Garston opened Provincial HQ in Rome.

June 9 1200 hrs Region IV took over Littoria Province.

June 10 1200 hrs Region IV took over Frosinone Province.

June 11 Advanced Headquarters Region IV moved to a camp site on route 3 north of Rome.

June 11 Lt.Col. Bonham Carter opened Provincial HQ at Viterbo.

June 13 Lt.Col. Cooper opened Provincial HQ in Terni.

June 13 Main HQ commenced to move up from Naples to join Adv. HQ.

June 15 Combined HQ Region IV moved into Rome.

June 15 1200 hrs Region IV took over Rome Province.

June 16 Lt.Col. Robinson opened Provincial HQ at Rieti.

June 29 1200 hrs Region IV took over Viterbo Province.

7. Rieti Province will be taken over at 1200 hrs on Monday 10 July.

There will then remain the Provinces of Terni and Perugia under Command AMG 8th Army. In each case the Region IV Provincial Teams may be regarded as being in their final location and are operating as complete units under orders 8th Army.

8. On June 6 it was decided by HQ ACC that the Governatorato of Rome should be organised as a separate region. The previous plan has been that Rome City, after the preliminary period under AMG 5th Army, should be a Sub-Region under Region IV. This change of plans was justified by the rapidity of the Allied advance and the particular circumstances of the entry into Rome. It did reduce considerably the burden of work on the Regional Commissioner and other members of his Staff, but it also introduced very serious complications in the Special Divisions, especially on the Supply and Engineering side. These difficulties were aggravated by the fact that the separation of Rome Region from Region IV was accompanied by a standstill order on Staffs. Several technical Officers had been detached from HQ Region IV to go forward into Rome, in the expectation that in a few days

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Very close cooperation has been established with Rome Region. Experience to date does, however, indicate that the administrative severance of Rome from the remainder of Lazio is not satisfactory as a permanent policy.

9. Region IV has been more devastated by war than any other region so far liberated. It may well be that such destruction will not be repeated further north and that Region IV's unenviable record will remain unchallenged.

Within the Regions there is considerable difference between the three Southern Provinces Littoria, Frosinone and Rome, and the four Provinces to the North.

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1961

In these three Southern Provinces, there are several areas where destruction is in the neighbourhood of 50%. Such areas are those of Castel-Forte, Formia, Cisterna in Littoria Province, Velletri, Albano, Tivoli, Valmontone, Subiaco in Rome Province, Frosinone, Forentino, San Vittore in Frosinone Province.

In addition there exists one area, in Frosinone, where the devastations of the country-side resemble that known in the trench areas of the last war. It lies within a quadrilateral roughly bounded by the river Melfa, the hills NE of Route 6, the River Rapido, and the River Liri. It contains within that perimeter the ruined townships of Cassino and Pontecorvo and smaller communes similarly destroyed.

To cope with the special problems presented by this area, an Italian Commissario Speciale has been appointed who will have his HQ in SE Frosinone, and correlate all the problems of these stricken communes.

In the four Northern Provinces, damage is confined to certain towns. Some such towns, Montefiascone, Viterbo and others lie at the intersection of important roads. They have been the subject of air attacks or have been the scene of fighting and have suffered.

Outside this purely local damage there has been little devastation, and many hill villages are completely untouched.

10. In the three Southern Provinces two special problems exist which are new even in the experience of veterans of the last war. They are mines, and destroyed bridges. Indeed mines may be said to constitute one of the outstanding problems of Region IV. Many parts of SE Frosinone, SE and South Littoria and South Rome Province are so heavily mined as to prevent for the present any return to normalty. It is not possible to gather crops, restore communications or repair public services till these mine-fields have been cleared. Daily casualties occur, many fatal, among farmers who are bold enough to try to cultivate their crops. It is hoped to secure the service of a company of Artieri d'arresto to work on this ares at an early date.

The destruction of bridges, though not productive of casualties, is almost equally hampering to local life. In their withdrawal the Germans destroyed nearly every bridge. Temporary Bailey bridges and other structures were rapidly erected by the Armies. However, as the advance progressed, this bridging mate-

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The destruction of bridges, though not productive of casualties, is almost equally hampering to local life. In their withdrawal the Germans destroyed nearly every bridge. Temporary Bailey bridges and other structures were rapidly erected by the Armies. However, as the advance progressed, this bridging material was dismantled and moved further north. The result is that in Littoria and Frosinone many gaps exist. There are no bridges across the Liri except the one bridge near Minturno which carries Route 7. The group of Frosinone townships south of the Liri are practically cut off from the remainder of the Province.

In Rieti about 50% of the villages cannot be reached by motor vehicles.

This lack of bridges has demanded not only a long term policy for rebuilding but also a short term policy for the opening up of communication.

11. In view of the magnitude of the problems presented by the rapid advance into a war damaged area, and in view of the

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limited number of officers, men and equipment available, it was considered desirable to lay down a General Directive as to regional policy. Attached as Appendix "A" is a copy of a Directive issued to the Provincial Commissioner Litteria on June 9. Similar Directives, slightly modified to meet local conditions, have been issued to each Province as it comes under regional control.

This regional policy may be epitomised as "Reconstruction rather than Restriction".

12. The special Divisions have all made their technical reports to their own Sub-Commission. Part II of this report contains an abstract of these technical reports.

13. A still more brief summing up may be expressed as follows:

In the five Provinces so far taken over: The Italian machinery of Civil Government has been set going; "Epurazione" has been taken in hand; political problems have been few; plans for dealing with Patriot Bands are under discussion; Italian Courts have been reopened; Bank and Post-Offices have been reopened; Carabinieri have been installed and organised; the incidence of crime is low except for the crimes of violence in the areas which the CEF passed through. The standard of health is remarkably good; civil hospitals have been opened and medical supplies distributed; welfare organizations have been established; schools have been reopened; the food situation has at times given cause for anxiety but it is now reasonably in hand. The distribution of CIP products has just commenced. The harvest has commenced all over the region. It is below average in the three Southern Provinces, above average in the North. The Italian agricultural and alimentation agencies have been reestablished. Industry has been severely crippled but a good start has been made in rehabilitation. The Engineering Division has had to cope with a great volume of repair work on roads, public services etc. The Italian organization of Genio Civile has been put to work. Transportation has been a grave preoccupation throughout. The Germans in their withdrawal stripped the country-side of everything not carefully hidden. Much that was hidden was in a bad state of repair with perished tyres and batteries. ACC transport was largely driven by inexperienced Italian drivers and gave cause for much anxiety. However wheels are moving and civilian transport is being organized in every Province. Great help has been given by the 2 New Zealand Divisions and the 72 H.A.A. Regt.

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14. It would be wrong to close this General Review without paying tribute to the close and cordial cooperation received at all times from AMG's 5th and 8th Armies.

Region IV was very fortunate in that it had ample time for preparation. Perhaps one of the most fruitful preliminary periods was the time when the Regional Commissioner with six or seven of his senior Officers lived together in a camp at Calvi Risorta, near AMG's 5th and 8th Armies, got to know each other and discussed their many interlocking problems.

1939

Regional Commissioner

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Appendix A

DIRECTIVE TO THE PRO[illegible]SCIAL COMMISSIONER, LITTO[illegible]A

9 June 1944

1. You are being asked to take over a large task with a limited number of officers. You will only be able to achieve satisfactory results if you concentrate on essentials, avoid dissipation of energies and interest, and practice a rigid economy in men and material.

2. Your Province presents many features new in the history of A.C.C. Parts have been heavily ravaged by war, there has been a violent displacement of population, and an almost complete destruction of industry. Some of the inhabitants are under-nourished and destitute of the bare necessities of life.

3. On the other hand the war has moved swiftly away to the north and it is likely that before long the armies will also have moved to northerly battles, leaving only a few scattered maintenance units strung along the main highway.

4. Problems of military security and the necessity for protecting army stores and installations from theft and pilferage will not bulk large.

5. Your efforts should therefore be bent towards reconstruction. Everything possible must be done towards restoring life to normalcy. Restrictive regulations should be reduced to a minimum. It will be necessary to transfer responsibility to Italian Officials and to encourage them to assume it.

6. The following will be your particular tasks:

a) To encourage agriculture and to secure the maximum return from the present harvest. This may involve special arrangements for getting labour on the fields.

b) To gather the required proportion of the crops into the Granaii Pubblici.

c) To clear debris from damaged villages and especially to remove all decaying matter. Clearance must take precedence over rebuilding and health must take precedence over amenities. The psychological value of a tidy main street cannot be over-emphasised.

d) To reestablish Italian Courts. Enforcement of law and order should be left to the Carabinieri and to Italian Magistrates.

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d) To reestablish Italian Courts. Enforcement of law and order should be left to the Carabinieri and to Italian Magistrates. AMG Courts should only be used for serious offences and for offences against Allied Personnel and Property.

e) It is anticipated that "Defascistisation" will already have taken effect. If, however, there remain officials of doubtful antecedents, they must be removed.

7. The Regional Policy in respect of price regulation, control of rebuilding, control of prostitution, etc., will be to [illegible] and encourage the Italian Authorities to apply their own laws. These laws exist and are adequate to deal with the situation if properly and firmly applied.

8. Every effort should be made to encourage the opening of branches of Banks, particular of the Banco di Italia, and the office of the Intendente di Finanzia, the latter two agencies are vital in the proper financing of Communes and Provinces. The opening of Post Offices for financial services only should be encouraged.

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It is the policy of A.C.C. that new funds placed in circulation be held to a minimum in view of the dangers of inflation and that Communes and Provinces be financed through the Banco di Italia at the earliest possible moment.

9. As a part of the general policy of economy of force, you should group your officers in pairs or threes in three - or not more than four - localities in the Province. These subdivisions of your Province should be called 'Groups' of Communes (Aggruppimenti di Communi). The use of this phrase will avoid the need for the words "District" or "Area". Both of these have technical military meanings.

10. The Headquarters Office of each group should be efficiently organised with two or three Allied Officers and an adequate Italian Staff. This Italian Staff should include Carabinieri, clerks, interpreters if necessary, mechanic to look after the cars. It may be found desirable to secure the paid services of an Italian Doctor or Engineer, but normally all technical or professional work should be done through Italian channels.

Any Red Cross workers in the territory should as a general rule live at "Group Headquarters".

11. From this "Group Headquarters", every day, one or more Allied Officers should go out on tour of the Communes of the group. Italian Officials will certainly be short of transport and it may be advisable on many occasions to take them with Allied Officers when they make tours. This policy of using Allied transport to help Italian Officials must also be followed at Provincial Headquarters.

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HEADQUARTERS REGION IV
Allied Control Commission
APO 394

9 July 1944

REPORT ON REGION IV for month of June

PART II.

Political reactions and popular opinion

One permissible generalisation is that the amount of political activity is in inverse ratio to the amount of damage. In very badly war damaged towns there is not much political activity. In some of the untouched mountain towns, particularly those which were occupied by static German installations employing the local population, there has been an aftermath of political agitation.

The existence of bands of Partisans or Patriots, has raised certain important questions. In extreme cases these bands have assumed considerable local authority and have attempted to put forward their own nominees as Prefects or Sindaco. On the whole the general situation is settling down; the general reaction of the population is helpful.

Local Government - Provincial

All the existing Prefects and most of the senior office holders in the seven Provinces fled or were removed by the Germans as the Allied Armies advanced.

New Prefects have therefore been appointed for all Provinces. In the case of Littoria, Frosinone, Rome, Rieti and Viterbo they are career officials. In the case of Terni and Perugia, they are local citizens of repute. In the case of nearly all large Communes the Sindaco is a new appointee.

The majority of senior administrative posts have been filled by new men but in certain cases the existing incumbent has been retained in office after a careful check of the Scheda Personale.

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The majority of senior administrative posts have been filled by new men but in certain cases the existing incumbent has been retained in office after a careful check of the Scheda Personale.

Local Government is beginning to function, but it must obviously be some time before the new Prefects and many new officials are able to overcome the dislocation and disruption of the last few months.

1956

Economics & Supply

The supply of food to the Provinces of Region IV has been almost entirely bound up with the question of transport. The full story will be reported at length by the Economics & Supply Division in their report to their own Sub-Commission. In brief - the plan was that AMG 5 and 8 Armies would stock up Communes with food supplies for a week or ten days, before the territory was handed over to Region. Cooperation with AMGs 5 and 8 Armies was close throughout, but in certain cases the speed of advance was such that Armies were not able to put into the Communes all the food required by this plan.

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Region IV had a preliminary plan which provided for the use of the port of Gaeta for Littoria, 8 Army ...ilhead for Frosinone and the port of Anzio for Rome. This plan could not entirely be maintained, owing to changes in supply system; as a result there was a good deal of improvisation. A large Depot of food accumulated by 5 Army at Carinola was turned over by ACC to Region IV. The forward move of this large tonnage with the limited transport available to the Region, presented a most serious problem. Fortunately invaluable assistance was given by the 2nd N.Z. Division and the 72nd AA Regt RA who lent their transport.

The food situation is reasonably in hand in respect of flour, but there is still a shortage of oil and fats, and a demand for soap, salt and sugar.

The CIP Organisation has been set up throughout the Provinces. The supply of liquid fuel of various kinds is still very restricted and there is some difficulty in adjusting the demands of Rome City with that of Region IV.

Agriculture

Prospects are good for almost all crops; wheat, corn (maize) olives and vines. In Frosinone, Littoria and Rome the harvest has suffered from war damage, lack of labour and the presence of mines. In the rest of the Region, however, crops are excellent. Although handicapped by shortage of agricultural machinery, the Italian peasants have done excellent work in reaping and gathering crops almost entirely by manual labour.

Reconstitution of the Italian Agricultural Agencies has been taken in hand. New Officials have been found where necessary There is a lack of fuel for the small amount of mechanical equipment available and a lack of binding twine, sacks, etc. On the whole, however, hard work and improvisation by the contadini are overcoming obstacles in a most commendable way.

Labour

No Labour Officer has been on the Staff of Region IV. Assistance has been given as necessary by the Labour Sub-Commissio of ACC HQ and by Lt. Col. Page on the Staff of Rome Region. The situation is complicated by the existence of more than one wage scale and ACC are being asked to coordinate.

Public Works and Utilities

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Public Works and Utilities

General: This Division has suffered particularly from shortage of Staff. The seperation of Rome Region with nearly all this Division's Staff involved great changes. Procedure for Public Works was clarified by issue of ACC instructions in June.

A Capo Ingegnere of Genio Civile was early asked for, and obtained, in LITTORIA to deal with this great problem, and work was immediately put in hand. Reconnaissances show at least 220 bridges destroyed in LITTORIA alone.

Surveys have been made, and estimates for work are well on the way in most provinces. Much damage done to water supplies is being remedied as fast as possible. Rationing of electric power is a problem to be coordinated with ROME REGION.

Transport has been provided, for most of the essential food supplies. Difficulties aggravated by breakdown of POL supply

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and poor Italian drivers. Provinces are very short of civil MT. Spare part difficulties have arisen mainly due rate of advance of L and C Units.

Postal matters are now in hand but Telecommunications lapse for lack of an officer.

Public Safety

A.M.G. Courts: Summary Courts are functioning normally, but there is surprisingly little crime. One or two cases of wrongful possession of arms have been tried by Superior Courts. Three cases of homicide of Allied Soldiers, arising out of alleged attempts at rape, are under investigation and will be tried by General Court.

Italian Courts: In Littoria, Frosinone and Rome Provinces the Courts had almost completely broken down. Officials had fled, many Court Houses were destroyed and records lost. Preture Courts have now generally been re-started, mostly with depleted staffs and in makeshift buildings. The task of collecting officials and getting them back to work continues. The Tribunali of Cassino and Littoria have been re-opened, though with depleted staffs. The Tribunale of Frosinone will open this week, and that of Velletri as soon as suitable premises can be found. In Viterbo Province the Italian Courts are largely untouched and are ready for normal operation, being hampered only by difficulties of transport.

Public Health

The general health of the people has been excellent except for Typhoid in several areas. Scabies are prevalent throughout. Some new venereal disease due to raping by the French Colonial Troops. Hospitals in general were badly looted and some buildings destroyed. Many are open however and others undergoing repairs. Provincial Laboratories with the exception of Littoria are in fairly good shape but many microscopes and other precision equipment has been looted. Medici Provinciali present in all provinces and necessary if not adequate staffs in most hospitals. Malaria control is well under way but malaria is occurring 40 to 50 new cases a day in Terracina-Formia area. Medical Supplies have been delivered to all Provinces. Casualties from mine fields are occurring at a distressing rate in Littoria and Frosinone areas. Smallpox and diphteria immunization campaign begun in Frosinone. Typhoid vaccine and atabrine furnished Littoria in sufficient quantities to handle treatment and possibly some prophylaxis.

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1954

Public Welfare

Littoria Province: Major Follit designated PPWO on 10 June. Organization of provincial Social Welfare Department well under way. Citizens' committee meeting to discuss public welfare activities. Child welfare, second priority to establishment of department.

Frosinone Province: Major Pino designated PPWO on 10 June. Organization of provincial Social Welfare Department progressing. Designation of Prefect for Cassino "devastated area" awaited. ECA functioning and rates established. Surveys of welfare institutions have been made.

Rome Province: Capt. Ruissi designated PPWO on 15 June.

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Seven thousand displaced persons at Allumiere and Tolfa being assisted. Serious ph and w problems at Valmonte. Excellent progress made towards establishment of Social Welfare Department.

Viterbo Province: Came under Regional supervision 29 June.

Education

In June schools were reopened for a summer session to make up as much as possible of the lost year in Frosinone and Littoria provinces, and preliminary steps toward similar reopening were taken in Rome and Viterbo provinces.

In all four Provinces excellent superintendents of schools (Provveditori agli Studi) were appointed after careful investigation and search, and the finding and vetting of other personnel was well started. Provincial education offices were opened and set going.

In Littoria Province schools were opened in 14 Communes and in Frosinone province in 13 Communes. Most other Communes in these two Provinces were set to open schools within two weeks, often in improvised quarters.

In these two Provinces 4000 of the new text books, prepared under our supervision, and 2000 children's note books were distributed. Revised programs of study, prepared and printed under our auspices, were distributed to all schools.

Arrangements were made for bringing back into the Provinces teachers who had fled from them.

Fascist teaching materials were confiscated.

School financing was provided for in all provinces.

Arrangements were made for school lunches in Frosinone and Littoria Provinces.

With the consent of both Regional Commissioners involved, the Rome Region and Region IV Education Divisions were so combined as to unify the administration of Rome City and Rome Province elementary and secondary schools under the Region IV Education Officer, and Universities and other higher Institutions in Rome Region and Region IV under the Rome Region Education Officer.

The rapid reopening of schools has had a strong favourable effect on public opinion and has contributed to the safety of children.

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Refugees

There is no Refugee Officer on the Staff of Region IV. The Refugee problem in the territory covered by Region IV assumed very serious proportions during the time of the passage of the Armies. Large scale movement has now settled down but there is an enormous and difficult problem before us of re-settling into Littoria and Frosinone a population which has largely been dispersed as a result of war. Many are making their way back to their original homes ignorant of or regardless of the fact that these homes no longer exist. In the very badly devastated area between Roccasecca and Cassino, referred to in Part I of this Report, it is hoped to set up in conjunction with the Commissario Speciale a Clearing House for information. Already information is being passed to Rome Region as to those Communes of Littoria and Frosinone which are not able to accept returning Refugees.

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Property Control

Major King reported to this HQ (Region IV) 27 June 44 as Regional Controller of Property and Lt. Monck reported on 8 July 1944. Prior to that time there had been no property control Officers for this Region.

Appropriate Italian sources were requested for reports of sequestered Allied Properties in the Provinces of this Region

Preliminary Reports indicate the following Allied Properties:

Parcels of unimproved land	4
Commercial concerns	5
Villas or buildings and land	32
Personalty	1
Total Allied Properties	42

which are located as follows:

Province of Rome	20
(exclusive of Rome City)	
Province of Perugia	12
" " Terni	5
" " Littoria	1
" " Frosinone	4
Total	42

Distribution of Nationalities:

American	17
British	13
French	8
Russian	2
Brazilian	1
Other	1
Total	42

At this date, 11 July 44, files have been prepared for all reported properties indicating name of owner, nationality, location, description,(except in few cases) sequestrator, present occupier, map reference, inventories as of date of sequestration where available, other pertinent information.

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The most important single property and perhaps one of the most valuable in liberated Italy is Società "Prodotti Chimici Nazionali" with plant in Aurelia, just outside Civitavecchia, Rome Region, owned by Aluminium Limited (Canada). The plant, engaged in manufacture of aluminium (but not now in operation) has been inspected and posted and is receiving all necessary attention. Further reports in this connection will be submitted.

Regional Commissioner

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SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

FILED

13071/F

22 July 1944

SUBJECT : Report of the Finance Sub-Commission, HQ ACC- June 1944.-

TO : Colonel G.R. UPJOHN.
A/Vice President,
Administrative Section.

1. Herewith, for your information, copy of the Report of the Finance Sub-Commission, HQ ACC, for June 1944.

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

1951

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/F

15 July 1944

REPORT OF THE FINANCE SUB-COMMISSION HQ ACC

FOR JUNE 1944

Colonel A.P. Grafftey-Smith — Joint Director
Colonel E.M. Foley, Jr. — Joint Director

Capt. Andrew Kemmeck, F.A.
Lieut. (jg) J.E. Hicks, (USCGR)
Lieut. G.H. Willis, (USNR)
Major B.F.L. Timmons, Cav.
— Joint Editors

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A. Financial Effects of Allied Occupation
B. Report of Finance Division, MG 5th Army, for June 1944.
C. Statistical Appendix
D. Allied Financial Agency Report
E. Remittance Lists from U.S.A. and Sterling Area to 31 May, 1944.

I. ORGANIZATION

A. New Italian Government

1. The new Italian Government with S.E. Ivanoe Bonomi as Premier, took office on 12 June, 1944. The Government has reverted to the practice which prevailed before

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I. ORGANIZATION

A. New Italian Government

1. The new Italian Government with S.E. Ivanoe Bonomi as Premier, took office on 12 June, 1944. The Government has reverted to the practice, which prevailed before fascism, of dividing financial matters between the Ministries of Finance and Treasury, the former having jurisdiction over revenues, and the latter over expenditures, budgets, and the public debt.

2. The Minister of Finance is S.E. Stefano Siglienti, lawyer and banker, General Director of the Credito Fondiario. In Rome he is reported to have been a leader in the patriots' movement. His activities were discovered, he was arrested, imprisoned, and sent to Germany for compulsory labor. Siglienti escaped, returned to Rome and continued his clandestine activities. He belongs to the Sardinian Party of Action.

3. The Minister of the Treasury is S.E. Marcello Soleri, of the Liberal Party. In the Nitti cabinet of 1919-20 Soleri was Under-Secretary of the Navy; in the 5th Giolitti cabinet he was General commissary for supply. Soleri held the Finance portfolio in the Bonomi Government of 1920 and he was Minister of War in the 2nd Facta cabinet of 1922. As supply commissary he led a fight to abolish the subsidized price of bread. Soleri is reported to be competent in financial matters and for many years was a contributor to the newspaper "La Stampa" of Turin. In Rome he took an active part in the movement of resistance to the Germans.

4. The Under-Secretary are Antonio Pesenti and ~~Antonio Manes~~, Finance and Treasury respectively. Pesenti held ~~the~~ same post in the third Badoglio ~~Government~~ and a ~~biographi-~~ cal note concerning him was included in the Monthly Report of the Finance ~~Sub-Commission~~ for April, 1944. Manes is a native of Calabria and a lawyer by profession. He belongs to the Labor Democrat Party.

B. Rome Report

Representatives of the Finance Sub-Commission entered Rome with the first Allied troops in the city. Shortly thereafter the Advance Headquarters of the Sub-Commission was established in Rome. A special report has been prepared by Advance Headquarters in Rome and has been forwarded separately to Washington and London. This report covers the information available on financial developments in Rome - principally on the period since the Armistice. The principal subjects covered are currency, foreign exchange, banking, Ministry of Finance, insurance, securities exchange, and food situation. Due to the confidential nature of some of the information, particularly on the foreign exchange assets of Italy, only a limited distribution of the report is being made.

II. GOVERNMENT FINANCE

A. The Italian Government Deficit

1. The total Italian Government deficit from July 1943, through May 1944 for the 27 liberated provinces, as measured by the State account in the Banca d'Italia, was 30 billion lire. To this figure must be added 3 billion lire of AFA advances to the Government. The average monthly deficit is the 3 billion lire. The deficit for the month of May was slightly over 5 billion lire, substantially larger than the deficit in April. Month-to-month changes in these figures, however, frequently reflect accounting delays and similar spurious phenomena rather than genuine changes in Government expenditures and revenues. More detailed figures may be found in the Statistical Appendix.

2. Net investment in B.T.O.'s during May was only about half the total reached in April, and in Sicily, an area accounting for about half the total sales of B.T.O.'s in May and in past months, net disinvestments occurred. Disinvestment in Sicily may be the result in part, of the use of bank funds to finance the harvest, and in part of the unwillingness of the Banco di Sicilia to cooperate with the Banca d'Italia and the Government. More complete data will be found in the Statistical Appendix.

B. Revenue

1. Revenue Collection

a. Total State receipts during May 1944 for the 27 provinces then occupied by the Allies amounted to 470 million lire, compared to 508 million in March, and 404 million in May 1944. The total for the 11 months of the fiscal year was 4,155 million lire, which compares with 8,665 million in the same month a year ago. These figures include all credits to the State budget account at the Provincial treasuries, including

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b. In May 1944 the true revenue (i.e. excluding Capo X) amounted to 420 million against 351 in May 1943, and the total revenue for the 11 months now amounts to 80 per cent of that for the 11 months of the preceding year. The tables on the following pages show the total revenue (less Capo X) by provinces to May 1944 and an analysis of the revenue by type for the 27 provinces and for the Regions separately.

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TOTAL REVENUE RECEIPTS (GROSS INTAKE, LESS CAPO X)

(Million of Lire)

PROVINCE	10 months to Apr/43	May 1943	Total for 11 Months	10 months to Apr/44	May 1944	Total for 11 months	Percent. 1944/43
Region I							
Agrigento	43	2	45	43	4	47	104
Caltanissetta	31	2	33	32	4	36	109
Catania	318	21	339	127	22	149	44
Enna	23	2	25	26	3	29	116
Messina	130	10	140	54	12	66	47
Palermo	410	19	429	294	43	337	79
Ragusa	24	2	26	31	4	35	135
Siracusa	41	2	43	45	6	51	119
Trapani	141	1	142	52	8	60	42
TOTAL	1,161	61	1,222	704	106	810	66
Region II							
Bari	622	69	691	927	98	1,025	148
Brindisi	44	2	46	66	5	71	154
Lecce	74	4	78	102	14	116	149
Taranto	134	4	138	88	6	94	68
Matera	23	1	24	23	1	24	100
Potenza	32	2	34	27	2	29	85
TOTAL	929	82	1,011	1,233	126	1,359	134
Region III							
Avellino	42	3	45	37	5	42	93
Benevento	35	3	38	26	3	29	76
Napoli	1,367	144	1,511	726	86	812	54
Salerno	109	9	118	69	11	80	68
TOTAL	1,553	159	1,712	858	105	963	56
Region V							
Campobasso	37	2	39	25	3	28	72
Foggia	129	15	144	107	14	121	84
TOTAL	166	17	183	132	17	149	81
Region VI							
Cagliari	212	8	220	139	28	167	76
Nuoro	18	1	19	24	3	27	142
Sassari	44	2	46	80	8	88	191
TOTAL	274	11	285	243	39	282	99
Region VII							
Catanzaro	110	10	120	74	6	80	67
Cosenza	55	3	58	57	10	67	116

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Region II							
Bari	622	69	691	927	98	1,025	148
Brindisi	44	2	46	66	5	71	154
Lecce	74	4	78	102	14	116	149
Taranto	134	4	138	88	6	94	68
Matera	23	1	24	23	1	24	100
Potenza	32	2	34	27	2	29	85
TOTAL	929	82	1,011	1,233	126	1,359	134
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Avellino	42	3	45	37	5	42	93
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Napoli	1,367	144	1,511	726	86	812	54
Salerno	109	9	118	69	11	80	68
TOTAL	1,553	159	1,712	858	105	963	56
Region V							
Campobasso	37	2	39	25	3	28	72
Foggia	129	15	144	107	14	121	84
TOTAL	166	17	183	132	17	149	81
Region VI							
Cagliari	212	8	220	139	28	167	76
Nuoro	18	1	19	24	3	27	142
Sassari	44	2	46	80	8	88	191
TOTAL	274	11	285	243	39	282	99
Region VII							
Catanzaro	110	10	120	74	6	80	67
Cosenza	55	3	58	57	10	67	116
Reggio di Cala.	98	6	104	41	10	51	49
	263	19	282	172	26	198	70
GRAND TOTAL	4,346	349	4,695	3,342	419	3,761	80

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STATE REVENUE (27 Liberated Provinces)

SUMMARY AT 31 MAY, 1944. ANALYSIS BY TYPE, SHOWING COMPARISON WITH PREVIOUS YEAR.

(Thousand Lire)

		11 months to 31/5/1943	11 months to 31/5/1944	% 43/44 to 1942/43	Month of May 1943	Month of May 1944.
Capo I	Manuf. Taxes	271.086	167.551	62	29,223	24,216
Capo II	Customs	284.710	80,120	28	8,468	19,666
Capo III	Local Finance	1,511	2,879	191	288	485
Capo IV	Monopolies	1,702,755	1,185,278	70	168,213	123,139
Capo V	Lottery	154,508	55,449	36	11,658	10,562
Capo VI	Direct Taxes	1,086,983	1,183,489	109	21,313	37,497
Capo VII	State Lands, etc.	5,072	2,977	59	382	694
Capo VIII	Indirect Taxes	1,153,740	1,051,884	91	104,515	197,688
Capo IX	Supply Officer	16,015	19,312	121	4,990	1,634
Capo X	Treasury	3,970,754	391,912	10	53,001	50,035
Capo XI	Min. Of Justice	7,136	4,024	56	600	743
Capo XII	Min. Of Interior	319	145	45	41	34
Capo XIII	Min. Of agricult.	2,128	1,130	54	88	525
Others		8,955	8,876	99	1,276	3,257
GRAND TOTAL		8,665,672	4,155,026	48	404,056	470,175
Total less Capo I		4,694,918	3,763,114	80	351,055	420,140

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ANALYSIS OF REVENUE BY REGIONS, EXCLUDING CAPO X.
(Thousands of Lire)

	11 months to 31/5/1943	11 months to 31/5/1944	Percent 43/44 to 1943/43	M a Y 1943	M A Y 1944
REGION I. (SICILY)					
Capo I Manuf. Taxes	94,452	32,530	34	3,867	5,745
Capo II Customs	96,850	33,188	34	799	12,154
Capo IV. Monopolies	405,142	122,405	30	27,182	10,994
Capo V. Lotteries	37,965	7,778	20	124	1,692
Capo VI Direct -Taxes	271,176	297,422	110	6,900	11,373
Capo VIII Indirect Taxes	309,209	312,510	101	20,656	64,009
Other Receipts	6,801	3,924	58	505	476
TOTAL	1,221,595	809,757	66	60,033	106,443
REGION II. (Bari, Brindisi, Lecce, Taranto, Matera, Potenza)					
Capo I Manuf. Taxes	61,338	80,919	132	12,548	13,676
Capo II Customs	118,747	25,157	21	3,097	3,668
Capo IV Monopolies	381.816	673,034	176	41,474	66,257
Capo V Lotteries	15,047	8,070	54	1,650	1,657
Capo VI Direct Taxes	214,140	322,519	151	2,120	8,675
Capo VIII Indirect Taxes	215,736	244,978	113	22,396	30,839
Other Receipts	3,297	5,566	143	503	1,933
TOTAL	1,010,721	1,360,243	135	83,788	126,903
REGION III. (Avellino, Benevento, Napoli, Salerno)					
Capo I. Manuf. Taxes	73,950	32,621	44	11,359	1,811
Capo II. Customs	59,830	20,036	33	4,461	2,758
Capo IV. Monopolies	662,458	229,155	35	79,584	18,639
Capo V. Lotteries	90,667	38,999	43	9,477	7,182
Capo VI. Direct Taxes	398,882	344,224	86	10,390	6,493
Capo VIII. Indirect Taxes	413.147	289,082	70	41,148	64,626
Other Receipts.	13,692	9,800	72	1,779	3,324
TOTAL	1,711,626	963,917	56	158,198	104,833
REGION IV (Foggia, Campobasso.					
Capo I. Manuf. Taxes	4,238	1,816	43	279	147
Capo II. Customs	127	71	56	-	5
Capo IV. Monopolies	31,775	19,784	62	2,975	4,446
Capo V. Lotteries	3,108	274	9	345	-
Capo VI. Direct Taxes	68,098	71,734	105	312	3,560
Capo VIII Indirect Taxes	66,191	39,918	60	8,861	8,604
Other Receipts	9,899	14,985	151	4,540	197
TOTAL	183,436	148,582	81	17,312	16,959
REGION VI. (Sardinia)					
Capo I. Manuf. Taxes	29,439	12,429	42	647	1,265

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Capo VI Direct Taxes	214,140	322,519	151	2,120	8,675
Capo VIII Indirect Taxes	215,736	244,978	113	22,396	30,839
Other Receipts	3,237	5,566	143	503	1,933
TOTAL	1,010,721	1,390,243	135	83,788	126,905
REGION III. (Avellino, Benevento, Napoli, Salerno)					
Capo I. Manuf. Taxes	73,950	32,621	44	11,359	1,811
Capo II. Customs	59,830	20,036	33	4,461	2,758
Capo IV. Monopolies	662,458	229,155	35	79,584	18,639
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Other Receipts	9,899	14,985	151	4,540	197
TOTAL	183,436	148,582	81	17,312	16,959
REGION VI. (Sardinia)					
Capo I. Manuf. Taxes	29,459	12,429	42	647	1,265
Capo II. Customs	8,755	1,332	15	107	852
Capo IV. Monopolies	101,871	112,939	111	5,704	17,685
Capo V. Lotteries	5,293	239	5	28	1
Capo VI. Direct Taxes	62,905	58,666	93	754	1,294
Capo VIII Indirect Taxes	71,737	92,650	129	4,857	16,640
Other Receipts	5,299	4,112	78	212	924
TOTAL	285,299	282,367	99	12,309	38,659
REGION VII. (Catanzaro Cosenza, Reggio di Calabria)					
Capo I. Manuf. Taxes	7,669	7,236	94	523	1,372
Capo II. Customs	401	336	84	4	231
Capo IV. Monopolies	119,693	27,961	23	11,294	5,120
Capo V. Lotteries	2,428	89	4	34	30
Capo VI. Direct Taxes	71,782	88,924	124	837	6,102
Capo VIII Indirect Taxes	78,720	72,746	92	6,597	12,970
Other Receipts	1,548	956	62	126	518
TOTAL	282,241	198,248	70	19,415	26,343

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2. Improvements in the Italian Revenue System

Discussions have continued during the month with the Ministry. The change in Ministers has again necessitated going over old ground, but the proposed legislation has not been changed by the present Minister. Particulars of all actual decrees carried into law will be included in next month's report.

3. Customs and Excise

Draft instructions for the restoration of customs control were circulated to the Naval and Industry & Commerce Sub-Commissions during the month and replies on these matters are awaited.

4. Communal Taxation

During the month draft decrees were received from the Ministry:

a. increasing the Imposte di Consumo, and
b. increasing the Imposte di Valore Locative

In the drafts the rates on the consumption taxes are approximately doubled, and a few new articles are added to the list of taxable items. The proposals follow fairly closely recommendations made by the local association of tax collecting agents, which were transmitted to the Ministry.

The rent value tax is increased on a sliding scale by from 15 to 33 per cent on the different classes of rental value, the higher increases applying to the large properties. In addition, a percentage overtax is imposed based on the number of rooms in the house in excess of the number of persons living therein.

These two decrees are primarily emergency measures pending a re-examination of the whole system of communal taxation, but they will substantially increase the net income of the communes, and, by increasing gross receipts, will greatly reduce the present high ratio of collection charges to total revenue.

Investigations have also been commenced into the charges levied in the different communes for specific services such as the removal of household rubbish. At present, such charges for refuse collection are levied on a separate roll, with a different basis of assessment. The old rates are quite out of line with the present increased costs. The attention of the Minister has been called to this matter and further investigation will be made.

5. Taxes on Imported Supplies

Draft instructions which will, among other things, suspend duties on imports and exports are still awaiting agreement with other Sub-Commissions. In A.C. 44 and its amendment issued during the month it was stated that supplies imported for civilian consumption would be free of import and export duties, but, owing to the administrative difficulty of doing otherwise, as well as other considerations, such supplies will be liable for the turnover tax and all other internal levies.

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a few new articles are added to the list of taxable items. The proposals follow fairly closely recommendations made by the local association of tax collecting agents, which were transmitted to the Ministry.

The rent value tax is increased on a sliding scale by from 15 to 33 per cent on the different classes of rental value, the higher increases applying to the large properties. In addition, a percentage overtax is imposed based on the number of rooms in the house in excess of the number of persons living therein.

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6. Occupation of Rome

A small committee of Italian officials has been established by the Rome office of this Sub-Section to make a preliminary screening of all the officials of the Ministry of Finance found in Rome. The head officials of most of the services were dismissed last November and replaced by appointees of the Fascist government and the present Ministry has to decide on the new occupants of these posts.

Only a small part of the Ministry staff was transferred to Brescia, but a considerable part of the office and basic documents were moved.

A considerable stock of fiscal stamps, stamped official paper, and similar supplies was found, some of which has already been moved to Naples to fill the urgent need for such supplies.

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C. Budget and Expenditure Control

1. Italian State Budget for Financial Year 1944-45

The new fiscal year begins on 1st July. Budgets have been prepared and presented by each ministry, and are now being considered by the Council of Ministers. Owing to the change in Governments it is anticipated that the approval of these budgets will be delayed for about a month. Accordingly, the incoming Government is to issue a decree authorizing Ministries to work provisionally, on the basis of the prepared budget, but this authority will not constitute provisional approval of any budget. The normal Italian procedure will be re-introduced whereby each Ministry issues its own "ordini di accreditamento", for each chapter of its own budget, and all such authorities will be registered at the Corte dei Conti before they can be effective.

2. Expenditure control agencies

a. Corte dei Conti. This body was established by Royal Decree Law of 29 May, 1944, No. 141, and Luigi Medugno appointed president of the Court by R.D.L. of 1 June, 1944. Instructions have already been issued by the Court to all Ministries which will bring all Government expenditures under the control of the Court as from the 1st of July 1944. These instructions indicate the form of accounts that must be kept at each ministry, and require all legal instruments relating to expenditures to be registered with the Court.

b. Central Commission for Local Finance. The decree setting up this commission was approved by the Council of Ministers on 26 May, 1944, but it has not yet been published in the Gazetta Ufficiale. The members of the Commissioners have been nominated, and it will begin work on 1st July, 1944.

3. Estimated disbursements for June

The estimates of disbursements to be made in June in liberated Italy were only received from the Ministry of Finance on 29 June, and are shown in the following table. It is observed that the increases noted in Communications, Agriculture, and Interior in May over April, are more than compensated by a corresponding reduction in June over May. Education and Finance continue to show moderate increases. The estimates for the Italian Armed Forces are shown in detail in the respective tables where the principal increases are noted. During the month an analysis was made of recent monthly budgets of the Army, Navy, and Air Force, and questionnaires were sent to each Service regarding apparent inconsistencies in the figures. As a result, direct conversations followed with responsible officials from the Navy and Air Force. They allege that, although the personnel strength has remained stationary there is a general month-to-month increase in expenditure primarily due to the general rise in the price of commodities and foodstuffs, and the great increase in the cost of materials used in maintenance and repairs.

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Italian Government Estimates of Cash Disbursements for Liberated Italy
(May - June)
(millions of lire)

Ministry	May	June	Increase of June over May
Finance	197.0	250.0	53.0
Justice	38.0	34.0	-4.0
Foreign Affairs	.5	2.5	2.0
Italian Africa	1.2	1.5	.3
Education	137.0	148.0	11.0
Interior	574.0	405.0	-169.0
Public Works	57.0	78.0	21.0
Communications	675.0	536.0	-139.0
Agriculture	136.0	42.0	-94.0
Industry & Commerce	4.9	9.5	4.6
Monopolies	57.0	88.3	31.3
Public Debt	68.5	47.5	
Lottery	3.5	5.3	1.8
Total	129.0	141.1	
Total Civil Ministries	1,949.6	1,647.6	
Military			
War	679.8	713.7	33.9
Navy	348.1	468.1	120.0
Air Force	82.3	126.1	43.8
Merchant Marine	27.6	35.9	8.3
Total Military	1,137.8	1,343.8	
Total Government	3,087.4	2,991.4	

Ministry of War

Significant increases in Estimates for June 1944
(millions of lire)

Capitolo Designation	May	June	Increases
Sanitary Services and Hospital Expenditures	27.9	30.0	2.1
Works of Maintenance	1.9	4.4	2.5
Automobile Service - Repair and Maintenance of Vehicles, etc.	12.0	14.5	2.5
Extra Allowances to Stevedores & Longshoremen	21.0	48.0	27.0
Total	62.8	96.9	34.1

Note: Since some of the Capitoli show

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Total Civil Ministries	1,949.6	1,647.6	
Military			
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Extra Allowances to Stevedores & Longshoremen	21.0	48.0	27.0
Total	62.8	96.9	34.1
Note: Since some of the Capitoli show decreases, the net total increase is:	679.8	713.7	33.9

Ministry of Air
Significant Increases in Estimates for June 1944
(millions of lire)

Construction, Repair and Transformation of Motors, etc.		16.0	16.0
Subsistance Allowances	15.3	17.1	1.8
Extraordinary Expenses Relative to the State of War	21.2	55.5	34.3
Total	36.5	88.6	52.1
Note: Since some of the Capitoli show decreases, the net total increases is:	82.3	126.1	43.8

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Ministry of the Navy

Significant Increases in Estimates for June 1944
(millions of lire)

Capitolo Designation	May	June	Increases
Salaries and Allowances for Officers	5.7	6.4	.7
Salaries and wages for NCO's and personnel of C.R.E.M.	10.4	19.3	8.9
Wages for Laborers	31.4	32.7	1.3
Extra pay for personnel on sea duty	8.6	10.3	1.7
Subsistence for C.R.E.M.	15.3	47.4	32.1
Clothing for C.R.E.M.	.8	1.8	1.0
Hospital Expenses for C.R.E.M.	.7	1.1	.4
New Construction & Maintenance	.8	2.4	1.6
Repairs & Maintenance of Ships of the Royal Navy - Mariconstruction	6.7	10.5	3.8
General Expenses Relative to Materials and Allowances for Laboring Personnel	.7	1.8	1.1
Works & Supplies for Naval & Mechanic Construction relative to the war effort	20.5	106.3	85.8
Additional or Extra Allowances to Military Personnel	120.5	133.3	12.8
Reserve funds for the Royal Navy's ships and land units		20.0	20.0
Total	222.1	393.3	171.2
Note: Since some of the Capitoli show decreases, the net total increase is:	348.1	468.1	120.0

4. Actual disbursements for May

a. The following tables show the actual cash disbursements for liberated Italy by regions as reported by the Banca d'Italia and a comparison by ministries of the April and May figures. It should be noted that although the cash disbursements generally are less than were estimated, the estimates do now show a closer approximation to the actual payments made. The Army, Navy, and Air Force have authority to make cash disbursements throughout liberated Italy, except that they may not make any payments such as salaries, wages, or allowances to their civilian employees in the respective ministries in Rome. A very large increase is again noted in the Pagamenti Collettivi account, following the reduction noted in the May report. The reason for this increase has not yet been determined.

b. The figures in the tables are subject to the same qualifications set out fully in the April and May Reports of this Sub-Commission, that it is still impossible to determine the amount of transfer items included in the Banca d'Italia's figures, which prevents the determination of a net outpayments figure.

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Comparison of Cash Disbursements for Liberated Italy
(April - May)
(millions of lire)

Ministry	April	May
Finance	246.9	238.7
Justice	28.0	38.9
Foreign Affairs	1.8	.8
Italian Africa	3.6	.6
Education	128.1	101.6
Interior	239.2	496.4
Public Works	61.4	61.2
Communications	110.1	189.3
Agriculture	10.5	19.5
Industry & Commerce	7.0	3.6
Popular Culture	.2	
Total	836.8	1,150.6
Military		
War	855.0	885.4
Navy	274.0	325.5
Air Force	218.5	84.4
Total Military	1,347.5	1,295.3
Total Budget Disbursements	2,184.3	2,445.9
Disbursements outside budget	720.0	968.5
Transfer of Funds	600.0	31.7
Autonomous Administrations	1,048.1	954.4
Total	4,552.4	4,400.5
Payments in Suspense	395.5	2,564.8

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Communications	110.1	189.3
Agriculture	10.5	19.5
Industry & Commerce	7.0	3.6
Popular Culture	.2	
Total	836.8	1,150.6
Military		
War	855.0	885.4
Navy	274.0	325.5
Air Force	218.5	84.4
Total Military	1,347.5	1,295.3
Total Budget Disbursements	2,184.3	2,445.9
Disbursements outside budget	720.0	968.5
Transfer of Funds	600.0	31.7
Autonomous Administrations	1,046.1	954.4
Total	4,552.4	4,400.5
Payments in Suspense	395.5	2,664.8
Total General Payments	4,947.9	7,065.3
Special Accounts	2,654.3	2,953.6
Temporary Cash Deposits	2.9	12.7
T O T A L	7,605.1	10,031.6

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Cash Disbursements for Liberated Italy - May 1944
(millions of lire)

Ministry	Sardinia	Sicily	Calabria	Lucania	Campania	Puglia
Finance	46.1	75.2	12.3	6.6	62.0	28.
Justice	5.8	15.6	2.4	.8	8.5	4.
Foreign Affairs					.8	
Italian Africa		.4				.
Education	4.3	39.3	29.6	.8	17.0	9.
Interior	32.2	156.6	.9	.5	64.5	241.
Public Works	11.9	20.6	.6	.2	21.5	6.
Communications	1.6	67.5	13.3		78.0	28.
Agriculture	5.7	6.8	.3	.3	4.0	1.
Industry & Commerce	.2	1.1			2.0	.
Popular Culture						
Foreign Exchange						
Total Civil	107.8	383.1	59.4	9.2	258.3	321.
Military						
Army	162.4	9.8	.8	.3	2.5	709.
Navy	35.2	1.7	.2		1.8	286.
Air Force	48.7					35.
Total Military	246.3	11.5	1.0	.3	4.3	1,031.
Total Budget Disbursments	354.1	394.6	60.4	9.5	262.6	1,353.
Disbursements ouside Budg.	7.7	715.4	6.3	6.3	110.6	110.
Transfer of Funds					31.7	
Autonomous Administrations	37.9	204.2	118.6	45.3	164.5	364.
Total	399.7	1,314.2	185.3	61.1	569.4	1,828.
Payments in suspense	3.6	17.5	8.3	11.7	2,507.5	14.
Total General Payments	403.3	1,331.7	193.6	49.4	3,076.9	1,842.
Special Accounts	349.7	504.6	66.3	27.6	592.8	1,306.
Temporary Cash Deposits	.1	6.2	3.8	.2	.8	1.
Total	753.1	1,842.5	263.7	77.2	3,670.5	3,151.

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Cash Disbursements for Liberated Italy - May 1944

(millions of lire)

dinia	Sicily	Calabria	Lucania	Campania	Purlia	Foggia	Campobasso	Total
6.1	75.2	12.3	6.6	62.0	28.4	5.4	2.7	238.7
5.8	15.6	2.4	.8	8.5	4.6	.7	.5	38.9
				.8				.8
	.4				.2			.6
4.3	39.3	29.6	.8	17.0	9.8	.3	.5	101.6
2.2	156.6	.9	.5	64.5	241.3	.2	.2	496.4
1.9	20.6	.6	.2	21.5	6.3	.1		51.2
1.6	67.5	13.3		78.0	28.9			189.3
5.7	6.8	.3	.3	4.0	1.9	. 5		19.5
.2	1.1			2.0	.3			3.6
7.8	383.1	59.4	9.2	258.3	321.7	7.2	3.9	1,150.6
62.4	9.8	.8	.3	2.5	709.4		.2	885.4
85.2	1.7	.2		1.8	286.6			325.5
48.7					35.7			84.4
46.3	11.5	1.0	.3	4.3	1,031.7		.2	1,295.3
54.1	394.6	60.7	9.5	262.6	1,353.4	7.2	4.1	2,775.9
7.7	715.4	6.3	6.3	110.6	110.0	10.0	2.2	968.5
				31.7				31.7
37.9	204.2	118.6	45.3	164.5	364.6	18.3	1.0	954
99.7	1,314.2	185.3	61.1	569.4	1,828.0	35.5	7.3	4,400.3
3.6	17.5	8.3	11.7	2,507.5	14.9	77.1	47.6	2,664.8
03.3	1,331.7	193.6	49.4	3,076.9	1,842.9	112.6	54.9	7,065.3
49.7	504.6	66.3	27.6	592.8	1,306.7	82.1	23.8	2,953.6
.1	6.2	3.8	.2	.8	1.6			12.0
53.1	1,842.5	263.7	77.2	3,670.5	3,151.2	194.7	78.7	10.031.6

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5. Authorizations to spend issued by the Italian Government

a. The following table shows by Ministry, the total "ordini di accreditamento" issued during the month. From 1st July, 1944, authorities to spend will be issued by each Ministry.

Comparison of Accreditamenti issued by the Italian State Government (in millions of lire) April-May

Ministry	April	May
Finance	25.2	46.5
Finance State Monopolies	50.3	360.7
Justice	2.4	8.9
Foreign Affairs	1.0	.8
Italian Africa	3.4	.4
Education	81.4	29.1
Interior	277.4	225.3
Public Works	13.1	16.8
Public Works (State Roads)	27.0	74.4
Communications:		
State Railways	32.5	130.3
Agriculture	1.3	2.1
Industry & Commerce	.3	6.4
Popular Culture		.2
Total Civil	496.8	901.9
Military		
Army	646.5	837.2
Navy	367.8	397.5
Navy: Merchant Marine	15.5	11.1
Air Forces	89.0	82.3
Total Military	1,120.8	1,328.1
Total Civil	496.8	901.9
Total Military	1,120.8	1,328.1
Total Government	1,617.6	2,230.0

b. Cancelled ordini di accreditamento. It was found that, owing to a misunderstanding of the Finance Ministry order of last March, ordini di accreditamento issued by the former Mussolini Government had only been "suspended" but not cancelled. This had been corrected and all such unused ordini di accreditamento throughout Italian Government territory have been cancelled and the original documents returned to the Ministry of Finance.

6. Provincial and communal budgets and expenditures

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Agriculture	1.3	2.1
Industry & Commerce	.5	6.4
Popular Culture		
Total Civil	496.8	901.9
Military		
Army	648.5	837.2
Navy	367.8	397.5
Navy: Merchant Marine	15.5	11.1
Air Forces	89.0	82.3
Total Military	1,120.8	1,328.1
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6. Provincial and communal budgets and expenditures

a. Budgets for the calander year 1944 have been received at the Ministry of the Interior from 256 communes and provinces out of a total of 1537 throughout Italian Government territory. The explanation of this unsatisfactory situation is, according to the Ministry of Interior, that the Provincial Councils were not formed in some provinces until comparatively recently. This explanation is not acceptable, for the new local government bodies were set up by R.D.L. of 4th April, 1944, No. 111, and budgets were previously approved by a "Commissario Prefettizio" until a Provincial Council had been appointed. It is noted that in only three provinces has a sizeable proportion of budgets been received out of the total number that are due, namely, Catanzaro 84 received, 155 due; Potenza 58 received, 91 due; Cosenza 52 received, 136 due. No budgets have been received from any province or commune in Sicily; and only 17 from Sardinia out of a total of 281. Of the budgets received, 68 have been examined by the Budget Office of the Ministry of Interior, and these are ready for review by the Central Commission for Local Finance.

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b. Much of the delay in submitting budgets can be attributed to the action of the Minister of the Interior authorizing Prefects to make grants to communes and provinces of an amount equal to that made by the State in 1943. This instruction is directly counter to the terms of a letter handed to the Minister of Finance by Finance Sub-Commission on 26 April, 1944, which insisted that State grants should only be on the basis of an approved budget for the current year. Although it is not disputed that the financial position of most communes and provinces will be worse than in 1943, the making of these grants, other than on the basis of an approved budget, results not only in delays but also in inefficient administration.

c. Statistical information relating to the expenditures of 111 of the principal communes and provinces in Italian Government territory has been obtained for 1943. This information has been passed to the Budget Officer of the Ministry of the Interior to assist him in making his recommendations to the Central Commission.

d. In the future, with the establishment of the Central Commission for Local Finance, some improvements can be expected in the examination and approval of local government budgets and as conditions become more stable, delays due to difficulties in communication will be reduced.

7. Specific control measures

a. Policy on past-due bills. On 19 June the following letter was addressed to the Minister of Finance by this Sub-Commission:

"1. Through a study of payments being made by various central administrations of the Italian government, it has come to the attention of this Sub-Commission that obligations contracted prior to the liberation of Italy are currently being paid out of the financial resources of your Government.

"2. It is important that such payments be limited insofar as possible, particularly in view of the present inflationary trend, which such payments would only enhance.

"3. For these reasons we should like to see a decree enacted embodying the following principles:

> "(1) That no payment be made on any obligation incurred by government agencies while under the jurisdiction of the Fascist Italian government, except (a) where it can be clearly demonstrated that the non-payment of any such bills would be inimical to Allied interests by reducing the production of goods necessary to the war effort or by hampering or restricting any essential industry or undertaking at present in operation; or by so affecting any undertaking or service as to have an adverse effect on the rehabilitation of liberated Italy; or (b) where it can be demonstrated that the non-payment of any such bills would result in the impoverishment of individuals to such an extent that they would become indigent and a charge on the State.
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> "(2) That no payments shall be made under principles (a) and (b) above until claims have been presented and examined, admitted, and payment

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"(2) That no payments shall be made under principles (a) and (b) above until claims have been presented and examined, admitted, and payment approved by the Corte di Conti, and that the expenditures to which the accounts relate are not specifically prohibited by any law at present in force;

"(3) That no payments shall be made under principles (a) and (b) in excess of the amounted required to meet these conditions.

"(4) That payments made under principles (a) and (b) shall be separately accounted for, in order that at any time it will be possible to know the amount and purpose of such payments;

"(5) That immediate payment shall be made of all outstanding bills relating to expenditures contracted and incurred by the Italian Liberated State or by any auxiliary Enti as from the date of liberation, provided such expenditures have been approved by the body charged with this duty under Italian law, and also that such expenditures are not contrary to any law, decree or regulation in force at the time of payment.

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"4. We should appreciate an opportunity to examine the suggested decree before its enactment.

"5. For your information, instructions embodying the same principles as those suggested above are being issued to all territory under the jurisdiction of the Allied Military Government."

The Minister agreed with the stated policy but was of opinion that a decree was an undesirable instrument, as it might have an adverse effect on Italian economy in liberated Italy. He suggested that a speedier and more effective method of implementing the agreed policy would be by Ministerial circular. This circular has now been drafted and after perusal by the Minister will be submitted to this Commission for approval. Regulations are being prepared governing the treatment of claims and will also be submitted for approval before issue. The question of the issue of a decree on this subject has been deferred for further consideration.

b. Regional and provincial directorates in Sicily. The Minister of Finance is of opinion that these bodies should not be allowed to continue in their present form, and that the functions of each directorate should be transferred to the permanent Italian administrative offices. As a preliminary step toward regularizing the position, the Minister is to open discussions with each interested Ministry, and then make firm proposals as to how all the duties and functions of the directorates would be carried out by the State provincial offices. It is intended that, in some instances, certain directorates will be continued provisionally for some time.

c. New budget procedure in AMG territory. Discussions were had with the Regional Finance Officers for Regions IV, V, and VIII in which the procedure and use of the new budget forms were explained and difficulties resolved. Particular attention was directed to the following points:

(i) On the first entry into new territory, AMG finance officers are to instruct the Treasury Sections of the Banca d'Italia that all previous authorities to spend are cancelled;

(ii) Future expenditure would only be authorized on the basis of an approved budget on the new forms;

(iii) No "spese fisse" (salaries and pensions) will be authorized unless detailed schedules are received by the Provincial Finance Officer from the Ufficio Provinciale del Tesoro, containing the prescribed information;

(iv) No "spese fisse" will be authorized for other than State agencies;

(v) No credits will be granted in favor of alleged parastatal bodies unless documentary evidence can be produced by the institution concerned showing that assistance by the State is permissible under Italian law.

These provisions were recommended by the Ragioniere Generale dello Stato,

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permanent Italian administrative offices. As a preliminary step [illegible] the position, the Minister is to open discussions with each interested Ministry, and then make firm proposals as to how all the duties and functions of the directorates would be carried out by the State provincial offices. It is intended that, in some instances, certain directorates will be continued provisionally for some time.

c. New budget procedure in AMG territory. Discussions were had with the Regional Finance Officers for Regions IV, V, and VIII in which the procedure and use of the new budget forms were explained and difficulties resolved. Particular attention was directed to the following points:

(i) On the first entry into new territory, AMG finance officers are to instruct the Treasury Sections of the Banca d'Italia that all previous authorities to spend are cancelled;

(ii) Future expenditure would only be authorized on the basis of an approved budget on the new forms;

(iii) No "spese fisse" (salaries and pensions) will be authorized unless detailed schedules are received by the Provincial Finance Officer from the Ufficio Provinciale del Tesoro, containing the prescribed information;

(iv) No "spese fisse" will be authorized for other than State agencies;

(v) No credits will be granted in favor of alleged parastatal bodies unless documentary evidence can be produced by the institution concerned showing that assistance by the State is permissible under Italian law.

These provisions were recommended by the Ragioniere Generale dello Stato, in Salerno, before the forms were planned, and they embody the only practical method of exercising control over payments under the authority of AMG officials or of Italian officials.

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III. OPERATIONS OF ALLIED FINANCIAL AGENCY AND URRENCY AND EXCHANGE PROBLEMS

A. Currency for Areas in Process of Liberation

1. The Advance Headquarters of the Finance Sub-Commission is preparing a special statement dealing with the currency situation in the city of Rome, as a part of a general summary of the information obtained in Rome, to which reference should be made. As regards the smaller communes, officers in the field have been directed to use the currency found in the nearest Italian bank for civilian purposes. In cooperation with the Banca d'Italia, and on its responsibility, every effort is being made to move the surplus reserves of the branches of Banca d'Italia in the rear areas, toward the forward areas, so that the branches near the forward areas may in turn make available funds to meet the urgent requirements of newly liberated regions.

2. In general, the larger cities in the new territories have been found extremely deficient in currency. The Germans have apparently followed a policy of securing the maximum possible amount of Italian currency for their own purposes. As the currency reserves of the branches of the Banca d'Italia in Naples and in Salerno have already been drawn upon heavily, it would be highly desirable to transfer to Naples some surplus currency from the Branches of the Bank of Italy in Sicily, to Rome, and this possibility is now under consideration. The political aspects of such a movement present the principal difficulty, but both the Banca d'Italia and the Finance Sub-Commission have strong reasons to prefer use of such reserves to the disbursement of unopened boxes of AM lire for civilian purposes. The Banca d'Italia wishes to disburse only metropolitan lire if possible, while the Finance Sub-Commission has only limited supplies of AM lire available, which are to be reserved for the Allied Armed Forces, in so far as possible.

3. There is attached as Appendix B an extract from the report of the Senior Finance Officer, AMG 5th Army, for June. It is felt that this report is of interest as it shows the nature of financial operations in the forward areas by 5th and 8th Army AMG. In particular, attention is directed to the importance of two policies, the details of which were developed before the beginning of the Italian offensive on 11 May: the use of the Banca d'Italia to supply Metropolitan lire to forward areas in need of currency, and the attachment of Regional finance officers to AMG 5th and 8th Armies for experience. These Regional officers work in the territory to be assigned to their Region with AMG 5th and 8th Army officers and remain behind as the Armies move forward. Turnover of territory from the Armies to the Regions is greatly facilitated and the arrangement provides for continuity of financial policy and operations.

B. Order for New AM Lire Currency, and receipts under previous order

1. As preliminary reports on the Istituto Poligrafico dello Stato in Rome and the officina Carte Valori of the Banca d'Italia at Aquila indicate that no currency whatsoever can be produced by the latter, and that requirements of power and paper make improbable the production of appreciable amounts by the former during the remainder of 1944, it was deemed necessary to place an additional order for AM lire, in the amount of 30 billion lire. Initial delivery was requested on 1 Septem[illegible] 1943 [illegible] of the order by Washington has not yet been received, and it will

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2. During the month of June, two shipments of AM Lire currency were received, comprising 400 cases at lire value of 4,494,400,000 each. The shipments were delibered on 21 June 1944 and 29 June respectively. The arrival of approximately 9 billion lire this month, resulting in a net increase of approximately 4.5 billion lire, brought the total currency reserves of AFA in Italy up to about 17.5 billion at the end of June. Another fourteen and three-quarter billions are to be delivered under existing orders.

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C. Review of Reserve Position of Banca d'Italia

1. Total currency holdings of the branches of the Banca d'Italia in Liberated Italy increased by 265 million lire during May, from 6,366 millions on 30 April, to 6,631 millions on 31 May. As 700 millions flowed into the Banca d'Italia in April, this indicates a sharp reduction in the return flow of currency from the public and the banks. Moreover, since 369 millions were paid into the AFA accounts with the Banca d'Italia during the month, a net reduction actually occurred in the currency holdings of the Bank, arising out of its transactions with Italian banks, in May.

2. The Allied Financial Agency had on deposit with the Banca d'Italia a total of 1,255 million lire in working balances, besides 2,100 millions in the No. 2, or Sterilization, account. Thus the Banca d'Italia had slightly less than the required amount of 3,355 millions in AM lire, to serve as cover for these deposits, as it held only 3,159 millions in AM lire, but of this amount a portion was held as reserve against accounts of various sections of ACC other than AFA.

D. Policies of Banca d'Italia in newly liberated territories

1. Contrary to expectations prevailing at the time the last monthly report was prepared, it has not been possible to extend the applicability of all the circular letters issued by the Vice-Commissioner in Naples to the Rome branches of the Banca d'Italia, but the provisions of these circulars are being extended with full force and effect to the branches in other towns and cities in the new regions. Certain special circumstances prevailing in Rome, which are discussed in the special report on Rome, made this decision appear advisable.

E. Remittances from the U.S. and the U.K.

1. The Palermo and Naples branches of the Allied Financial Agency were directed to utilize civilian postal service for forwarding remittance documents to correspondent banks in the U.S. and the U.K. In order to assure statistical and accounting records of the values involved, the AFA officers will continue to certify by their signatures that the documents have been examined by them before transmittal to the U.S. or U.K. correspondent.

2. As of 1 June, the maximum amount which an Italian household may receive from the U.S. was revised from $ 100.00 per quarter to $ 50.00 per month. All amounts received prior to 1 June are disregarded in fixing the new maximum of $ 50.00 per month. No change was made in the limitations fixed for U.S. nationals. The U.S. Treasury also agreed to consider applications for special licenses for the release from blocked dollar accounts held by nationals of the United Nations only, for the purposes of remitting to the beneficiary of such accounts, in Italy, not more than $ 50.00 per month per household. Specific requests should be addressed by the United Nations national to his American bank, which will then ask for a specific license to remit the funds to Italy.

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3. As of 31 May, remittance lists received totalled $770 thousand and £ 9,164, amounting in all to 80 million lire. Through 31 May, 13,4 million lire had actually been paid out to beneficiaries.

F. Advances to Allied Nationals

1. A directive was received from CCS approving the recommendations of the Finance Sub-Commission that the Internees and Displaced Persons Sub-Commission be made responsible for fixing the procedure for disbursing such payments, and for accounting to the Allied Financial Agency for all such payments, other than advances to British and American nationals. The following principles were also laid down by CCS:

a. The cost of all payments for relief, including amounts in excess of the Italian relief scale, will be charged to the Italian Government, if the beneficiary was brought to Italy by the Italian Government, against his will.

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b. All other relief payments made to nationals of Allied Governments which have Missions in Italy will be charged to the Allied Government concerned, and a receipt obtained by the I & D P Sub-Commission acknowledging the sum as an obligation of the Allied Government.

c. All relief payments to nationals of other countries, including enemy countries, will be charged to the Italian Government, including in this charge any excess paid over the Italian relief scale. Appropriate records will be kept for the purpose of facilitating subsequent negotiations between the two governments concerned. However, it is desired not to take any action which will prevent the admittance of refugees into Italy.

2. Neither the Internees and Displaced Persons Sub-Commission nor any officer of ACC/AMG will make any advances to nationals of any country who have been long resident in Italy, except those advances to British and American nationals which are authorized by Executive Memorandum No. 38. Other governments may in future make similar arrangements for their nationals, but no advances of this type will be made to such nationals until a procedure is transmitted to ACC, via CCS.

3. In this connection, the Swiss Legation in Rome is now making advances to British and American nationals, and one copy of each application forwarded to ACC Hq. will henceforth be passed to the Swiss Legation, which will in most cases make the advance out of funds available to it. Finance officers may wish to inquire as to the possibility of referring applicants directly to the Swiss Legation. A revision in the instructions given by the U.S. State Department to the Swiss Legation will be required, however, as the Legation has been paying only 25 lire to the dollar. Under existing instructions, the American beneficiary would be required to repay the amount of advances granted to him in lire at this rate, by providing lire at the rate of 100 to the dollar, unless he can repay the advance in dollars.

G. Remittances to Italy by Italian prisoners of war

Arrangements were made for British-held Italian prisoners of war who have been accepted as cooperators by that Government to effect remittances to persons located in liberated Italy. Lists of such remittances will be forwarded to ACC, which will deliver them to the Italian Government for payment. The remittances will be effected at the prevailing exchange rate of 1 pound sterling equals 400 lire. As to the disposition of the book credits in sterling resulting from conversion into lire, the Italian Government's note of 25 September, 1944, to the British Government stated that a final settlement would be the object of an agreement between the two governments at the end of hostilities. The Italian Government has inquired whether a similar arrangement is anticipated covering Italian prisoners of war held by the United States, and Finance Sub-Commission has requested advice on this point from CCS.

H. Spanish war debt to Italy

In TAM Airgram 15 of 25 April, CCS requested available information regarding the Spanish war debt to Italy. The Minister of Finance advised us that the debt was consolidated on 8 May, 1940, in the amount of 5 billion lire. It was to be repaid in 50 installments, due on 31 December and 30 June, from 31.12.1942 to 30.6.1967. The amount of each installment rises gradually from 40 million lire, plus interest,

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J. Exchange of currency for refugees

With further reference to the problem mentioned on page 21 of the May Report of Finance Sub-Commission, that of exchanging lire into other currencies for Jewish refugees going to Palestine, the same question will arise when the 1,000 refugees being moved to the U.S. by the War Refugee Board are embarked in July. CCS has been requested to provide an early decision as to the procedure whereby lire can be exchanged into currencies usable outside Italy.

K. Control over safe deposit boxes

The existing system of control over safe deposit boxes allows individuals access to their boxes only in the presence of an Allied officer in Military Government territory. Officials of the Banca d'Italia exercise this function in Italian Government territory. No foreign exchange, gold, securities, or similar objects of significant importance have been discovered in any case to date. Apparently only those individuals who have nothing of value in their boxes request that they be opened. However, the procedure for opening places a heavy burden on finance personnel. Accordingly, a recommendation has been made to CCS that in future, in view of the large number of safe deposit boxes that will come under AMG jurisdiction, the presence of an Allied officer or Italian official be required only at the opening of those boxes whose owners are covered by the blocking regulations. These include: the German government and governments of its allies or their representatives and agents; Fascist organizations including those depending from or belonging to the Fascist party (GIL, Dopolavoro); persons who have held official positions in the Fascist party and the militia; persons who were members of the Squadristi, the March on Rome, and the Sciarpa Littorio; persons domiciled in the territory occupied by Germany or its allies; persons having German nationality or the nationality of its allies; and any other person designated by the Allied authorities. It was further recommended that these boxes be opened by force if necessary, without waiting for their owners to make a request.

IV. BANKING, POSTAL SAVINGS, AND OTHER FINANCIAL DEVELOPMENTS

A. Central Banking Developments

1. While total central banking credit outstanding in the southern and island provinces declined a little during May, i.e. from 1,090 to 1,073 million lire, the decline was due wholly to rediscounts as secured advances actually increased by 50 million lire. The increase in advances was concentrated in Sicily and is probably to be accounted for by the needs of banks for funds for agricultural financing. (See Statistical Appendix.)

2. Bankers' deposits at the Banca d'Italia increased by 3 billion lire during May, bringing them to a total of over 12 billion lire. Also on 31 May, the amount available which could be withdrawn as secured advances by banks came to over 3 billion lire.

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During the month, the transfer of 1,900 million lire to the number 2 account of the Allied Financial Agency was effected. This with other AFA accounts is responsible for the almost 3 billion lire shown by the Banca d'Italia "Non-interest-bearing current accounts - Due to Others". (See Statistical Appendix.)

B. Post Office Financial Services

The available figures on postal savings accounts for April and May are given in the Statistical Appendix. The reasonably complete April figures show a net drain of 85 million lire out of the post offices. In May, incomplete figures for 16 provinces show a net increase of 170 million lire - almost all in current accounts. For the first time in almost a year, there was a net inflow of funds from postal savings bond sales in Puglia. All the other provinces with the probable exception of the Sardinian provinces, however, are still experiencing a net outflow of funds on this account.

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C. Recent Developments in the Financing of Procurement for the Allied Forces

1. Implementation of Administrative Memorandum No. 95

This procedure, last mentioned in the Finance Sub-Commission Report for March, 1944, was referred by HQ. Allied Armies in Italy to AFHQ for review. Preliminary discussions within AFHQ, as reported to us by G-5 Section, indicated that the Fiscal Director (U.S.) and the Deputy Paymaster-in-Chief (British) were not in favor of the "voucher" system developed by ACC and AAI in conjunction with the Italian Government, but desired that the Italian Government procure and pay for supplies. In those cases in which the Italian Government was not in a position to undertake procurement, the Fiscal Director and DPIC preferred rather to make payments for goods and services direct to suppliers out of Army funds and to secure reimbursement from a "lire account" to be established by the Italian Government on the same lines as the "franc account" set up in North Africa. Finance Sub-Commission pointed out to G-5 that it was doubted that the Italian Government is now in a position to establish a procurement office which could function effectively. It was suggested that the "voucher" system, under which the Italian Government would pay suppliers for goods and services furnished to the Allied forces, be instituted now, and that the creation of a procurement office be discussed with the Government as soon as it establishes itself in Rome. G-5 was advised that ACC does not consider that the"lire account" has any advantages over the "voucher system;" the latter is familiar to the Italian Government in both theory and practice, as it is now used for the payment of tort claims against the Allied forces. However, the Joint Military Finance Committee, AFHQ, decided that the "lire account" should be utilized and instructions on its operation are awaited.

2. Provision of goods and services to the Allied navies by the Italian navy

The Italian Ministry of Marine submitted to the Navy Sub-Commission, ACC, a plan whereby supplies and services provided by the Italian navy to the Allied navies would be accounted for. The preamble of the accounting plan stated that all supplies and services furnished would be debited to the Allied Governments,and Navy Sub-Commission consulted Finance Sub-Commission as to the financial policy involved. Finance Sub-Commission replied it is understood that under the Armistice terms the Italian Government is obligated to make available to the Allied forces such Italian military, naval, and air installations, equipment, and services as may be required. The question of any eventual payment or compensation to the Italian Government for Allied use of Italian Government property and services is one that can only be decided at the highest policy levels of the American and British Governments as part of a general financial settlement . It follows that the Allied Control Commission cannot agree to any Italian Government arrangement under which the cost of goods and services furnished would be debited to the Allied forces. The Navy Sub-Commission was advised that, therefore, an appropriate change should be made in the proposed accounting plan. The Finance Sub-Commission does not see any objection to the accurate recording of materials and services provided by the Italian navy to the Allies as long as it is made clear that the Allies do not accept any obligation with respect thereto.

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3. Financial arrangements for requisitioned hotels

19.1

Suggestions had been received both from AMG Regional officials and owners of requisitioned hotels, that funds for running expenses ~~should be~~ paid to the hotels on the basis of a percentage increase over the normal tariff. The suggested percentages ran as high as 3,000 per cent. Representatives of ACC met with Claims and Hirings officers of AAI, and it was agreed that it would be impossible at the present time to establish equitable increases in the tariff rates. Further, it is not desirable at the present time to allow the Italian Government to make payments to hotels covering depreciation or return on capital. It is in accord with the recommendations of the Allied Anti-Inflation Committee (Italy) that Italian Government expenditures be limited as much as possible, and that in no case should such items as war damage claims be paid at the present time. Accordingly, it was decided that each requisitioned hotel should present each month to the Italian Comando Genio Militare a statement of its out-of-pocket costs during the preceding month. Such costs would include wages, necessary replacements (linen, china, glassware), minor repairs, laundry, and insurance. The Comando Genio would refund each month such costs to all requisitioned hotels. Utilities payments would be made direct by the Comando Genio. It remains to discuss the plan with the Italian Government, which must issue the necessary orders.

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V. PRICES AND THE COST OF LIVING

A. The Prices of Wheat and Bread

1. The problem

a. Since the price of 900 and 1,000 lire per quintal for soft and hard wheat, respectively, was determined, central Italy, an area normally producing about 20 per cent of Italy's wheat crop has been liberated, and the possibility has arisen of liberating all of Italy before the harvest is completed, and thus acquiring access to a further 45 per cent of Italy's wheat crop. This has raised numerous problems since the price determined for Liberated Italy is clearly out of line with the agricultural and economic conditions prevailing in the newly liberated territory. In areas still under control of the Fascist Republic, the price of soft wheat has been fixed at 350 lire per quintal. Extending our price into the newly liberated territory entails three undesirable results:

(i) The adjustment of economic conditions between the two parts of Italy would be hastened by encouraging a rapid increase of prices and incomes in the newly liberated areas up to the level of those in the south. While an ultimate adjustment of the two parts is unavoidable, there is little reason to hasten the adjustments nor to resign ourselves to making the adjustment solely through increases in central and northern Italy;

(ii) Farm entrepreneurs in central and northern Italy would be enormously enriched through the accident of Allied occupation immediately before the harvest, since their crops, entirely produced at one level of prices and wages, would be sold at a price corresponding to a level almost three times as high. The price determined upon for the south was fixed as high as it is largely because of the substantial rise in farm wages in the south, a phenomenon that has not occurred in central and northern Italy.

(iii) The budget burden imposed upon the Italian Government by the bread subsidy would be enormously and unnecessarily increased. It was originally estimated, at the time the price of wheat was set, that the Italian Government deficit created by the necessity of paying the determined price for wheat, converting it into bread, and selling it at 5 lire per kilo would be about 7 billion lire annually. To extend the same prices into central Italy would create an additional 4 billion lire of annual deficit, and, should north Italy fall before the end of the harvest season, a further 9 billion lire would be added to the deficit, making the total deficit on account of the bread subsidy 20 billion lire. This amount is approximately half as large as the total annual Italian Government deficit at the present time.

b. Also, since the price of wheat was set, weather conditions have been so favorable that a bumper crop appears to have been produced throughout Italy. A yield of 8 quintals per hectare was used in the original calculations for determining the price, while an average yield in excess of 10 quintals per hectare now appears

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b. Also, since the price of wheat was set, weather conditions have been so favorable that a bumper crop appears to have been produced throughout Italy. A yield of 8 quintals per hectare was used in the original calculations for determining the price while an average yield in excess of 10 quintals per hectare now appears probable. If the original calculations were approximately correct, the price fixed will prove to be at least 30 per cent higher than that necessary to do justice to the farmers. Moreover, in addition to making the Italian Government's per quintal purchase price too high, the bumper crop will greatly increase the number of quintals to be bought. Since local purchases involve local cash disbursements, and since the alternative to larger wheat purchases locally is larger imports which involve no disbursements in Italy and no current disbursements upon the part of the Italian Government, the consequence of the bumper crop, however desirable it may be from other and more important points of view, will be a larger Italian Government deficit and a greater stimulus to inflation than was originally estimated.

c. Moreover, since the price was set, farmers having rent contracts calling for payments in kind have objected strongly, and with reason, to being required to pay approximately three times as much rent as their neighbors having contracts in money. It has been reported that many such farmers are threatening to resist the burden imposed upon them by refusing to amass their wheat.

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d. Finally, since the price of wheat was set, the prices of all other crops subject to amassing or blocking (a program under which farm products are blocked upon the farms and can be used only for consumption on the farms or for sale to the authorized purchasing agencies) were set at levels such that they would bear approximately their normal relationship to wheat. Such crops include all important cereals and legumes other than rice. While this decision was entirely proper, it multiplies the importance of all the problems raised by the price of wheat.

2. The Government's Recommendations

The new Government has expressed great concern with the size of the budget deficit necessitated by the prices of wheat and bread and with the extent to which the problem will be aggravated by the liberation of the north. Accordingly, the Government requested ACC to reconsider its decision upon the price of bread. The Government proposed that the price of bread be increased to 13 lire, its "economic price", or at least to 8 lire, and that the wages of Government employees be increased, and other "controlled wages" be permitted to be increased, by an amount sufficient to compensate workers for their increased expenditure upon bread. The Government estimated that a 13 lire price for bread would eliminate the subsidy, and that the deficit necessary to increase government workers' salaries sufficiently to compensate them for the increase in the price of bread would be small.

3. The Finance Sub-Commission's proposal

a. The Finance Sub-Commission opposed this recommendation on the grounds that :

(i) a sharp increase in the price of bread would be politically and economically disastrous for the reasons stated in last month's report; that

(ii) while the increase in "controlled" wages would alleviate the immediate problems that would be created by the increase in the bread price, it would further encumber a complex method of wage calculation already in need of drastic simplification; that, more importantly,

(iii) the increase could not, in all probability, be limited to "controlled wages"; and that therefore the inflationary effect of the proposed bread indemnity should not be measured by the increase in government salaries alone, but by the total increase in Government salaries, private "controlled" salaries, and uncontrolled salaries. It is our belief that the permitted and unavoidable increase in these items that would result from the increase in the price of bread would at least equal, and probably exceed, the present bread subsidy.

b. As an alternative, this Sub-Commission proposed that some method be found to reduce the price of wheat in central and northern Italy, and that the price of bread be increased much less than the amount recommended by the Government. Accordingly, ACC and the Italian Government reached an agreement that the distinction maintained in former years between the price of wheat and the subsidy for wheat production should be reestablished. It was agreed that the price of soft wheat would

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b. As an alternative, this Sub-Commission proposed that some method be found to reduce the price of wheat in central and northern Italy, and that the price of bread be increased much less than the amount recommended by the Government. Accordingly, ACC and the Italian Government reached an agreement that the distinction maintained in former years between the price of wheat and the subsidy for wheat production should be reestablished. It was agreed that the price of soft wheat would be 350 lire per quintal with a subsidy of 550 lire per quintal in all areas liberated prior to 11 May 1944 (keeping the total payments to farmers 900 lire as at present), and with a subsidy of 350 lire per quintal in "middle Italy", i.e. the area north of the line of 11 May and south of the Appennines. The same formula with prices and subsidies in proportion was to be used for all other crops subject to amassing or blocking. The subsidy for the area north of the Appennines was left for later determination, although it was thought that a soft wheat subsidy of 150 lire per quintal would be found to be appropriate. The draft decree proposed specified that rent contracts calling for payment in whole or in part in specific amount of any controlled crops would be fully and lawfully discharged by a money payment per unit of produce due equal to the "price" of the produce. This provision would have solved the serious problem mentioned under 3 (c) above. It was also recommended by ACC that the price of bread be varied by regions in the same manner in order to reflect the differences in the inflationary situation of the different areas. The recommended prices were: South of the line of 11 May, 7 lire per kilo; "Middle" Italy, 6 lire per kilo; North of the Appennines, undetermined, but probably 5 lire per kilo.

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This proposal would have solved the rent-in-kind problem and would have reduced the government's expenditures for crop purchases approximately 7 billion lire and increased its revenue from bread sales about 2.5 billion lire. Accordingly, it would have reduced the government's deficit on account of the bread subsidy from about 20 to about 10 billion lire per year.

4. The present situation

After agreement was reached, a delay was encountered in notifying AMG officers in the field of the new prices for crops, and further delays were then anticipated before all Consorzii could be informed. For this reason the decision was reversed and the price of wheat was kept at 900 lire for central Italy.

The new price of bread has not yet been determined. It is probable, however, that it will be fixed in the range between 5 to 7 lire per kilo throughout Italy. If this is done, the Government's deficit on that account will be reduced about 6 billion lire, but an annual deficit of 14 billion lire on account of the wheat and bread program will remain.

B. The Cost of Living

1. Naples

a. During June the cost of living in Naples fell sharply, from the May average about 400 lire per person per week to 300 lire by the end of June. The decline was caused by the availability of 1944 crops and by the announcement of the increase in the bread ration to begin on 1 July. The largest part of the decline was caused by the over supply of potatoes that came on the market in the middle of June. The region around Naples ordinarily ships a large quantity of early potatoes during June and July. The crop this year was unusually good, and because the facilities for shipping them were almost unobtainable, the Naples market received so many that their price fell from 40 to 8 lire per kilo. The price of black market bread, which has been rising almost steadily for a year and half, exceeded 200 lire per kilo for the first time in the second week of June, and then dropped to 180 and to 150 lire in the third and fourth weeks of the month. This decline was the result of supplies from the 1944 harvest becoming available and of the announcement, made on 14 June, that the ration was to be increased to 300 grams per day, beginning 1 July, in Sicily, Sardinia, and the southern mainland up to and including Naples and Campobasso provinces.

b. The 300 gram ration will provide 2.1 kilos of bread per person per week, thus making it possible for people to buy at official prices the entire 2.0 kilos per week that has been used as the bread budget in the Finance Sub-Commission's index. Black market bread, formerly the largest single item in the index accounting for about ⅓ of total expenditure, will thus disappear from the calculations, and, if the effect of this saving is not offset by increases in other prices, the cost of living during July should be about 200 lire per person per week, the lowest level since October 1943.

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b. The 300 gram ration will provide 2.1 kilos of bread per person per week, thus making it possible for people to buy at official prices the entire 2.0 kilos per week that has been used as the bread budget in the Finance Sub-Commission's index. Black market bread, formerly the largest single item in the index accounting for about ¼ of total expenditure, will thus disappear from the calculations, and, if the effect of this saving is not offset by increases in other prices, the cost of living during July should be about 200 lire per person per week, the lowest level since October 1943.

c. The cost of living in lire, per person per week, for Naples was as follows in June:

week ending	
June 7	352
" 15	358
" 23	341
" 30	302

2. Rome

a. Data roughly comparable to that given for Naples indicate that the cost of living in Rome rose from 110 lire in September 1943 to 580 lire in May 1944, the last month of German occupation. This is an increase of over 400 per cent in 6 months, a rate of increase far more rapid than that which occurred at any time in Naples. The price of black market bread alone increased in price over 500 per cent during that period. The price of black market bread in May was 125 lire, against 180 lire in Naples. The principal item making the total cost of living higher in Rome than in Naples was olive oil, the price of which was 900 lire in Rome and 230 lire in Naples. Fats of all types were particularly scarce in Rome. Even lard sold for 650 lire per kilo.

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b. Since liberation, rations of bread, beans, and meat have been reestablished or increased, and in consequence, black market prices have declined somewhat, and the cost of living has declined appreciably.

c. The table below compares the data for Naples and Rome:

	Cost of Living (lire per person per week)		Price of Black Market Bread (lire per kilo)	
	Naples	Rome	Naples	Rome
1943				
January	43		18	
February	46		18	
March	47		20	
April	49		20	
May	52		25	
June	48		25	
July	48		25	
August	63		30	
September	124	110	50	20
October	202		60	
November	243		85	
December	300		115	
1944				
January	350		125	
February	338		130	
March	360		150	
April	330		150	
May	390	580	180	125

VI. INSURANCE

A. Commercial Insurance

1. Insurance Committee

The first meeting of the Committee took place in Naples on 7 June and was attended by representatives of the Ministry of Industry, Commerce and Labor and of the Ministry of Finance, and the Commissioners of the various Companies. Officers of the Insurance Department, Finance Sub-Commission, also attended. The Commissioners are to formulate the principal matters calling for decision by the Government. It is intended to take action to extend the decrees for Commissioners to include Head Offices in their jurisdiction. Arrangements were also made for the setting up of technical sub-committees to examine problems of a technical nature. The Director-General of Commerce was advised at this stage the Commissioners' powers should not [illegible] their hands full [illegible]

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2. Commissioners

a. Some delay had occurred in the appointments of Commissioners for the Companies mentioned in the May Report of this Sub-Commission, owing to the change of Government, but their publication in the Official Gazette has been promised shortly.

b. Dott. Alfredo de Miguoro, Commissioner for Istituto Nazionale delle Assicurazioni, Praevidentia, and Assicurazioni d'Italia, went to Rome on 28 June to assume control of the Head of the Istituto and its subsidiary Companies.

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3. Effect of occupation of Rome

a. It is considered that the arrangements for Rome notified to the SFO, AAF 5th Army, and later to the SCO, Rome Region, satisfactorily covered all contingencies that arose. All Rome offices will remain severed from the remainder of liberated Italy until such time as the Finance Sub-Commission is in possession of adequate information regarding them. Branch offices in Rome will eventually be placed under the Commissioners, while Head Offices will eventually take charge of their branch offices in Italian Government territory under the direction of their Commissioners. In both cases, the step must await restoration of commercial postal communications with the south. In both cases too, examination will be made of Rome personnel, and, if any are found more qualified to act as Commissioners than those now acting, the Italian Government will be advised to make a change. A Commissioner will be necessary even for Companies whose Head Office is in Rome until such time as existing directorates and managements can be approved as politically acceptable. The Istituto Nazionale delle Assicurazioni forms the biggest problem. The Government will consider all its executive appointments.

b. Communications have already been received by several Commissioners (through the Naples offices) from individuals in Rome purporting to be empowered by Head Offices farther north to control activities in liberated Italy. No such appointments will be recognized. The Ministry of Industry, Commerce and Labor have expressed their agreement with this decision. For a few companies whose Head Offices are in Rome no Commissioner for liberated territory has yet been appointed. Subject to satisfactory screening of directorate and executives, the authority of these Head Offices over their branches can be reestablished.

4. Fire insurance on requisitioned buildings

It was reported that owners of buildings that have been requisitioned are demanding cancellation of fire insurance policies, by virtue of Article 30 of the Italian Civil Code. The opinion of the Legal Sub-Commission was sought as to whether fire insurance could be regarded as a contract incompatible with the requisitioning order. The Legal Sub-Commission stated that, generally, an insurance contract is not incompatible with requisition, but that in some cases it may be, if, for instance, the fire hazard of the building is greater under its requisitioned use. Each specific contract would have to be examined together with the facts of the requisition to determine whether or not the particular contract is, because of its limitations, incompatible with requisition.

B. Social Insurance

1. Commissioners

a. The appointment of Dott. Livio Malfettani as Commissioner for the Istituto per l'Assistenza di Malattia ai Lavoratori, which has been under consideration, has now been confirmed.

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1. Commissioners

a. The appointment of Dott. Livio Malfettani as Commissioner for the Istituto per l'Assistenza di Malattia ai Lavoratori, which has been under consideration, has now been confirmed.

b. The appointments referred to in the May Report have now been published in the Official Gazette, No. 36 of 24 June, and republished in AMG territory.

c. These Commissioners were appointed principally to facilitate handling on a national basis, such problems as finance, benefits, and contributions, and general personnel policy.

d. Any enquiries affecting provincial offices of the various Institutions in Italian Government territory should be channelled through the Italian Government. In AMG territory Finance officers should contact the local offices direct on Regional or local matters and communicate with Finance Sub-Commission HQ on matters of national concern.

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2. Financing of social insurance deficits

One of the first results of the appointment of national Commissioners has been a change in method of financing deficits. Southern Italy has always been on a deficit basis so far as Istituto Nazionale della Previdenza Sociale is concerned. Collection difficulties and inaccessibility of reserves have created financial difficulties for both Istituto Nazionale Infortuni and the Istituto per l'Assistenza di Malattia ai Lavoratori. These have hitherto been met by credits to provincial offices or inspectorates at the Banca d'Italia after certification of their needs by an ACC/AMG finance officer and an Intendente di Finanza. Recently the Italian Government has centralized financing of these institutions in the territory under its control. Requests for necessary funds will be made by the Commissioners on behalf of all offices in liberated Italy. "Previdenza" and "Infortuni" organizations have now been placed on the same basis in Military Government territory and an early decision to the same effect is expected for "Malattie". A major enforcement effort to collect contributions in arrears at the national level is required. The change in method of financing will provide an opportunity for uniform national action in this matter.

3. Military allowances

a. The first two articles of R.D.L. 113, 13 April 1944 regarding "soccorsi militari" (military relief allowances) have been republished in AMG territory. These articles raise the daily allowances approximately 70 per cent and extend coverage to families of Italian workers in enemy-occupied territory. The former and present scale of daily allowances follows:

	Former Allowance	Increase Granted	Present Allowance
Wife	8.00 lire	6.00 lire	14.00 lire
Child (each)	3.00	2.50	5.50
Parent	8.00	6.00	14.00
Two parents	10.00	7.00	17.00

The third and fourth articles of the decree, reorganizing the machinery for granting military relief allowances, were not republished, as the Public Health & Welfare Sub-Commission opposed their extension to AMG territory at this time. Finance Sub-Commission approves of their extension and is discussing the matter with Public Health to see if agreement can be reached.

b. Proclamation No. 4 issued in recently liberated territory, authorized benefit payments by social insurance and welfare institutions except family allowances to dependents of the following classes:

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(ii) unparoled prisoners of war, and

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b. Proclamation No. 4 issued in recently liberated territory, authorized benefit payments by social insurance and welfare institutions except family allowances to dependents of the following classes:

(i) persons engaged in military service,

(ii) unparoled prisoners of war, and

(iii) Italian workers in Germany or other enemy-occupied territory.

This sweeping prohibition forbade payments of "richiamati" (military allotments to dependents of those called to arms); "soccorsi militari" (special relief allowances to such of these dependents as are in need); and general relief payments to such of these dependents, or of dependents of Italian workers in enemy-occupied territory, as could establish a claim on the basis of need.

c. To amend this situation a directive, agreed to by the Finance, Labor, and Legal Sub-Commissions, was issued by the Acting Chief Commissioner on 1 July. Its purpose was to encourage maximum cooperation of Italian nationals with Allied Forces by paying benefits due to dependents of those in the listed classes who were not known to be cooperating with the enemy. As regards the latter group, general relief provided by communes will be paid to such of their dependents as can establish need. "Richiamati" and "soccorsi militari" will not be paid

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(i) to dependents of members of Italian armed forces who have joined the Fascist Republican or German armies.

(ii) to dependents of Italian workers in enemy-occupied territory.

d. Both "richiamati" and "soccorsi militari" are reinstated retroactive to 31 March 1944 for dependents of those in military service or imprisoned in liberated territory, who had previously been cut off by the Fascist Republican Government. They will continue to be paid in the case:

(i) dependents of members of the regular armed forces who are not known to have deserted to the Fascist Republican or German armies,

(ii) dependents of those entering Italian regular armed forces, and if such entrants have served with regularly constituted bands and can document the period of service to the satisfaction of competent military authorities, their dependents may be compensated for this period also. A detailed instruction has been sent to the provincial offices of "Previdenza", through the Regional Finance officers, to implement the directive.

e. These actions regularize the situation regarding military allowances, and action parallel to the directive has been promised by the Italian Government. Thus for the first time since the occupation of Italy, a consistent and uniform policy regarding "richiamati" will obtain throughout liberated Italy. When the reorganization features of the recent legislation regarding "soccorsi militari" are republished, completely uniform treatment of military relief claimants will obtain both in Italian Government and Military Government territory.

4. Uniform wage interpretation

a. The complexities in the scale of public compensation described in the May Report have led to numerous conflicting interpretations of those provisions of the Regional wage adjustment orders which affected public employees and these in turn have resulted in serious inequities. To correct this situation in AMG territory, a special instruction framed by agreement of the Finance and Labor Sub-Commissions was issued by the RC and MG Section on 8 June 1944.

b. The regional wage orders had directed (article 1) that the increases be calculated on "the base of present total salaries (base plus ordinary and extraordinary indemnities which usually represent an integral part of their total salary)". In many cases, nevertheless, items were separated from the total before applying the graduated percentages so as to assure larger increases. In other cases, items that were not recurring or integral parts of the total salary were nevertheless held subject to increase. The new wage instruction sets forth which items shall, and which shall not, be increased; and directs that the graduated scale be applied to the total sum only of the items to which it is applicable.

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5. Rome developments

Reports from Rome indicate that last winter, anticipating the City's fall, the Germans formed separate Head Offices of the social insurance institutions in the North. A Head Office of "Previdenza", for example, was formed at Vittorio Veneto. Some cash securities and documents were transferred at the time. There remain in Rome, however, sufficient records and reserves to carry on necessary operations. When plans for Rome were being drawn, careful consideration was given the position of the national Commissioners, and it was decided that arrangements should be made for them to go to Rome at the earliest possible moment. Accordingly, after consultation with the Labor Sub-Commission and the Italian Government, the national Commissioners have been despatched to Rome to assume control and recreate their Head Offices.

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6. Insurance of civilians employed by Allied forces

In November 1943 an agreement was reached between the Claims Commission AFHQ and the Italian Government under which the cover afforded by Italian law for State employees was extended to all workmen employed by the Allied Forces. This agreement which superseded any local arrangements made previously has subsequently been further amplified by the Italian Government to apply to "laborers engaged by the Commands of the French, Polish, and other Armed Forces and operating in the liberated territory of Italy".

7. Pensions

Recent discussions with the Italian Government relative to the pension bills (R.D.L. 85 increasing state pensions, and R.D.L. 102 offering pensions to members of the disbanded Fascist Militia on more favorable terms - see May Report of Finance Sub-Commission) promises an early satisfactory adjustment of these measures. The Government has agreed to repeal R.D.L. 102 and enact a substitute proposal eliminating pensions that resulted from Fascist political activity. Members of the special technical militias (Railroads, Ports, Highways, Post and Telegraphs, Forests) will be allowed to receive pensions, but those holding posts of 6th grade or higher will be required to prove they were not holding them as a result of Fascist Party activity. Members of M.V.S.N. (Fascist Militia) will be excluded outright. As soon as these proposals have been adopted, R.D.L. 85 will be extended to AMG territory, giving increases of 30 to 70 per cent in pensions to those who have served the State.

8. Public wage proposals

a. Proposals for increasing wages of public employees and rationalizing their wage structure were communicated to the Finance and Labor Sub-Commissions by the Italian Government in June. Although graduated, the increases would have conceded too much to higher-paid employees. The simplification, although considerable, would have left too many elements remaining in the wage structure. The supporting data were both inadequate and unsuitable, and hence furnished no basis for an estimate of the probable cost of the proposed adjustment, nor for evaluating it in relation to alternative adjustments.

b. Listed grades, earnings, and adjustments indicated per cents of increase, ranging from 26 to 111, and absolute increases ranging from 1,384 to 1,740 lire per month. Although the per cents of increase were graduated, the largest absolute adjustments were proposed for those already earning the largest amounts. Although the cost of living was the main argument given for conceding an increase, no difference was suggested as between areas with extremely high price levels and areas with relatively moderate price levels.

c. The Ministers had agreed to reduce the public wage structure to two or three basic elements, but their proposals would by no means achieve this. They have completely absorbed:

(i) the active service supplement;

(ii) the temporary war allowance,

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be required to prove they were not holding them as a result of [illegible]. Members of M.V.S.N. (Fascist Militia) will be excluded outright. As soon as these proposals have been adopted, R.D.L. 85 will be extended to AOI territory, giving increases of 30 to 70 per cent in pensions to those who have served the State.

8. Public wage proposals

a. Proposals for increasing wages of public employees and rationalizing their wage structure were communicated to the Finance and Labor Sub-Commissions by the Italian Government in June. Although graduated, the increases would have conceded too much to higher-paid employees. The simplification, although considerable, would have left too many elements remaining in the wage structure. The supporting data were both inadequate and unsuitable, and hence furnished no basis for an estimate of the probable cost of the proposed adjustment, nor for evaluating it in relation to alternative adjustments.

b. Listed grades, earnings, and adjustments indicated per cents of increase, ranging from 26 to 111, and absolute increases ranging from 1,384 to 1,740 lire per month. Although the per cents of increase were graduated, the largest absolute adjustments were proposed for those already earning the largest amounts. Although the cost of living was the main argument given for conceding an increase, no difference was suggested as between areas with extremely high price levels and areas with relatively moderate price levels.

c. The Ministers had agreed to reduce the public wage structure to two or three basic elements, but their proposals would by no means achieve this. They have completely absorbed:

(i) the active service supplement;

(ii) the temporary war allowance,

(iii) the extraordinary work premium,

and have partially absorbed the family allowance, in the base stipend. There was no attempt to absorb the specialized indemnities like the "toga" for magistrates, the temporary wage adjustment (10 to 70 per cent) which now would be applied to the higher total wage, or the periodic bonuses.

d. The bombing indemnity, while not retained as such, would be renamed presence indemnity and made universally applicable. There would remain, therefore, the following elements:

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(i) stipendio,

(ii) presenza,

(iii) integrazione (temporary adjustment),

(iv) aggiunta di famiglia (100 lire per child for all children in excess of 3),

(v) special indemnities, and

(vi) periodic bonuses.

c. The information supplied by the Ministers was hopelessly inadequate. It covered only statal employees in Italian Government territory falling into certain categories. It was also ill-suited to the purpose of evaluating the proposals.

f. The proposals have been returned to the Ministers with the statement that, without further information and further simplication, they cannot be put into effect. Since equity is the ground on which the proposals were put forward, we must have the information necessary to assure that such adjustments as we may approve are equitable.

9. Agricultural "contributi unificati"

a. Agricultural workers in Italy are entitled to family allowances, pensions, tuberculosis benefits, and marriage and maternity benefits from the Istituto Nazionale della Previdenza Sociale, and also to sickness assistance from Istituto per l'Assistenza di Malattia ai Lavoratori. The Syndicate contributions (Contributi Sindacali) were formerly collected simultaneously with the social insurance contributions from agricultural workers and the combined contributions and dues called Contributi Unificati. The abrogation of Contributi Sindacali was ordered in August 1943 by General Order No. 2. Consequently instalments payable under Contributi Unificati in Agricoltura were reduced 40 per cent.

b. It has since been found that the 40 per cent reduction was an arbitrary figure. Consequently it has been decided that as soon as circumstances permit contributions will be reduced in each province by the amount formerly allocated to certain Fascist organizations in that province. The Fascist organizations in question are:

(i) Fascist Agriculture Confederation

(ii) Fascist Confederation of Farm Workers

(iii) Fascist Party

(iv) Universal Exposition at Rome (the Italian equivalent of the German "volkswagen" plan: heavy contributions but no returns).

c. The 1944 quotas will consist of contributions for the following approved purposes:

(i) Social Insurance (

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(ii) Fascist Confederation of Farm Workers

(iii) Fascist Party

(iv) Universal Exposition at Rome (the Italian equivalent of the German "volkswagen" plan: heavy contributions but no returns).

c. The 1944 quotas will consist of contributions for the following approved purposes:

(i) Social Insurance (invalidity and old age, tuberculosis, births and marriages)

(ii) Family Allowances

(iii) Sickness Assistance

(iv) Ente della Cooperazione

(v) Administrative expenses (in the amount of 3% of the total for the other items).

In accordance with the provision of R.D.L. No. 126 of 18 March 1943 published in the Official Gazette of 31 March 1943, an increase of 50% is authorized in the contribution for invalidity and old age. No other increases are authorized.

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VII. ACCOUNTING SUB-SECTION

A. Supply Accounting

1. During the month progress has been made in supply accounting, both at Headquarters and in the Regions. At the close of the preceding month consolidated accounts were prepared only through 31 January 1944, due to delay in the submission of Regional reports, a condition primarily ascribable to lack of personnel. The additional officers allocated to supply accounting during the past two months have substantially improved the situation. All Regions have now submitted returns through 30 April, 1944, except Regions I and VII, and in these Regions returns have been received through 31 March 1944. Consolidated accounts have been prepared at Headquarters level taking in the returns as above indicated. The accounting includes all commodities imported and drawn from the Armies, except medical supplies.

2. The position with regard to past transactions in accounting for medical supplies is unsatisfactory. An officer on the Chief Accountant's staff has for some time been exclusively employed in reconstructing past records which should have been maintained, but were not, by Regional Public Health Officers. Some progress has been made, but it may be one or two months before a report can be prepared on this subject.

3. A number of unfinished projects still remain to be cleared up in one or two Regions in respect of transactions in the early days of occupation, but definite progress has now been made and it is hoped that all these matters will be finalized within the coming month.

4. Accounting for petroleum products, heretofore a troublesome problem, is now being brought under well-defined accounting control, as a result of arrangements effected in collaboration with the Petroleum Section, AFHQ, CMT. At present all POL products issued for civilian use are sold to the Comitato Italiano Petroli. Billing for POL is done by the Chief Accountant's office, upon advice from the Petroleum Section of the quantities supplied CIP during the month.

5. Accounting for coal, imported as well as locally produced, has until lately been unsatisfactory, especially with respect to transactions in the early stages of operations, both in Sicily and on the mainland. With the assistance of the Coal Section, ACC, statements have been developed showing allocations and issues by types of coal. On the basis of this information, advice on quantities has been sent to various Regions, in order that purchasers may be billed and collections effected for unpaid items. Further, in accordance with a plan now in course of development by this office and the Coal Section, coal for essential civilian uses will be sold at dockside to the Italian State Railroads, which will in turn sell to public utilities, industries, and other consumers, thus avoiding the multiplicity of accounts necessitated by the old arrangement.

6. In the early stages of occupation, the accounting for supplies handled by the Regional agricultural divisions has given trouble, primarily because those agencies lacked adequate accounting and clerical personnel, and were thus forced in large measure to depend on the services of Provincial Consorzii for receiving and disposing of supplies. Such arrangement has not proved satisfactory and as a result the accounting for [illegible]

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6. In the early stages of occupation, the accounting for supplies handled by the Regional agricultural divisions has given trouble, primarily because those agencies lacked adequate accounting and clerical personnel, and were thus forced in large measure to depend on the services of Provincial Consorzii for receiving and disposing of supplies. Such arrangement has not proved satisfactory and as a result the accounting for some products turned over to the Consorzii has been delayed, notably seed potatoes. Recently the Agricultural Sub-Commission, in collaboration with the Accounting Sub-Section, effected an arrangement whereby future agricultural imports will be sold as transferred from ship-side to the national Federazione dei Consorzii, which will in turn resell to Regional and Provincial Consorzii Agrarii, thus eliminating the accounting on Provincial and Regional levels by ACC/AMG.

7. Accounting for supplies and subsistence issued to the Italian Armed Forces is still unsatisfactory in certain respects. Such supplies may be considered under three headings:

a. Bulk imports for the Italian Army supplied by U.S. and U.K.
b. Depot issues by U.S. Army.
c. Depot issues by British Army.

The responsibility for supervising issues to the Italian Army is that of the Military Mission to the Italian Army (part of the Army Sub-Commission, ACC), which has jurisdiction over the distribution of bulk and depot issues. Under existing arrangements, MMIA is required to submit to the Chief Accountant reports of bulk issues in quantities only.

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In view of this fact, instructions have been requested as to what agency will value supplies so issued, and, if the valuation is to be made by the Chief Accountant, as has been indicated in previous correspondence, it will be necessary that landed cost figures for all such commodities be furnished to him. Considerable difficulty has been experienced in recording depot issues. Such transactions cover a wide range of commodities. In some cases those are priced with summaries by major categories; in other cases they are merely listed in quantities; and in still other cases only shipping tickets are received. In view of the unsatisfactory state of the reports received, a memorandum was addressed to G-5 (Finance) AFHQ, citing the circumstances and asking for instructions, in order that a uniform procedure may be applied by all reporting agencies.

8. In view of the extension of the export activities, supplemental accounting instructions were developed to provide the necessary records for the preparation and submission of information to Headquarters of the Industry and Commerce Sub-Commission and the Finance Sub-Commission. The new procedure provides for the operation of a purchase register for exports, receipts and shipments record by commodities, export warehouse stock cards, and a monthly return on shipments.

9. Owing to (a) progress made in selling imports to the Italians in greater bulk and on a higher level, (b) the clearing up of old outstanding matters, and (c) the reduction of imports in some Regions, it has been possible to transfer staff from rear to forward Regions; five officers and EM/OR from Region I have been, or in the immediate future will be, transferred elsewhere and the Supply Accountant in Region VI is being recalled and earmarked for a new Region. It must, however, be remembered in considering supplies accounting that the extent to which the staff can be reduced is ultimately determined by the work of the Sub-Commissions for whose operations accounting must be carried out. So long as it is necessary for ACC Sub-Commissions or Regional Divisions handling imports and exports to deal with Provinces or individual Firms, it will be necessary to maintain accounting personnel in the Regions to see to the accounting. Only when imports and exports are dealt with through some national organization at Headquarters level will it be possible to avoid retaining a Supply Accountant in rear Regions.

10. Considerable difficulties in handling imports and exports on a national level have been experienced owing to the weakness of the Italian national administration and the fact that organizations of a national character are disorganized because of war conditions. Progress is, however, being made; as heretofore indicated, petroleum products and agricultural imports are now being handled on a national level and it is hoped that a similar policy for coal imports will be adopted shortly. The Public Health Sub-Commission are also developing a policy of selling to the Italian Government on a Regional basis. An officer on the Chief Accountant's staff is at present attached to the Food Sub-Commission with a view to establishing a procedure for handling all imports through the national Headquarters of the Federazione dei Consorzii Agrarii; agreement on the general lines to be followed has been reached with the Food Sub-Commission and it is hoped that a complete scheme will be agreed within the next few weeks. With regard to exports it is understood that the Industry and Commerce Sub-Commission have opened discussions with a view to reconstituting the Istituto Commercio Estero, the Italian Governmental department which previously handled all exports. The progress of the accounting organization and the economizing of staff in rear Regions is largely dependent on the progress made by Sub-Commissions on the above lines.

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11. With regard to Supply Accounting in forward areas the rapid progress of the Armies has presented many problems, and it must be expected that some little time will elapse before all issues of supplies immediately behind the advancing Armies can be properly accounted for. All possible available staff have been allocated to forward areas in the hopes of reducing to a minimum the inevitable errors of omission which occur in accounting in battle areas.

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B. Financial Accounting Reorganization

1. Executive Memorandum No. 64 was issued instructing that in future the policy would be to centralize all ACC/AMG financial accounting at Headquarters. This procedure will be put into force as from 1 July for Regions I, II, III, VI and VII and for other Regions at dates to be notified later.

2. This policy has been made possible (a) by the reduction in the work of the Regional Accountants owing to local governmental financing being done by the Italian Government and not by ACC/AMG, and (b) by improvement in communications.

3. All Regional Accountants and their staffs will be called to ACC Headquarters and sub-accountants in Regions will submit their monthly reports of receipts and disbursements, with all relative vouchers, to the Chief Accountant ACC instead of to the Regional Accountant as previously.

4. It is anticipated that this policy will result in economy of personnel, better control over expenditure, and greater uniformity in procedure and classification.

5. As stated above, it is not intended to apply this centralization to Regions further forward than Region III for the moment, as it is considered necessary to maintain Regional Accountants in all forward areas (a) so that they may be in a position to deal on the spot with accounting problems that arise in newly occupied territory, and (b) because communications with forward areas is frequently deficient.

C. Allied Financial Agency

1. The consolidated accounts to 31 May 1944 were reviewed and approved by the Chief Accountant.

D. ACC/AMG Accounts

1. The consolidated Regional accounts for the month of April were prepared.

2. An up-to-date list of all Head and Sub-Heads for classification of ACC/AMG Revenue and Expenditure was circulated to all Regional Accountants.

3. An instruction (Sub-Accountants Instruction No. 1) was drafted for circulation to all Sub-Accountants, Collectors of Revenue, and Imprest Holders. This instruction, which is to be issued in connection with the policy of centralization, consolidates such previous instructions in the Accounting Manual and elsewhere as concerns Sub-Accountants, Collectors of Revenue, and Imprest Holders.

4. During the month particular attention has been paid to the control of expenditure for wages paid out of ACC/AMG funds to civilian employees in messes and billets. Regional Accountants were reminded of their duties to see that the instructions contained in Administrative Memorandum No. 2 were being adhered to. The payments in all Naples messes were investigated by the Chief Accountant's staff and with one exception (which is still

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1933

E. H. Foley

Colonel,
Joint Director,
Finance Sub-Commission.

C. P. Brophy, Jr.

Colonel,
Joint Director,
Finance Sub-Commission.

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APPENDIX A

Financial Effects of Allied Occupation

A. 1. The table below brings through May the data published under the same captions through April in Appendix A to last month's Report. In some cases the data have been revised from information more recently available.

2. The May data show no significant differences from the situation in April, except under receipts from the sale of imported supplies. These receipts, for smaller than the landed cost of civilian supplies for the reasons stated in last month's report (Appendix A, p. 6), have continued to increase rapidly. No new data on soldiers' expenditures and the expenditures of the Allied forces has become available, other than the figures for U.S. forces for May. The figures given in lines 1 and 2 are therefore estimates. The U.S. figures for May were approximately the same as those for April.

3. The principal revision is in the estimate of the landed cost of civilian supplies, full data for which are given in the table on the following page.

	Through March	April	May	Through May
		(in billions of lire)		
1. Soldiers' expenditures	12.0	2.6	2.6?	17.2
2. Expenditures of the forces	1.8	.5	.6?	2.9
3. Disbursements for purchase of exports	.3	.1	.2	.6
4. Total	14.1	3.2	3.4?	20.7
5. Less: Receipts from sale of imported supplies	.6	.5	.7	1.8
6. Total inflationary effect of Allied operations	13.5	2.7	2.7	18.9
7. Italian Government deficit from July 1943	23.0	3.0	5.2	34.2
8. Total (6 + 7)	36.5	5.7	7.9	53.1
9. Percent inflationary effect of Allied operations to total inflationary effect (6 ÷ 8)	37	47	34	36
10. Landed cost of goods imported for civilian consumption	8.8	2.6	2.9	14.3
11. Total "exploitation" effect (4 - 10)	5.3	.6	.5	6.4
12. AFA advances to Italian Government and its agencies	5.6	.4	.5	6.5
13. Approximation to increase in currency circulation (6 + 12)	19.1	3.1	3.2	25.4
14. All lire put into circulation (in hands of public and banks including Banca d'Italia)	20.8	3.0	2.8	26.6
15. Error (14 - 13)	1.7	-.1	-.4	1.2

	Through March	April	May	Through May
		(in billions of lire)		
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IMPORTS FOR CIVILIAN CONSUMPTION THROUGH MAY 194

	Quantities (thousands of long tons) Landed Cost								Value at La		
	Thru Dec. 1943	Jan.	Feb.	Mar.	Apr.	May	Total Thru May	(Thous. of lire per ton)	Thru Dec. 1943	Jan.	Fe
Food											
Flour	72.8	30.0	62.0	54.8	26.5	16.5	262.5	13.2	961	396	8
Wheat	9.8	47.1	29.6	24.0	29.0	68.1	207.6	11.7	115	551	3
Meat, dhy	2.8	3.9	4.1	11.4	10.2	5.2	37.6	59.6	165	232	2
Stew, M & V	-	-	-	12.3	8.1	9.0	29.4	56.0	-	-	
Meat, Canned	-	-	-	-	5.4	5.7	11.1	95.0	-	-	
Vegetables, dry	1.5	1.5	2.2	11.9	5.4	8.2	30.7	24.0	36	36	
Sugar	5.6	4.7	9.8	.6	-	6.5	27.2	17.5	98	82	1
Milk	2.2	1.0	.2	2.7	.5	1.0	7.6	30.0	66	30	
Cheese	.3	-	.5	-	1.5	-	2.3	7.8	2	-	
Pasta	1.4	-	-	-	-	-	1.4	15.0?	21	-	
Shortening, dry	-	-	-	-	-	.4	.4	60.0	-	-	
Other foods	2.8	.8	.1	1.7	.1	.4	5.9	17.5?	49	14	
Total Food	99.2	89.0	108.5	119.4	86.7	121.0	623.8		1,519	1,341	1,6
Other											
Clothing	-	-	-	.9	.2	-	1.1	700?	-	-	
Medical	.2	.5	.4	.3	-	-	1.4	250?	50	125	1
Seed potatoes	2.8	7.7	9.6	12.8	4.1	-	37.0	8.0?	22	62	
Copper sulphate	-	-	-	-	-	6.8	6.8	14.0	-	-	
Fertilizers	-	-	-	.7	-	2.2	2.9	9.0	-	-	
Newsprint	.5	-	.8	.6	.2	.3	2.4	17.5	9	-	
Other paper	-	-	-	-	.4	.6	1.0	17.5?	-	-	
Soap	.4	.4	2.2	3.3	-	-	6.3	2.7	1	1	
Caustic soda	-	-	-	.3	-	-	.3	8.8	-	-	
Miscellaneous	.1	.2	.1	.1	.1	.2	.8	350?	35	70	
Total Other	4.0	8.8	13.1	19.0	5.0	10.1	60.0		117	258	2
Total imported Supplies	103.2	97.8	121.6	138.4	91.7	1311	683.8		1,630	1,599	1,8
Proceeds from sales of civilian supplies									127	89	1

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IMPORTS FOR CIVILIAN CONSUMPTION THROUGH MAY 1943

(thousands of long tons)				Landed Cost	Value at Landed Cost (millions of lire)						
Mar.	Apr.	May	Total Thru May	(Thous. of lire per ton)	Thru Dec. 1943	Jan.	Feb.	Mar.	Apr.	May	Total Thru May
54.8	26.5	16.5	262.5	13.2	961	396	818	723	350	218	3,466
24.0	29.0	68.1	207.6	11.7	115	551	346	281	339	797	2,429
11.4	10.2	5.2	37.6	59.6	165	232	244	679	608	310	2,238
12.3	8.1	9.0	29.4	56.0	–	–	–	689	453	504	1,646
–	5.4	5.7	11.1	95.0	–	–	–	–	513	541	1,054
11.9	5.4	8.2	30.7	24.0	36	36	53	286	130	197	738
.6	–	6.5	27.2	17.5	98	82	172	10	–	114	476
2.7	.5	1.0	7.6	30.0	66	30	6	81	15	30	228
–	1.5	–	2.3	7.8	2	–	4	–	12	–	18
–	–	–	1.4	15.0?	21	–	–	–	–	–	21
–	–	.4	.4	60.0	–	–	–	–	–	24	24
1.7	.1	.4	5.9	17.5?	49	14	2	30	2	14	111
119.4	86.7	121.0	623.8		1,519	1,341	1,645	2.779	2,422	2,749	12,449
.9	.2	–	1.1	700?	–	–	–	630	140	–	770
.3	–	–	1.4	250?	50	125	100	75	–	–	350
12.8	4.1	–	37.0	8.0?	22	62	77	102	33	–	296
–	–	6.8	6.8	14.0	–	–	–	–	–	95	95
.7	–	2.2	2.9	9.0	–	–	–	6	–	20	26
.6	.2	.3	2.4	17.5	9	–	14	10	4	5	42
–	.4	.6	1.0	17.5?	–	–	–	–	7	10	17
3.3	–	–	6.3	2.7	1	1	6	9	–	–	17
.3	–	–	.3	8.8	–	–	–	3	–	–	3
.1	.1	.2	.8	350?	35	70	35	35	35	70	280
19.0	5.0	10.1	60.0		117	258	232	870	219	200	1.896
138.4	91.7	131.1	683.8		1,630	1,599	1,877	3.649	2,641	2,949	14,345
					127	89	181	242	452	751	1,842

B. Imports for Civilian Consumption

1. Complete data by months on the quantities of goods imported for civilian consumption and estimates of the landed cost value of each item are given in the table on page 2. The differences between these data and those presented last month result from:

a. dropping the distinction between supplies imported on U.S. account and on U.K. account, and valuing all supplies at U.S. landed cost prices;

b. changing the estimates of the landed cost of dry vegetables from 16 to 24 thousand lire per ton, of seed potatoes from 20 to 8 thousand lire per ton, and of medical supplies from 50 to 200 thousand lire per ton; and

c. making a more detailed breakdown in some cases.

2. It has not been possible to obtain additional data on petroleum diverted to civilian use.

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1935

HEADQUARTERS
AMG 5th ARMY
A.P.O. 464 U.S. ARMY
Finance Division

1st July 1944.

SUBJECT: Report of Finance Division for June 1944.

TO : SCAO, AMG 5th Army.

The practice of having each Provincial F.O. work with us from the start in his Province redounds both to the advantage of the Provincial team and to our own. For us in AMG 5th Army it means that turnover to the Province is greatly accelerated. Recently, we inaugurated the practice of having the Provincial F.O. make the advances to the communes and Post Offices (out of funds furnished him in bulk by the S.F.O.), so that that officer will have in his accounting all advances made, even those in the first phase.

Lt. Libero Leone, of the Italian Army, a permanent employee of Banca d'Italia was attached and employed in making investigations of the condition of the banks, including Banca d'Italia, in the Provinces traversed as far north as Rome. His reports have been useful to us, to the Banca d'Italia, Rome and to the Head Offices in Rome which have branches in the nearby provinces.

COMMUNAL AND POST OFFICE FINANCING

(A) Rome Province. In the period 5th June to 14th June, our Finance Officers covered all the communes of Rome Province in AMG 5th Army area (and some in 8th Army area) with results as indicated in the following tabulation:

Number of communes visited		52
Number to which advances were made		35
Total advances made	Lire.	1,797,000
Post Offices reopened (for financial agency services)		37
Number of Post Offices to which advances were made.		27
Total of such advances	Lire.	1,513,000

Full details were reported by letter of the Chief of Staff to the P.C. Rome Province on 15th June 1944. Copies of individual reports on each commune as written were sent to the Regional Finance Officer, Region IV and to the Provincial Finance Officer, Rome Province. The "first phase" financing to the communes generally covers the normal needs for the current month and the extraordinary requirements, including Ente Comunale Assistenza (ECA - relief), for a period of several weeks to a month, depending on the physical state of the commune, refugees present, etc. In only a few communes was the statement made that no funds were needed. In every commune, of course, the F.O. first requests a report of what funds the commune has on hand and what it expects to

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so that that officer will have in his accounting all advances made, even those in the first phase.

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The advances to the Post Offices are made to enable it to resume its financial agency functions, namely payment of salaries and pensions of state employees and "sussidi militari", or relief to needy families of men in the armed forces. Since 1932 funds for these purposes are advanced to Post Offices the people concerned are kept off the ECA relief rolls of the Commune.

(B) Viterbo Province. Our Finance Officer, jointly with the F.O. designate of Viterbo Province, covered the 38 communes of Viterbo Province in our area between the dates 13 June and 27 June. The results shown in tabular form are:

Number of communes visited		38
Number to which advances were made		22
Total advances made	Lire	2,359,000
Number of Post Offices reopened (for financial agency services)		33
Number of Post Offices to which advances were made		24
Total of such advances	Lire	1,823,000

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At least 13 communes reported no funds needed for the present. Unusually large advances were made to Viterbo (700,000 lire), Acquapendents (225,000 Lire) and Montefiascone (200,000 Lire) - the first two because of their extremely damaged condition; the other because of its large population including refugees.

Full details were reported to the P.C., Viterbo Province by letter of the Chief of Staff dated 28th June. Individual reports on each commune were made by the F.O.'s, as usual, and copies of each were sent to the Regional Finance Officer, Region IV, and the Provincial Finance Officer, Viterbo Province.

(C) Grosseto Province. Capt. Ramsey of this H.Q. and Lt. Rush, F.O. designate of Grosseto Province, began visiting towns in that Province on 20th June and have been located in Grosseto for greater speed in keeping up with the advance of the Corps in that area. By 30th June these F.O.s had visited all the communes in Grosseto Province with the exception of Isola del Giglio. They made two attempts to obtain water transport to that island but were unsuccessful. They will continue their efforts to reach it.

(D) Siena Province. Capt. Hickey, F.O. of this HQ. and Maj. Randall, F.O. designate of Siena Province, after consultation with the C.C.A.O. of C.M.F. began on 26 June visiting communes in Siena Province. Up to the present the following have been covered: Abbadia San Salvatore, Piancastagnaio and Radicofani. The F.O.s mentioned are continuing to visit Siena communes as the Corps S.C.A.O. gives permission.

(E) Livorno Province. Capt. F. A. Webb, F.O. designate of Livorno Province, reported to this H.Q. on 27th June for duty and was requested to proceed to Grosseto to join Capt. Ramsey there. These officers have been instructed to begin operations in Livorno Province as soon as the Corps S.C.A.O. so orders. It is expected that one or both of them will make a visit to Piombino and other southern communes on 1st July.

BANKS, CURRENCY AND AMGOT FINANCING.

Rome Province. The banks in Rome Province were closed by the posting of Proclamation No. 4. Immediately after the reopening of the banks in Rome City, a meeting was called at the Banca d'Italia, Rome, attended by officials of that bank and of the Rome banks which have branches throughout the Province and by the R.F.O. of Region IV and the S.F.O. Information was furnished to all parties of the status of the banks in the various communes as reported by the F.O.s in their reports on communes. The banks were instructed to determine the cash requirements of their branches. They were instructed that reopening must be effected in each commune simultaneously and that banks must help each other in the matter of setting up banking quarters where buildings and vaults were ruined. Wherever a bank was not to open with the others, a public statement explaining the circumstances was to be made. The banks were given passes for their inspectors to proceed to the various communes with their own transport to assure that buildings were rehabilitated or substitute offices found, that personnel was on hand, that necessary information was obtained regarding cash needs, and that the AMG policy was understood by the local banks. The carrying out of the reopening program in Rome Province was passed on to Region IV organization, as AMG 5th Army turned the province over.

Viterbo Province. In general the situation found in the communes in that banks

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Viterbo Province. In general, the situation found in the communes is that banks are virtually without currency, departing Fascists and the public in general having withdrawn their funds and exhausted the cash on hand. Supplies of cash from the larger centres were unobtainable for various reasons, among them the fact that the same situation held there - as in Rome, where Banca d'Italia former Head Office for Italy had only 2,500,000 lire cash when AMG entered Rome. Cash had to be brought up from Banca d'Italia Naples to refurnish it. Our base of supply of currency is now Rome, and consequently the matter of reopening banks will have to be handled with the Regional Finance Officer and the Finance Sub-Commission, ACC, in the picture, as the latter has charge of the policy as to the supply and distribution of currency at the Banca d'Italia.

Our F.O.'s assured the banks that an early reopening was our aim. The F.O.s delivered to each bank a copy of our brief form of Balance sheet (model A) on which each bank is requested to make a prompt report for the end of 1943, the end of March 1944 and the date of closing. Banks were requested to deliver their completed reports to the Banca d'Italia in Viterbo. A meeting was arranged for the Provincial F.O., the Regional F.O. and the S.F.O. of this H.Q. in Viterbo for 29th June to consider the data gathered and set plans for the reopening of the banks in the Province at the earliest possible date.

The S.F.O. on 20th June brought a new manager from Rome for Banca d'Italia, Viterbo, and also brought for them a supply of 10,000,000 lire cash from Banca d'Italia, Rome.

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When A.M.G. entered Viterbo the Bank had only 9,000,000 lire cash in its vaults. Under date of 18th June Banca d'Italia was instructed by letter to reopen its Royal Treasury Section.

Aprinted letter of instructions was delivered by the F.O.S to each bank, including the Banca d'Italia, and each Post office Savings Bank calling attention to the fact that Proclamation No. 4 permits it to operate the accounts of communal, provincial and state bodies, social insurance organizations and Consorzi. The same letter also instructed them to block certain accounts of Fascist organizations individuals, etc.

The matter of Amassi financing was discussed by the S.F.O. and P.F.O. with the officials of the Consorzio Agrario Provinciale in Viterbo. A letter of instructions was prepared for the P.C. addressed to the 5 banks in the Province which provided the financing last year instructing them to proceed with the financing in this current season on the same lines as last year. Copies of the letter were to be sent to the Consorzio and Banca d'Italia, and an estimate of cash required by the latter for the first four weeks was to be furnished. It is planned to request Rome to make shipments of lire currency to Viterbo for this and other purposes.

When Viterbo Province was turned over to the Regional Provincial team on 29th June the S.F.O. met in Viterbo with the P.F.O., Major Clarke of Region IV Finance Division and the officials of the Banca d'Italia, Viterbo.

After reviewing the information on hand it was decided to set 6th July as the tentative date for reopening the banks in the Provincial Capital announcing at the same time that the banks in the whole province will be ordered to resume operations one week later.

Grosseto Province. The Banca d'Italia was instructed by letter of the S.F.O. of 25th June to reopen its Royal Treasury Section. Two meetings have been held with the bank by S.F.O. and P.F.O. Grosseto Province. Reports are being received by it from banks throughout the Province on our balance sheet forms left with them by the F.O.s A pecularly difficult situation is presented by the fact that Monte dei Paschi di Soena, which does most of the province's banking with its 22 direct and 9 indirect branches, had sent its records and cash to its Head Office in Siena (City) which at this writing is still in enemy hands. A meeting of the banks at Banca d'Italia was called for Tuesday, 4th July at which the plans for reopening the banks will be discussed.

Banca d 'Italia has been instructed to report for each bank:

(a) the amount of securities the bank has on deposit with it;
(b) the amount of credit ("anticipazione") granted on such collateral;
(c) the amount of credit actually still available.
(d) any deposit balance the bank may have with Banca d'Italia.

Although Banca d'Italia, Grosseto had sent all security holdings (115,000,000 Lire face value) to its Siena affiliate, it indicated that its lines of credit to the banks would nevertheless be available.

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Banca d'Italia was instructed to estimate its currency requirements for:
(a) payment of interest and principal on the Italian State debt for June and July;
(b) financing of amassing for the next month;
(c) financing of deficits of communes, provinces and state offices for June and July;
(d) supplying of cash to banks for reopening.

1931

It is planned, as soon as this estimate is furnished, to call on Banca d'Italia, Rome for a shipment of currency to Grosseto to cover the requirements as indicated.

REVENUE

In the phase covered by AMG 5th Army Finance, activities regarding the Italian revenue system are largely confined to inquiries by the F.O. as to the status of the [illegible] Italian tax collecting machinery and instructions by him to the communal authorities and the esattori that all tax laws are to be enforced and all collections made. In the majority of cases communes are found to be fairly up-to-date, but an occational commune is found where taxes are in arrears due either to evacuation of population or widespread damage to property. The provincial and state revenue and monopoly situations are taken

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up in the Provincial Capital with the office of the Intendente and the Prefetto. In the provinces of Rome and Viterbo this work was quite properly left for the permanent Provincial F.O. In Grosseto contact has been established by Lt. Rush with the Intendente, who has been instructed to move his office back to the Provincial Capital. Some of the tax forms are missing due to bomb damage, and Lt. Rush was instructed to take the Intendente to Viterbo to endeavor to obtain a temporary supply.

AID TO BRITISH AND AMERICAN NATIONALS.

Forms for this activity are furnished by AMG 5th Army Finance to the Provincial F.O.s. No direct cases have been handled by us.

WAGES AND SALARIES.

The ACC wage increase order raising salaries of government employees 70%, issued in liberated areas in the south, has not been issued by AMG 5th Army during its jurisdiction in any of the provinces captioned in this report. It is our policy, so long as mobile conditions continue, to leave this to be done by the Provincial team for the area as a whole. Communes hiring extra help have been ordered to keep the scale of pay for common laborers at 50 to 60 lire per day.

CASH AND ACCOUNTING

The S.F.O. has brought from Rome a substantial amount of cash, out of which store are supplied AMG 5th Army Forward F.O.s, Provincial F.O.s designate (while they are attached to AMG 5th Army), the various sub-accountants in AMG 5th Army (also Corps) and the AMG expenditures of this Headquarters. As far as possible advances to communes are made by P.F.O.s so that the accounting is in their hands from the start, and our mobility is thereby increased. Accounts have been rendered to the Chief Accountant, Region IV. Upon my request for instructions as to June accounts, the Chief Accountant, ACC HQ has requested that we report also for June to the Chief Accountant, Region IV. This request has been passed on to the various sub-accountants in AMG 5th Army.

FORMS

Additional reprints have been obtained of various forms, and from these initial supplies Provincial F.O.s are furnished with their requirements.

/s/ R. B. Menapace
/t/ R. B. MENAPACE
Lt. Colonel,
Senior Finance Officer,
A.M.G. Fifth Army.

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APPENDIX C

BANKING STATISTICS

Table 1

Italian State Account at Banca d'Italia, Southern Italy
1 July 1943 through 31 May 1944
(millions of lire)

	Total Italian Gov't. territory	Total Military Gov't. Territory	Grand Total Liberated Italy
a. "Deficit" in State Account			
Total payments less payments on account of Buoni del Tesoro ordinari	26,019	8,667	34,686
Total receipts less receipts on account of B.T.O.	3,838	1,119	4,957
Excess of disbursements	22,181	7,548	29,729
b. How State "Deficit" was met			
Credit advanced by Banca d'Italia to State	11,092	3,761	14,853
Decrease in balance held by State at Banca d'Italia on 1 July 1943	2,700	1,241	3,941
Advances from AFA and AMG	3,550	30	3,580
Funds supplied from Rome	1,765	1,400	3,165
Net receipts in B.T.O. account	1,218	627	1,845
Increase in Contabilita' Speciale accounts	1,742	482	2,224
Increase in deposits of cash guarantees	114	7	121
Total	22,181	7,548	29,720

Table 2.

Investment in Buoni del Tesoro Ordinari
(millions of lire)

	1 July 1943 through 31 May 1944			May 1944		
	Issued	Paid	Net Investment	Issued	Paid	Net Investment
Salerno	81	71	10	27	7	20
[illegible]	131	169	-38	10	6	4
[illegible]				36	7	29

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to State	11,632	3,781	15,413
Decrease in balance held by State at Banca d'Italia on 1 July 1943	2,700	1,241	3,941
Advances from AFA and AMG	3,550	30	3,580
Funds supplied from Rome	1,765	1,400	3,165
Net receipts in B.T.O. account	1,218	627	1,845
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	1 July 1943 through 31 May 1944			May 1944		
	Issued	Paid	Net Investment	Issued	Paid	Net Investment
Salerno	81	71	10	27	7	20
Lucania	131	169	-38	10	6	4
Calabria	126	83	43	36	7	29
Puglia (less Foggia)	1,124	796	328	166	113	55
Sardinia	169	61	108	14	8	6
Sicily	2,755	1,831	924	634	711	-77
Campania (less Salerno)	1,389	706	685	360	56	304
Foggia	76	72	4	13	11	2
Campobasso	51	48	3	3	2	1
Total	5,902	3,837	2,065	1,265	921	344

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Table 3.

Cash Position of the
Banca d'Italia
(including AFA and AMF Accounts)
31 May 1944 (millions of lire)

Branch	Bank Notes	State Notes	AM Lire	BMA Pounds	Dollars	Emergency Italian currencies	Total
Matera	22	1	50	-	-	-	73
Potenza	114	5	91	-	-	-	210
Catanzaro	76	1	42	6	-	-	130
Cosenza	42	1	29	2	-	-	74
Reggio Calabria	72	4	59	7	-	-	142
Bari	193	32	123	16	-	-	364
Barletta	40	2	129	1	-	-	37
Lecce	36	7	14	1	-	-	58
Taranto	53	38	25	1	-	-	117
Salerno	235	10	255	2	-	-	502
Cagliari	94	-	10	-	-	-	104
Nuoro	20	1	15	-	-	2	38
Sassari	277	5	44	1	-	24	351
Agrigento	26	4	144	-	-	-	144
Caltanissetta	77	47	50	-	-	-	174
Catania	136	6	166	4	-	-	312
Enna	28	4	26	-	-	-	58
Messina	121	1	171	-	-	-	293
Palermo	297	12	375	-	-	-	684
Ragusa	5	1	23	-	-	-	29
Siracusa	8	1	74	-	-	-	83
Trapani	9	-	116	-	-	-	125
Campobasso	57	4	20	3	-	-	84
Foggia	32	3	123	1	1	-	160
Avellino	53	3	75	6	-	-	137
Benevento	59	8	76	1	-	-	144
Caserta	61	-	48	5	1	-	115
Castellamare	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Naples	367	2	741	6	1	-	1,117
GRAND TOTAL	2,627	208	3,104	63	3	26	6,031

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Barletta	40	2	129	1	-	-	37
Lecce	36	7	14	1	-	-	58
Taranto	53	38	25	1	-	-	117
Salerno	235	10	255	2	-	-	502
Cagliari	94	-	10	-	-	-	104
Nuoro	20	1	15	-	-	2	38
Sassari	277	5	44	1	-	24	351
Agrigento	26	4	144	-	-	-	144
Caltanissetta	77	47	50	-	-	-	174
Catania	136	6	166	4	-	-	312
Enna	28	4	26	-	-	-	58
Messina	121	1	171	-	-	-	293
Palermo	297	12	375	-	-	-	684
Ragusa	5	1	23	-	-	-	29
Siracusa	8	1	74	-	-	-	83
Trapani	9	-	116	-	-	-	125
Campobasso	57	4	20	3	-	-	84
Foggia	32	3	123	1	1	-	160
Avellino	53	3	75	6	-	-	137
Benevento	59	8	76	1	-	-	144
Caserta	61	-	48	5	1	-	115
Castellamare	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Naples	367	2	741	6	1	-	1,117
GRAND TOTAL	2,627	208	3,104	63	3	26	6,031

Table 4.

Banca d'Italia Credit Outstanding
Liberated Italy

	31 December 1942	31 December 1943	29 February 1944	31 March 1944	30 April 1944	31 May 1944
Rediscounts	846	604	473	453	243	186
Advances	951	1,525	917	796	837	887
Total	1,797	2,129	1,390	1,252	1,080	1,073

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Table 5.

Current Liabilities of the Banca d'Italia
29 February, 30 April, and 31 May 1944
(in millions of lire)

	by area				by type		
	29 Feb.	30 Apr.	31 May		29 Feb.	30 Apr.	31 May
Salerno	246	387	357	Due to banks			
Lucania	236	265	274	Current Accounts			
Calabria	656	533	658	Non-interest bearing	229	8	84
Puglia (less Foggia)	2,111	3,163	3,507	Interest bearing	5,856	9,693	12,483
Sardinia	998	1,253	1,332	Residual available on advances	2,647	3,003	3,108
Sicily	2,927	3,760	4,241				
Total Italian Government Territory	7,174	9,361	10,369	Sub-Total	8,732	12,704	15,675
Campania (less Salerno)	2,866	4,984	8,708	Due to Other Current Accounts			
Foggia	89	115	133	Non-interest bearing	754	1,109	2,839
Campobasso	69	140	139	Interest bearing	210	292	321
				Residual available on advances	502	495	514
Total AMG Territory	3,025	5,239	8,980	Sub-total	1,466	1,896	3,674
Grand Total Liberated Italy	10,198	14,600	19,349		10,198	14,600	19,349

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Total Italian Government Territory	7,174	9,361	10,369	Sub-Total	8,732	12,704	15,675
Campania (less Salerno)	2,866	4,984	8,708	Due to Other Current Accounts			
Foggia	89	115	133	Non-interest bearing	754	1,109	2,839
Campobasso	69	140	139	Interest bearing	210	292	321
				Residual available on advances	502	495	514
Total AMG Territory	3,025	5,239	8,980	Sub-total	1,466	1,896	3,674
Grand Total Liberated Italy	10,198	14,600	19,349		10,198	14,600	19,349

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Table 6.

Postal Savings
April 1944 (revised figures)
(thousands of lire)

	April (revised)				May			
	Postal Savings Bonds	Postal Savings Books	Current Accounts	Total	Postal Savings Bonds	Postal Savings Books	Current Accounts	Total
Agrigento	-27,399	870	9,860	-16,669	-	-	-	-
Caltanissetta	-10,081	741	4,047	-5,293	-4,634	1,048	3,945	-359
Catania	-38,772	2,111	-7,176	-43,837	-12,370	2,412	-9,043	-19,001
Enna	-3,969	-44	1,483	-2,530	-2,336	- -79	1,877	-538
Messina	-39,009	879	9,153	-28,977	-16,003	- -505	5,626	-10,882
Palermo	-20,311	n.d.	n.d.	-20,311	-	-	984	984
Ragusa	-10,944	n.d.	n.d.	-10,944	-	-	-	-
Siracusa	-27,723	933	1,018	25,772	-	-	-	-
Trapani	-7,767	-332	-1,537	-9,636	-	-	-	-
Bari	-8,116	-474	33,813	25,223	-	-	-	-
Brindisi	-1,708	348	10,654	9,294	1,659	-589	3,335	4,405
Lecce	-2,674	45	5,267	2,638	11,191	-732	14,695	25,154
Potenza	-3,433	3,186	-1,363	-1,610	-	-	-	-
Taranto	-2,413	1,085	8,932	7,604	3,059	-466	430	3,023
Cosenza	2,199	1,683	1,569	5,451	-3,682	1,126	-919	-3,475
Reggio Calab.	-4,220	1,884	125	-2,211	-3,181	1,834	-397	-1,744
Catanzaro	-4,692	2,600	3,098	1,006	-	-	-	-
Avellino	-2,690	-1,006	2,040	-1,656	-2,364	1,792	3,073	2,501
Benevento	329	270	-	599	-	-	-	-
Napoli	-7,004	11,124	1,032	5,152	-24,162	13,983	1,883	40,028
Salerno	-11,713	-2,163	4,097	-9,779	-3,132	5,936	116,695	119,499
Cagliari	1,175	8,434	4,142	13,251	-	-	15,146	15,146
Nuoro	-738	3,704	4,064	7,030	-	-	332	332
Sassari	871	4,899	9,363	15,633	-	-	17,362	17,362
TOTAL (24 Provinces.)	230,802	40,777	104,181	-85,844	-7,631 (16 Provinces)	25,760	144,732	169,861

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APPENDIX D

ALLIED FINANCIAL AGENCY

SCHEDULE TO STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD TO 31 MAY 1944
(expressed in lire)

( )=Red Figure

SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH	TO
I	NEW A.M. LIRA NOTES RECEIVED			
	As Notified to Washington	42,589,728,000	6,254,400,000	
	Shortages Revealed on Opening Boxes	(1,080)	(50)	
	Lire	42,589,726,920	6,254,399,950	
II	DEPOSITS BY AMG/ACC DIVISIONS			
	(a) Economic and Supply Division	557,069,071	418,134,974	
	(b) Economic and Supply Division - Deposits on Returnable Containers	17,914,299	12,254,187	
	(c) Public Health Division	24,974,318	13,773,960	
	(d) Legal Division (principally bail)	5,437,000	3,282,600	
	(e) Other Divisions	27,700	-	
	Lire	605,422,388	447,445,721	
III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD			
	(a) From Banks	182,800	-	
	(b) From British Paymasters	6,430,000	(6,430,000)	
	(c) From Others	1,318,640	(1,118,140)	
	Lire	7,931,440	(7,548,140)	

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APPENDIX D

ALLIED FINANCIAL AGENCY

TO STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE PERIOD TO 31 MAY 1944

(expressed in lire)

	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
RECEIVED			
hington	42,589,728,000	6,254,400,000	48,844,128,000
on Opening			
	(1,080)	(50)	(1,130)
Lire	42,589,726,920	6,254,399,950	48,844,126,870
DIVISIONS			
upply			
	557,069,071	418,134,974	975,204,045
upply			
Deposits			
e Cont-			
	17,914,299	12,254,187	30,168,486
Division	24,974,318	13,773,960	38,748,278
(prin-			
)	5,437,000	3,282,600	8,719,600
s	27,700	-	27,700
Lire	605,422,388	447,445,721	1,052,868,109
BANKS			
NTING			
LD			
	182,800	-	182,800
aymasters	6,430,000	(6,430,000)	-
	1,318,640	(1,118,140)	200,500
Lire	7,931,440	(7,548,140)	383,300

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SCHEDULE No. IV — DEPOSITS

	TOTAL TO 30 APRIL 1946	CURRENT
(a) By Controller of Property		
(1) Psychological Warfare Board-Film Section	916,103	92
(2) A.G.I.P.	10,000,000	
(3) Moharwas & Son	117,219	
(4) Changimal Co.	108,714	
(5) Goods Ex German Steamers	846,500	
(6) Unione Militare	2,400,000	(2,40
(7) Musan Felice	-	15
(8) Miscellaneous (under Lire 100,000 each)	455,023	
(b) By U.S. Army Units-See Sched. XXVIII, (e), (4)	60,744,602	5,25
(d) By Others		
(1) "A" Force	960,000	(1
(2) Command Paymaster No8 Com'd Pay Office, C.N.F.	283,505	(2
(3) Pasquale Esposito	168,600	
(4) Comitato Italiano Petroli	-	45,00
(5) Enemy Unit Funds	-	1,9
(6) Various (under Lire 100,000 each)	155,911	(1
Lire	77,096,177	50,62

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
r of Property			
cal Warfare			
Section	916,103	925,835	1,841,938
	10,000,000	-	10,000,000
Son	117,219	-	117,219
Co.	108,714	-	108,714
erman Steamers	846,500	-	846,500
itare	2,400,000	(2,400,000)	-
ce	-	154,435	154,435
ous (under Lire ch)	455,023	8,374	463,397
Units-See Sched. (4)	60,744,602	5,256,120	66,000,722
	960,000	(12,500)	947,500
aymaster No8 Com'd , C.M.F.	283,505	(243,775)	39,730
Esposito	108,600	-	108,600
Italiane Petroli	-	45,000,000	45,000,000
Funds	-	1,948,527	1,948,527
nder Lire 100,000 each)	155,911	(10,424)	145,487
Lire	77,096,177	50,626,592	127,722,769

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT M
V	PROCEEDS OF SALES IN ITALY OF SUPPLIES		
	(a) Economic & Supply Div.		
	(1) Supplies Imported or Drawn from Armies	470,325,838	296,867
	(2) Supplies Purchased Locally	4,981,228	1,842
	(b) Public Health Division		
	(1) Supplies Imported or Drawn from Armies	9,799,898	4,628
	(2) Supplies Purchased Locally	-	4
	(c) Agricultural Division		
	(1) Supplies Imported or Drawn from Armies	432,000	276
	Lire	485,538,964	303,619
VI	RECEIPTS IN RESPECT OF AMG/ACC REVENUE		
	(a) AFA Revenue		
	Interest Received from Banks	3,091,650	263
	Miscellaneous Receipts	545	-
		3,092,195	263
	(b) AMG Revenue) to close of	124,820,840	14,776
	(c) ACC Revenue) previous mth.	7,163,372	991
	(d) AMG/ACC Revenue received by AFA direct in prev.mth,alloc.in cur mth	54,566	(54
	(e) AMG/ACC Revenue received by AFA direct in current month	-	
	Lire	135,130,973	15,980
IX	CONTRA ACCOUNTS		
	Deposits for Remittances (AF Accounts):		
	(a) U.S. Dollars ($769,527 tot.to dt)	29,214,300	47,738,
	(b) Sterling (£9,164-5-8 total "date)	10,000	3,655,
	Lire	29,224,300	51,394,

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
ES IN ITALY			
& Supply Div.			
s Imported or			
rom Armies	470,325,838	296,867,336	767,193,174
s Purchased	4,981,228	1,842,900	6,824,128
alth Division			
s Imported or			
rom Armies	9,799,898	4,628,082	14,427,980
s Purchased Locally	-	4,500	4,500
ral Division			
s Imported or			
rom Armies	432,000	276,600	708,600
Lire	485,538,964	303,619,418	789,158,382
PECT OF AMG/ACC REVENUE			
nue			
Received from Banks	3,091,650	263,766	3,355,416
neous Receipts	545	-	545
	3,092,195	263,766	3,355,961
enue) to close of	124,820,840	14,776,132	139,596,972
enue) previous mth.	7,163,372	994,963	8,158,335
Revenue received by AFA			
n prev.mth,alloc.in cur mth	54,566	(54,566)	-
Revenue received by AFA			
n current month	-	2	2
Lire	135,130,973	15,980,297	151,111,270
S			
emittances (AF Accounts):			
lers ($769,527 tot.to dt)	29,214,300	47,738,478	76,952,778
(£9,164-5-8 total "date)	10,000	3,655,713	3,665,713
Lire	29,224,300	51,394,191	80,618,491

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOT
XII	A.M. STAMPS ISSUED TO POST OFFICE AND ON HAND			
	(a) A.M.Stamps issued to P.C.	21,254,000	1,020,000	
	(b) Balance on Hand	148,082,000	(1,020,000)	
	Lire	169,336,000	-	
XIII	PURCHASES IN ITALY OF SUPPLIES			
	(a) For Export to			
	(1) United States of America	35,385,989	14,026,109	
	(2) Great Britain	268,929,544	69,256,143	
	(3) North Africa	22,863,520	5,604,870	
	(4) Corsica	385,875	258,903	
	(5) Malta	86,730,222	50,127,505	
		414,295,150	139,273,530	
	(b) For Re-Sale in Italy	16,852,750	16,963,859	
	Lire	431,147,900	156,237,389	
XIV	STORAGE HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS & LOCAL SUPPLIES. +			
	(a) Emoluments of Civilian Personnel	7,655,413	4,612,632	
	(b) Repairs to Warehouses and Approach Roads.	469,735	847,527	
	(c) Rent of Warehouses	2,264	500	
	(d) Transport and Shipping Charges	8,807,885	4,293,204	
	(e) Other Expenses	464,815	2,110,050	
	Lire	17,400,112	11,864,113	

+
In the Statement for the period to 30 April 1944, the total of Lire 17,400,112 was included in "Disbursements in Respect of AMG/ACC Expenditure", as follows:-

AMG Expenditure - Lire 8,485,990
ACC " - " 8,914,122

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
POST			
d to P.C.	21,254,000	1,020,000	22,274,000
	148,082,000	(1,020,000)	147,062,000
Lire	169,336,000	-	169,336,000
SUPPLIES			
of America	35,385,989	14,026,109	49,412,098
	268,929,544	69,256,143	338,185,687
	22,863,520	5,604,870	28,468,390
	385,875	258,903	644,778
	86,730,222	50,127,505	136,857,727
	414,295,150	139,273,530	553,568,680
taly	16,852,750	16,963,859	33,816,609
Lire	431,147,900	156,237,389	587,385,289
SHIPPING EXPENSES			
PORTS, EXPORTS &			
ivilian Personnel	7,655,413	4,612,832	12,268,245
houses and Approach			
	469,735	847,527	1,317,262
ges	2,264	500	2,764
hipping Charges	8,807,885	4,293,204	13,101,089
	464,815	2,110,050	2,574,865
Lire	17,400,112	11,864,113	29,264,225

the period to 30 April 1944, the total
s included in "Disbursements in Res-
diture", as follows:-
- Lire 8,485,990
- " 8,911,122

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOT
XV	ADVANCES			
	(a) To Italian State Treasury, Armed Forces & State Insts.	4,575,905,376	31,832,933	
	(b) To Provinces	492,429,665	(4,170,000)	
	(c) To Communes	1,182,808,593	20,007,690	
		6,251,143,634	47,670,623	
	(d) To Others			
	(1) Items included in Sub-Accountants' Reports not yet allocated pending receipt of proper vouchers or more complete informat'n	3,602,484	1,188,853	
	(2) Advisory Council for Italy	650,000	913,992	
	(3) Library of Congress - for purchase of books	211,134	92,056	
	(4) Societe Aquedotto - Napoli	3,000,000	-	
	(5) Senotoda Caputa	1,000,000	-	
	(6) Villa Rosa Mental Hospital	1,000,000	-	
	(7) Casa della Madre e del Bambino, Principessa Maria Gabriello - Ischia	100,000	-	
	(8) Miscellaneous Advances under Lire 100,000 each	356,621	4,341	
	Lire	6,261,003,873	49,869,865	
XVI	LOANS			
	(a) To Banks	5,320,000	(2,320,000)	
	(b) To Others	960	-	
	Lire	5,320,960	(2,320,000)	
XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES			
	(a) Remittances from United States of America	Lire 4,246,000	9,182,450	

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
reasury,			
te Insts.	1,575,905,376	31,832,933	1,607,738,309
	492,429,665	(4,170,000)	488,259,665
	1,182,808,593	20,007,690	1,202,816,283
	6,251,143,634	47,670,623	6,298,814,257
in Sub-Account-			
ct yet allocated			
of proper vouch			
plete informat'n	3,662,484	1,128,853	4,790,987
l for Italy	650,000	913,992	1,563,992
ress - for			
ks	211,134	92,056	303,190
to - Napoli	3,000,000	-	3,000,000
	1,000,000	-	1,000,000
al Hospital	1,000,000	-	1,000,000
e e del Bambino,			
ia Gabriello -			
	100,000	-	100,000
dvances under Lire			
	356,621	4,341	361,312
Lire	6,261,063,873	49,869,865	6,310,933,738
	5,320,000	(2,320,000)	3,000,000
	960	-	960
Lire	5,320,960	(2,320,000)	3,000,960
R ITALY ON ACCOUNT			
ALLIED COUNTRIES			
United States of			
Lire	4,246,000	9,182,450	13,428,450

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SCHEDULE No. XVIII

PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS

	TOTAL TO 30 APRIL 1944	CURRENT MONTH
(a) Emergency Financial Assistance to		
(1) U.S.Nationals	2,258,620	666,100
(2) British "	1,152,550	305,400
(3) Greek "	49,300	-
(4) Yugoslav "	174,505	-
(5) French "	97,060	-
(6) Polish "	98,675	-
(7) Canadian "	8,000	-
(8) Czechoslovak "	27,535	-
(9) Belgian "	17,930	-
(10) Russian "	11,200	-
(11) Columbian "	1,800	-
(12) Brazilian "	18,000	-
(13) Norwegian "	3,000	-
(14) Netherlands "	9,700	-
(15) Iceland "	7,100	-
(b) Expenses in connection with Refugee Camps	247,271	556,530
(c) Payments to Allied Nations Missions		
(1) Czechoslovak Military Mission	150,000	45,000
(2) Norwegian Military Mission	76,000	44,000
(3) Polish Military Mission	954,000	20,000
(4) Royal Yugoslav Military Mission	400,000	-
(5) Belgian Military Mission	8,000	5,000
(6) Netherlands Mission	115,000	70,000
Lire	5,885,246	1,712,030

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
NT OF SUBJECTS			
ncial Assistance to			
ia	2,258,620	666,100	2,924,720
	1,152,550	305,400	1,457,950
	49,300	-	49,300
	174,505	-	174,505
	97,060	-	97,060
	98,675	-	98,675
	8,000	-	8,000
k "	27,535	-	27,535
	17,930	-	17,930
	11,200	-	11,200
	1,800	-	1,800
	18,000	-	18,000
	3,000	-	3,000
"	9,700	-	9,700
	7,100	-	7,100
onnection with Refugee	247,271	556,530	803,801
llied Nations Missions			
k Military Mission	150,000	45,000	195,000
ilitary Mission	76,000	44,000	120,000
tary Mission	954,000	20,000	974,000
lav Military Mission	400,000	-	400,000
itary Mission	8,000	5,000	13,000
Mission	115,000	70,000	185,000
Lire	5,885,246	1,712,030	7,597,276

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH	TO
XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.			
	(a) Payments in Respect of Italian Refugees	48,440	2,762,827	
	(b) Emergency Financial Assistance Payments to Other than Allied Nationals			
	(1) Albanian Nationals	16,633	-	
	(2) Egyptian "	1,200	4,000	
	(3) Italian ex Yugoslav "	4,000	-	
	(4) Lettonian "	5,700	-	
	(5) Paraguayan "	4,500	-	
	(6) Peruvian "	2,000	-	
	(7) Swedish "	1,200	-	
	(8) Swiss "	600	-	
	(9) Austrian Jewish "	18,200	-	
	(10) German Jewish "	19,320	-	
	(11) Stateless "	29,400	-	
	(12) Unknown "	24,685	16,000	
		127,638	20,000	
	Lire	176,078	2,782,827	

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
E TO ITALIAN			
T ITALIAN			
spect of			
es	48,440	2,762,827	2,811,267
ncial Assist-			
to Other than			
ls			
ionals	16,833	–	16,833
	1,200	4,000	5,200
goslav "	4,000	–	4,000
	5,700	–	5,700
	4,500	–	4,500
	2,000	–	2,000
	1,200	–	1,200
	600	–	600
ish "	18,200	–	18,200
h "	19,320	–	19,320
	29,400	–	29,400
	21,685	16,000	40,685
	127,638	20,000	147,638
Lire	176,078	2,782,827	2,958,905

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH
XX	ADVANCES TO ALLIED ARMED FORCES		
	(a) To American Army		
	(1) Paid in Lire	11,740,808,000	2,122,400,000
	(2) Paid in Yellow Seal Dollars ($ 1,505,300, total to date)	150,530,000	-
	(b) To American Navy		
	(1) Paid in Lire	190,766,000	-
	(2) Paid in Yellow Dollars ($438,000, total to date)	21,200,000	22,000,000
	(c) To British Army		
	(1) Paid in Lire	7,923,651,830	1,882,948,000
	(2) Paid in B.M.A. Pounds (£ 2,002,600-15-6, total to date)	761,040,310	40,000,000
	(d) To British Navy		
	(1) Paid in Lire	14,032,000	13,200,000
	(2) Paid in Francs (Fcs. 15,915 total to date)	31,830	-
	(e) To Royal Air Force		
	(1) Paid in Lire	14,035,000	4,000,000
	(2) Paid in Francs (Fcs. 1,319,844, total to date)	2,639,688	-
	(f) To French Armed Forces		
	(1) Paid in Lire	2,486,568,000	500,541,000
	Lire	23,306,103,458	4,585,692,000

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
ARMED FORCES			
NY	11,740,808,000	2,122,400,000	13,863,208,000
ow Seal Dol- 5,300, total	150,530,000	-	150,530,000
VY	190,766,000	-	190,766,000
ow Dollars otal to date)	21,200,000	22,600,000	43,800,000
V	7,923,651,830	1,882,948,000	9,806,599,830
f. Pounds -15-6, total	761,040,310	40,000,000	801,040,310
CY	14,032,800	13,200,000	28,032,800
ces (Fcs. 15,915 e)	31,830	-	31,830
Force	14,035,000	4,000,000	18,035,000
ces (Fcs. otal to date)	2,639,688	-	2,639,688
d Forces	2,486,568,000	500,541,000	2,987,112,000
Lire	23,306,103,458	4,585,692,000	27,891,795,458

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SECRET

SCHEDULE No. XXI

DISBURSEMENTS IN RESPECT OF AMG/ACC

	TOTAL TO 30 APRIL 1944	CURRENT MONTH
EXPENDITURE		
(a) AFA Expenditure		
Emoluments of Civilian Personnel	107,386	2,810
Motor Tnspt.-Maintenance of Vehs.	760	-
Other Adm. Expenses		
Printing & Stationery	35,496	3,290
Maintenance of Offices	4,410	-
Maintenance of Office Equipment	1,905	-
Sundries	1,284	-
Total, Other Admin. Expendit.	43,095	3,290
Special Expenditure		
Purchase of Office Furniture and Equipment	94,799	900
Reconditioning of Offices and Billets	51,590	6,800
Total Special Expenditure	146,389	7,700
Financial Expenditure		
Interest Paid to Banks	4,555,087	6,748
Bank Service Charges	408,333	-
Total Financial Expenditure	4,963,420	6,748
Total AFA Expenditure	5,261,090	20,548
(b) AMG Expend.(to close of prev.mth)+	38,743,982	6,038,203
(c) ACC Expend.(to close of prev.mth)+	14,151,120	6,868,134
(d)AMG/ACC Disbursements made by AFA, direct in previous month, allocated in current month	2,533,832	(2,533,832)
(e)AMG/ACC Disbursements made by AFA, direct in current month	-	10,855
Lire	60,689,984	10,403,900

+ See Schedule No. XIV

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
RESPECT OF AMG/ACC			
ure			
Civilian Personnel	107,386	2,810	110,196
aintenance of Vehs.	760	-	760
enses			
ationery	35,496	3,290	38,786
f Offices	4,410	-	4,410
f Office Equipment	1,905	-	1,905
	1,284	-	1,284
Admin. Expendit.	43,095	3,290	46,385
iture			
ffice Furniture			
	94,799	900	95,699
g of Offices			
	51,590	6,800	58,390
l Expenditure	146,389	7,700	154,089
nditure			
l to Banks	4,555,087	6,748	4,561,835
Charges	408,333	-	408,333
ial Expenditure	4,963,420	6,748	4,970,168
xpenditure	5,261,050	20,548	5,281,598
(to close of prev.mth)+	38,743,982	6,038,203	44,782,185
(to close of prev.mth)+	14,151,120	6,868,134	21,019,254
rsements made by AFA, evious month, allocat- t month	2,533,832	(2,533,832)	-
rsements made by AFA, rrent month	-	10,855	10,855
Lire	60,689,984	10,403,908	71,093,892

No. XIV

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Declassified E.O. 12356 Section 3.3/NND No. 785016

SECRET

SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH
XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY		
	(a) U.S. Delegation	-	159,234
	(b) British "	-	82,527
	(c) Russian "	-	82,962
	(d) Yugoslav "	-	84,350
	(e) Greek "	-	35,741
	(f) French "	-	41,194
	Lire	-	486,008
XXVII	CONTRA ACCOUNTS		
	Foreign Exchange Credits		
	(1) U.S. Dollars, ($ 769,527.78 total to date)	29,214,300	47,738,478
	(2) Sterling, (£ 9,164 - 5 - 8 total to date)	10,000	3,655,713
	Lire	29,224,300	51,394,191

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	1943 TOTAL TO 31 MAY 1944
DVISORY			
n	–	159,234	159,234
	–	82,527	82,527
	–	82,962	82,962
	–	84,350	84,350
	–	35,741	35,741
	–	41,194	41,194
Lire	–	486,008	486,008
redits			
,			
8 total to date)	29,214,300	47,736,478	76,952,778
– 8 total to			
	10,000	3,655,713	3,665,713
Lire	29,224,300	51,394,191	80,618,491

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SECRET

SCHEDULE No. XXVIII		TOTAL TO 30 APRIL 1944	CURRENT MONTH
	CASH ON HAND & IN BANKS AT END OF PD. (Includg. Mut.&Unfit A.M.Lire Notes C/H)		
	(a) Current Cash-Lire	883,233	(484,413)
	(b) Reserve Cash-Lire	11,415,320,000	1,861,400,000
	(c) Bank Current Accounts-Lire		
	Banco di Sicilia	466,905,116	(52,691,383)
	Banca d'Italia	886,522,273	360,675,248
	Banco di Napoli	65,684.157	(25,065,285)
	Credito Italiano	55,085	7,724,135
	Banca Commerciale Italiana	3,308,990	5,200,620
	Total, Bank Current Accounts	1,422,475,621	303,843,635
	Total Lira Funds	12,838,678,854	2,164,766,622
	(d) Non Lira Currency C/H or in Bks		
	(1) Yellow Seal Dollars, ($ 1,515,608.31 total to date)	141,169,893	10,390,938
	(2) B.M.A. Pounds, (£ 573,194-16-5 total to date)	151,655,521	77,622,408
	(3) Maltese Pounds	56,050	(56,050)
	(4) Tripolitanie Lire	70,850	(70,850)
	(5) Francs	12,064	(12,064)
	Total Non Lira Currency	292,964,378	87,874,382
	(e) Other Balances with Banks		
	(1) Bank of Italy No.2 Account+	200,000,000	1,400,000,000
	(2) CAS Rome Ltr of Credit A/C+	-	500,000,000
	(3) Funds Deposited with Italian Banks for Remittance Payments	-	65,091,541
	(4) Funds Deposited by U.S. Army Units - See Sched. IV (b)	60,744,602	5,256,120
		260,744,602	1,570,347,661
		13,392,387,834	4,222,988,665
	MUTILATED AND UNFIT A.M.LIRA NOTES ON HAND	8,522,513	(2,053,665)
	Lire	13,400,980,347	4,219,995,000

+ Items (c), (1) & (2), above together = Item No.7 on the Statement

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
S AT END OF PD.			
.Lire Notes O/H)	883,233	(484,413)	398,820
	11,415,320,000	1,861,408,000	13,276,728,000
nts-Lire			
	466,905,116	(52,691,383)	414,213,733
	886,522,273	368,675,248	1,255,197,521
	65,684,157	(25,065,285)	40,618,872
	55,085	7,724,435	7,779,520
Italiana	3,308,990	5,200,020	8,509,010
nt Accounts	1,422,475,621	303,843,035	1,726,318,656
	12,838,678,854	2,164,766,622	15,003,445,476
C/H or in Bks			
lars,			
total to date)	141,169,893	10,390,938	151,560,831
total to date)	151,655,521	77,622,408	229,277,929
	56,050	(56,050)	-
re	70,850	(70,850)	-
	12,064	(12,064)	-
	292,964,378	87,874,382	380,838,760
urrency			
th Banks			
o.2 Account+	200,000,000	1,400,000,000	1,600,000,000
Credit A/C+	-	500,000,000	500,000,000
with Italian			
tance Payments	-	65,091,541	65,091,541
by U.S. Army			
ed. IV (b)	60,744,602	5,256,120	66,000,722
	260,744,602	1,970,347,661	2,231,092,263
	13,392,307,834	4,222,988,665	17,615,376,499
A.M.LIRA	8,592,513	(2,993,665)	5,598,848
Lire	13,400,980,347	4,219,995,000	17,620,975,347

2), above together = Item No.7 on the Statement of Receipts & Disbursements

APPENDIX E

Remittance Lists From U.S.A. and Sterling Area

Up to 31 May 1944

1. Lists Submitted to Banco di Sicilia	Amount	No. of items
(a) U.S. Dollar Remittances		
American Express Co., New York	$163,597.50	4996
Amalgamated Bank of New York, New York	274	14
Apostolic Delegate	25,965.50	2
Bank of America , San Francisco	38,892	212
Bank of the Manhattan Company, New York	1,992	64
Central Hanover Bank & Trust Co., New York	150	2
Central National Bank in Chicago	14,925.50	834
Continental Illinois Nat. Bank & Trust Co. of Chicago	3,692	126
Chase National Bank of the City of New York	6,682.50	132
Columbus National Bank, Providence, R.I.	325	14
Corn Exchange Bank & Trust Co., New York	3,655	106
Corn Exchange National Bank & Trust Co., Philadelphia	100	1
First National Bank of Boston, Boston	2,520.50	208
First National Bank of Chicago, Chicago	2,986.50	284
Irving Trust Company, New York	2,345	194
Liberty Title & Trust Co., Philadelphia	5,188.50	145
Manufacturers Trust Company, New York	89,280.50	2433
Manufacturers National Bank of Detroit	1,402	29
Marine Midland Trust Company of New York	5,696	142
Merchants Bank of New York	1,461	51
National Bank of Detroit	12,028.50	305
National Shawmut Bank of Boston	5,682	104
National City Bank of New York	63,534.25	1492
Pan American Trust Company, New York	5,650.50	230
Perara Company, New York	5,832	149
Philadelphia National Bank, Philadelphia	2,125	52
Public National Bank & Trust Co., New York	9,261.83	331
Stabile Bank & Trust Co., Boston	12,486	491
Sterling National Bank & Trust Co., New York	2,108.50	234
United States Lines, New York	2,331	269
Whitney National Bank of New Orleans	1,324	23
	$ 519,810.08	14,184
(b) Sterling Remittances		
Bank of England +	£ 9,164-5-8	578

+ In addition to the British Isles, Bank of England Remittance Lists include remittances from Canada, New Zealand, Argentina, Venezuela, and Switzerland.

2. Lists Submitted to Banco di Napoli U.S. Dollar Remittances		
American Express Co., New York	$176,480.20	3691
Amalgamated Bank of New York	375.00	10

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Irving Trust Company, New York	2,345	194
Liberty Title & Trust Co., Philadelphia	5,188.50	145
Manufacturers Trust Company, New York	89,280.50	2433
Manufacturers National Bank of Detroit	1,402	29
Marine Midland Trust Company of New York	5,696	142
Merchants Bank of New York	1,461	51
National Bank of Detroit	12,028.50	305
National Shawmut Bank of Boston	5,682	104
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Pan American Trust Company, New York	5,650.50	230
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United States Lines, New York	2,331	269
Whitney National Bank of New Orleans	1,324	23
	$ 519,810.08	14,184

(b) Sterling Remittances

Bank of England +	£ 9,164-5-8	578

+ In addition to the British Isles, Bank of England Remittance Lists include remittances from Canada, New Zealand, Argentina, Venezuela, and Switzerland.

2. Lists Submitted to Banco di Napoli

U.S. Dollar Remittances

American Express Co., New York	$176,480.20	3691
Amalgamated Bank of New York	375.00	10
Bank of America N/T and Savings Assoc.	13,357.00	253
Chase National Bank, New York	6,111.50	85
" " ", (Archbishop of Naples)	11,984.00	1922
Central Bank of Chicago	13,170.00	341
Continental Illinois N/B and Trust Co., Chicago	3,820.00	81
Corn Exchange Nat. Bank & Trust Co., Philadelphia	455.00	8
Mellon National Bank, Pittsburgh	7,815.00	128
National Bank of Detroit	3,975.00	58
Manufacturers National Bank of Detroit	2,630.00	43
National Shawmut Bank of Boston	630.00	12
Stabile Bank & Trust Co., Boston	8,915.00	243
	$249,717.70	4,964

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Admin. Sec.

8251

REPORT OF REGIONAL COMMISSIONER - REGION V

Reference 497/44/CA
No. 5

For month of June 1944
5 July 1944

TO: The Executive --- Regional Control and Military Government Section, Allied Control Commission, APO 394

SUMMARY

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11. REFUGEES AND PRISONERS OF WAR 5
a. Refugees 5
b. Prisoners of War 5
c. Visitors in forward areas 5
12. COMMUNICATIONS 6
a. Wire 6
b. Postal 6
13. FINANCE 6
(Separate Report)
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(Move to New Territory)

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APPENDIX C - Chieti
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APPENDIX E - Pescara
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This report is divided into two parts:
I - Brief, main report
II - Appendices A, B, C, etc, brief reports on the provinces.

I

1. GENERAL SITUATION - The destruction in forward areas other than roads is small except at Avezzano.
   a. Entry of Regional teams into provinces
   b. Plans for release of needed officers
   c. Italian army troop units in new provinces.

a. Entry of Regional teams into provinces. During the month of June Region V, which for five months had lavished its attention on Foggia Province, its two foster provinces of Campobasso and Chieti shielded from Regional control by AMG 5th Army by a "noli me tangere" policy, suddenly found five squeaking infant provinces dumped in her lap with what seemed the rather laconic delivery of, "Madam, they are yours! We are off to Rome!"

By the 22nd of June, Chieti, Pescara, Teramo and Ascoli-Piceno Provinces had been occupied by Regional teams. On the 1st of July, Macerata was invested by its team, which had waited for several days at Fermo for the signal to enter. The Ancona team is now at Fermo to await the enemy's evacuation of its capital and will move in promptly. The Pesaro team is now being alerted and will be moved to its assembly area in Ancona province on call.

b. Plan for release of needed officers. This Region is of the opinion that forward regions do not need groups of AMG officers in their front to cushion their initial contact with the new provinces. Regions, it appears, should be permitted to take over directly by their province teams new AMG territory as soon as the combat troops call for AMG or are ready to release control to AMG. Were such a policy instituted by ACC, some 150 badly needed officers would become available at once for more useful ACC or AMG services with provinces and prevent denial of control of their provinces by regions such as obtained in Campobasso and Chieti for the long period of eight months. Regions are prepared and competent to take over this, their proper function, directly from combat troops, and it is so recommended.

c. Italian army troop units in new provinces. These began moving into the principal cities of the new provinces shortly after Region V took over. The entry has upset local conditions, causing unnecessary movement and blocking essential traffic on the roads by much vehicle movement and by joy-riding with female elements of the towns. Also the presence of Italian troops has increased housing problems and in one capital they appropriated civilian officials' transportation to their own use.

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2. POLITICAL.
   a. General situation.
   b. National Committee of Liberation.
   c. Partisans.

1920

a. General conditions. The Region's territory is quiet politically. Many fascist officials of the new provinces fled with the enemy and new officials are being placed temporarily in the vacated posts.

b. National Committee of Liberation. In the new provinces, the Comitato Nazionale di Liberazione formed by representatives of the Communists, the Socialists, the Democrats, the Actionists and the Liberals took active political control upon the departure of the Germans and issued proclamations and set up a temporary civil

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government until the AMG officials arrived, when they retired. Leading Fascists who were found were jailed and new officials were named in their places.

b. Partisans. These elements are active in the new areas. The people are orderly and are returning to usual civilian occupations. While it has not been shown that the partisans exerted any combat pressure against the enemy, their influence upon the morale of the people was of value.

3. ECONOMIC RESOURCES AND SUPPLY

The supply plan as set up by 5th Army AMG for the large western province of Aquila was interrupted due to breaks in all communication arteries from their southwest stockpiles, to provincial distribution points. Therefore areas of Aquila were without sufficient food for a few days. The other new provinces were provided from the railhead at Ortona and the dump at Lanciano. Present operating plans are now feeding all people requiring food and no further difficulties are anticipated for the two remaining provinces to be turned over shortly upon departure of the Germans.

4. INDUSTRY AND AGRICULTURE.
a. The Harvest.
b. The granary of Aquila province.

a. The Harvest everywhere promises well, even in the much fought-over areas between Pescara and Orsogna, where I saw peasants re-entering deserted and destroyed farmhouses and villages and taking to the fields and reaping the grain, grasses and other fruits of the soil. There was no evidence anywhere of wanton destruction of growing grain. Harvesting will require more machines than are available; but, more important is an urgent need for naptha, petrol, benzine and lubricants for the harvest machines that are available in the provinces. This has been taken up with ACC by wire.

b. The granary of Aquila province. The Avezzano basin, a great, saucer-like depression in the mountainous regions of west central Aquila is one of the richest and most picturesque farming sections of Italy. This depression is 11 miles East and West by an average of seven miles north and south and contains 50,000 acres of excellent farm land, nearly all in wheat. The area has growing grain almost ready for harvesting. It is estimated that 80,000 quintali or 8000 tons will be produced this year; the ordinary yield is two or two and one-half quintali per acre in this region. Harvest machinery and fuel oil are needed to bring in a bumper crop. The army contemplates constructing an artillery range in the south central portion of this basin. Instructions have been issued to gather grain before the army moves in.

Binder twine continues to be a grave need in all provinces

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b. The granary of Aquila province.

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Binder twine continues to be a crying need in all provinces, both the old ones and the new ones in the north.

5. LABOR
   a. New Provinces.
   b. Foggia Province.

1919

a. In the new provinces, labor is being employed to the fullest extent and the principal handicap has been lack of tools - shovels, picks and carts or barrows - for workmen now engaged in rehabilitating destroyed or damaged towns.

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b. In Foggia, there is an excess of labor. The surplus is due to the excessive number of soldiers sent to that province for the harvest. This matter is covered in more detail under Appendix J - Foggia. Regional staff officers for labor and agriculture had recommended a maximum of 10,000 soldiers. However, independent action by the province obtained some 15,000 additional.

6. PUBLIC WORKS AND UTILITIES
   a. Utilities
   b. Roads

a. Utilities. The services of this section are in demand in all new provinces. All water, sewage, light and power units have been destroyed or badly damaged and one of the greatest problems of the region at present is restoring or repairing these essential items of public services. Mills have been destroyed or are without power to drive them.

b. Roads. All main roads and several secondary routes have been interrupted by blown bridges or vital breaks at critical points in their course. The transverse roads from western Italy into Region V's new territory have been interrupted both at the western entrances and at those to the south.

(1) The main transmountain highway, No. 5, from Rome to Avezzano, Aquila Province, is badly damaged by precision bombing by the Allied air forces at critical points along its course with numerous close misses which dug enormous craters in the nearby fields. This bombing also accounted for six to ten direct hits of large bombs on the beautiful Cathedral of Avezzano and its surrounding piazza. Some local suggested it must have been mistaken for a monastery. No. 5 between Rome and Avezzano is interrupted by heavy bomb craters in the regions of Arsoli, Carsoli and Tagliacozzo. This road is not passable for heavy road transport. Repairs will be undertaken by Region V.

(2) South roads into Aquila Province have been interrupted by blown bridges, by Army's removal of bridges and by mined sections. Details are cited in Appendix P, Aquila Province.

(3) The main coastal road of the Adriatic section, No. 16, is the main artery of supply for army forces on the Adriatic and for the nine eastern provinces of Region V. This road parallels the rail line from Foggia City and traverses every province of the Region on its eastern littoral except Aquila. This route has been interrupted at every stream crossing in five of the six new provinces which Region V is now administering; viz., Chieti, Pescara, Teramo, Ancoli-Piceno and Macerata. Diversions of long delay are now in use and traffic except light vehicles can move from south to north and vice versa, along its course. Laterals to the principal cities of the new provinces are now open, permitting traffic to all essential points.

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Avezzano, Aquila Province, is daily [illegible] by precision bombing of the Allied air forces at critical points along its course with numerous close misses which dug enormous craters in the nearby fields. This bombing also accounted for six to ten direct hits of large bombs on the beautiful Cathedral of Avezzano and its surrounding piazza. Some local wag said it must have been mistaken for a monastery. No. 5 between Rome and Avezzano is interrupted by heavy bomb craters in the regions of Arsoli, Carsoli and Tagliacozzo. This road is not passable for heavy road transport. Repairs will be undertaken by Region V.

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(4) The transregional highway No. 5 to Popoli and No. 17 to Aquila, from Pescara on the sea to Aquila City and Avezzano has been repaired and is in excellent condition despite the damage by bomb craters. I rate it a high-speed road, one of the best in Italy.

(5) Interior roads from north to south within the provinces have been interrupted by bombing and blown bridges, but passable detours exist and travel is possible in military vehicles of power, not overloaded.

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7. CIVIL TRANSPORTATION.
   a. Road transport.
   b. Schooner transport needed.

a. During the month of June, Region V received 108 one and one-half ton U.S. trucks and 100 trailers and eight 1½-ton diesel trucks. These allotments were divided as follows: Foggia Province received one half of the number and the remainder were apportioned, 10 to Chieti, 10 to Pescara, 10 to Aquila, 6 to Teramo and 10 to the truckhead company at Pescara. With full usage, these should meet the present needs of these provinces. New provinces yet to be provided with vehicles will require approximately 68 more, as follows: Teramo 6, Ascoli 10, Macerata 10, Ancona 10, Pesaro 10. These may be drawn from Foggia, provided the harvest does not require all of them. Maintenance is improving as a result of the region's taking over its own repairs. The greatest shortage now is individual sets of tools for the vehicles. Tires are badly worn and replacements will soon be required.

b. Schooner transport needed. Sea traffic on the Adriatic will materially help Region V meet its supply problems and lessen the heavy demand on rails and trucks to and from Ortona, the railhead. Arrangements are in progress for opening the following ports: San Benedetto, for traffic to the north - this harbor has been dragged of mines and will not be required by the Navy - and Pescara for the central area. The latter harbor is now blocked by a sunken dredge which should be pulled out into deeper water or salvaged by raising it. Either method would open the channel entrance. The Region also has under plan the matter of raising some 37 small power schooners and fishing vessels in addition to some 15 other sunken sailing schooners, the bulk of which can be repaired for sea service. Region V can employ two full-time power schooners of 150 to 500 tons and three smaller ones to meet its supply needs at this stage of operations. All staples from southern Italy - salt, fertilizer, flour, oil, gas, petrol and lubricants - can readily be transported by schooner.

8. PUBLIC SAFETY
   a. Black Market.
   b. Theft of military vehicles.
   c. Italian police.
   d. Crime.
   e. Civil defense
   f. Italian courts.

a. Black Market activities are receiving less attention by police due to the reduction in police officers. Totally inadequate sentences by military courts for soldiers and officers convicted of long-time operations tends to create in soldiers a lack of appreciation of the gravity of these offenses. Vehicles from Rome Province have been apprehended in Region V, making purchases of food and other items without authority of ACC.

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b. Theft of military vehicles continues to be one of our most difficult problems to combat, since in nearly every case the thief is a soldier who either wrecks the vehicle when he has completed his journey or abandons it along the roadside, where it is at once cannibalized by the first military unit reaching it. Police should be instructed periodically to halt all military vehicles and check travel orders, drivers' licenses and authority of use of the military vehicles. When this policy is inaugurated, soldiers will be reluctant to steal vehicles for joy-riding.

c. Italian police are improving in the manner of performance of their duties directly in proportion to the interest, inspection and exaction to duty held by the Allied military police - officers and men. For general police and guard duty, they are superior to the Italian army troops

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d. Crime among civilians is below normal. Troop crime continues at a high level. There have been incidents reported of partisans engaging in crime; one British officer has been reported killed and another robbed of personal possessions and his arms.

e. Civil Defense system instituted in Foggia Province will be extended to other provinces by setting up a force of wardens, rescue squads and F.A.P.'s.

f. Italian courts. This subject is covered in a special report of the Legal section.

9. PUBLIC HEALTH
   a. General conditions
   b. Hospital Admissions system.

a. General. Health throughout the Region is generally good. Special matters are covered in Appendixes A to F on each Province. One case of small-pox has been reported in Campobasso Province and measures have been taken by the region to prevent spread of the contagion.

b. A modification in the present system of admission to Italian hospitals is urged. In nearly all civilian hospitals in the new territory, the prevailing system allows the operating surgeon 65% of the cost of the hospitalization. This is an evil practice which should be curtailed at once. Cases are reported of patients who can pay and who have minor stomach troubles being placed under operation for appendicitis in order that the surgeon may collect his 65% fee.

10. EDUCATION

(See appendices for activity in each province)

11. REFUGEES AND PRISONERS OF WAR
   a. Refugees
   b. Prisoners of War
   c. Visitors

a. Refugees. The number of refugees passing through the various centers has been far less than anticipated. Consequently a number of the collecting points should be closed. At Foggia the main camp handled approximately 3000 during the month. Maj White has been sent to Termo with a view to recommending a location for new forward collecting points. Campobasso stations will be reduced; the number now passing through is about four a day. In the forward areas the Region will set up at least one station for each province, generally at the provincial capital - Chieti, Pescara, Teramo, Ascoli and Macerata. Many persons who reach the present camps are really not refugees but Italians who use this means to travel to other places in Italy and to obtain food and transport en route. A more careful screening forward

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(See appendices for activity in each province)

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a. Refugees
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c. Visitors

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b. Prisoners of War. Large numbers of prisoners of war are filtering south into Regional territory from enemy lines. No adequate preparations have been made for these, who seek out AMG C.A.O.'s for food and lodging. I have authorized Provincial Commissioners to draw up to 1000 rations to meet demands on them for feeding prisoners of war. Transportation to vetting points also becomes a problem for the provinces. 1916

c. Visitors in forward areas. Numbers of military visitors on sight-seeing trips and "old-home week" journeys are causing C.A.O.'s in advanced areas considerable anxiety. The visitors are principally soldiers in military cars with passes from unit commanders for week-end visits to alleged friends in nearby areas but find themselves

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adrift in remote areas at scores or hundreds of kilometers distant for the point authorized. They arrive without gas and food and have to be serviced by C.A.O.'s from the Region's very meagre gas supply and fed from rations that the C.A.O's can ill afford to give. Troop organization commanders should be asked to co-operate in ANO problems of civil administration by not giving passes for overnight stays or long journeys into unauthorized territory.

12. COMMUNICATIONS.
a. Wire
b. Postal

a. Wire communications are generally inadequate except for barest military necessities. Additional lines and "cut ins" can be constructed only after a long period has been spent in the territory. At present communications can be had from Naples to Campobasso to Vasto to Pescara and Chieti in the Region. From these points communication is by motorcycle messenger or supply transport.

b. Postal service for official civilian mail and bank service has been in operation in Foggia province for some time; this service has now been extended to Campobasso and will be set up shortly in Chieti. The Region now has a postal officer on temporary duty working on this plan.

15. FINANCE.

(See special report of Finance Section)

14. PROPERTY CONTROL

The Property control officer has been sent to Advance Headquarters of the Region at Pescara to look into Property control matters for the new territory.

15. ADVANCE ECHELON of Region V Headquarters will open at PESCARA City, Prefettura building, at 12 noon 6 July 1944. See Communications.

APPENDIXES A, B, C, D, E, F

(One for each province occupied)

F. L. Whitley

F. L. WHITLEY,
Colonel, C. A. C.,
regional commissioner.

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Colonel, G. S. C.,
Regional Commissioner.

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APPENDIX A - Report on Province of Foggia

Politically, the status is quiet, there are no disturbances or unrest.

Weather continues good for harvesting, which is progressing at a satisfactory rate.

Supplies - Forty thousand sacks of 150,000 have arrived; more are needed.

Personnel - Additional officers for help in harvest promised by ACC failed to materialize.

Labor - There is an excess of from 8000 to 9000 civilian laborers now in Foggia Province, due to the excess number of soldiers sent to the province. Soldiers have arrived in more than sufficient numbers; many farmers are satisfied but some farmers resent the orders of the Provincial Commissioner to employ soldiers. In any event, soldier labor has prevented excessive demands of labor which might hamstring the farmer during the harvest. The region had originally recommended that 10,000 soldiers be brought in; this estimate was based on the best available advice. But the Provincial Commissioner by special arrangement with ACC had this raised to 25,000. Had the Regional staff been consulted on this matter, a better solution could have been obtained. Cancellation of the leave of the excess number of soldiers will be taken up at once.

Transport - The truck company at Foggia now has 100 vehicles. While this number is less than one-half of the number requested, by working the transport on a 24-hour basis and using grain ships for export, the harvest can be collected. The farmers feel that AMG transportation costs are excessive, especially the charge for return of empties, and are reluctant to call for this transport. The cost of threshing grain is about 50 lire a quintale, while transport costs per quintale are reported to amount to 40 lire. Adjustment of the charges by reduction of the rate or having the consorzio bear a portion of the cost as an emmasing charge is under consideration and is so recommended to higher authority.

Education - All schools which have been opened are now functioning. They are progressing satisfactorily.

APPENDIX B - Report on Campobasso Province

Political - No requests have yet been received for political meetings or for formation of political organizations. This province has been static for eight months under army control and has been only this month released to the Region. A giunta communale

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APPENDIX B - Report on Campobasso Province

Political - No requests have yet been received for political meetings or for formation of political organizations. This province has been static for eight months under Army control and has been only this month released to the Region. A giunta communale will be formed promptly in each of the important towns.

Food Supply - The supply has been satisfactory. However, failure of the railroad - due to Army demands - to deliver any supplies to Termoli railhead during the first 15 days of the month cut deeply into reserves. Olive oil has made its appearance, the first since last year. The wine supply is inadequate for civilian needs and the large military consumption.

Industry - Fishing has been put into operation and daily deliveries of fish are made to Campobasso town. One schooner and crew were lost during the month as a result of an explosion when a fuel tank was inspected with a lighted candle.

Police - The recent appointment of a new questore has made marked improvement in the public safety services of the province.

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Appendix B - Campobasso Province (continued)

Health is good. Malaria is under control. There was one case of smallpox during the month at Roccamandolfi; proper measures were taken.

Education - Schools have been opened in half of the communes. The remaining communes will have schools as soon as F. S. S. completes its survey. The summer vacation continues the long period of absence from school of children in the forward provinces.

Refugees - These continue to trickle through Venafro, Isernia and Campobasso, which cleared about 800 during June. Additional stations will be set up forward, at Termo, Teramo and Ascoli, and the nearer ones closed or reduced.

Property Control - Only minor holdings are located in Campobasso Province; they present no problems of consequence.

APPENDIX C - Report on Province of Chieti

Political - This province, like that of Campobasso, has been static for eight months under AMG 8 Army control. Giunte communali are in the process of being formed.

Food supply - Satisfactory.

Economic Supply - Gas, oil and petrol and lubricants are urgently needed for harvesting.

Health - Good.

Industry - Harvesting is continuing at a good rate. The bulk of the work is being done by hand and the yield is estimated as adequate to needs, provided threshing can be done at an early date.

Public Utilities - Light and power are out and efforts will be made at once to put some power into the province.

Roads - The main roads damaged by shells and bombs are being repaired and alternate routes constructed around destroyed bridges and culverts. The coast road is bad at river crossings, causing long delays in movements.

Railroad - No rail movement can be made above Ortona. It is impossible to replace all the destroyed bridges and culverts on the Ortona-Pescara line within a year.

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Railroad - No rail movement can be made above Ortona. It is impossible to replace all the destroyed bridges and culverts on the Ortona-Pescara line within a year.

Police - No problems are presented at present.

Prisoners of War and Refugees - Large numbers of prisoners of war are coming through the enemy lines. Inadequate preparation has been made for these, who are thrown on the AMG of the provinces to care for and to transport.

APPENDIX D - Report on Province of Aquila 1915

General - After the Aquila team entered its provinces, the army moved out its bridges on the main roads, so that the province was cut off from its main supply dumps at Venafro, Isernia and Sora. At Sora, the AMG dump was not approachable when the bridge at that point was removed.

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Appendix D - Aquila Province (continued)

Political - The present acting Prefect is unsatisfactory and a request has been made to have one furnished from the pool at Salerno.

Roads - No arterial highway was available for entry into the province from the south, where supply dumps were located. The Castel di Sangro-Sulmona road is impassable as bridges are out and road is mined throughout. Mule pack trains have been organized by the provincial AMG to carry in essential supplies for the area south of Sulmona. The Arce-Avezzano road is impassable; essential bridges were removed by the army. Construction of bypasses is going on and will be completed by the first week of July. The east-west road, Sulmona-Avezzano, is interrupted by blown-out bridges.

Supply problems are now being handled by the Region from the Pescara truckhead, with supplies transported direct to Sulmona and Aquila and to Avezzano by way of Aquila. Railhead supplies arrive at Ortona and are moved forward to truckhead points.

Health - Good.

Public Safety - No problems.

APPENDIX E - Report on Province of Pescara

General - The province team took over promptly upon departure of the enemy. Pescara city is badly shot up. Cellars were flooded by the enemy, then the water was cut off. Streets and roads were impassable with debris. There was no light nor power. Only a few refugees remained in the town. The roads and the beach were mined. Since arrival of the AMG team, streets have been opened, bomb holes are being filled, cellars drained and the city cleaned. Inhabitants are returning at the rate of 100 to 500 daily.

Food supply - This represents no problem. As all persons arriving in town know that they have no authority to be there, they have their food and take care of themselves.

Harvest - Appears good. Threshers are needed. There are no machines in the province. All grain cutting is by hand.

Health - There are two typhoid cases in the hospital. The principal type of cases handled are injuries from bombs or mines and accidents.

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Food supply - This represents no problem. As all persons arriving in town know that they have no authority to be there, they have their food and take care of themselves.

Harvest - Appears good. Threshers are needed. There are no machines in the province. All grain cutting is by hand.

Health - There are two typhoid cases in the hospital. The principal type of cases handled are injuries from bombs or mines and accidents.

Sanitation Needs - One thousand shovels, 400 picks and 400 wheelbarrows to clean the city. All basements of buildings are flooded and the stagnant water presents a problem for control of mosquito breeding.

Power - All cut off. A 110-kw generator has been found and will be set up for AMG and civil government use. 1913

Warehousing - A good storage building for from 2000 to 3000 tons of grain has been found.

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APPENDIX F - Report on Province of Teramo

General - This province was occupied by the province team on 15 June, prior to the entry of spearhead officers and two days prior to the army's arrival. The enemy had evacuated the town on 15 June and the provincial officers fled with the enemy. The Committee of National Liberation had taken over and put their president, Giovanni Lorenzini, in as acting prefect. He was appointed temporarily and directed to submit a list of recommendations for provincial officers.

Public Safety - The partisans have been active in this province and are being disarmed and sent to their homes. Bands of partisans in the hills have collected some 4000 head of cattle which the enemy had driven north as he retreated. These are being sold to farmers and the money appropriated by the partisan group. The CC. RR. will be sent out to stop this practice and return the cattle to their rightful owners.

Harvest is coming on very well. There is an urgent need for gasoline, petrol, benzine and lubricants.

Food - There is enough flour, pasta and grain to feed the people until the new harvest is in. There are no fats or oil in the province. A proper quota of these should be sent in when allocated.

Public Utilities - Mills are generally operated by electricity, as strong efforts are being made to get power operating. Repairs are being made to water mains. These should be completed by the end of the first week of July.

Port - Giulianova can be put into operation and a schooner traffic opened.

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Public Utilities - Mills are generally operated by electricity, so strong efforts are being made to get power operating. Repairs are being made to motor mains. These should be completed by the end of the first week of July.

Port - Wharves can be put into operation and a saltcoaster traffic opened.

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Declassified E.O. 12356 Section 3.3/NND No. 785014

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

9 July 1944

SUBJECT: Report for the Month of June 1944, Region 3, ACC.

TO : Executive Commissioner, Allied Control Commission.

1. Political Reactions and Popular Opinion. Political activity on the part of the populace as a whole continued to subside. The average Italian seemed more interested in acquiring sufficient food and as much money as possible, than in politics. However, the better educated and more thoughtful Italians appeared to have faith in the recently formed Cabinet, except that in the Province of Salerno the resignation of Marshal Badoglio caused real sorrow among the people, even those who differed with him politically. The fall of Rome and the Allied advance north have come as a great relief to the people, many of whom appear to be convinced that the war is over so far as they are concerned. General morale rose in anticipation of the announced increase in rations, effective 1 July.

2. Local Government - Provincial.

a. Avellino. All six political parties have supported the government of the new Prefect. The Deputazione Provinciale, and the Giunte in all communes, were in full operation. Deliveries of food proceeded normally. Because of the plentiful supply of potatoes and fresh fruit, there was a decrease in Black Market activities. The Italian Bar was reorganized on democratic principles. There was no increase in crime. Public health was excellent.

b. Benevento. Giunte have been formed in all but thirteen of the communes. Food supplies were satisfactory. Importation of potatoes from the Province of Naples was welcomed. The functioning of Italian police agencies and Italian courts was satisfactory. There was a decrease in Black Market activities.

c. Naples. All but five communes have Sindaci and Giunte functioning. Seven minor political meetings were held in the City of Naples and none in the rest of the province. There was little unemployment. Food was more plentiful, with noticeable reduction in price. 566,000,000 lire were advanced for State account. Civil Police were still below the minimum strength required. Prisons were overcrowded, but their administration was good.

d. Salerno. The Deputazione Provinciale was not yet formed at the

Cabinet, except that in the Province of Salerno the resignation of Marshal Badoglio caused real sorrow among the people, even those who differed with him politically. The fall of Rome and the Allied advance north have come as a great relief to the people, many of whom appear to be convinced that the war is over so far as they are concerned. General morale rose in anticipation of the announced increase in rations, effective 1 July.

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d. Salerno. The Deputazione Provinciale was not yet formed at the end of the month, but was expected shortly to be organized. Only 13 communes out of 145 have Giunte, because the Prefect has proceeded extremely slowly on this matter (apparently due to interference by members of the Italian State Government) and investigations of individuals for Giunta membership have been slow. With increased pressure from ACC on the Prefect, and after movement of the Government from Salerno, appointment of Giunte may be expected to proceed more rapidly. Every commune has a Sindaco and Secretary. The food situation reached satisfactory level, causing Black Market prices to tumble. Farmers in general have complained about the low price of grain.

3. Economic Resources and Supply.

a. Food Supply. The ration scale was increased for the month of June by 400 grams of canned meat. In addition, supplementary rations were supplied for heavy workers. Announcement was made of a further increase of rations for the month of July of 550 grams of pasta per week, the equivalent of an extra 100 grams of bread per day. Production of flour was disturbed because of insufficient receipts of grain.

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Plans were made for Sezione Provinciale Alimentazione to take over all mills, pasta factories and bonded warehouses and to purchase all wheat and imported foods.

b. Industries. Work on the reactivation of the Montecatini Chemical plant at Portici was continued and inquiries were instituted as to the possibility of its producing hydrochloric acid. A quantity of shoemaker's twine was distributed. The program of shoe salvage and distribution was extended. Two new warehouses were acquired, bringing the total to four. 708 tons of hemp and 5½ tons of silk were shipped to the United Kingdom and 700 tons more of hemp were ready for shipment.

c. Prices. Many cost analyses were made. The cost of living in the City of Naples and vicinity showed a downward trend.

4. Agriculture, Forestry and Fisheries.

a. Italian Organisations. The Regional Agricultural Officer, the head of the Italian Agricultural Department and the head of the Ufficio Provinciale Statistica Economia Agricoltura, together visited agricultural committees of communes at the rate of about nine per week, explaining the whole set-up and giving advice on any difficulties that had arisen.

b. Potatoes. Sixty shops in Naples were supplied with potatoes at a price of seven to eight lire per kilo. At the end of the month there was a large surplus of potatoes and every endeavor was being made to export such surplus to other provinces, large rail shipments being expected to commence on 10 July. Great difficulties were encountered in attempts to secure truck transport for the potato surplus.

c. Fruits and Vegetables. The Naples Market worked well, with prices lower and with ample supplies. However, demands from Rome, if not controlled, were expected to move prices up again.

d. People's Granary. Reports at the end of the month were good, particularly from the Province of Salerno.

e. Timber. Until completion of the grain harvest, the matter of timber cutting is in abeyance.

f. Fisheries. The Central Fishing Agency received quite a set-back with the arrest of its director and two inspectors for Black Market operations. Receipts of fish reached a new high of 3410 quintals from all markets.

5. Labor. There were a very few strikes of a minor nature, only one of which lasted more than one day, and what labor unrest occurred was due to comparatively unimportant causes. Workers were inclined to submit their disputes with employers to ACC for settlement. Workers realized that, with wage

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6. Public Works and Utilities.

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a. Electricity. The month showed consumption of electricity again to be lower than the allocated amount, as a result of strict rationing and careful examination of each individual application for current. A 5000 kilowatt-volt-ampere transformer being installed at Torre Annunziata was expected to be operating on 9 July.

b. Water. The water system for the City of Naples continued in fairly good condition. Work was completed on the pipe line from Riviera di Chiaia, Naples, to Bagnoli, permitting Pozzuoli also to draw water from this source.

c. Gas. Supply of coal for the Naples Gas Company presented some difficulties, inasmuch as coal for gas production is all imported. Supply of parts for machinery upkeep at the gas plant has also been difficult, because

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the machinery is of British manufacture and replacements can be had only from England.

d. Roads, Bridges and Sewers. At the end of the month 27 bridge repair or reconstruction projects and 58 road repair or maintenance contracts were in progress. Within the City of Naples two important road construction jobs were underway: repaving Riviera di Chiaia; and repair work on Via Stella Polare, where gas pipes, telephone cables, water mains, sewers, culverts, roadway, and reconstruction of a railway tunnel, will all be worked on simultaneously to as great an extent as possible. Of public works projects, sewers and drainage received first priority, and work of this type was practically completed in locations where there might have been danger of malarial conditions, in the City of Naples and vicinity.

e. Trams. Tram lines within the City of Naples and suburban tram lines running out of the city commenced operation.

7. Public Safety and Legal.

a. Civilian Traffic from Rome to Naples. Far too many cases occurred of civilians, and civilian vehicles, coming from Rome, either with or without ACC permits and for no justifiable reason. This included many individuals who formerly resided in Naples and returned only to find their homes requisitioned and occupied, whereas previous inquiry would have avoided this. Many civilian trucks came for the purpose of purchasing foodstuffs in the Naples area for sale at exorbitant prices in Rome, whereas such matters should have been arranged through Economics and Supply channels. I have requested through ACC Headquarters that this matter be properly coordinated by Rome Region and have directed a tightening up of road checks and the impounding of unauthorized vehicles within Region 3. It must be further considered that Region 3 has no allocated supply of gasoline for the return trip to Rome of vehicles that have come from there to Naples.

b. Civil Police. Civil Police organizations showed a further decrease in strength. Their cooperation was good and they continued to be reasonably efficient, although efficiency could have been increased by better provision of essential services and supplies. Nevertheless their morale is good.

c. Crime Conditions. The state of crime remained normal and there was no noticeable variation in crimes of violence. The Black Market situation eased somewhat. A small number of forgeries of Allied currency was reported.

d. Conduct of Allied Troops. Relations between Civil Police and Military Police were excellent. Conduct of Allied troops in general seemed far from good, because of far too much drunkenness and because of wrongful conduct on the part of some Allied soldiers, including cases of murder, rape, grievous bodily harm, aggravated assaults, robbery and larceny. United action on this situation is being taken by all law enforcement agencies.

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e. Licensing and Registration. Licensing of motor vehicles was placed in the hands of Italian Agencies.

f. Fire and Civil Defense. Fire and Civil Defense systems operated satisfactorily.

g. Prisons. Excess of admissions over releases was approximately 300 in June, compared with 983 in May. Prison population was 9700 of whom 3200 were awaiting trial.

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b. Black Market Control Section. A program has been developed for Black Market control, and cooperation with ACC organizations and other military units has been initiated with some success, operating on a case by case basis. Several important cases were developed or were under investigation. Lack of personnel is the serious handicap.

i. Allied Military Courts. The outstanding feature of the past month was the severe reduction in officers available to sit as Military Courts in the Province of Naples, a reduction to only 7 such officers from some 25 two months ago. The other three provinces continued unchanged with one Legal Officer each. This state of affairs caused a substantial change in policy and instructions were given that all offenses involving prostitution, violation of curfew, speeding, wrongful possession of Allied goods worth less than 10,000 lire, and offenses against certain Regional Orders, would be tried by Italian Courts unless the Judicial or Public Safety Officer should deem any such case sufficiently serious to warrant its being sent directly to a Superior Military Court. Cases tried in Allied Military Courts in Region 3 (excluding Province of Salerno) during the month were as follows:

	Summary Courts	Superior Courts	General Court	Total
Guilty	1232	50	5	1287
Not Guilty	35	6		41
TOTAL	1267	56	5	1328

Included in the above, was one Superior Court case involving hemp, which resulted in one accused being sentenced to seven years' confinement, a fine of 1,000,000 lire, and confiscation of his stock, and another accused being sentenced to five years' confinement and a fine of 500,000 lire.

j. Italian Courts. In the City of Naples, Italian Courts tried 6332 cases during the month, resulting in 5518 convictions and 814 acquittals. The total number of arrests by Italian Police in the City of Naples were 1338 during the month.

k. Regional Orders. Seven Regional Orders and seven Administrative Orders were issued during June, including an order repealing Regional Order 18, relating to prostitution.

l. Security. Close coöperation and exchange of information was maintained by the Regional Security Officer with FSS, CIC, OSS (X-2 Branch) and other security and intelligence agencies. A large number of investigations of civilians, including those for political appointments, were made.

8. Public Health and Welfare.

a. Prevailing Diseases. Aside from smallpox and venereal diseases, diseases were not present in significant numbers. Smallpox of mild character persisted, due to lack of interest on the part of civilians in taking advantage

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b. Sanitation. The activities of health committees in the communes continued to exercise a beneficial influence on sanitation. Analysis of samples of water from different parts of the Bay of Naples resulted in bathing being prohibited there except in certain places. A number of typical schools were visited

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during the month and some of them were found to be deplorable in lack of sanitary facilities and lack of hygiene training.

c. Milk. Plans for distribution of milk to the sick, to expectant mothers and to infants and nursing mothers, were in operation.

d. Medical Supplies. All provincial stores of medical supplies have been handed over to the Medici Provinciali.

e. Malaria Control. Satisfactory progress is reported, but less so in the Province of Salerno because of lack of transport and lack of interest in anti-larval work on the part of the Italian authorities.

f. Ordine dei Medici. A decision was reached as to the specific legislation and amendments necessary to be declared valid in order to vest the Ordine dei Medici with authority to carry out its functions of registration of qualified doctors and dentists, disciplinary powers, and advice on public appointments.

g. Welfare. 310,000 supplementary meals were issued through 20 kitchens. The Carminiello Refugee Camp was obtained for the use of that part of the population of the City of Naples that had persisted in living in air raid shelters. The probation and parole program for juvenile offenders progressed. Of 187 juvenile offenders on parole only one had to be confined again for bad conduct.

9. Education and Fine Arts.

a. Education. Much of the work done was a continuation of projects previously initiated. The Regional Education Officer is compiling a comprehensive report to assist the Education Sub-Commission in its program for survey of Italian education. Schools are now functioning in the northern part of the Province of Naples.

b. Fine Arts. 14,653,000 lire were authorized for the months of July, August and September, 1944, to be placed at the disposal of the Royal Superintendents of Monuments and Antiquities for projects in progress on 18 monuments and for the same period 7,210,000 lire were placed at their disposal for 15 new projects. Requisitions in two historical monuments required action of a protective nature.

10. Refugees. There was decreased activity with refugees and no serious problems arose.

11. Communications.

a. Road Transportation. Sixty out of 100 class 3 and 4 British 3 ton trucks loaned to the Region, were on the road at the end of the month. Spare parts for vehicles are hard to get. An average of 40 trucks of the Ufficio Trasporti are on night shift. The operations of the Ufficio Trasporti showed a gross profit for its first full month of 2,274,833 lire plus payment for

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b. Rail. For the first two weeks of June, ACC traffic was heavy and civilian bids had to be canceled. Tonnage bids for the month were 29,842 tons for ACC traffic and 424 tons for civilian traffic. A weekly average of 250 civilian bids was forwarded to the Regional Transportation Officer by the Capo Compartimento. 1890 ACC wagon labels were issued during the month.

c. Telecommunications. Peninsular Base Section refused permission for the next thirty to sixty days to install civilian telephone service in the City of Naples, because of shortage of cable pairs. Local telephone service for civilians was started at Pozzuoli, Torre del Greco, Torre Annunziata and Castellamare. Telegraph circuits were put in service from Naples to Portici, Resina, Torre del Greco and Torre Annunziata. Work is being done to secure telephone and telegraph circuits from Rome and from the south.

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d. Posts. Postal services were extended to the entire Provinces of Naples and Benevento, resulting in all of Region 3 being open for civilian postal business. The special service of 25 word message postcards to and from Rome, initiated by the Communications Sub-Commission, proved exceedingly popular. 315 bags of civilian and Prisoner of War mail were received from overseas and mail dispatched to overseas destinations amounted to 461 kilos of civilian mail and 1214 kilos of Prisoner of War mail.

12. Property Control. The Regional Controller of Property at the end of June had under control 318 pieces of real property, 44 business concerns, and 3225 other items of which 2983 were bank accounts. Property of nine Allied subjects, who are in the area, has been restored to them.

13. Finance.

a. Banks. Cash holdings decreased by withdrawal from Banca d'Italia for the North. Deposits increased to 16,100,000,000 lire. Arrangements were made to bring cash to Naples from branches of Banca d'Italia in the South for eventual shipment to newly liberated sections. Allied Financial Agency at Naples received Allied Military Currency in the amount of 4,494,400,000 lire, paid 3,687,528,000 lire to Allied Forces and transferred 3,456,840,000 lire to Allied Financial Agency at Rome.

b. Monopolies. The tobacco monopoly showed a further increase in production and sales, and a ration system was introduced throughout the Provinces of Avellino, Benevento and Naples. Stocks of salt were running low at the end of the month, with danger of shortage if bids for 3000 tons were not approved. Distribution of matches to the Region were insufficient to meet public needs, with no improvement foreseen for July. Small releases of alcohol were made for civilian use.

c. Revenue. Statements of direct and indirect taxes from October through June indicate good improvement.

d. Italian Government Bonds. Sales and exchanges for the month exceeded redemptions by 240,000,000 lire. Market prices of bonds were higher.

e. Re-opening of Bourse. Plans were made to re-open the Naples Bourse simultaneously with the re-opening of the Rome Bourse.

14. Personnel-General. On 20 June, Colonel John W. Chapman took over the charge of the Region from Colonel Charles Poletti, who proceeded to Rome. Reduction in the Region's strength, in officers and enlisted men and other ranks, continued throughout the month at an increasing tempo, and still continues, and it is thought fit to mention this here, as it will naturally have its repercussions on our existing system of administration.

John W. Chapman 1505

JOHN W. CHAPMAN,
Colonel, A.A.G.D.

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Financial Agency at Rome.

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Acting Regional Commissioner.

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SECRET

HEADQUARTERS REGION VII

ALLIED CONTROL COMMISSION

File Ref AVII/R/71 Date: 5 July 1944.

SUBJECT: Monthly Report, Region VII, June 44.

TO: Headquarters, Allied Control Commission. R.C. & M.G. Section. (Civil Affairs Branch).

Herewith monthly report, in quintuplicate, for the month of June 1944.

1. (a) Political Reaction and Popular Opinion. Political Situation. Another quiet month with no events of note to report except the formation of new branches of political parties in the communes. 4 Socialist, 2 Communist and 2 Christian Democrat in Catanzaro and 1 Socialist in Reggio. None reported from Cosenza.

2. Morale is high consequent upon the Normandy landing and the successes in and beyond Rome, plus the news of an increased bread ration. Fifteen of the more unsatisfactory sindaci in Catanzaro Province have been removed as a result of enquiries made by the Prefect into complaints received by him from individuals, and from various organisations.

3. Considerable dissatisfaction is expressed at the failure of the governmental committee of Catanzaro to dismiss certain fascists from office in governmental departments. Efforts to strengthen this committee have not met with complete success, though one change has been made. In Cosenza earlier work was more thorough and the position there, as in Reggio, is much better.

4. Demonstrations in celebration of the liberation of Rome took place throughout the Region. There were a few small untoward incidents; but on the whole everything passed off peacefully.

5. (b) Local Government - Provincial. The Reggio Deputazione Provinciale is now functioning and has held two meetings. At Catanzaro only a president and vice-president have been appointed. Nothing further has been done at Cosenza because the order was suspended by the Ministry: the Commissario Extraordinario is continuing his duties.

6. The Vice-Prefect there, however, states that he has prepared lists of names for nomination to the deputazione as well as for [illegible], and declares that the work of [illegible]

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Reduction in number of ration cards is continuing.

10. Olive Oil. Shipment of Lampante started: quantity moved not yet known.

11. Distribution of Food Supplies. The various consorzii agrario handled distribution of all food supplies from arrival at port or rail-head at a total cost of 100 lire per quintal.

12. Salt. Investigation was made into the distribution of salt. Conferences were held with the Salt Monopoly, and arrangements have now been completed to facilitate movement of salt to the warehouses by rail. Catanzaro and Cosenza were the provinces chiefly affected.

13. Transport. The railways were able to handle almost the entire quantity of Allied food supplies. Road transport was adequate to meet needs, which were, however, unusually light.

14. General price trend shows a very slight rise except in the Black market, where bread has fallen 30 points, and there has been a very sharp drop in the price of grain. The general position may may be described as reasonably satisfactory.

15. The shipment of briarwood blocks mentioned at para (4) of c in the May report has not yet been made.

16. (d) Agriculture and Fisheries.
Grain Harvest. The harvest itself is extremely good; but the critical period for collection is not until July. The Provincial Committees in Catanzaro and Reggio have co-operated well with the Inspectorates, UPSEA and Consorzii and commendable energy has been shown; but the Comunale ones have been a failure in the majority of places, despite efforts of Allied and Italian officials. In Cosenza, unfortunately the lack of ACC officers caused a set-back which the posting of Lieut. Morton there checked to some extent. Results to date Catanzaro 2240 quintals, Reggio 1181 quintals.

The Minister of Agriculture visited Cosenza and his rousing speech to all the Sindaci made a big impression, and was a most valuable contribution to the campaign. (He also addressed meetings at Catanzaro and Crotone on the 2nd and 3rd of July respectively.)

17. The larger producers on the whole do seem to be making an effort to make this "Granai del Popolo" a success; but the smaller ones find black market temptations hard to resist.

18. Cocoons. Considerable difficulty has been met in the collection of cocoons, and a number of black market sales have taken place, and some

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19. Fertiliser situation. 613 tons of copper sulphate have been distributed. The presence of a French firm at Crotone has been reported to the Agriculture Sub-Commission and is dealt with in para.42 of this report.

20. In general rain is needed and potatoes are not expected to be very successful. On the other hand tomatoes promise remarkably well, and prices have already fallen on account of the supplies already coming in.

21. Fisheries. This is rather a Cinderella industry in which the problem is to find transport and refrigeration for the very moderate catches from the port to the inland centres.

22. Labour. Unemployment is prominent in Reggio Province only, and chiefly among artisans and skilled men. Accurate figures are hard to get because registration of the unemployed is voluntary.

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23. Three disputes over wages are pending in CZ Provinces: the Regional Labour Off. has full knowledge of all that is happening and does not fear trouble.

24. The Camera Del Lavoro, Reggio, which was rapidly becoming a purely Socialist and Communist organisation has voluntarily agreed to conduct itself in future on a non-political basis. The posting of a Labour Officer to the Region has been great help.

25. (f) Public Works and Utilities.
Efforts to find Italian engineers to replace Allied Officers for work on Military Highways have been unsuccessful. The present engineering staff cannot possibly cope with the many projects which have accumulated, and have to be examined before approval to start on them can be given.

26. Electricity. Meetings were held with the rationing Commissions, and work is in progress to curtail the consumption of electricity. The canals to four hydro-electric plants have been damaged by flood. One is a total wreck, one is out of action but can be repaired easily, while the remaining two are still operating; but are in serious need of repairs.

27. Public Utilities. Two projects for the repair of sewers in the Province of Catanzaro have been approved. All tramways are in operation in this Region. The one gas plant is intact; but has been shut down for the lack of fuel. It is considered advisable that it should remain closed for there are no major industries dependent on gas supplies.

28. (g) Public Safety.
Good. Liaison with Military Police and Security Services has been excellent. Here good results from the presence of the Mobile Military Police Detachment in Cosenza have been noticed.

An interesting feature has been the joint action taken by the CC. RR., CC. FF., and the Guardia in searching for contraband, which has proved conclusively that all these agencies can work together successfully if they want to do so.

29. No Allied Courts were held.

Italian Courts inspite of a summer slow down continue to function satisfactorily, except the Courts of Assizes, Catanzaro and Reggio, which have not disposed of any cases at all.

30. (h) Public Health.
Communicable diseases. Nothing of importance. A suspected [illegible] but one at Nicastro.

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30. (b) Public Health.
Communicable diseases. Nothing of importance. A suspected case of small pox at Reggio was not confirmed; but one at Nicastro, Catanzaro Province, was confirmed on 29 June.

31. No Rabies cases reported. Action has been taken to enforce observance of regulations. 1902

32. Anti-malarial work continues ponds are sprayed with gas oil or paris green and depressions filled in. Transport difficulties are the major problem in the distribution of larvicides for this work.

33. Drugs and Medical Supplies. Control is being exercised over the black market, and there has been welcome collaboration on the part of Italian officials. Public Welfare Committees have been set up to deal with public assistance, and Italian officials encouraged to deal with these matters. There is a great deal of squalor and want which is apt to be lost sight of, or never seen, by the "tip-and-run tourist" who remarks only on the comparatively sleek and well-dressed people in the main streets of the cities. It is hard to get any of the well-to-do to realise that they have any responsibilities in this respect.

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Continuation:- - 4 -

34. (i) Education. There is no Education Officer and nothing of importance to report.

35. (j) Refugees. The treatment given to refugees in many parts still leaves a lot to be desired. There has been one interesting development, which shows that things could be worse for them. A number went off and returned to their homes only to come back when they found that conditions were impossible there. This should not be taken to imply that nothing further will be done for them. There has been no relaxation of the efforts being made on their behalf to arouse public opinion and to ameliorate their lot.

36. (k) Communications.
Roads. Repair and maintenance work goes on and the main roads for the most part are really surprisingly good.

37. Rail. Shortage of locomotives and rolling stock shows no improvement. Heavy military commitments have caused a famine in wagons.

38. Telecommunications. With the exception of nine unimportant places direct telegraphic service is now available in Reggio to all points which had such facilities before the occupation. The telegraph service throughout the region is very, very slow.

39. Telephonic communications have been re-established between headquarter towns and various centres as follows:- Catanzaro to 16, Cosenza to 36 and Reggio to 17 centres. The lack of shoes among the employees of the Circolo and Telegraph companies is being remedied.

40. Ports. Improvement continues.

41. (l) Property Control. The Property Control Officer has now left. There is one item of interest and that is the discovery of the Mineral and Metallurgical Company of Fortunola at Crotone, a full report on which was written by the Regional Property Control Officer before he went away. The plant, which is under normal and competent management of an engineer employed by the company, produces copper sulphate, and if price agreement could be reached should be of great value.

42. (m) Finance.
The Bank of Italy is meeting all normal Italian Treasury demands without assistance. Borrowing by correspondent banks is negligible, e.g. in Catanzaro the Bank of Italy has approximately 70,000,000 lire of correspondent banks deposits against which it has loaned less than 3,000,000.

43. Payments to beneficiaries of the substantial sums received from foreign banks are made expeditiously. These banking facilities do

37. Rail. Shortage of locomotives and rolling stock shows no improvement. Heavy military commitments have caused a famine in wagons.

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41. (1) Property Control. The Property Control Officer has now left. There is one item of interest and that is the discovery of the Mineral and Metallurgical Company of Pertusola at Crotone, a full report on which was written by the Regional Property Control Officer before he went away. The plant, which is under normal and competent management of an engineer employed by the company, produces copper sulphate, and if price agreement could be reached should be of great value.

42. (2) Finance.
The Bank of Italy is meeting all normal Italian Treasury demands without assistance. Borrowing by correspondent banks is negligible, e.g. in Catanzaro the Bank of Italy has approximately 70,000,000 lire of correspondent banks deposits against which it has loaned less than 3,000,000.

43. Payments to beneficiaries of the substantial sums received from American banks are made expeditiously. Where banking facilities do not exist payments are made by mayors and post offices officials by arrangements with the Bank of Naples.

44. Interest charged by the Bank of Naples to Consorzii for loans in connection with grain collection is 7½%, which is considered excessive particularly in view of the mounting bank deposits, and the limited scope for investment. The Consorzio Agrario is taking the matter up through Ministerial channels.

1901

G.C. Stanley

G.G. PEAGET,
Lt-Colonel R.A.,
Regional Commissioner.

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SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/F

15 July 1944

REPORT OF THE FINANCE SUB-COMMISSION HQ ACC

FOR JUNE 1944

Colonel A.P. Grafftey-Smith — Joint Director
Colonel F.H. Foley, Jr. — Joint Director

Capt. Andrew Kamarck, F.A. } Joint
Lieut. (jg) J.E. Hicks, (USCGR) } Editors
Lieut. G.H. Willis, (USNR) } Editors
Major D.D.L. Timmons, Cav. } Editors

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A. Financial Effects of Allied Occupation
B. Report of Finance Division, AFC 5th Army, for June 1944.
C. Statistical Appendix
D. Allied Financial Agency Report
E. Remittance Lists from U.S.A. and Sterling Area to 31 May, 1944.

I. ORGANIZATION

A. New Italian Government

1. The new Italian Government with S.E. Ivanoe Bonomi as Premier, took office on 12 June, 1944. The Government has reverted to the practice which prevailed before

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I. ORGANIZATION

A. New Italian Government

1. The new Italian Government with S.E. Ivanoe Bonomi as Premier, took office on 12 June, 1944. The Government has reverted to the practice, which prevailed before fascism, of dividing financial matters between the Ministries of Finance and Treasury, the former having jurisdiction over revenues, and the latter over expenditures, budgets, and the public debt.

2. The Minister of Finance is S.E. Stefano Siglienti, lawyer and banker, General Director of the Credito Fondiario. In Rome he is reported to have been a leader in the patriots' movement. His activities were discovered, he was arrested, imprisoned, and sent to Germany for compulsory labor. Siglienti escaped, returned to Rome and continued his clandestine activities. He belongs to the Sardinian Party of Action.

3. The Minister of the Treasury is S.E. Marcello Soleri, of the Liberal Party. In the Nitti cabinet of 1919-20 Soleri was Under-Secretary of the Navy; in the 5th Giolitti cabinet he was general commissary for supply. Soleri held the Finance portfolio in the Bonomi Government of 1920 and he was Minister of War in the 2nd Facta cabinet of 1922. As supply commissary he led a fight to abolish the subsidized price of bread. Soleri is reported to be competent in financial matters and for many years was a contributor to the newspaper "La Stampa" of Turin. In Rome he took an active part in the movement of resistance to the Germans.

4. The Under-Secretary are Antonio Pesenti and Antonio Manes, Finance and Treasury respectively. Pesenti held the same post in the third Badoglio Government and a bigraphical note concerning him was included in the Monthly Report of the Finance Sub-Commission for April, 1944. Manes is a native of Calabria and a lawyer by profession. He belongs to the Labor Democrat Party.

B. Rome Report

Representatives of the Finance Sub-Commission entered Rome with the first Allied troops in the city. Shortly thereafter the Advance Headquarters of the Sub-Commission was established in Rome. A special report has been prepared by Advance Headquarters in Rome and has been forwarded separately to Washington and London. This report covers the information available on financial developments in Rome - principally on the period since the Armistice. The principal subjects covered are currency, foreign exchange, banking, Ministry of Finance, insurance, securities exchange, and food situation. Due to the confidential nature of some of the information, particularly on the foreign exchange assets of Italy, only a limited distribution of the report is being made.

II. GOVERNMENT FINANCE

A. The Italian Government Deficit

1. The total Italian Government deficit from July 1943, through May 1944 for the 27 liberated provinces, as measured by the State account in the Banca d'Italia, was 30 billion lire. To this figure must be added 3 billion lire of AFA advances to the Government. The average monthly deficit is the 3 billion lire. The deficit for the month of May was slightly over 5 billion lire, substantially larger than the deficit in April. Month-to-month changes in these figures, however, frequently reflect accounting delays and similar spurious phenomena rather than genuine changes in Government expenditures and revenues. More detailed figures may be found in the Statistical Appendix.

2. Net investment in B.T.O.'s during May was only about half the total reached in April, and in Sicily, an area accounting for about half the total sales of B.T.O.'s in May and in past months, net disinvestments occurred. Disinvestment in Sicily may be the result in part, of the use of bank funds to finance the harvest, and in part of the unwillingness of the Banco di Sicilia to cooperate with the Banca d'Italia and the Government. More complete data will be found in the Statistical Appendix.

B. Revenue

1. Revenue Collection

a. Total State receipts during May 1944 for the 27 provinces then occupied by the Allies amounted to 470 million lire, compared to 508 million in March, and 404 million in May 1944. The total for the 11 months of the fiscal year was 4,155 million lire, which compares with 8,665 million in the same month a year ago. These figures include all credits to the State budget account at the Provincial treasuries, including

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b. In May 1944 the true revenue (i.e. excluding Capo X) amounted to 420 million against 351 in May 1943, and the total revenue for the 11 months now amounts to 80 per cent of that for the 11 months of the preceding year. The tables on the following pages show the total revenue (less Capo X) by provinces to May 1944 and an analysis of the revenue by type for the 27 provinces and for the Regions separately.

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SCHEDULE No. XLX

	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TO
PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.			
(a) Payments in Respect of Italian Refugees	18,440	2,762,827	
(b) Emergency Financial Assistance Payments to Other than Allied Nationals			
(1) Albanian Nationals	16,833	-	
(2) Egyptian "	1,200	4,000	
(3) Italian ex Yugoslav "	4,000	-	
(4) Lettonian "	5,700	-	
(5) Paraguayan "	4,500	-	
(6) Peruvian "	2,000	-	
(7) Swedish "	1,200	-	
(8) Swiss "	600	-	
(9) Austrian Jewish "	18,200	-	
(10) German Jewish "	19,320	-	
(11) Stateless "	29,400	-	
(12) Unknown "	24,685	16,000	
	127,638	20,000	
Lire	176,078	2,782,827	

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
O ITALIAN			
TALIAN			
ct of	48,440	2,762,827	2,811,267
el Against-			
Other than			
ela	16,833	–	16,833
	1,200	4,000	5,200
oslav "	4,000	–	4,000
	5,700	–	5,700
	4,500	–	4,500
	2,000	–	2,000
	1,200	–	1,200
	600	–	600
n "	18,200	–	18,200
"	19,320	–	19,320
	29,400	–	29,400
	24,685	16,000	40,685
	127,638	20,000	147,638
Lire	176,078	2,782,827	2,958,905

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH	T
XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS			
	(a) Emergency Financial Assistance to			
	(1) U.S.Nationals	2,258,620	666,100	
	(2) British "	1,152,550	305,400	
	(3) Greek "	49,300	-	
	(4) Yugoslav "	174,505	-	
	(5) French "	97,060	-	
	(6) Polish "	98,675	-	
	(7) Canadian "	8,000	-	
	(8) Czechoslovak "	27,535	-	
	(9) Belgian "	17,930	-	
	(10) Russian "	11,200	-	
	(11) Columbian "	1,800	-	
	(12) Brazilian "	18,000	-	
	(13) Norwegian "	3,000	-	
	(14) Netherlands "	9,700	-	
	(15) Iceland "	7,100	-	
	(b) Expenses in connection with Refugee Camps	247,271	556,530	
	(c) Payments to Allied Nations Missions			
	(1) Czechoslovak Military Mission	150,000	45,000	
	(2) Norwegian Military Mission	76,000	44,000	
	(3) Polish Military Mission	954,000	20,000	
	(4) Royal Yugoslav Military Mission	400,000	-	
	(5) Belgian Military Mission	8,000	5,000	
	(6) Netherlands Mission	115,000	70,000	
	Lire	5,885,246	1,712,030	

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
E OF SUBJECTS			
ncial Assistance to			
a	2,258,620	666,100	2,924,720
	1,152,550	305,400	1,457,950
	49,300	-	49,300
	174,505	-	174,505
	97,060	-	97,060
	98,675	-	98,675
	8,000	-	8,000
"	27,535	-	27,535
	17,930	-	17,930
	11,200	-	11,200
	1,800	-	1,800
	18,000	-	18,000
	3,000	-	3,000
"	9,700	-	9,700
	7,100	-	7,100
nnection with Refugee			
	247,271	556,530	803,801
ited Nations Missions			
Military Mission	150,000	45,000	195,000
litary Mission	76,000	44,000	120,000
ary Mission	954,000	20,000	974,000
ev Military Mission	400,000	-	400,000
tary Mission	8,000	5,000	13,000
Mission	115,000	70,000	185,000
Lire	5,885,246	1,712,030	7,597,276

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH	T
XV	ADVANCES			
	(a) To Italian State Treasury, Armed Forces & State Insts.	4,575,905,376	31,832,933	
	(b) To Provinces	492,429,665	(4,170,000)	
	(c) To Communes	1,182,808,593	20,007,690	
		6,251,143,634	47,670,623	
	(d) To Others			
	(1) Items included in Sub-Accountants' Reports not yet allocated pending receipt of proper vouchers or more complete informat'n	3,602,481	1,188,853	
	(2) Advisory Council for Italy	650,000	913,992	
	(3) Library of Congress - for purchase of books	211,134	92,056	
	(4) Societe Aquedotto - Napoli	3,000,000	-	
	(5) Sanotoda Caputa	1,000,000	-	
	(6) Villa Rosa Mental Hospital	1,000,000	-	
	(7) Casa della Madre e del Bambino, Principesse Maria Gabriello - Ischia	100,000	-	
	(8) Miscellaneous Advances under Lire 100,000 each	356,621	4,341	
	Lire	6,261,063,873	49,669,865	
XVI	LOANS			
	(a) To Banks	5,320,000	(2,320,000)	
	(b) To Others	960	-	
	Lire	5,320,960	(2,320,000)	
XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES			
	(a) Remittances from United States of America	Lire 4,246,000	9,102,450	

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
reasury,			
te Insts.	4,575,905,376	31,832,933	4,607,738,309
	492,429,665	(4,170,000)	488,259,665
	1,182,808,593	20,007,690	1,202,816,283
	6,251,143,634	47,670,623	6,298,814,257
n Sub-Account--			
t yet allocated			
of proper vouch			
lete informat'n	3,602,484	1,188,653	4,790,987
for Italy	650,000	913,992	1,563,992
ess - for			
s	211,134	92,856	303,990
o - Napoli	3,000,000	-	3,000,000
	1,000,000	-	1,000,000
l Hospital	1,000,000	-	1,000,000
e del Bambino,			
a Gabriello -			
	100,000	-	100,000
dvances under Liro			
	356,621	4,341	361,312
Lire	6,261,063,873	49,869,865	6,310,933,738
	5,320,000	(2,320,000)	3,000,000
	960	-	960
Lire	5,320,960	(2,320,000)	3,000,960
I ITALY ON ACCOUNT			
LLIED COUNTRIES			
United States of			
Lire	4,246,000	9,182,450	13,428,450

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SCHEDULE No.			TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOT
XII	A.M. STAMPS ISSUED TO POST OFFICE AND ON HAND				
	(a) A.M.Stamps issued to P.O.		21,254,000	1,020,000	
	(b) Balance on Hand		148,082,000	(1,020,000)	
		Lire	169,336,000	-	
XIII	PURCHASES IN ITALY OF SUPPLIES				
	(a) For Export to				
	(1) United States of America		35,365,989	14,026,109	
	(2) Great Britain		268,929,544	69,256,143	
	(3) North Africa		22,863,520	5,664,870	
	(4) Corsica		385,875	258,903	
	(5) Malta		86,730,222	50,127,565	
			414,295,150	139,273,530	
	(b) For Re-Sale in Italy		16,852,750	16,963,859	
		Lire	431,147,900	156,237,389	
XIV	STORAGE HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS & LOCAL SUPPLIES. +				
	(a) Emoluments of Civilian Personnel		7,655,413	4,612,832	
	(b) Repairs to Warehouses and Approach Roads.		469,735	847,527	
	(c) Rent of Warehouses		2,264	500	
	(d) Transport and Shipping Charges		8,807,885	4,293,204	
	(e) Other Expenses		464,815	2,110,050	
		Lire	17,400,112	11,864,113	

+
In the Statement for the period to 30 April 1944, the total of Lire 17,400,112 was included in "Disbursements in Respect of AMG/ACC Expenditure", as follows:-

AMG Expenditure - Lire 8,485,990
ACC " - " 8,914,122

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
C POST			
ued to P.C.	21,254,000	1,020,000	22,274,000
d	148,082,000	(1,020,000)	147,062,000
Lire	169,336,000	-	169,336,000
OF SUPPLIES			
n of America	35,385,989	14,026,109	49,412,098
n	268,929,544	69,256,143	338,185,687
a	22,863,520	5,604,870	28,468,390
	385,875	258,903	644,778
	86,730,222	50,127,505	136,857,727
	414,295,150	139,273,530	553,568,680
n Italy	16,852,750	16,963,859	33,816,609
Lire	431,147,900	156,237,389	587,385,289
D SHIPPING EXPENSES			
IMPORTS, EXPORTS &			
Civilian Personnel	7,655,413	4,612,832	12,268,245
rehouses and Approach			
	469,735	847,527	1,317,262
ouses	2,264	500	2,764
Shipping Charges	8,807,885	4,293,204	13,101,089
a	464,815	2,110,050	2,574,865
Lire	17,400,112	11,864,113	29,264,225

r the period to 30 April 1944, the total
was included in "Disbursements in Res-
enditure", as follows:-
re - Lire 8,485,990
- " 8,914,122

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT
V	PROCEEDS OF SALES IN ITALY OF SUPPLIES		
	(a) Economic & Supply Div.		
	(1) Supplies Imported or Drawn from Armies	470,325,838	296,86
	(2) Supplies Purchased Locally	4,901,228	1,84
	(b) Public Health Division		
	(1) Supplies Imported or Drawn from Armies	9,799,898	4,62
	(2) Supplies Purchased Locally	-	
	(c) Agricultural Division		
	(1) Supplies Imported or Drawn from Armies	432,000	27
	Lire	485,538,964	303,61
VI	RECEIPTS IN RESPECT OF AMG/ACC REVENUE		
	(a) AFA Revenue		
	Interest Received from Banks	3,091,650	26
	Miscellaneous Receipts	545	
		3,092,195	26
	(b) AMG Revenue) to close of	124,820,840	14,77
	(c) ACC Revenue) previous mth.	7,163,372	99
	(d) AMG/ACC Revenue received by AFA direct in prev.mth,alloc.in cur mth	54,566	(5
	(e) AMG/ACC Revenue received by AFA direct in current month	-	
	Lire	135,130,973	15,98
IX	CONTRA ACCOUNTS		
	Deposits for Remittances (AF Accounts):		
	(a) U.S. Dollars ($769,527 tot.to dt)	29,214,300	47,73
	(b) Sterling (£9,164-5-8 total "date)	10,000	3,65
	Lire	29,224,300	51,39

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
SALES IN ITALY			
dic & Supply Div.			
lies Imported or m from Armies	470,325,838	296,867,336	767,193,174
lies Purchased lly	4,981,228	1,842,900	6,824,128
Health Division			
lies Imported or m from Armies	9,799,898	4,628,082	14,427,980
lies Purchased Locally	-	4,500	4,500
ltural Division			
lies Imported or m from Armies	432,000	276,600	708,600
Lire	485,538,964	303,619,418	789,158,382
RESPECT OF AMG/ACC REVENUE			
venue			
st Received from Banks	3,091,650	263,766	3,355,416
llaneous Receipts	545	-	545
	3,092,195	263,766	3,355,961
evenue) to close of	124,820,840	14,776,132	139,596,972
evenue) previous mth.	7,163,372	994,963	8,158,335
C Revenue received by AFA in prev.mth,alloc.in cur mth	54,566	(54,566)	-
C Revenue received by AFA in current month	-	2	2
Lire	135,130,973	15,980,297	151,111,270
NTS			
Remittances (AF Accounts):			
ollars ($769,527 tot.to dt)	29,214,300	47,738,478	76,952,778
ng (£9,164-5-8 total "date)	10,000	3,655,713	3,665,713
Lire	29,224,300	51,394,191	80,618,491

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SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MO
IV	DEPOSITS		
	(a) By Controller of Property		
	(1) Psychological Warfare Board-Film Section	916,103	925,
	(2) A.G.I.P.	10,000,000	–
	(3) Moharwas & Son	117,219	–
	(4) Changinal Co.	108,714	–
	(5) Goods Ex German Steamers	846,500	–
	(6) Unione Militare	2,400,000	(2,400,
	(7) Musan Felice	–	154,
	(8) Miscellaneous (under Lire 100,000 each)	455,023	8,
	(b) By U.S. Army Units-See Sched. XXVIII, (c), (4)	60,724,602	5,256,
	(d) By Others		
	(1) "A" Force	960,000	(12,
	(2) Command Paymaster No8 Com'd Pay Office, C.M.F.	283,505	(243,
	(3) Pasquale Esposito	108,600	–
	(4) Comitato Italiano Petroli	–	45,000,
	(5) Enemy Unit Funds	–	1,948,
	(6) Various (under Lire 100,000 each)	155,911	(10,
	Lire	77,096,177	50,626,

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
Controller of Property			
Psychological Warfare Board-Film Section	916,103	925,835	1,841,938
A.G.I.P.	10,000,000	-	10,000,000
Zoharwas & Son	117,219	-	117,219
Jhangimal Co.	108,714	-	108,714
Goods Ex German Steamers	846,500	-	846,500
Union Militare	2,400,000	(2,400,000)	-
Museo Felice	-	154,435	154,435
Miscellaneous (under Lire 100,000 each)	455,023	8,374	463,397
U.S. Army Units-See Sched. III, (e), (4)	60,744,602	5,256,120	66,000,722
Others			
"A" Force	960,000	(12,500)	947,500
Command Paymaster Nod Com'd Pay Office, C.M.F.	283,505	(243,775)	39,730
Pasquale Esposito	108,600	-	108,600
Comitato Italiano Petroli	-	45,000,000	45,000,000
Enemy Unit Funds	-	1,948,527	1,948,527
Various (under Lire 100,000 each)	155,911	(10,424)	145,487
Lire	77,096,177	50,626,592	127,722,769

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APPENDIX D

SECRET

ALLIED FINANCIAL AGENCY

SCHEDULE TO STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE PERIOD TO 31 MAY 1944

( )=Red Figure

(expressed in lire)

SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH	TO
I	NEW A.M. LIRA NOTES RECEIVED			
	As Notified to Washington	42,589,728,000	6,254,400,000	
	Shortages Revealed on Opening Boxes	(1,080)	(50)	
	Lire	42,589,726,920	6,254,399,950	
II	DEPOSITS BY AMG/ACC DIVISIONS			
	(a) Economic and Supply Division	557,069,071	418,134,974	
	(b) Economic and Supply Division - Deposits on Returnable Containers	17,914,299	12,254,187	
	(c) Public Health Division	24,974,318	13,773,960	
	(d) Legal Division (principally bail)	5,437,000	3,282,600	
	(e) Other Divisions	27,700	-	
	Lire	605,422,388	447,445,721	
III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD			
	(a) From Banks	182,800	-	
	(b) From British Paymasters	6,430,000	(6,430,000)	
	(c) From Others	1,318,640	(1,118,140)	
	Lire	7,931,440	(7,548,140)	

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APPENDIX D

ALLIED FINANCIAL AGENCY

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE PERIOD TO 31 MAY 1944

(expressed in Lire)

	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
CEIVED			
ington	42,589,728,000	6,254,400,000	48,844,128,000
on Opening	(1,080)	(50)	(1,130)
Lire	42,589,726,920	6,254,399,950	48,844,126,870
TVISIONS			
pply	557,069,071	418,134,974	975,204,045
pply			
eposits			
Cont-	17,914,299	12,254,187	30,168,486
ivision	24,974,318	13,773,960	38,748,278
(prin-	5,437,000	3,282,600	8,719,600
	27,700	-	27,700
Lire	605,422,388	447,445,721	952,868,109
BANKS			
TING			
D	182,800	-	182,800
aymasters	6,430,000	(6,430,000)	-
	1,318,640	(1,118,140)	200,500
Lire	7,931,440	(7,548,140)	383,300

Table 5.

Current Liabilities of the Banca d'Italia
29 February, 30 April, and 31 May 1944
(in millions of lire)

	by area				by type		
	29 Feb.	30 Apr.	31 May		29 Feb.	30 Apr.	31 May
Salerno	246	387	357	Due to banks			
Lucania	236	265	274	Current Accounts			
Calabria	656	533	658	Non-interest bearing	229	8	84
Puglia (less Foggia)	2,111	3,163	3,507	Interest bearing	5,856	9,693	12,483
Sardinia	998	1,253	1,332	Residual available on advances	2,647	3,003	3,108
Sicily	2,927	3,760	4,241				
Total Italian Government Territory	7,174	9,361	10,369	Sub-Total	8,732	12,704	15,675
Campania (less Salerno)	2,866	4,984	8,708	Due to Other Current Accounts			
Foggia	89	115	133	Non-interest bearing	754	1,109	2,839
Campobasso	69	140	139	Interest bearing	210	292	321
				Residual available on advances	502	495	514
Total AMG Territory	3,025	5,239	8,980	Sub-total	1,466	1,896	3,674
Grand Total Liberated Italy	10,198	14,600	19,349		10,198	14,600	19,349

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Table 6.

Postal Savings
April 1944 (revised figures)
(thousands of lire)

	April (revised)				May			
	Postal Savings Bonds	Postal Savings Books	Current Accounts	Total	Postal Savings Bonds	Postal Savings Books	Current Accounts	Total
Agrigento	-27,399	870	9,860	-16,669	-	-	-	-
Caltanissetta	-10,081	741	4,047	-5,293	-4,634	1,048	3,945	-359
Catania	-38,772	2,111	-7,176	-43,837	-12,370	2,412	-9,043	-19,001
Enna	-3,969	-44	1,483	-2,530	-2,336	- -79	1,877	-538
Messina	-39,009	879	9,153	-28,977	-16,003	- -505	5,626	-10,882
Palermo	-20,311	n.d.	n.d.	-20,311	-	-	984	984
Ragusa	-10,944	n.d.	n.d.	-10,944	-	-	-	-
Siracusa	-27,723	933	1,018	25,772	-	-	-	-
Trapani	-7,767	-332	-1,537	-9,636	-	-	-	-
Bari	-8,116	-474	33,813	25,223	-	-	-	-
Brindisi	-1,708	348	10,654	9,294	1,659	-589	3,335	4,405
Lecce	-2,674	45	5,267	2,638	11,191	-732	14,695	25,154
Potenza	-3,433	3,186	-1,363	-1,610	-	-	-	-
Taranto	-2,413	1,085	8,932	7,604	3,059	-466	430	3,023
Cosenza	2,199	1,683	1,569	5,451	-3,682	1,126	-919	-3,475
Reggio Calab.	-4,220	1,884	125	-2,211	-3,181	1,834	-397	-1,744
Catanzaro	-4,692	2,600	3,098	1,006	-	-	-	-
Avellino	-2,690	-1,006	2,040	-1,656	-2,364	1,792	3,073	2,501
Benevento	329	270	-	599	-	-	-	-
Napoli	-7,004	11,124	1,032	5,152	-24,162	13,983	1,883	40,028
Salerno	-11,713	-2,163	4,097	-9,779	-3,132	5,936	116,695	119,499
Cagliari	1,175	8,434	4,142	13,251	-	-	15,146	15,146
Nuoro	-738	3,704	4,064	7,030	-	-	332	332
Sassari	871	4,899	9,863	15,633	-	-	17,362	17,362
TOTAL (24 Provinces.)	230,802	40,777	104,181	-85,844	-7,631 (16 Provinces)	25,760	144,732	169,861

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SCHEDULE No. XXI		TOTAL TO 30 APRIL 1944	CURRENT MO
	DISBURSEMENTS IN RESPECT OF AMG/ACC		
	EXPENDITURE		
	(a) AFA Expenditure		
	Emoluments of Civilian Personnel	107,386	2,
	Motor Tnspt.-Maintenance of Vehs.	760	-
	Other Adm. Expenses		
	Printing & Stationery	35,496	3,
	Maintenance of Offices	4,410	-
	Maintenance of Office Equipment	1,905	-
	Sundries	1,284	-
	Total, Other Admin. Expendit.	43,095	3,
	Special Expenditure		
	Purchase of Office Furniture and Equipment	94,799	
	Reconditioning of Offices and Billets	51,590	6,
	Total Special Expenditure	146,389	7,
	Financial Expenditure		
	Interest Paid to Banks	4,555,087	6,
	Bank Service Charges	408,333	-
	Total Financial Expenditure	4,963,420	6,
	Total AFA Expenditure	5,261,050	20,
	(b) AMG Expend.(to close of prev.mth)+	38,743,982	6,036,
	(c) ACC Expend.(to close of prev.mth)+	14,151,120	6,868,
	(d)AMG/ACC Disbursements made by AFA, direct in previous month, allocated in current month	2,533,832	(2,533,
	(e)AMG/ACC Disbursements made by AFA, direct in current month	-	10,
	Lire	60,689,984	10,403,

+ See Schedule No. XIV

SECRET

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RESPECT OF AMG/ACC	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
ure			
Civilian Personnel	107,386	2,810	110,196
aintenance of Vehs.	760	-	760
enses			
ationery	35,496	3,290	38,786
f Offices	4,410	-	4,410
f Office Equipment	1,905	-	1,905
	1,284	-	1,284
Admin. Expendit.	43,095	3,290	46,385
iture			
ffice Furniture			
	94,799	900	95,699
g of Offices			
	51,590	6,800	58,390
l Expenditure	146,389	7,700	154,089
nditure			
to Banks	4,555,087	6,748	4,561,835
Charges	408,333	-	408,333
ial Expenditure	4,963,420	6,748	4,970,168
penditure	5,261,050	20,548	5,281,598
(to close of prev.mth)+	38,743,982	6,038,203	44,782,185
(to close of prev.mth)+	14,151,120	6,868,134	21,019,254
rsements made by AFA, vious month, allocat- month	2,533,832	(2,533,832)	
rsements made by AFA, rent month	-	10,855	10,855
Lire	60,689,984	10,403,908	71,093,892

No. XIV

Declassified E.O. 12356 Section 3.3/NND No. 785016

SECRET

SCHEDULE No.		TOTAL TO 30 APRIL 1944	CURRENT MONTH
XX	ADVANCES TO ALLIED ARMED FORCES		
	(a) To American Army		
	(1) Paid in Lire	11,740,808,000	2,122,400,000
	(2) Paid in Yellow Seal Dollars ($ 1,505,300, total to date)	150,530,000	-
	(b) To American Navy		
	(1) Paid in Lire	190,766,000	-
	(2) Paid in Yellow Dollars ($438,000, total to date)	21,200,000	22,600,000
	(c) To British Army		
	(1) Paid in Lire	7,923,651,830	1,882,948,000
	(2) Paid in B.M.A. Pounds (£ 2,002,600-15-6, total to date)	761,040,310	80,000,000
	(d) To British Navy		
	(1) Paid in Lire	14,832,800	13,200,000
	(2) Paid in Francs (Fcs. 15,915 total to date)	31,830	-
	(e) To Royal Air Force		
	(1) Paid in Lire	14,035,000	4,000,000
	(2) Paid in Francs (Fcs. 1,319,844, total to date)	2,639,688	-
	(f) To French Armed Forces		
	(1) Paid in Lire	2,486,568,000	500,541,000
	Lire	23,306,103,458	4,585,692,000

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	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
ED FORCES			
eal Dol- 00, total	11,740,808,000	2,122,400,000	13,863,208,000
	150,530,000	-	150,530,000
	190,766,000	-	190,766,000
oilers to date)	21,200,000	22,000,000	43,800,000
	7,923,651,830	1,882,948,000	9,806,599,830
ounds 6, total			
	761,040,310	40,000,000	801,040,310
	14,832,800	13,200,000	28,032,800
Fcs. 15,915			
	31,830	-	31,830
	14,035,000	4,000,000	18,035,000
Fcs. to date)	2,639,688	-	2,639,688
rces			
	2,486,568,000	500,544,000	2,987,112,000
Lire	23,306,103,458	4,585,692,000	27,891,795,458

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SCHEDULE No. XXII — DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY

		TOTAL TO 30 APRIL 1944	CURRENT MONTH
(a) U.S. Delegation		–	159,234
(b) British "		–	82,527
(c) Russian "		–	82,962
(d) Yugoslav "		–	84,350
(e) Greek "		–	35,741
(f) French "		–	41,194
	Lire	–	486,008

XXVII — CONTRA ACCOUNTS

Foreign Exchange Credits

(1) U.S. Dollars, ($ 769,527.78 total to date)		29,214,300	47,738,478
(2) Sterling, (£ 9,164 - 5 - 8 total to date)		10,000	3,655,713
	Lire	29,224,300	51,394,191

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1943

	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
	-	159,234	159,234
	-	82,527	82,527
	-	82,962	82,962
	-	84,350	84,350
	-	35,741	35,741
	-	41,194	41,194
Lire	-	486,008	486,008
al to date)	29,214,300	47,738,478	76,952,778
total to			
	10,000	3,655,713	3,665,713
Lire	29,224,300	51,394,191	80,618,491

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SECRET

SCHEDULE No. XXVIII		TOTAL TO 30 APRIL 1944	CURRENT MONTH	T
	CASH ON HAND & IN BANKS AT END OF PD. (Incldg.Mut.&Unfit A.M.Lire Notes O/H)			
	(a) Current Cash-Lire	883,233	(484,413)	
	(b) Reserve Cash-Lire	11,415,320,000	1,061,400,000	
	(c) Bank Current Accounts-Lire			
	Banco di Sicilia	466,905,116	(52,691,383)	
	Banco d'Italia	886,522,273	360,675,248	
	Banco di Napoli	65,584,157	(25,065,285)	
	Credito Italiano	55,085	7,724,435	
	Banca Commerciale Italiana	3,308,990	5,200,020	
	Total, Bank Current Accounts	1,422,475,621	303,843,035	
	Total Lira Funds	12,838,678,854	2,164,766,622	
	(d) Non Lira Currency O/H or in Bks			
	(1) Yellow Seal Dollars, ($ 1,515,608.31 total to date)	141,169,693	10,390,938	
	(2) B.M.A. Pounds, (£ 573,194-16-5 total to date)	151,655,521	77,622,408	
	(3) Maltese Pounds	56,050	(56,050)	
	(4) Tripolitania Lire	70,850	(70,850)	
	(5) Francs	12,064	(12,064)	
	Total Non Lira Currency	292,964,378	87,874,382	
	(e) Other Balances with Banks			
	(1) Bank of Italy No.2 Account+	200,000,000	1,400,000,000	
	(2) CAS Rome Ltr of Credit A/C+	-	500,000,000	
	(3) Funds Deposited with Italian Banks for Remittance Payments	-	65,091,541	
	(4) Funds Deposited by U.S. Army Units - See Sched. IV (b)	60,744,602	5,256,120	
		260,744,602	1,970,347,661	
		13,392,387,034	4,222,980,665	
	MUTILATED AND UNFIT A.M.LIRA NOTES ON HAND	8,592,513	(2,993,665)	
	Lire	13,400,980,347	4,219,995,000	

+ Items (c), (1) & (2), above together = Item No.7 on the Statement

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Declassified E.O. 12356 Section 3.3/NND No. 785016

	TOTAL TO 30 APRIL 1944	CURRENT MONTH	TOTAL TO 31 MAY 1944
TS AT END OF PD.			
d.Lire Notes C/H)	883,233	(484,413)	398,820
	11,415,320,000	1,861,408,000	13,276,728,000
unts-Lire			
	466,905,116	(52,691,383)	414,213,733
	886,522,273	368,675,248	1,255,197,521
	65,664,157	(25,065,285)	40,618,872
	55,085	7,724,435	7,779,520
Italiana	3,308,990	5,200,020	8,509,010
nt Accounts	1,422,475,621	303,843,035	1,726,318,656
	12,836,678,854	2,164,766,622	15,003,445,476
C/H or in Bks			
ars,			
total to date)	141,169,893	10,390,938	151,560,831
total to date)	151,655,521	77,622,408	229,277,929
	56,050	(56,050)	-
ce	70,850	(70,850)	-
	12,064	(12,064)	-
urrency	292,964,378	87,874,382	380,838,760
th Banks			
o.2 Account+	200,000,000	1,400,000,000	1,600,000,000
Credit A/C+	-	500,000,000	500,000,000
with Italian			
tance Payments	-	65,091,541	65,091,541
by U.S. Army			
ed. IV (b)	60,744,602	5,256,120	66,000,722
	260,744,602	1,970,347,661	2,231,092,263
	13,392,387,834	4,222,988,665	17,615,376,499
.M.LIRA			
	8,592,513	(2,993,665)	5,598,848
Lire	13,400,980,347	4,219,995,000	17,620,975,347

), above together = Item No.7 on the Statement of Receipts & Disbursements.

Declassified E.O. 12356 Section 3.3/NND No. 785016

APPENDIX E

Remittance Lists From U.S.A. and Sterling Area

Up to 31 May 1944

1. Lists Submitted to Banco di Sicilia	Amount	No. of items
(a) U.S. Dollar Remittances		
American Express Co., New York	$163,597.50	4996
Amalgamated Bank of New York, New York	274	4
Apostolic Delegate	25,965.50	2
Bank of America , San Francisco	38,892	212
Bank of the Manhattan Company, New York	1,992	64
Central Hanover Bank & Trust Co., New York	150	2
Central National Bank in Chicago	14,925.50	834
Continental Illinois Nat. Bank & Trust Co. of Chicago	3,692	126
Chase National Bank of the City of New York	6,682.50	132
Columbus National Bank, Providence, R.I.	325	14
Corn Exchange Bank & Trust Co., New York	3,655	106
Corn Exchange National Bank & Trust Co., Philadelphia	100	1
First National Bank of Boston, Boston	2,520.50	208
First National Bank of Chicago, Chicago	2,986.50	284
Irving Trust Company, New York	2,345	194
Liberty Title & Trust Co., Philadelphia	5,188.50	145
Manufacturers Trust Company, New York	89,280.50	2433
Manufacturers National Bank of Detroit	1,402	29
Marine Midland Trust Company of New York	5,696	142
Merchants Bank of New York	1,461	51
National Bank of Detroit	12,028.50	305
National Shawmut Bank of Boston	5,682	104
National City Bank of New York	63,534.25	1492
Pan American Trust Company, New York	5,650.50	230
Perara Company, New York	5,832	149
Philadelphia National Bank, Philadelphia	2,125	52
Public National Bank & Trust Co., New York	9,261.83	331
Stabile Bank & Trust Co., Boston	12,486	491
Sterling National Bank & Trust Co., New York	2,108.50	234
United States Lines, New York	2,331	269
Whitney National Bank of New Orleans	1,324	23
	$ 519,810.08	14,184
(b) Sterling Remittances		
Bank of England +	£ 9,164-5-8	578

+ In addition to the British Isles, Bank of England Remittance Lists include remittances from Canada, New Zealand, Argentina, Venezuela, and Switzerland.

2. Lists Submitted to Banco di Napoli

U.S. Dollar Remittances

First National Bank of Boston, Boston	2,520.50	208
First National Bank of Chicago, Chicago	2,986.50	284
Irving Trust Company, New York	2,345	194
Liberty Title & Trust Co., Philadelphia	5,188.50	145
Manufacturers Trust Company, New York	89,280.50	2433
Manufacturers National Bank of Detroit	1,402	29
Marine Midland Trust Company of New York	5,696	142
Merchants Bank of New York	1,461	51
National Bank of Detroit	12,028.50	305
National Shawmut Bank of Boston	5,682	104
National City Bank of New York	63,534.25	1492
Pan American Trust Company, New York	5,650.50	230
Perara Company, New York	5,832	149
Philadelphia National Bank, Philadelphia	2,125	52
Public National Bank & Trust Co., New York	9,261.83	331
Stabile Bank & Trust Co., Boston	12,486	491
Sterling National Bank & Trust Co., New York	2,108.50	234
United States Lines, New York	2,331	269
Whitney National Bank of New Orleans	1,324	23
	$ 519,810.08	14,184

(b) Sterling Remittances

Bank of England +	£ 9,164-5-8	578

+ In addition to the British Isles, Bank of England Remittance Lists include remittances from Canada, New Zealand, Argentina, Venezuela, and Switzerland.

2. Lists Submitted to Banco di Napoli

U.S. Dollar Remittances

American Express Co., New York	$176,480.20	3691
Amalgamated Bank of New York	375.00	10
Bank of America N/T and Savings Assoc.	13,357.00	253
Chase National Bank, New York	6,111.50	95
" " " , (Archbishop of Naples)	11,984.00	1
Central Bank of Chicago	13,170.00	341
Continental Illinois N/B and Trust Co., Chicago	3,820.00	81
Corn Exchange Nat. Bank & Trust Co., Philadelphia	455.00	8
Mellon National Bank, Pittsburgh	7,815.00	128
National Bank of Detroit	3,975.00	58
Manufacturers National Bank of Detroit	2,630.00	43
National Shawmut Bank of Boston	630.00	12
Stabile Bank & Trust Co., Boston	8,915.00	243
	$249,717.70	4,964

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TOTAL REVENUE RECEIPTS (GROSS INTAKE, LESS CAPO X)

(Million of Lire)

PROVINCE	10 months to Apr/43	May 1943	Total for 11 Months	10 months to Apr/44	May 1944	Total for 11 months	Percent: 44/43
Region I							
Agrigento	43	2	45	43	4	47	104
Caltanissetta	31	2	33	32	4	36	109
Catania	318	21	339	127	22	149	44
Enna	23	2	25	26	3	29	116
Messina	130	10	140	54	12	66	47
Palermo	410	19	429	294	43	337	79
Ragusa	24	2	26	31	4	35	135
Siracusa	41	2	43	45	6	51	119
Trapani	141	1	142	52	8	60	42
TOTAL	1,161	61	1,222	704	106	810	66
Region II							
Bari	622	69	691	927	98	1,025	148
Brindisi	44	2	46	66	5	71	154
Lecce	74	4	78	102	14	116	149
Taranto	134	4	138	88	6	94	68
Matera	23	1	24	23	1	24	100
Potenza	32	2	34	27	2	29	85
TOTAL	929	82	1,011	1,233	126	1,359	134
Region III							
Avellino	42	3	45	37	5	42	93
Benevento	35	3	38	26	3	29	76
Napoli	1,367	144	1,511	726	86	812	54
Salerno	109	9	118	69	11	80	68
TOTAL	1.553	159	1,712	858	105	963	56
Region V							
Campobasso	37	2	39	25	3	28	72
Foggia	129	15	144	107	14	121	84
TOTAL	166	17	183	132	17	149	81
Region VI							
Cagliari	212	8	220	139	28	167	76
Nuoro	18	1	19	24	3	27	142
Sassari	44	2	46	80	8	88	191
TOTAL	274	11	285	243	39	282	99
Region VII							
Catanzaro	110	10	120	74	6	80	67
Cosenza	55	3	58	57	10	67	116

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Region II							
Bari	622	69	691	927	98	1,025	148
Brindisi	44	2	46	66	5	71	154
Lecce	74	4	78	102	14	116	149
Taranto	134	4	138	88	6	94	68
Matera	23	1	24	23	1	24	100
Potenza	32	2	34	27	2	29	85
TOTAL	929	82	1,011	1,233	126	1,359	134
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Region V							
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Foggia	129	15	144	107	14	121	84
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Nuoro	18	1	19	24	3	27	142
Sassari	44	2	46	80	8	88	191
TOTAL	274	11	285	243	39	282	99
Region VII							
Catanzaro	110	10	120	74	6	80	67
Cosenza	55	3	58	57	10	67	116
Reggio di Cala.	98	6	104	41	10	51	49
	263	19	282	172	26	198	70
GRAND TOTAL	4,346	349	4,695	3,342	419	3,761	80

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STATE REVENUE (27 Liberated Provinces)

SUMMARY AT 31 MAY, 1944. ANALISIS BY TYPE, SHOWING COMPARISON WITH PREVIOUS YEAR.

(Thousand Lire)

		11 months to 31/5/1943	11 months to 31/5/1944	% 43/44 to 1942/43	Month of May 1943	Month of May 1944.
Capo I	Manuf. Taxes	271.086	167.551	62	29,223	24,216
Capo II	Customs	284.710	80,120	28	8,468	19,686
Capo III	Local Finance	1,511	2,879	191	288	486
Capo IV	Monopolies	1,702,755	1,185,278	70	168,213	123,139
Capo V	Lottery	154,508	55,449	36	11,638	10,582
Capo VI	Direct Taxes	1,086,983	1,183,429	109	21,313	37,497
Capo VII	State Lands, etc.	5,072	2,977	59	392	694
Capo VIII	Indirect Taxes	1,153,740	1,051,884	91	104,515	197,663
Capo IX	Supply Officer	16,015	19,312	121	4,980	1,634
Capo X	Treasury	3,970,754	391,912	10	53,001	50,035
Capo XI	Min. Of Justice	7,156	4,024	56	600	743
Capo XII	Min. Of Interior	319	145	45	41	34
Capo XIII	Min. Of agricult.	2,128	1,130	54	88	525
Others		8,955	8,876	99	1,276	3,257
GRAND TOTAL		8,665,672	4,155,026	48	404,056	470,175
Total less Capo X		4,694,918	3,763,114	80	351,055	420,140

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ANALYSIS OF REVENUE BY REGIONS, EXCLUDING CAPO I.

(Thousands of Lire)

REGION I. (SICILY)	11 months to 31/5/1943	11 months to 31/5/1944	Percent 43/44 to 1943/43	M A Y 1943	M A Y 1944
Capo I Manuf. Taxes	94,452	32,530	34	3,867	5,745
Capo II Customs	96,850	33,188	34	799	12,154
Capo IV Monopolies	405,142	122,405	30	27,182	10,994
Capo V Lotteries	37,965	7,778	20	124	1,692
Capo VI Direct Taxes	271,176	297,422	110	6,900	11,373
Capo VIII Indirect Taxes	309,209	312,510	101	20,656	64,009
Other Receipts	6,801	3,924	58	505	476
TOTAL	1,221,595	809,757	66	60,033	106,443
REGION II. (Bari, Brindisi, Lecce, Taranto, Matera, Potenza)					
Capo I Manuf. Taxes	61,538	80,919	132	12,548	13,876
Capo II Customs	112,747	25,157	21	3,097	3,666
Capo IV Monopolies	381.816	673,034	176	41,474	66,257
Capo V Lotteries	15,047	8,070	54	1,650	1,657
Capo VI Direct Taxes	214,140	322,519	151	2,120	8,675
Capo VIII Indirect Taxes	215,736	244,978	113	22,396	30,839
Other Receipts	3,297	5,566	143	503	1,933
TOTAL	1,010,721	1,360,243	135	83,788	126,903
REGION III. (Avellino, Benevento, Napoli, Salerno)					
Capo I. Manuf. Taxes	73,950	32,621	44	11,359	1,811
Capo II. Customs	59,830	20,036	33	4,461	2,758
Capo IV. Monopolies	662,458	229,155	35	79,584	18,639
Capo V. Lotteries	90,667	38,989	43	9,477	7,182
Capo VI. Direct Taxes	398,882	344,284	86	10,390	6,493
Capo VIII. Indirect Taxes	418.147	289,082	70	41,148	64,626
Other Receipts.	13,692	9,800	72	1,779	3,324
TOTAL	1,711,626	963,917	56	158,198	104,833
REGION VI (Foggia, Campobasso.					
Capo I. Manuf. Taxes	4,238	1,816	43	279	147
Capo II. Customs	127	71	56	-	5
Capo IV. Monopolies	31,775	19,784	62	2,975	4,446
Capo V. Lotteries	3,108	274	9	345	-
Capo VI. Direct Taxes	68,096	71,734	105	312	3,560
Capo VIII Indirect Taxes	66,191	39,918	60	2,861	8,604
Other Receipts	9,899	14,985	151	4,540	197
TOTAL	183,436	148,582	81	17,312	16,959
REGION VII. (Sardinia)					
Capo I. Manuf. Taxes	29,439	12,429	42	647	1,265
Capo II. Customs	2,765	1,632	15	107	852

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Capo VIII Indirect Taxes	215,736	244,078	[illegible]	[illegible]	[illegible]
Other Receipts	3,297	5,566	143	503	1,933
TOTAL	1,610,721	1,360,243	135	83,788	126,903
REGION III. (Avellino, Benevento, Napoli, Salerno)					
Capo I. Manuf. Taxes	73,950	32,621	44	11,359	1,811
Capo II. Customs	59,830	20,036	33	4,461	2,758
Capo IV. Monopolies	662,458	229,155	35	79,584	18,639
Capo V. Lotteries	90,667	38,789	43	9,477	7,182
Capo VI. Direct Taxes	398,882	344,224	86	10,390	6,493
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Other Receipts	9,899	14,985	151	4,540	197
TOTAL	183,436	148,582	81	17,312	16,959
REGION VI. (Sardinia)					
Capo I. Manuf. Taxes	29,439	12,429	42	647	1,265
Capo II. Customs	8,755	1,332	15	107	852
Capo IV. Monopolies	101,871	112,939	111	5,704	17,683
Capo V. Lotteries	5,293	239	5	28	1
Capo VI. Direct Taxes	62,905	58,666	93	754	1,294
Capo VIII Indirect Taxes	71,737	92,650	129	4,857	16,640
Other Receipts	5,299	4,112	78	212	924
TOTAL	285,299	282,367	99	12,309	38,659
REGION VII. (Catanzaro Cosenza, Reggio di Calabria)					
Capo I. Manuf. Taxes	7,669	7,236	94	523	1,372
Capo II. Customs	401	336	84	4	231
Capo IV. Monopolies	119,693	27,961	23	11,294	5,120
Capo V. Lotteries	2,428	89	4	34	30
Capo VI. Direct Taxes	71,782	88,924	124	837	6,102
Capo VIII Indirect Taxes	78,720	72,746	92	8,597	12,970
Other Receipts	1,548	956	62	126	518
TOTAL	282,241	198,248	70	415	26,343

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2. Improvements in the Italian Revenue System

Discussions have continued during the month with the Ministry. The change in Ministers has again necessitated going over old ground, but the proposed legislation has not been changed by the present Minister. Particulars of all actual decrees carried into law will be included in next month's report.

3. Customs and Excise

Draft instructions for the restoration of customs control were circulated to the Naval and Industry & Commerce Sub-Commissions during the month and replies on these matters are awaited.

4. Communal Taxation

During the month draft decrees were received from the Ministry:

a. increasing the Imposte di Consumo, and
b. increasing the Imposte di Valore Locativo

In the drafts the rates on the consumption taxes are approximately doubled, and a few new articles are added to the list of taxable items. The proposals follow fairly closely recommendations made by the local association of tax collecting agents, which were transmitted to the Ministry.

The rent value tax is increased on a sliding scale by from 15 to 33 per cent on the different classes of rental value, the higher increases applying to the large properties. In addition, a percentage overtax is imposed based on the number of rooms in the house in excess of the number of persons living therein.

These two decrees are primarily emergency measures pending a re-examination of the whole system of communal taxation, but they will substantially increase the net income of the communes, and, by increasing gross receipts, will greatly reduce the present high ratio of collection charges to total revenue.

Investigations have also been commenced into the charges levied in the different communes for specific services such as the removal of household rubbish. At present, such charges for refuse collection are levied on a separate roll, with a different basis of assessment. The old rates are quite out of line with the present increased costs. The attention of the Minister has been called to this matter and further investigation will be made.

5. Taxes on Imported Supplies

Draft instructions which will, among other things, suspend duties on imports and exports are still awaiting agreement with other Sub-Commissions. In M.G. 41 and its amendment issued during the month it was stated that supplies imported for civilian consumption would be free of import and export duties, but, owing to the administrative difficulty of doing otherwise, as well as other considerations, such supplies will be liable for the turnover tax and all other internal levies.

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6. Occupation of Rome

A small committee of Italian officials has been established by the Rome office of this Sub-Section to make a preliminary screening of all the officials of the Ministry of Finance found in Rome. The head officials of most of the services were dismissed last November and replaced by appointees of the Fascist government and the present Ministry has to decide on the new occupants of these posts.

Only a small part of the Ministry staff was transferred to Brescia, but a considerable part of the office and basic documents were moved.

A considerable stock of fiscal stamps, stamped official paper, and similar supplies was found, some of which has already been moved to Naples to fill the urgent need for such supplies.

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C. Budget and Expenditure Control

1. Italian State Budget for Financial Year 1944-45

The new fiscal year begins on 1st July. Budgets have been prepared and presented by each ministry, and are now being considered by the Council of Ministers. Owing to the change in Governments it is anticipated that the approval of these budgets will be delayed for about a month. Accordingly, the incoming Government is to issue a decree authorizing Ministries to work provisionally, on the basis of the prepared budget, but this authority will not constitute provisional approval of any budget. The normal Italian procedure will be re-introduced whereby each Ministry issues its own "ordini di accreditamento", for each chapter of its own budget, and all such authorities will be registered at the Corte dei Conti before they can be effective.

2. Expenditure control agencies

a. Corte dei Conti. This body was established by Royal Decree Law of 29 May, 1944, No. 141, and Luigi Medugno appointed president of the Court by R.D.I. of 1 June, 1944. Instructions have already been issued by the Court to all Ministries which will bring all Government expenditures under the control of the Court as from the 1st of July 1944. These instructions indicate the form of accounts that must be kept at each ministry, and require all legal instruments relating to expenditures to be registered with the Court.

b. Central Commission for Local Finance. The decree setting up this commission was approved by the Council of Ministers on 26 May, 1944, but it has not yet been published in the Gazetta Ufficiale. The members of the Commissioners have been nominated, and it will begin work on 1st July, 1944.

3. Estimated disbursements for June

The estimates of disbursements to be made in June in liberated Italy were only received from the Ministry of Finance on 29 June, and are shown in the following table. It is observed that the increases noted in Communications, Agriculture, and Interior in May over April, are more than compensated by a corresponding reduction in June over May. Education and Finance continue to show moderate increases. The estimates for the Italian Armed Forces are shown in detail in the respective tables where the principal increases are noted. During the month an analysis was made of recent monthly budgets of the Army, Navy, and Air Force, and questionnaires were sent to each Service regarding apparent inconsistencies in the figures. As a result, direct conversations followed with responsible officials from the Navy and Air Force. They allege that, although the personnel strength has remained stationary there is a general month-to-month increase in expenditure primarily due to the general rise in the price of commodities and foodstuffs, and the great increase in the cost of materials used in maintenance and repairs.

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Italian Government Estimates of Cash Disbursements for Liberated Italy
(May - June)
(millions of lire)

Ministry	May	June	Increase of June over May
Finance	197.0	250.0	53.0
Justice	38.0	34.0	-4.0
Foreign Affairs	.5	2.5	2.0
Italian Africa	1.2	1.5	.3
Education	137.0	148.0	11.0
Interior	574.0	405.0	-169.0
Public Works	57.0	78.0	21.0
Communications	675.0	536.0	-139.0
Agriculture	136.0	42.0	-94.0
Industry & Commerce	4.9	9.5	4.6
Monopolies	57.0	88.3	31.3
Public Debt	68.5	47.5	
Lottery	3.5	5.3	1.8
Total	129.0	141.1	
Total Civil Ministries	1,949.6	1,647.6	
Military			
War	679.8	713.7	33.9
Navy	348.1	468.1	120.0
Air Force	82.3	126.1	43.3
Merchant Marine	27.6	35.9	8.3
Total Military	1,137.8	1,343.8	
Total Government	3,087.4	2,991.4	

Ministry of War

Significant increases in Estimates for June 1944
(millions of lire)

Capitolo Designation	May	June	Increases
Sanitary Services and Hospital Expenditures	27.9	30.0	2.1
Works of Maintenance	1.9	4.4	2.5
Automobile Service - Repair and Maintenance of Vehicles, etc.	12.0	14.5	2.5
Extra Allowances to Stevedores & Longshoremen	21.0	48.0	27.0
Total	62.8	96.9	34.1

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Lottery	3.5	5.3	1.8
Total	129.0	141.1	
Total Civil Ministries	1,949.6	1,647.6	
Military			
War	679.8	713.7	33.9
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Extra Allowances to Stevedores & Longshoremen	21.0	48.0	27.0
Total	62.8	96.9	34.1
Note: Since some of the Capitoli show decreases, the net total increase is:	679.8	713.7	33.9

Ministry of Air
Significant Increases in Estimates for June 1944
(millions of lire)

Construction, Repair and Transformation of Motors, etc.		16.0	16.0
Subsistance Allowances	15.3	17.1	1.8
Extraordinary Expenses Relative to the State of War	21.2	55.5	34.3
Total	36.5	88.6	52.1
Note: Since some of the Capitoli show decreases, the net total increases is:	82.3	126.1	43.8

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Ministry of the Navy

Significant Increases in Estimates for June 1944
(millions of lire)

Capitolo Designation	May	June	Increases
Salaries and Allowances for Officers	5.7	6.4	.7
Salaries and wages for NCO's and personnel of C.R.E.M.	10.4	19.3	8.9
Wages for Laborers	31.4	32.7	1.3
Extra pay for personnel on sea duty	8.6	10.3	1.7
Subsistence for C.R.E.M.	15.3	47.4	32.1
Clothing for C.R.E.M.	.8	1.8	1.0
Hospital Expenses for C.R.E.M.	.7	1.1	.4
New Construction & Maintenance	.8	2.4	1.6
Repairs & Maintenance of Ships of the Royal Navy - Mariconstruction	6.7	10.5	3.8
General Expenses Relative to Materials and Allowances for Laboring Personnel	.7	1.8	1.1
Works & Supplies for Naval & Mechanic Construction relative to the war effort	20.5	106.3	85.8
Additional or Extra Allowances to Military Personnel	120.5	133.3	12.8
Reserve funds for the Royal Navy's ships and land units		20.0	20.0
Total	222.1	393.3	171.2
Note: Since some of the Capitoli show decreases, the net total increase is:	340.1	460.1	120.0

4. Actual disbursements for May

a. The following tables show the actual cash disbursements for liberated Italy by regions as reported by the Banca d'Italia and a comparison by ministries of the April and May figures. It should be noted that although the cash disbursements generally are less than were estimated, the estimates do now show a closer approximation to the actual payments made. The Army, Navy, and Air Force have authority to make cash disbursements throughout liberated Italy, except that they may not make any payments such as salaries, wages, or allowances to their civilian employees in the respective ministries in Rome. A very large increase is again noted in the Pagamenti Collettivi account, following the reduction noted in the May report. The reason for this increase has not yet been determined.

b. The figures in the tables are subject to the same qualifications set out fully in the April and May Reports of this Sub-Commission, that it is still impossible to determine the amount of transfer items included in the Banca d'Italia's figures, which

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New Construction & Maintenance	.8	2.4	1.6
Repair & Maintenance of Ships of the Royal Navy - Mariconstruction	6.7	10.5	3.8
General Expenses Relative to Materials and Allowances for Laboring Personnel	.7	1.8	1.1
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b. The figures in the tables are subject to the same qualifications set out fully in the April and May Reports of this Sub-Commission, that it is still impossible to determine the amount of transfer items included in the Banca d'Italia's figures, which prevents the determination of a net outpayments figure.

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Comparison of Cash Disbursements for ~~Liberated Italy~~
(April - May)
(millions of lire)

Ministry	April	May
Finance	246.9	238.7
Justice	28.0	38.9
Foreign Affairs	1.8	.8
Italian Africa	3.6	.6
Education	128.1	101.6
Interior	239.2	496.4
Public Works	61.4	61.2
Communications	110.1	189.3
Agriculture	10.5	19.5
Industry & Commerce	7.0	3.6
Popular Culture	.2	
Total	836.8	1,150.6
Military		
War	855.0	835.4
Navy	274.0	325.5
Air Force	218.5	84.4
Total Military	1,347.5	1,295.3
Total Budget Disbursements	2,184.3	2,445.9
Disbursements outside budget	720.0	968.5
Transfer of Funds	600.0	31.7

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Communications	110.1	189.3
Agriculture	10.5	19.5
Industry & Commerce	7.0	3.6
Popular Culture	.2	
Total	836.8	1,150.6
Military		
War	855.0	805.4
Navy	274.0	325.5
Air Force	218.5	84.4
Total Military	1,347.5	1,295.3
Total Budget Disbursements	2,184.3	2,445.9
Disbursements outside budget	720.0	968.5
Transfer of Funds	600.0	31.7
Autonomous Administrations	1,048.1	954.4
Total	4,552.4	4,400.5
Payments in Suspense	395.5	2,664.8
Total General Payments	4,947.9	7,065.3
Special Accounts	2,654.3	2,953.6
Temporary Cash Deposits	2.9	12.7
T O T A L	7,605.1	10,031.6

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Cash Disbursements for Liberated Italy - May 1944
(millions of lire)

Ministry	Sardinia	Sicily	Calabria	Lucania	Campania	Pugli
Finance	46.1	75.2	12.3	6.6	62.0	28.
Justice	5.8	15.6	2.4	.8	8.5	4.
Foreign Affairs					.8	
Italian Africa		.4				.
Education	4.3	39.3	29.6	.8	17.0	9.
Interior	32.2	156.6	.9	.5	64.5	241.
Public Works	11.9	20.6	.6	.2	21.5	6.
Communications	1.6	67.5	13.3		78.0	28.
Agriculture	5.7	6.8	.3	.3	4.0	1.
Industry & Commerce	.2	1.1			2.0	.
Popular Culture						
Foreign Exchange						
Total Civil	107.8	383.1	59.4	9.2	258.3	321.
Military						
Army	162.4	9.8	.8	.3	2.5	709.
Navy	35.2	1.7	.2		1.8	286.
Air Force	48.7					35.
Total Military	246.3	11.5	1.0	.3	4.3	1,031.
Total Budget Disbursments	354.1	394.6	60.7	9.5	262.6	1,353.
Disbursements ouside Budg.	7.7	715.4	6.3	6.3	110.6	110.
Transfer of Funds					31.7	
Autonomous Administrations	37.9	204.2	118.6	45.3	164.5	364.
Total	399.7	1,314.2	185.3	61.1	569.4	1,828.
Payments in suspense	3.6	17.5	8.3	11.7	2,507.5	14.
Total General Payments	403.3	1,331.7	193.6	49.4	3,076.9	1,842.
Special Accounts	349.7	504.6	66.3	27.6	592.8	1,306.
Temporary Cash Deposits	.1	6.2	3.8	.2	.8	1.
Total	753.1	1,842.5	263.7	77.2	3,670.5	3,151.

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ach Disbursements for Liberated Italy - May 1944

(millions of lire)

nia	Sicily	Calabria	Lucania	Campania	Puglia	Foggia	Campobasso	Total
.1	75.2	12.3	6.6	62.0	28.4	5.4	2.7	238.7
.8	15.6	2.4	.8	8.5	4.6	.7	.5	38.9
				.8				.8
	.4				.2			.6
.3	39.3	29.6	.8	17.0	9.8	.3	.5	101.6
.2	156.6	.9	.5	64.5	241.3	.2	.2	496.4
.9	20.6	.6	.2	21.5	6.3	.1		61.2
.6	67.5	13.3		78.0	28.9			189.3
.7	6.8	.3	.3	4.0	1.9	. 5		19.5
.2	1.1			2.0	.3			3.6
.8	383.1	59.4	9.2	258.3	321.7	7.2	3.9	1,150.6
.4	9.8	.8	.3	2.5	709.4		.2	885.4
.2	1.7	.2		1.8	286.6			325.5
.7					35.7			84.4
.3	11.5	1.0	.3	4.3	1,031.7		.2	1,295.3
.1	394.6	60.7	9.5	262.6	1,353.4	7.2	4.1	2,475.9
.7	715.4	6.3	6.3	110.6	110.0	10.0	2.2	968.5
				31.7				31.7
.9	204.2	118.6	45.3	164.5	364.6	18.3	1.0	954.4
.7	1,314.2	185.3	61.1	569.4	1,828.0	35.5	7.3	4,400.5
.6	17.5	8.3	11.7	2,507.5	14.9	77.1	47.6	2,664.8
.3	1,331.7	193.6	49.4	3,076.9	1,842.9	112.6	54.9	7,065.3
.7	504.6	66.3	27.6	592.8	1,306.7	82.1	23.8	2,953.6
.1	6.2	3.8	.2	.8	1.6			12.7
.1	1,842.5	263.7	77.2	3,670.5	3,151.2	194.7	78.7	10.031.6

5. Authorizations to spend issued by the Italian Government

a. The following table shows by Ministry, the total "ordini di accreditamento" issued during the month. From 1st July, 1944, authorities to spend will be issued by each Ministry.

Comparison of Accreditamenti issued by the Italian State Government (in millions of lire) April-May

Ministry	April	May
Finance	23.2	46.5
Finance State Monopolies	30.8	560.7
Justice	2.4	3.9
Foreign Affairs	1.0	.8
Italian Africa	3.4	.4
Education	31.4	29.1
Interior	277.4	225.3
Public Works	16.1	16.8
Public Works (State Roads)	27.0	74.4
Communications:		
State Railways	32.5	130.3
Agriculture	1.3	2.1
Industry & Commerce	.3	6.4
Popular Culture		.2
Total Civil	496.8	901.9
Military		
Army	640.5	837.2
Navy	367.8	397.5
Navy: Merchant Marine	15.5	11.1
Air Forces	89.0	82.3
Total Military	1,120.8	1,328.1
Total Civil	496.8	901.9
Total Military	1,120.8	1,328.1
Total Government	1,617.6	2,230.0

b. Cancelled ordini di accreditamento. It was found that, owing to a misunderstanding of the Finance Ministry order of last March, ordini di accreditamento issued by the former Mussolini Government had only been "suspended" but not cancelled. This had been corrected and all such unused ordini di accreditamento throughout Italian Government territory have been cancelled and the original documents returned to the Ministry of Finance.

6. Provincial and communal budgets and expenditures

a. Budgets for the calendar year 1944 have been received at the Ministry

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State Railways	52.5	130.3
Agriculture	1.3	2.1
Industry & Commerce	.5	6.4
Popular Culture	.1	.2
Total Civil	496.8	901.9
Military		
Army	648.5	837.2
Navy	367.8	397.5
Navy: Merchant Marine	15.5	11.1
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6. Provincial and communal budgets and expenditures

a. Budgets for the calendar year 1944 have been received at the Ministry of the Interior from 256 communes and provinces out of a total of 1537 throughout Italian Government territory. The explanation of this unsatisfactory situation is, according to the Ministry of Interior, that the Provincial Councils were not formed in some provinces until comparatively recently. This explanation is not acceptable, for the new local government bodies were set up by R.D.L. of 4th April, 1944, No. 111, and budgets were previously approved by a "Commissario Prefettizio" until a Provincial Council had been appointed. It is noted that in only three provinces has a sizeable proportion of budgets been received out of the total number that are due, namely, Catanzaro 84 received, 155 due; Potenza 58 received, 91 due; Cosenza 52 received, 136 due. No budgets have been received from any province or commune in Sicily; and only 17 from Sardinia out of a total of 281. Of the budgets received, 66 have been examined by the Budget Office of the Ministry of Interior, and these are ready for review by the Central Commission for Local Finance.

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b. Much of the delay in submitting budgets can be attributed to the action of the Minister of the Interior authorizing Prefects to make grants to communes and provinces of an amount equal to that made by the State in 1943. This instruction is directly counter to the terms of a letter handed to the Minister of Finance by Finance Sub-Commission on 26 April, 1944, which insisted that State grants should only be on the basis of an approved budget for the current year. Although it is not disputed that the financial position of most communes and provinces will be worse than in 1943, the making of these grants, other than on the basis of an approved budget, results not only in delays but also in inefficient administration.

c. Statistical information relating to the expenditures of 111 of the principal communes and provinces in Italian Government territory has been obtained for 1943. This information has been passed to the Budget Officer of the Ministry of the Interior to assist him in making his recommendations to the Central Commission.

d. In the future, with the establishment of the Central Commission for Local Finance, some improvements can be expected in the examination and approval of local government budgets and as conditions become more stable, delays due to difficulties in communication will be reduced.

7. Specific control measures

a. Policy on past-due bills. On 19 June the following letter was addressed to the Minister of Finance by this Sub-Commission:

"1. Through a study of payments being made by various central administrations of the Italian government, it has come to the attention of this Sub-Commission that obligations contracted prior to the liberation of Italy are currently being paid out of the financial resources of your Government.

"2. It is important that such payments be limited insofar as possible, particularly in view of the present inflationary trend, which such payments would only enhance.

"3. For these reasons we should like to see a decree enacted embodying the following principles:

> "(1) That no payment be made on any obligation incurred by government agencies while under the jurisdiction of the Fascist Italian government, except (a) where it can be clearly demonstrated that the non-payment of any such bills would be inimical to Allied interests by reducing the production of goods necessary to the war effort or by hampering or restricting any essential industry or undertaking at present in operation; or by so affecting any undertaking or service as to have an adverse effect on the rehabilitation of liberated Italy; or (b) where it can be demonstrated that the non-payment of any such bills would result in the impoverishment of individuals to such an extent that they would become indigent and a charge on the State.
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> "(2) That no payments shall be made under principles (a) and (b) above until claims have been presented and examined, admitted and payment

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"(2) That no payments shall be made under principles (a) and (b) above until claims have been presented and examined, admitted, and payment approved by the Corte di Conti, and that the expenditures to which the accounts relate are not specifically prohibited by any law at present in force;

"(3) That no payments shall be made under principles (a) and (b) in excess of the amounted required to meet these conditions.

"(4) That payments made under principles (a) and (b) shall be separately accounted for, in order that at any time it will be possible to know the amount and purpose of such payments;

"(5) That immediate payment shall be made of all outstanding bills relating to expenditures contracted and incurred by the Italian Liberated State or by any auxiliary Enti as from the date of liberation, provided such expenditures have been approved by the body charged with this duty under Italian law, and also that such expenditures are not contrary to any law, decree or regulation in force at the time of payment.

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"4. We should appreciate an opportunity to examine the suggested decree before its enactment.

"5. For your information, instructions embodying the same principles as those suggested above are being issued to all territory under the jurisdiction of the Allied Military Government."

The Minister agreed with the stated policy but was of opinion that a decree was an undesirable instrument, as it might have an adverse effect on Italian economy in liberated Italy. He suggested that a speedier and more effective method of implementing the agreed policy would be by Ministerial circular. This circular has now been drafted and after perusal by the Minister will be submitted to this Commission for approval. Regulations are being prepared governing the treatment of claims and will also be submitted for approval before issue. The question of the issue of a decree on this subject has been deferred for further consideration.

b. Regional and provincial directorates in Sicily. The Minister of Finance is of opinion that these bodies should not be allowed to continue in their present form, and that the functions of each directorate should be transferred to the permanent Italian administrative offices. As a preliminary step toward regularizing the position, the Minister is to open discussions with each interested Ministry, and then make firm proposals as to how all the duties and functions of the directorates would be carried out by the State provincial offices. It is intended that, in some instances, certain directorates will be continued provisionally for some time.

c. New budget procedure in AMG territory. Discussions were had with the Regional Finance Officers for Regions IV, V, and VIII in which the procedure and use of the new budget forms were explained and difficulties resolved. Particular attention was directed to the following points:

(i) On the first entry into new territory, AMG finance officers are to instruct the Treasury Sections of the Banca d'Italia that all previous authorities to spend are cancelled;

(ii) Future expenditure would only be authorized on the basis of an approved budget on the new forms;

(iii) No "spese fisse" (salaries and pensions) will be authorized unless detailed schedules are received by the Provincial Finance Officer from the Ufficio Provinciale del Tesoro, containing the prescribed information;

(iv) No "spese fisse" will be authorized for other than State agencies;

(v) No credits will be granted in favor of alleged parastatal bodies unless documentary evidence can be produced by the institution concerned showing that assistance by the State is permissible under Italian law.

These provisions were recommended by the Ragioniere Generale dello State,

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is of opinion that these [illegible] should be transferred to [illegible] form, and that the functions of each directorate should be transferred to the permanent Italian administrative offices. As a preliminary step toward regularizing the position, the Minister is to open discussions with each interested Ministry, and then make firm proposals as to how all the duties and functions of the directorates would be carried out by the State provincial offices. It is intended that, in some instances, certain directorates will be continued provisionally for some time.

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(v) No credits will be granted in favor of alleged parastatal bodies unless documentary evidence can be produced by the institution concerned showing that assistance by the State is permissible under Italian law.

These provisions were recommended by the Ragioniere Generale dello Stato, in Salerno, before the forms were planned, and they embody the only practical method of exercising control over payments under the authority of AMG officials or of Italian officials.

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III. OPERATIONS OF ALLIED FINANCIAL AGENCY AND CURRENCY AND EXCHANGE PROBLEMS

A. Currency for Areas in Process of Liberation

1. The Advance Headquarters of the Finance Sub-Commission is preparing a special statement dealing with the currency situation in the city of Rome, as a part of a general summary of the information obtained in Rome, to which reference should be made. As regards the smaller communes, officers in the field have been directed to use the currency found in the nearest Italian bank for civilian purposes. In cooperation with the Banca d'Italia, and on its responsibility, every effort is being made to move the surplus reserves of the branches of Banca d'Italia in the rear areas, toward the forward areas, so that the branches near the forward areas may in turn make available funds to meet the urgent requirements of newly liberated regions.

2. In general, the larger cities in the new territories have been found extremely deficient in currency. The Germans have apparently followed a policy of securing the maximum possible amount of Italian currency for their own purposes. As the currency reserves of the branches of the Banca d'Italia in Naples and in Salerno have already been drawn upon heavily, it would be highly desirable to transfer to Naples some surplus currency from the Branches of the Bank of Italy in Sicily, to Rome, and this possibility is now under consideration. The political aspects of such a movement present the principal difficulty, but both the Banca d'Italia and the Finance Sub-Commission have strong reasons to prefer use of such reserves to the disbursement of unopened boxes of AM lire for civilian purposes. The Banca d'Italia wishes to disburse only metropolitan lire if possible, while the Finance Sub-Commission has only limited supplies of AM lire available, which are to be reserved for the Allied Armed Forces, in so far as possible.

3. There is attached as Appendix B an extract from the report of the Senior Finance Officer, AMG 5th Army, for June. It is felt that this report is of interest as it shows the nature of financial operations in the forward areas by 5th and 8th Army AMG. In particular, attention is directed to the importance of two policies, the details of which were developed before the beginning of the Italian offensive on 11 May: the use of the Banca d'Italia to supply Metropolitan lire to forward areas in need of currency, and the attachment of Regional finance officers to AMG 5th and 8th Armies for experience. These Regional officers work in the territory to be assigned to their Region with AMG 5th and 8th Army officers and remain behind as the Armies move forward. Turnover of territory from the Armies to the Regions is greatly facilitated and the arrangement provides for continuity of financial policy and operations.

B. Order for New AM Lire Currency, and receipts under previous order

1. As preliminary reports on the Istituto Poligrafico dello Stato in Rome and the officina Carte Valori of the Banca d'Italia at Aquila indicate that no currency whatsoever can be produced by the latter, and that requirements of power and paper make improbable the production of appreciable amounts by the former during the remainder of 1944, it was deemed necessary to place an additional order for AM lire, in the amount of 30 billion lire. Initial delivery was requested on 1 September [illegible] of the order by Washington has not yet been received, and it will

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2. During the month of June, two shipments of AM Lire currency were received, comprising 400 cases at lire value of 4,494,400,000 each. The shipments were delibered on 21 June 1944 and 29 June respectively. The arrival of approximately 9 billion lire this month, resulting in a net increase of approximately 4.5 billion lire, brought the total currency reserves of AFA in Italy up to about 17.5 billion at the end of June. Another fourteen and three-quarter billions are to be delivered under existing orders.

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C. Review of Reserve Position of Banca d'Italia

1. Total currency holdings of the branches of the Banca d'Italia in Liberated Italy increased by 265 million lire during May, from 6,366 millions on 30 April, to 6,631 millions on 31 May. As 700 millions flowed into the Banca d'Italia in April, this indicates a sharp reduction in the return flow of currency from the public and the banks. Moreover, since 369 millions were paid into the AFA accounts with the Banca d'Italia during the month, a net reduction actually occurred in the currency holdings of the Bank, arising out of its transactions with Italian banks, in May.

2. The Allied Financial Agency had on deposit with the Banca d'Italia a total of 1,255 million lire in working balances, besides 2,100 millions in the No. 2, or Sterilization, account. Thus the Banca d'Italia had slightly less than the required amount of 3,355 millions in AM lire, to serve as cover for these deposits, as it held only 3,159 millions in AM lire, but of this amount a portion was held as reserve against accounts of various sections of ACC other than AFA.

D. Policies of Banca d'Italia in newly liberated territories

1. Contrary to expectations prevailing at the time the last monthly report was prepared, it has not been possible to extend the applicability of all the circular letters issued by the Vice-Commissioner in Naples to the Rome branches of the Banca d'Italia, but the provisions of these circulars are being extended with full force and effect to the branches in other towns and cities in the new regions. Certain special circumstances prevailing in Rome, which are discussed in the special report on Rome, made this decision appear advisable.

E. Remittances from the U.S. and the U.K.

1. The Palermo and Naples branches of the Allied Financial Agency were directed to utilize civilian postal service for forwarding remittance documents to correspondent banks in the U.S. and the U.K. In order to assure identification and accounting records of the values involved, the AFA officers will continue to certify by their signatures that the documents have been examined by them before transmittal to the U.S. or U.K. correspondent.

2. As of 1 June, the maximum amount which an Italian household may receive from the U.S. was revised from $ 100.00 per quarter to $ 50.00 per month. All amounts received prior to 1 June are disregarded in fixing the new maximum of $ 50.00 per month. No change was made in the limitations fixed for U.S. nationals. The U.S. Treasury also agreed to consider applications for special licenses for the release from blocked dollar accounts held by nationals of the United Nations only, for the purposes of remitting to the beneficiary of such accounts, in Italy, not more than $ 50.00 per month per household. Specific requests should be addressed by the United Nations national to his American bank, which will then ask for a specific license to remit the funds to Italy.

3. As of 31 May, remittance lists received totalled $170 thousand and £ 9,164, amounting in all to 80 million lire. Through 31 May, 13.4 million lire had actually been paid out to beneficiaries.

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F. Advances to Allied Nationals

1. A directive was received from CCS approving the recommendations of the Finance Sub-Commission that the Internees and Displaced Persons Sub-Commission be made responsible for fixing the procedure for disbursing such payments, and for accounting to the Allied Financial Agency for all such payments, other than advances to British and American nationals. The following principles were also laid down by CCS:

a. The cost of all payments for relief, including amounts in excess of the Italian relief scale, will be charged to the Italian Government, if the beneficiary was brought to Italy by the Italian Government, against his will.

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b. All other relief payments made to nationals of Allied Governments which have Missions in Italy will be charged to the Allied Government concerned, and a receipt obtained by the I & D P Sub-Commission acknowledging the sum as an obligation of the Allied Government.

c. All relief payments to nationals of other countries, including enemy countries, will be charged to the Italian Government, including in this charge any excess paid over the Italian relief scale. Appropriate records will be kept for the purpose of facilitating subsequent negotiations between the two governments concerned. However, it is desired not to take any action which will prevent the admittance of refugees into Italy.

2. Neither the Internees and Displaced Persons Sub-Commission nor any officer of ACC/AMG will make any advances to nationals of any country who have been long resident in Italy, except those advances to British and American nationals which are authorized by Executive Memorandum No. 38. Other governments may in future make similar arrangements for their nationals, but no advances of this type will be made to such nationals until a procedure is transmitted to ACC, via CCS.

3. In this connection, the Swiss Legation in Rome is now making advances to British and American nationals, and one copy of each application forwarded to ACC Hq. will henceforth be passed to the Swiss Legation, which will in most cases make the advance out of funds available to it. Finance officers may wish to inquire as to the possibility of referring applicants directly to the Swiss Legation. A revision in the instructions given by the U.S. State Department to the Swiss Legation will be required, however, as the Legation has been paying only 25 lire to the dollar. Under existing instructions, the American beneficiary would be required to repay the amount of advances granted to him in lire at this rate, by providing lire at the rate of 100 to the dollar, unless he can repay the advance in dollars.

G. Remittances to Italy by Italian prisoners of war

Arrangements were made for British-held Italian prisoners of war who have been accepted as cooperators by that Government to effect remittances to persons located in liberated Italy. Lists of such remittances will be forwarded to ACC, which will deliver them to the Italian Government for payment. The remittances will be effected at the prevailing exchange rate of 1 pound sterling equals 400 lire. As to the disposition of the book credits in sterling resulting from conversion into lire, the Italian Government's note of 26 September, 1941, to the British Government stated that a final settlement would be the object of an agreement between the two governments at the end of hostilities. The Italian Government has inquired whether a similar arrangement is anticipated covering Italian prisoners of war held by the United States, and Finance Sub-Commission has requested advice on this point from CCS.

H. Spanish war debt to Italy

In TAM Airgram 15 of 25 April, CCS requested available information regarding the Spanish war debt to Italy. The Minister of Finance advised us that the debt was consolidated on 8 May, 1940, in the amount of 5 billion lire. It was to be repaid in 50 installments, due on 31 December and 30 June, from 31.12.1942 to 30.6.1967.

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the advance out of funds available to it. Finance officers may wish to inquire as to the possibility of referring applicants directly to the Swiss Legation. A revision in the instructions given by the U.S. State Department to the Swiss Legation will be required, however, as the Legation has been paying only 25 lire to the dollar. Under existing instructions, the American beneficiary would be required to repay the amount of advances granted to him in lire at this rate, by providing lire at the rate of 100 to the dollar, unless he can repay the advance in dollars.

G. Remittances to Italy by Italian prisoners of war

Arrangements were made for British-held Italian prisoners of war who have been accepted as cooperators by that Government to effect remittances to persons located in liberated Italy. Lists of such remittances will be forwarded to ACC, which will deliver them to the Italian Government for payment. The remittances will be effected at the prevailing exchange rate of 1 pound sterling equals 400 lire. As to the disposition of the book credits in sterling resulting from conversion into lire, the Italian Government's note of 26 September, 1941, to the British Government stated that a final settlement would be the object of an agreement between the two governments at the end of hostilities. The Italian Government has inquired whether a similar arrangement is anticipated covering Italian prisoners of war held by the United States, and Finance Sub-Commission has requested advice on this point from CCS.

H. Spanish war debt to Italy

In TAM Airgram 15 of 25 April, CCS requested available information regarding the Spanish war debt to Italy. The Minister of Finance advised us that the debt was consolidated on 8 May, 1940, in the amount of 5 billion lire. It was to be repaid in 50 installments, due on 31 December and 30 June, from 31.12.1942 to 30.6.1967. The amount of each installment rises gradually from 40 million lire, plus interest, in 1942 to 150 million lire, plus interest, in 1967. The interest payable on the debt increases gradually from $\frac{1}{2}$ of 1 per cent in 1942-1946 to 4 per cent in 1962. The consolidation agreement provided for payment in lire in Rome, and 5 billion lire currency Spanish Treasury bonds were handed to the Banca d'Italia as collateral. These bonds have not yet been located. In response to a question from Finance Sub-Commission as to what steps the Italian Government had taken to insure that any further payments that might be made on the debt were paid to the Italian Government and not to the purported Fascist Republican Government, the Minister of Finance replied that he thought there was no liklihood of any further payments being made, but indicated he intended to convey representations through diplomatic channels.

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J. Exchange of currency for refugees

With further reference to the problem mentioned on page 21 of the May Report of Finance Sub-Commission, that of exchanging lire into other currencies for Jewish refugees going to Palestine, the same question will arise when the 1,000 refugees being moved to the U.S. by the War Refugee Board are embarked in July. CCS has been requested to provide an early decision as to the procedure whereby lire can be exchanged into currencies usable outside Italy.

K. Control over safe deposit boxes

The existing system of control over safe deposit boxes allows individuals access to their boxes only in the presence of an Allied officer in Military Government territory. Officials of the Banca d'Italia exercise this function in Italian Government territory. No foreign exchange, gold, securities, or similar objects of significant importance have been discovered in any case to date. Apparently only those individuals who have nothing of value in their boxes request that they be opened. However, the procedure for opening places a heavy burden on finance personnel. Accordingly, a recommendation has been made to CCS that in future, in view of the large number of safe deposit boxes that will come under AMG jurisdiction, the presence of an Allied officer or Italian official be required only at the opening of those boxes whose owners are covered by the blocking regulations. These include: the German government and governments of its allies or their representatives and agents; Fascist organizations including those depending from or belonging to the Fascist party (GIL, Dopolavoro); persons who have held official positions in the Fascist party and the militia; persons who were members of the Squadristi, the March on Rome, and the Sciarpa Littorio; persons domiciled in the territory occupied by Germany or its allies; persons having German nationality or the nationality of its allies; and any other person designated by the Allied authorities. It was further recommended that these boxes be opened by force if necessary, without waiting for their owners to make a request.

IV. BANKING, POSTAL SAVINGS, AND OTHER FINANCIAL DEVELOPMENTS

A. Central Banking Developments

1. While total central banking credit outstanding in the southern and island provinces declined a little during May, i.e. from 1,080 to 1,073 million lire, the decline was due wholly to rediscounts as secured advances actually increased by 50 million lire. The increase in advances was concentrated in Sicily and is probably to be accounted for by the needs of banks for funds for agricultural financing. (See Statistical Appendix.)

2. Bankers' deposits at the Banca d'Italia increased by 3 billion lire

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2. Bankers' deposits at the Banca d'Italia increased by 3 billion lire during May, bringing them to a total of over 12 billion lire. Also on 31 May, the amount available which could be withdrawn as secured advances by banks came to over 3 billion lire.

During the month, the transfer of 1,900 million lire to the number 2 account of the Allied Financial Agency was effected. This with other AFA accounts is responsible for the almost 3 billion lire shown by the Banca d'Italia "Non-interest-bearing current accounts - Due to Others". (See Statistical Appendix.)

B. Post Office Financial Services

The available figures on postal savings accounts for April and May are given in the Statistical Appendix. The reasonably complete April figures show a net drain of 85 million lire out of the post offices. In May, incomplete figures for 16 provinces show a net increase of 170 million lire - almost all in current accounts. For the first time in almost a year, there was a net inflow of funds from postal savings bond sales in Puglia. All the other provinces with the probable exception of the Sardinian provinces, however, are still experiencing a net outflow of funds on this account.

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C. Recent Developments in the Financing of Procurement for the Allied Forces

1. Implementation of Administrative Memorandum No. 95

This procedure, last mentioned in the Finance Sub-Commission Report for March, 1944, was referred by HQ. Allied Armies in Italy to AFHQ for review. Preliminary discussions within AFHQ, as reported to us by G-5 Section, indicated that the Fiscal Director (U.S.) and the Deputy Paymaster-in-Chief (British) were not in favor of the "voucher" system developed by ACC and AAI in conjunction with the Italian Government, but desired that the Italian Government procure and pay for supplies. In those cases in which the Italian Government was not in a position to undertake procurement, the Fiscal Director and DPIC preferred rather to make payments for goods and services direct to suppliers out of Army funds and to secure reimbursement from a "lire account" to be established by the Italian Government on the same lines as the "franc account" set up in North Africa. Finance Sub-Commission pointed out to G-5 that it was doubted that the Italian Government is now in a position to establish a procurement office which could function effectively. It was suggested that the "voucher" system, under which the Italian Government would pay suppliers for goods and services furnished to the Allied forces, be instituted now, and that the creation of a procurement office be discussed with the Government as soon as it establishes itself in Rome. G-5 was advised that ACC does not consider that the"lire account" has any advantages over the "voucher system" the latter is familiar to the Italian Government in both theory and practice, as it is now used for the payment of tort claims against the Allied forces. However, the Joint Military Finance Committee, AFHQ, decided that the "lire account" should be utilized and instructions on its operation are awaited.

2. Provision of goods and services to the Allied navies by the Italian navy

The Italian Ministry of Marine submitted to the Navy Sub-Commission, ACC, a plan whereby supplies and services provided by the Italian navy to the Allied navies would be accounted for. The preamble of the accounting plan stated that all supplies and services furnished would be debited to the Allied Governments,and Navy Sub-Commission consulted Finance Sub-Commission as to the financial policy involved. Finance Sub-Commission replied it is understood that under the Armistice terms the Italian Government is obligated to make available to the Allied forces such Italian military, naval, and air installations, equipment, and services as may be required. The question of any eventual payment or compensation to the Italian Government for Allied use of Italian Government property and services is one that can only be decided at the highest policy levels of the American and British Governments as part of a general financial settlement . It follows that the Allied Control Commission cannot agree to any Italian Government arrangement under which the cost of goods and services furnished would be debited to the Allied forces. The Navy Sub-Commission was advised that, therefore, an appropriate change should be made in the proposed accounting plan. The Finance Sub-Commission does not see any objection to the accurate recording of materials and services provided by the Italian navy to the Allies as long as it is made clear that the Allies do not accept any obligation with respect thereto.

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3. Financial arrangements for requisitioned hotels

Suggestions had been received both from AAI Regional officials and owners of requisitioned hotels, that funds for running expenses should be paid to the hotels on the basis of a percentage increase over the normal tariff. The suggested percentages ran as high as 3,000 per cent. Representatives of ACC met with Claims and Hirings officers of AAI, and it was agreed that it would be impossible at the present time to establish equitable increases in the tariff rates. Further, it is not desirable at the present time to allow the Italian Government to make payments to hotels covering depreciation or return on capital. It is in accord with the recommendations of the Allied Anti-Inflation Committee (Italy) that Italian Government expenditures be limited as much as possible, and that in no case should such items as war damage claims be paid at the present time. Accordingly, it was decided that each requisitioned hotel should present each month to the Italian Comando Genio Militare a statement of its out-of-pocket costs during the preceding month. Such costs would include wages, necessary replacements (linen, china, glassware), minor repairs, laundry, and insurance. The Comando Genio would refund each month such costs to all requisitioned hotels. Utilities payments would be made direct by the Comando Genio. It remains to discuss the plan with the Italian Government, which must issue the necessary orders.

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V. PRICES AND THE COST OF LIVING

A. The Prices of Wheat and Bread

1. The problem

a. Since the price of 900 and 1,000 lire per quintal for soft and hard wheat, respectively, was determined, central Italy, an area normally producing about 20 per cent of Italy's wheat crop has been liberated, and the possibility has arisen of liberating all of Italy before the harvest is completed, and thus acquiring access to a further 45 per cent of Italy's wheat crop. This has raised numerous problems since the price determined for Liberated Italy is clearly out of line with the agricultural and economic conditions prevailing in the newly liberated territory. In areas still under control of the Fascist Republic, the price of soft wheat has been fixed at 350 lire per quintal. Extending our price into the newly liberated territory entails three undesirable results:

(i) The adjustment of economic conditions between the two parts of Italy would be hastened by encouraging a rapid increase of prices and incomes in the newly liberated areas up to the level of those in the south. While an ultimate adjustment of the two parts is unavoidable, there is little reason to hasten the adjustments nor to resign ourselves to making the adjustment solely through increases in central and northern Italy;

(ii) Farm entrepreneurs in central and northern Italy would be enormously enriched through the accident of Allied occupation immediately before the harvest, since their crops, entirely produced at one level of prices and wages, would be sold at a price corresponding to a level almost three times as high. The price determined upon for the south was fixed as high as it is largely because of the substantial rise in farm wages in the south, a phenomenon that has not occurred in central and northern Italy.

(iii) The budget burden imposed upon the Italian Government by the bread subsidy would be enormously and unnecessarily increased. It was originally estimated, at the time the price of wheat was set, that the Italian Government deficit created by the necessity of paying the determined price for wheat, converting it into bread, and selling it at 5 lire per kilo would be about 7 billion lire annually. To extend the same prices into central Italy would create an additional 4 billion lire of annual deficit, and, should north Italy fall before the end of the harvest season, a further 9 billion lire would be added to the deficit, making the total deficit on account of the bread subsidy 20 billion lire. This amount is approximately half as large as the total annual Italian Government deficit at the present time.

b. Also, since the price of wheat was set, weather conditions have been so favorable that a bumper crop appears to have been produced throughout Italy. A yield of 8 quintals per hectare was used in the original calculations for determining

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b. Also, since the price of wheat was set, weather conditions have been so favorable that a bumper crop appears to have been produced throughout Italy. A yield of 8 quintals per hectare was used in the original calculations for determining the price while an average yield in excess of 10 quintals per hectare now appears probable. If the original calculations were approximately correct, the price fixed will prove to be at least 30 per cent higher than that necessary to do justice to the farmers. Moreover, in addition to making the Italian Government's per quintal purchase price too high, the bumper crop will greatly increase the number of quintals to be bought. Since local purchases involve local cash disbursements, and since the alternative to larger wheat purchases locally is larger imports which involve no disbursements in Italy and no current disbursements upon the part of the Italian Government, the consequence of the bumper crop, however desirable it may be from other and more important points of view, will be a larger Italian Government deficit and a greater stimulus to inflation than was originally estimated.

c. Moreover, since the price was set, farmers having rent contracts calling for payments in kind have objected strongly, and with reason, to being required to pay approximately three times as much rent as their neighbors having contracts in money. It has been reported that many such farmers are threatening to resist the burden imposed upon them by refusing to amass their wheat.

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d. Finally, since the price of wheat was set, the prices of all other crops subject to crassing or blocking (a program under which farm products are blocked upon the farms and can be used only for consumption on the farms or for sale to the authorized purchasing agencies) were set at levels such that they would bear approximately their normal relationship to wheat. Such crops include all important cereals and legumes other than rice. While this decision was entirely proper, it multiplies the importance of all the problems raised by the price of wheat.

2. The Government's Recommendations

The new Government has expressed great concern with the size of the budget deficit necessitated by the prices of wheat and bread and with the extent to which the problem will be aggravated by the liberation of the north. Accordingly, the Government requested ACC to reconsider its decision upon the price of bread. The Government proposed that the price of bread be increased to 13 lire, its "economic price", or at least to 8 lire, and that the wages of Government employees be increased, and other "controlled wages" be permitted to be increased, by an amount sufficient to compensate workers for their increased expenditure upon bread. The Government estimated that a 13 lire price for bread would eliminate the subsidy, and that the deficit necessary to increase government workers' salaries sufficiently to compensate them for the increase in the price of bread would be small.

3. The Finance Sub-Commission's proposal

a. The Finance Sub-Commission opposed this recommendation on the grounds that :

(i) a sharp increase in the price of bread would be politically and economically disastrous for the reasons stated in last month's report; that

(ii) while the increase in "controlled" wages would alleviate the immediate problems that would be created by the increase in the bread price, it would further encumber a complex method of wage calculation already in need of drastic simplification; that, more importantly,

(iii) the increase could not, in all probability, be limited to "controlled wages"; and that therefore the inflationary effect of the proposed bread indemnity should not be measured by the increase in government salaries alone, but by the total increase in Government salaries, private "controlled" salaries, and uncontrolled salaries. It is our belief that the permitted and unavoidable increase in these items that would result from the increase in the price of bread would at least equal, and probably exceed, the present bread subsidy.

b. As an alternative, this Sub-Commission proposed that some method be found to reduce the price of wheat in central and northern Italy, and that the price of bread be increased much less than the amount recommended by the Government. Accordingly, ACC and the Italian Government reached an agreement that the distinction maintained in former years between the price of wheat and the subsidy for wheat production should be reestablished. It was agreed that the price of soft wheat would

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This proposal would have solved the rent-in-kind problem and would have reduced the government's expenditures for crop purchases approximately 7 billion lire and increased its revenue from bread sales about 2.5 billion lire. Accordingly, it would have reduced the government's deficit on account of the bread subsidy from about 20 to about 10 billion lire per year.

4. The present situation

After agreement was reached, a delay was encountered in notifying AMG officers in the field of the new prices for crops, and further delays were then anticipated before all Consorzii could be informed. For this reason the decision was reversed and the price of wheat was kept at 900 lire for central Italy.

The new price of bread has not yet been determined. It is probable, however, that it will be fixed in the range between 2 to 7 lire per kilo throughout Italy. If this is done, the Government's deficit on that account will be reduced about 6 billion lire, but an annual deficit of 14 billion lire on account of the wheat and bread program will remain.

B. The Cost of Living

1. Naples

a. During June the cost of living in Naples fell sharply, from the May average about 400 lire per person per week to 300 lire by the end of June. The decline was caused by the availability of 1944 crops and by the announcement of the increase in the bread ration to begin on 1 July. The largest part of the decline was caused by the over supply of potatoes that came on the market in the middle of June. The region around Naples ordinarily ships a large quantity of early potatoes during June and July. The crop this year was unusually good, and because the facilities for shipping them were almost unobtainable, the Naples market received so many that their price fell from 40 to 8 lire per kilo. The price of black market bread, which has been rising almost steadily for a year and half, exceeded 200 lire per kilo for the first time in the second week of June, and then dropped to 180 and to 150 lire in the third and fourth weeks of the month. This decline was the result of supplies from the 1944 harvest becoming available and of the announcement, made on 14 June, that the ration was to be increased to 300 grams per day, beginning 1 July, in Sicily, Sardinia, and the southern mainland up to and including Naples and Campobasso provinces.

b. The 300 gram ration will provide 2.1 kilos of bread per person per week, thus making it possible for people to buy at official prices the entire 2.0 kilos per week that has been used as the bread budget in the Finance Sub-Commission's index. Black market bread, formerly the largest single item in the index accounting for about ⅓ of total expenditure, will thus disappear from the calculations, and, if the effect of this saving is not offset by increases in other prices, the cost of living during July should be about 200 lire per person per week, the lowest level since October 1943.

c. The cost of living in lire, per person per week, for Naples was as

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c. The cost of living in lire, per person per week, for Naples was as follows in June:

week ending	
June 7	352
" 15	358
" 23	341
" 30	302

2. Rome

a. Data roughly comparable to that given for Naples indicate that the cost of living in Rome rose from 110 lire in September 1943 to 580 lire in May 1944, the last month of German occupation. This is an increase of over 400 per cent in 6 months, a rate of increase far more rapid than that which occurred at any time in Naples. The price of black market bread alone increased in price over 500 per cent during that period. The price of black market bread in May was 125 lire, against 180 lire in Naples. The principal item making the total cost of living higher in Rome than in Naples was olive oil, the price of which was 900 lire in Rome and 230 lire in Naples. Fats of all types were particularly scarce in Rome. Even lard sold at 650 lire per kilo.

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b. Since liberation, rations of bread, beans, and meat have been reestablished or increased, and in consequence, black market prices have declined somewhat, and the cost of living has declined appreciably.

c. The table below compares the data for Naples and Rome:

	Cost of Living (lire per person per week)		Price of Black Market Bread (lire per kilo)	
	Naples	Rome	Naples	Rome
1943				
January	43		18	
February	46		18	
March	47		20	
April	49		20	
May	52		25	
June	48		25	
July	48		25	
August	63		30	
September	124	110	50	20
October	202		50	
November	243		85	
December	300		115	
1944				
January	350		125	
February	338		130	
March	360		150	
April	330		150	
May	390	580	180	125

VI. INSURANCE

A. Commercial Insurance

1. Insurance Committee

The first meeting of the Committee took place in Naples on 7 June and was attended by representatives of the Ministry of Industry, Commerce and Labor and of the Ministry of Finance, and the Commissioners of the various Companies. Officers of the Insurance Department, Finance Sub-Commission, also attended. The Commissioners are to formulate the principal matters calling for decision by the Government. It is intended to take action to extend the decrees for Commissioners to include Head Offices in their jurisdiction. Arrangements were also made for the setting up of technical sub-committees to examine problems of a technical nature. The Director-General of Commerce was advised at this stage the Commissioners' powers should not

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September	124		60	
October	202		85	
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2. Commissioners

1881

a. Some delay had occurred in the appointments of Commissioners for the Companies mentioned in the May Report of this Sub-Commission, owing to the change of Government, but their publication in the Official Gazette has been promised shortly.

b. Dott. Alfredo de Liguoro, Commissioner for Istituto Nazionale delle Assicurazioni, Previdentia, and Assicurazioni d'Italia, went to Rome on 28 June to assume control of the Head of the Istituto and its subsidiary Companies.

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3. Effect of occupation of Rome

a. It is considered that the arrangements for Rome notified to the SFO, AMG 5th Army, and later to the SFO, Rome Region, satisfactorily covered all contingencies that arose. All Rome offices will remain severed from the remainder of liberated Italy until such time as the Finance Sub-Commission is in possession of adequate information regarding them. Branch offices in Rome will eventually be placed under the Commissioners, while Head Offices will eventually take charge of their branch offices in Italian Government territory under the direction of their Commissioners. In both cases, the step must await restoration of commercial postal communications with the south. In both cases too, examination will be made of Rome personnel, and, if any are found more qualified to act as Commissioners than those now acting, the Italian Government will be advised to make a change. A Commissioner will be necessary even for Companies whose Head Office is in Rome until such time as existing directorates and managements can be approved as politically acceptable. The Istituto Nazionale delle Assicurazioni forms the biggest problem. The Government will consider all its executive appointments.

b. Communications have already been received by several Commissioners (through the Naples offices) from individuals in Rome purporting to be empowered by Head Offices farther north to control activities in liberated Italy. No such appointments will be recognized. The Ministry of Industry, Commerce and Labor have expressed their agreement with this decision. For a few companies whose Head Offices are in Rome no Commissioner for liberated territory has yet been appointed. Subject to satisfactory screening of directorate and executives, the authority of these Head Offices over their branches can be reestablished.

4. Fire insurance on requisitioned buildings

It was reported that owners of buildings that have been requisitioned are demanding cancellation of fire insurance policies, by virtue of Article 30 of the Italian Civil Code. The opinion of the Legal Sub-Commission was sought as to whether fire insurance could be regarded as a contract incompatible with the requisitioning order. The Legal Sub-Commission stated that, generally, an insurance contract is not incompatible with requisition, but that in some cases it may be, if, for instance, the fire hazard of the building is greater under its requisitioned use. Each specific contract would have to be examined together with the facts of the requisition to determine whether or not the particular contract is, because of its limitations, incompatible with requisition.

B. Social Insurance

1. Commissioners

a. The appointment of Dott. Livio Malfettani as Commissioner for the Istituto per l'Assistenza di Malattia ai Lavoratori, which has been under consideration, has now been confirmed.

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B. Social Insurance

1. Commissioners

a. The appointment of Dott. Livio Malfettani as Commissioner for the Istituto per l'Assistenza di Malattia ai Lavoratori, which has been under consideration, has now been confirmed.

b. The appointments referred to in the May Report have now been published in the Official Gazette, No. 36 of 24 June, and republished in AMG territory.

c. These Commissioners were appointed principally to facilitate handling on a national basis, such problems as finance, benefits, and contributions, and general personnel policy.

d. Any enquiries affecting provincial offices of the various Institutions in Italian Government territory should be channelled through the Italian Government. In AMG territory Finance officers should contact the local offices direct on Regional or local matters and communicate with Finance Sub-Commission HQ on matters of national concern.

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2. Financing of social insurance deficits

One of the first results of the appointment of national Commissioners has been a change in method of financing deficits. Southern Italy has always been on a deficit basis so far as Istituto Nazionale delle Previdenza Sociale is concerned. Collection difficulties and inaccessibility of reserves have created financial difficulties for both Istituto Nazionale Infortuni and the Istituto per l'Assistenza di Malattie ai Lavoratori. These have hitherto been met by credits to provincial offices or inspectorates at the Banca d'Italia after certification of their needs by an ACC/AMG finance officer and an Intendente di Finanza. Recently the Italian Government has centralized financing of these institutions in the territory under its control. Requests for necessary funds will be made by the Commissioners on behalf of all offices in liberated Italy. "Previdenza" and "Infortuni" organisations have now been placed on the same basis in Military Government territory and an early decision to the same effect is expected for "Malattie". A major enforcement effort to collect contributions in arrears at the national level is required. The change in method of financing will provide an opportunity for uniform national action in this matter.

3. Military allowances

a. The first two articles of R.D.L. 113, 13 April 1944 regarding "soccorsi militari" (military relief allowances) have been republished in AMG territory. These articles raise the daily allowances approximately 70 per cent and extend coverage to families of Italian workers in enemy-occupied territory. The former and present scale of daily allowances follows:

	Former Allowance	Increase Granted	Present Allowance
Wife	8.00 lire	6.00 lire	14.00 lire
Child (each)	3.00	2.50	5.50
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Two parents	10.00	7.00	17.00

The third and fourth articles of the decree, reorganizing the machinery for granting military relief allowances, were not republished, as the Public Health & Welfare Sub-Commission opposed their extension to AMG territory at this time. Finance Sub-Commission approves of their extension and is discussing the matter with Public Health to see if agreement can be reached.

b. Proclamation No. 4 issued in recently liberated territory, authorized benefit payments by social insurance and welfare institutions except family allowances to dependents of the following classes:

(i) persons engaged in military service,

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This sweeping prohibition forbade payments of "richiamati" (military allotments to dependents of those called to arms); "soccorsi militari" (special relief allowances to such of these dependents as are in need); and general relief payments to such of these dependents, or of dependents of Italian workers in enemy-occupied territory, as could establish a claim on the basis of need.

c. To amend this situation a directive, agreed to by the Finance, Labor, and Legal Sub-Commissions, was issued by the Acting Chief Commissioner on 1 July. Its purpose was to encourage maximum cooperation of Italian nationals with Allied Forces by paying benefits due to dependents of those in the listed classes who were not known to be cooperating with the enemy. As regards the latter group, general relief provided by communes will be paid to such of their dependents as can establish need. "Richiamati" and "soccorsi militari" will not be paid

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(i) to dependents of members of Italian armed forces who have joined the Fascist Republican or German armies.

(ii) to dependents of Italian workers in enemy-occupied territory.

d. Both "richiamati" and "soccorsi militari" are reinstated retroactive to 31 March 1944 for dependents of those in military service or imprisoned in liberated territory, who had previously been cut off by the Fascist Republican Government. They will continue to be paid in the case:

(i) dependents of members of the regular armed forces who are not known to have deserted to the Fascist Republican or German armies,

(ii) dependents of those entering Italian regular armed forces, and if such entrants have served with regularly constituted bands and can document the period of service to the satisfaction of competent military authorities, their dependents may be compensated for this period also. A detailed instruction has been sent to the provincial offices of "Previdenza", through the Regional Finance officers, to implement the directive.

e. These actions regularize the situation regarding military allowances, and action parallel to the directive has been promised by the Italian Government. Thus for the first time since the occupation of Italy, a consistent and uniform policy regarding "richiamati" will obtain throughout liberated Italy. When the reorganization features of the recent legislation regarding "soccorsi militari" are republished, completely uniform treatment of military relief claimants will obtain both in Italian Government and Military Government territory.

4. Uniform wage interpretation

a. The complexities in the scale of public compensation described in the May Report have led to numerous conflicting interpretations of these provisions of the Regional wage adjustment orders which affected public employees and these in turn have resulted in serious inequities. To correct this situation in AMG territory, a special instruction framed by agreement of the Finance and Labor Sub-Commissions was issued by the RC and MG Section on 8 June 1944.

b. The regional wage orders had directed (article 1) that the increases be calculated on "the base of present total salaries (base plus ordinary and extraordinary indemnities which usuall represent an integral part of their total salary)". In many cases, nevertheless, items were separated from the total before applying the graduated percentages so as to assure larger increases. In other cases, items that were not recurring or integral parts of the total salary were nevertheless held subject to increase. The new wage instruction sets forth which items shall, and which shall not, be increased; and directs that the graduated scale be applied

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5. Rome developments

Reports from Rome indicate that last winter, anticipating the City's fall, the Germans formed seperate Head Offices of the social insurance institutions in the North. A Head Office of "Previdenza", for example, was formed at Vittorio Veneto. Some cash securities and documents were transferred at the time. There remain in Rome, however, sufficient records and reserves to carry on necessary operations. When plans for Rome were being drawn, careful consideration was given the position of the national Commissioners, and it was decided that arrangements should be made for them to go to Rome at the earliest possible moment. Accordingly, after consultation with the Labor Sub-Commission and the Italian Government, the national Commissioners have been despatched to Rome to assume control and recreate their Head Offices.

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6. Insurance of civilians employed by Allied forces

In November 1943 an agreement was reached between the Claims Commission AFHQ and the Italian Government under which the cover afforded by Italian law for State employees was extended to all workmen employed by the Allied Forces. This agreement which superseded any local arrangements made previously has subsequently been further amplified by the Italian Government to apply to "laborers engaged by the Commands of the French, Polish, and other Armed Forces and operating in the liberated territory of Italy".

7. Pensions

Recent discussions with the Italian Government relative to the pension bills (R.D.L. 85 increasing state pensions, and R.D.L. 102 offering pensions to members of the disbanded Fascist Militia on more favorable terms - see May Report of Finance Sub-Commission) promises an early satisfactory adjustment of these measures. The Government has agreed to repeal R.D.L. 102 and enact a substitute proposal eliminating pensions that resulted from Fascist political activity. Members of the special technical militias (Railroads, Ports, Highways, Post and Telegraphs, Forests) will be allowed to receive pensions, but those holding posts of 6th grade or higher will be required to prove they were not holding them as a result of Fascist Party activity. Members of M.V.S.N. (Fascist Militia) will be excluded outright. As soon as these proposals have been adopted, R.D.L. 85 will be extended to AMG territory, giving increases of 30 to 70 per cent in pensions to those who have served the State.

8. Public wage proposals

a. Proposals for increasing wages of public employees and rationalizing their wage structure were communicated to the Finance and Labor Sub-Commissions by the Italian Government in June. Although graduated, the increases would have conceded too much to higher-paid employees. The simplification, although considerable, would have left too many elements remaining in the wage structure. The supporting data were both inadequate and unsuitable, and hence furnished no basis for an estimate of the probable cost of the proposed adjustment, nor for evaluating it in relation to alternative adjustments.

b. Listed grades, earnings, and adjustments indicated per cents of increase, ranging from 26 to 111, and absolute increases ranging from 1,384 to 1,740 lire per month. Although the per cents of increase were graduated, the largest absolute adjustments were proposed for those already earning the largest amounts. Although the cost of living was the main argument given for conceding an increase, no difference was suggested as between areas with extremely high price levels and areas with relatively moderate price levels.

c. The Ministers had agreed to reduce the public wage structure to two or three basic elements, but their proposals would by no means achieve this. They have completely absorbed:

(i) the active service supplement;

(ii) the temporary war allowance;

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c. The Ministers had agreed to reduce the public wage structure to two or three basic elements, but their proposals would by no means achieve this. They have completely absorbed:

(i) the active service supplement;

(ii) the temporary war allowance,

(iii) the extraordinary work premium,

and have partially absorbed the family allowance, in the base stipend. There was no attempt to absorb the specialized indemnities like the "toga" for magistrates, the temporary wage adjustment (10 to 70 per cent) which now would be applied to the higher total wage, or the periodic bonuses.

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d. The bombing indemnity, while not retained as such, would be renamed presence indemnity and made universally applicable. There would remain, therefore, the following elements:

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(i) stipendio,

(ii) presenza,

(iii) integrazione (temporary adjustment),

(iv) aggiunta di famiglia (100 lire per child for all children in excess of 3),

(v) special indemnities, and

(vi) periodic bonuses.

c. The information supplied by the Ministers was hopelessly inadequate. It covered only statal employees in Italian Government territory falling into certain categories. It was also ill-suited to the purpose of evaluating the proposals.

f. The proposals have been returned to the Ministers with the statement that, without further information and further simplication, they cannot be put into effect. Since equity is the ground on which the proposals were put forward, we must have the information necessary to assure that such adjustments as we may approve are equitable.

9. Agricultural "contributi unificati"

a. Agricultural workers in Italy are entitled to family allowances, pensions, tuberculosis benefits, and marriage and maternity benefits from the Istituto Nazionale della Previdenza Sociale, and also to sickness assistance from Istituto per l'Assistenza di Malattie ai Lavoratori. The Syndicate contributions (Contributi Sindacali) were formerly collected simultaneously with the social insurance contributions from agricultural workers and the combined contributions and dues called Contributi Unificati. The abrogation of Contributi Sindacali was ordered in August 1943 by General Order No. 2. Consequently instalments payable under Contributi Unificati in Agricoltura were reduced 40 per cent.

b. It has since been found that the 40 per cent reduction was an arbitrary figure. Consequently it has been decided that as soon as circumstances permit contributions will be reduced in each province by the amount formerly allocated to certain Fascist organizations in that province. The Fascist organizations in question are:

(i) Fascist Agriculture Confederation

(ii) Fascist Confederation of Farm Workers

(iii) Fascist Party

(iv) Universal Exposition at Rome (the Italian equivalent of the German "volkswagen" plan: heavy contributions but no returns).

c. The 1944 quotas will consist of contributions for the following approved purposes:

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(iii) Fascist Party

(iv) Universal Exposition at Rome (the Italian equivalent of the German "volkswagon" plan: heavy contributions but no returns).

c. The 1944 quotas will consist of contributions for the following approved purposes:

(i) Social Insurance (invalidity and old age, tuberculosis, births and marriages)

(ii) Family Allowances

(iii) Sickness Assistance

(iv) Ente della Cooperazione

(v) Administrative expenses (in the amount of 3% of the total for the other items).

In accordance with the provision of R.D.L. No. 126 of 18 March 1943 published in the Official Gazette of 31 March 1943, an increase of 50% is authorized in the contribution for invalidity and old age. No other increases are authorized.

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VII. ACCOUNTING SUB-SECTION

A. Supply Accounting

1. During the month progress has been made in supply accounting, both at Headquarters and in the Regions. At the close of the preceding month consolidated accounts were prepared only through 31 January 1944, due to delay in the submission of Regional reports, a condition primarily ascribable to lack of personnel. The additional officers allocated to supply accounting during the past two months have substantially improved the situation. All Regions have now submitted returns through 30 April, 1944, except Regions I and VII, and these Regions returns have been received through 31 March 1944. Consolidated accounts have been prepared at Headquarters level taking in the returns as above indicated. The accounting includes all commodities imported and drawn from the Armies, except medical supplies.

2. The position with regard to past transactions in accounting for medical supplies is unsatisfactory. An officer on the Chief Accountant's staff has for some time been exclusively employed in reconstructing past records which should have been maintained, but were not, by Regional Public Health Officers. Some progress has been made, but it may be one or two months before a report can be prepared on this subject.

3. A number of unfinished projects still remain to be cleared up in one or two Regions in respect of transactions in the early days of occupation, but definite progress has now been made and it is hoped that all these matters will be finalized within the coming month.

4. Accounting for petroleum products, heretofore a troublesome problem, is now being brought under well-defined accounting control, as a result of arrangements effected in collaboration with the Petroleum Section, AFHQ, CMF. At present all POL products issued for civilian use are sold to the Comitato Italiano Petroli. Billing for POL is done by the Chief Accountant's office, upon advice from the Petroleum Section of the quantities supplied CIF during the month.

5. Accounting for coal, imported as well as locally produced, has until lately been unsatisfactory, especially with respect to transactions in the early stages of operations, both in Sicily and on the mainland. With the assistance of the Coal Section, ACC, statements have been developed showing allocations and issues by types of coal. On the basis of this information, advice on quantities has been sent to various Regions, in order that purchasers may be billed and collections effected for unpaid items. Further, in accordance with a plan now in course of development by this office and the Coal Section, coal for essential civilian uses will be sold at dockside to the Italian State Railroads, which will in turn sell to public utilities, industries, and other consumers, thus avoiding the multiplicity of accounts necessitated by the old arrangement.

6. In the early stages of occupation, the accounting for supplies handled by the Regional agricultural divisions has given trouble, primarily because these agencies lacked adequate accounting and clerical personnel, and were thus forced in large measure to de-

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6. In the early stages of occupation, the accounting for supplies handled by the Regional agricultural divisions has given trouble, primarily because these agencies lacked adequate accounting and clerical personnel, and were thus forced in large measure to depend on the services of Provincial Consorzii for receiving and disposing of supplies. Such arrangement has not proved satisfactory and as a result the accounting for some products turned over to the Consorzii has been delayed, notably seed potatoes. Recently the Agricultural Sub-Commission, in collaboration with the Accounting Sub-Section, effected an arrangement whereby future agricultural imports will be sold as transferred from ship-side to the national Federazione dei Consorzii, which will in turn resell to Regional and Provincial Consorzii Agrarii, thus eliminating the accounting on Provincial and Regional levels by ACC/AMG.

7. Accounting for supplies and subsistence issued to the Italian Armed Forces is still unsatisfactory in certain respects. Such supplies may be considered under three headings:

a. Bulk imports for the Italian Army supplied by U.S. and U.K.
b. Depot issues by U.S. Army.
c. Depot issues by British Army.

The responsibility for supervising issues to the Italian Army is that of the Military Mission to the Italian Army (part of the Army Sub-Commission, ACC), which has jurisdiction over the distribution of bulk and depot issues. Under existing arrangements, MMIA is required to submit to the Chief Accountant reports of bulk issues in quantities only.

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In view of this fact, instructions have been requested as to what agency will value supplies so issued, and, if the valuation is to be made by the Chief Accountant, as has been indicated in previous correspondence, it will be necessary that landed cost figures for all such commodities be furnished to him. Considerable difficulty has been experienced in recording depot issues. Such transactions cover a wide range of commodities. In some cases these are priced with summaries by major categories; in other cases they are merely listed in quantities; and in still other cases only shipping tickets are received. In view of the unsatisfactory state of the reports received, a memorandum was addressed to G-5 (Finance) AFHQ, citing the circumstances and asking for instructions, in order that a uniform procedure may be applied by all reporting agencies.

8. In view of the extension of the export activities, supplemented accounting instructions were developed to provide the necessary records for the preparation and submission of information to Headquarters of the Industry and Commerce Sub-Commission and the Finance Sub-Commission. The new procedure provides for the operation of a purchase register for exports, receipts and shipments record by commodities, export warehouse stock cards, and a monthly return on shipments.

9. Owing to (a) progress made in selling imports to the Italians in greater bulk and on a higher level, (b) the clearing up of old outstanding matters, and (c) the reduction of imports in some Regions, it has been possible to transfer staff from rear to forward Regions; five officers and EM/CR from Region I have been, or in the immediate future will be, transferred elsewhere and the Supply Accountant in Region VI is being recalled and earmarked for a new Region. It must, however, be remembered in considering supplies accounting that the extent to which the staff can be reduced is ultimately determined by the work of the Sub-Commissions for whose operations accounting must be carried out. So long as it is necessary for ACC Sub-Commissions or Regional Divisions handling imports and exports to deal with Provinces or individual firms, it will be necessary to maintain accounting personnel in the Regions to see to the accounting. Only when imports and exports are dealt with through some national organization at Headquarters level will it be possible to avoid retaining a Supply Accountant in rear Regions.

10. Considerable difficulties in handling imports and exports on a national level have been experienced owing to the weakness of the Italian national administration and the fact that organizations of a national character are disorganized because of war conditions. Progress is, however, being made; as heretofore indicated, petroleum products and agricultural imports are now being handled on a national level and it is hoped that a similar policy for coal imports will be adopted shortly. The Public Health Sub-Commission are also developing a policy of selling to the Italian Government on a Regional basis. An officer on the Chief Accountant's staff is at present attached to the Food Sub-Commission with a view to establishing a procedure for handling all imports through the national Headquarters of the Federazione dei Consorzii Agrarii; agreement on the general lines to be followed has been reached with the Food Sub-Commission and it is hoped that a complete scheme will be agreed within the next few weeks. With regard to exports it is understood that the Industry and Commerce Sub-Commission have opened discussions with a view to reconstituting the Istituto Commercio Estero, the Italian Governmental department which previously handled all exports. The progress of the accounting organization and the economising of staff in rear Regions is largely dependent on the progress made by Sub-Commissions on the above lines.

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11. With regard to Supply Accounting in forward areas the rapid progress of the Armies has presented many problems, and it must be expected that some little time will elapse before all issues of supplies immediately behind the advancing Armies can be properly accounted for. All possible available staff have been allocated to forward areas in the hopes of reducing to a minimum the inevitable errors of omission which occur in accounting in battle areas.

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B. Financial Accounting Reorganization

1. Executive Memorandum No. 64 was issued instructing that in future the policy would be to centralize all ACC/AMG financial accounting at Headquarters. This procedure will be put into force as from 1 July for Regions I, II, III, VI and VII and for other Regions at dates to be notified later.

2. This policy has been made possible (a) by the reduction in the work of the Regional Accountants owing to local governmental financing being done by the Italian Government and not by ACC/AMG, and (b) by improvement in communications.

3. All Regional Accountants and their staffs will be called to ACC Headquarters and sub-accountants in Regions will submit their monthly reports of receipts and disbursements, with all relative vouchers, to the Chief Accountant ACC instead of to the Regional Accountant as previously.

4. It is anticipated that this policy will result in economy of personnel, better control over expenditure, and greater uniformity in procedure and classification.

5. As stated above, it is not intended to apply this centralization to Regions further forward than Region III for the moment, as it is considered necessary to maintain Regional Accountants in all forward areas (a) so that they may be in a position to deal on the spot with accounting problems that arise in newly occupied territory, and (b) because communications with forward areas is frequently deficient.

C. Allied Financial Agency

1. The consolidated accounts to 31 May 1944 were reviewed and approved by the Chief Accountant.

D. ACC/AMG Accounts

1. The consolidated Regional accounts for the month of April were prepared.

2. An up-to-date list of all Head and Sub-Heads for classification of ACC/AMG Revenue and Expenditure was circulated to all Regional Accountants.

3. An instruction (Sub-Accountants Instruction No. 1) was drafted for circulation to all Sub-Accountants, Collectors of Revenue, and Imprest Holders. This instruction, which is to be issued in connection with the policy of centralization, consolidates such previous instructions in the Accounting Manual and elsewhere as concerns Sub-Accountants, Collectors of Revenue, and Imprest Holders.

4. During the month particular attention has been paid to the control of expenditure for wages paid out of ACC/AMG funds to civilian employees in messes and billets. Regional Accountants were reminded of their duties to see that the instructions contained in Administrative Memorandum No. 2 were being adhered to. The payments in all Naples messes were investigated by the Chief Accountant's staff and with one exception (which is still

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because communications with forward areas is frequently deficient.

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

O.R. Greenaway Smith
Colonel,
Joint Director,
Finance Sub-Commission.

1844

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Table 3.

Cash Position of the
Banca d'Italia
(including AFA and AMG Accounts)

31 May 1944 (millions of lire)

Branch	Bank Notes	State Notes	AM Lire	BMA Pounds	Dollars	Emergency Italian currencies	Total
Matera	22	1	50	-	-	-	73
Potenza	114	5	91	-	-	-	210
Catanzaro	76	1	42	6	-	-	130
Cosenza	42	1	29	2	-	-	74
Reggio Calabria	72	4	59	7	-	-	142
Bari	193	32	123	16	-	-	364
Barletta	40	2	129	1	-	-	37
Lecce	36	7	14	1	-	-	58
Taranto	53	38	25	1	-	-	117
Salerno	235	10	255	2	-	-	502
Cagliari	94	-	10	-	-	-	104
Nuoro	20	1	15	-	-	2	38
Sassari	277	5	44	1	-	24	351
Agrigento	26	4	144	-	-	-	144
Caltanissetta	77	47	50	-	-	-	174
Catania	136	6	166	4	-	-	312
Enna	28	4	26	-	-	-	58
Messina	121	1	171	-	-	-	293
Palermo	297	12	375	-	-	-	684
Ragusa	5	1	23	-	-	-	29
Siracusa	8	1	74	-	-	-	83
Trapani	9	-	116	-	-	-	125
Campobasso	57	4	20	3	-	-	84
Foggia	32	3	123	1	1	-	160
Avellino	53	3	75	6	-	-	137
Benevento	59	8	76	1	-	-	144
Caserta	61	-	48	5	1	-	115
Castellamare	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Naples	367	2	741	6	1	-	1,117
				67	3	26	6,031

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Bari	193	32	123	16	-	-	364
Barletta	40	2	129	1	-	-	37
Lecce	36	7	14	1	-	-	58
Taranto	53	38	25	1	-	-	117
Salerno	235	10	255	2	-	-	502
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Caserta	61	-	48	5	1	-	115
Castellamare	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Naples	367	2	741	6	1	-	1,117
GRAND TOTAL	2,627	208	3,104	63	3	26	6,031

Table 4.

Banca d'Italia Credit Outstanding
Liberated Italy

	31 December 1942	31 December 1943	29 February 1944	31 March 1944	30 April 1944	31 May 1944
Rediscounts	846	604	473	453	243	186
Advances	951	1,525	917	796	837	887
Total	1,797	2,129	1,390	1,252	1,080	1,073

1876

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APPENDIX C

BANKING STATISTICS

Table 1

Italian State Account at Banca d'Italia, Southern Italy
1 July 1943 through 31 May 1944
(millions of lire)

	Total Italian Gov't. territory	Total Military Gov't. Territory	Grand Total Liberated Italy
a. "Deficit" in State Account			
Total payments less payments on account of Buoni del Tesoro ordinari	26,019	8,667	34,686
Total receipts less receipts on account of B.T.O.	3,838	1,119	4,957
Excess of disbursements	22,181	7,548	29,729
b. How State "Deficit" was met			
Credit advanced by Banca d'Italia to State	11,092	3,761	14,853
Decrease in balance held by State at Banca d'Italia on 1 July 1943	2,700	1,241	3,941
Advances from AFA and AMG	3,550	30	3,580
Funds supplied from Rome	1,765	1,400	3,165
Net receipts in B.T.O. account	1,218	627	1,845
Increase in Contabilita' Speciale accounts	1,742	482	2,224
Increase in deposits of cash guarantees	114	7	121
Total	22,181	7,548	29,720

Table 2.

Investment in Buoni del Tesoro Ordinari
(millions of lire)

	1 July 1943 through 31 May 1944			May 1944		
	Issued	Paid	Net Investment	Issued	Paid	Net Investment
	81	71	10	27	7	20

Credit advances by Banca d'Italia to State	11,092	3,721	
Decrease in balance held by State at Banca d'Italia on 1 July 1943	2,700	1,241	3,941
Advances from AFA and AMG	3,550	30	3,580
Funds supplied from Rome	1,765	1,400	3,165
Net receipts in B.T.O. account	1,218	627	1,845
Increase in Contabilita' Speciale accounts	1,742	482	2,224
Increase in deposits of cash guarantees	114	7	121
Total	22,181	7,548	29,720

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(millions of lire)

	1 July 1943 through 31 May 1944			May 1944		
	Issued	Paid	Net Investment	Issued	Paid	Net Investment
Salerno	81	71	10	27	7	20
Lucania	131	169	-38	10	6	4
Calabria	126	83	43	36	7	29
Puglia (less Foggia)	1,124	796	328	168	113	55
Sardinia	169	61	108	14	8	6
Sicily	2,755	1,831	924	634	711	-77
Campania (less Salerno)	1,389	706	683	360	56	304
Foggia	76	72	4	13	11	2
Campobasso	51	48	3	3	2	1
Total	5,902	3,837	2,065	1,265	921	344

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Table 3.

Cash Position of the Banca d'Italia (including AFA and AMG Accounts)

31 May 1944 (millions of lire)

Branch	Bank Notes	State Notes	AM Lire	BMA Pounds	Dollars	Emergency Italian currencies	Total
Matera	22	1	50	-	-	-	73
Potenza	114	5	91	-	-	-	210
Catanzaro	76	1	42	6	-	-	130
Cosenza	42	1	29	2	-	-	74
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Benevento	59	8	76	1	-	-	144
Caserta	61	-	48	5	1	-	115
Castellamare	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Naples	367	9	714	6	1	-	1 117

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Teranto	53	38	25	1	-	-	117
Salerno	235	10	255	2	-	-	502
Cagliari	94	-	10	-	-	-	104
Nuoro	20	1	15	-	-	2	38
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1876

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up in the Provincial Capital with the office of the Intendente and the Prefetto. In the provinces of Rome and Viterbo this work was quite properly left for the permanent Provincial F.O. In Grosseto contact has been established by Lt. Rush with the Intendente, who has been instructed to move his office back to the Provincial Capital. Some of the tax forms are missing due to bomb damage, and Lt. Rush was instructed to take the Intendente to Viterbo to endeavor to obtain a temporary supply.

AID TO BRITISH AND AMERICAN NATIONALS.

Forms for this activity are furnished by AMG 5th Army Finance to the Provincial F.O.s. No direct cases have been handled by us.

WAGES AND SALARIES.

The ACC wage increase order raising salaries of government employees 70%, issued in liberated areas in the south, has not been issued by AMG 5th Army during its jurisdiction in any of the provinces captioned in this report. It is our policy, so long as mobile conditions continue, to leave this to be done by the Provincial team for the area as a whole. Communes hiring extra help have been ordered to keep the scale of pay for common laborers at 50 to 60 lire per day.

CASH AND ACCOUNTING

The S.F.O. has brought from Rome a substantial amount of cash, out of which store are supplied AMG 5th Army Forward F.O.s, Provincial F.O.s designate (while they are attached to AMG 5th Army), the various sub-accountants in AMG 5th Army (also Corps) and the AMG expenditures of this Headquarters. As far as possible advances to communes are made by P.F.O.s so that the accounting is in their hands from the start, and our mobility is thereby increased. Accounts have been rendered to the Chief Accountant, Region IV. Upon my request for instructions as to June accounts, the Chief Accountant, ACC HQ has requested that we report also for June to the Chief Accountant, Region IV. This request has been passed on to the various sub-accountants in AMG 5th Army.

FORMS

Additional reprints have been obtained of various forms, and from these initial supplies Provincial F.O.s are furnished with their requirements.

/s/ R. B. Menapace
/t/ R. B. MENAPACE
Lt. Colonel,
Senior Finance Officer,
A.M.G. Fifth Army.

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/s/ R. B. Menapace
/t/ R. B. MENAPACE
Lt. Colonel,
Senior Finance Officer,
A.M.G. Fifth Army.

Copy to :

ACC HQ, Finance Sub-Commission.

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When A.M.G. entered Viterbo the Bank had only 9,000,000 lire cash in its vaults. Under date of 18th June Banca d'Italia was instructed by letter to reopen its Royal Treasury Section.

Aprinted letter of instructions was delivered by the F.O.S to each bank, including the Banca d'Italia, and each Post office Savings Bank calling attention to the fact that Proclamation No. 4 permits it to operate the accounts of communal, provincial and state bodies, social insurance organizations and Consorzi. The same letter also instructed them to block certain accounts of Fascist organizations individuals, etc.

The matter of Amassi financing was discussed by the S.F.O. and P.F.O. with the officials of the Consorzio Agrario Provinciale in Viterbo. A letter of instructions was prepared for the P.C. addressed to the 5 banks in the Province which provided the financing last year instructing them to proceed with the financing in this current season on the same lines as last year. Copies of the letter were to be sent to the Consorzio and Banca d'Italia, and an estimate of cash required by the latter for the first four weeks was to be furnished. It is planned to request Rome to make shipments of lire currency to Viterbo for this and other purposes.

When Viterbo Province was turned over to the Regional Provincial team on 29th June the S.F.O. met in Viterbo with the P.F.O., Major Clarke of Region IV Finance Division and the officials of the Banca d'Italia, Viterbo.

After reviewing the information on hand it was decided to set 6th July as the tentative date for reopening the banks in the Provincial Capital announcing at the same time that the banks in the whole province will be ordered to resume operations one week later.

Grosseto Province. The Banca d'Italia was instructed by letter of the S.F.O. of 25th June to reopen its Royal Treasury Section. Two meetings have been held with the bank by S.F.O. and P.F.O. Grosseto Province. Reports are being received by it from banks throughout the Province on our balance sheet forms left with them by the F.O.s A peculiarly difficult situation is presented by the fact that Monte dei Paschi di Soena, which does most of the province's banking with its 22 direct and 9 indirect branches, had sent its records and cash to its Head Office in Siena (City) which at this writing is still in enemy hands. A meeting of the banks at Banca d'Italia was called for Tuesday, 4th July at which the plans for reopening the banks will be discussed.

Banca d 'Italia has been instructed to report for each bank:

(a) the amount of securities the bank has on deposit with it;
(b) the amount of credit ("anticipazione") granted on such collateral;
(c) the amount of credit actually still available,
(d) any deposit balance the bank may have with Banca d'Italia.

Although Banca d'Italia, Grosseto had sent all security holdings (115,000,000 Lire face value) to its Siena affiliate, it indicated that its lines of credit to the banks would nevertheless be available.

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the S.F.O. met in Viterbo with the P.F.O., Major Clarke of Region IV Finance Division and the officials of the Banca d'Italia, Viterbo.

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Although Banca d'Italia, Grosseto had sent all security holdings (115,000,000 Lire face value) to its Siena affiliate, it indicated that its lines of credit to the banks would nevertheless be available.

Banca d'Italia was instructed to estimate its currency requirements for:
(a) payment of interest and principal on the Italian State debt for June and July;
(b) financing of amassing for the next month;
(c) financing of deficits of communes, province and state offices for June and July;
(d) supplying of cash to banks for reopening.

It is planned, as soon as this estimate is furnished, to call on Banca d'Italia, Rome for a shipment of currency to Grosseto to cover the requirements as indicated.

REVENUE

In the phase covered by AMG 5th Army Finance, activities regarding the Italian revenue system are largely confined to inquiries by the F.O. as to the status of the [illegible] Italian tax collecting machinery and instructions by him to the communal authorities and the esattori that all tax laws are to be enforeced and all collections made. In the majority of cases communes are found to be fairly up-to-date, but an occational commune is found where taxes are in arrears due either to evacuation of population or widespread damage to property. The provincial and state revenue and monetary situations are taken

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At least 13 communes reported no funds needed for the present. Unusually large advances were made to Viterbo (700,000 lire), Acquapendents (225,000 Lire) and Montefiascone (200,000 Lire) - the first two because of their extremely damaged condition; the other because of its large population including refugees.

Full details were reported to the P.C., Viterbo Province by letter of the Chief of Staff dated 28th June. Individual reports on each commune were made by the F.O.'s, as usual, and copies of each were sent to the Regional Finance Officer, Region IV, and the Provincial Finance Officer, Viterbo Province.

(C) Grosseto Province. Capt. Ramsey of this H.Q. and Lt. Rush, F.O. designate of Grosseto Province, began visiting towns in that Province on 20th June and have been located in Grosseto for greater speed in keeping up with the advance of the Corps in that area. By 30th June these F.O.s had visited all the communes in Grosseto Province with the exception of Isola del Giglio. They made two attempts to obtain water transport to that island but were unsuccessful. They will continue their efforts to reach it.

(D) Siena Province. Capt. Hickey, F.O. of this H.Q. and Maj. Randall, F.O. designate of Siena Province, after consultation with the S.C.A.O. of C.M.F. began on 26 June visiting communes in Siena Province. Up to the present the following have been covered: Abbadia San Salvatore, Piancastagnaio and Radicofani. The F.O.s mentioned are continuing to visit Siena communes as the Corps S.C.A.O. gives permission.

(E) Livorno Province. Capt. F. A. Webb, F.O. designate of Livorno Province, reported to this H.Q. on 27th June for duty and was requested to proceed to Grosseto to join Capt. Ramsey there. These officers have been instructed to begin operations in Livorno Province as soon as the Corps S.C.A.O. so orders. It is expected that one or both of them will make a visit to Piombino and other southern communes on 1st July.

BANKS, CURRENCY AND AMGASSI FINANCING.

Rome Province. The banks in Rome Province were closed by the posting of Proclamation No. 1. Immediately after the reopening of the banks in Rome City, a meeting was called at the Banca d'Italia, Rome, attended by officials of that bank and of the Rome banks which have branches throughout the Province and by the R.F.O. of Region IV and the S.F.O. Information was furnished to all parties of the status of the banks in the various communes as reported by the F.O.s in their reports on communes. The banks were instructed to determine the cash requirements of their branches. They were instructed that reopening must be effected in each commune simultaneously and that banks must help each other in the matter of setting up banking quarters where buildings and vaults were ruined. Whereever a bank was not to open with the others, a public statement explaining the circumstances was to be made. The banks were given passes for their inspectors to proceed to the various communes with their own transport to assure that buildings were rehabilitated or substitute offices found, that personnel was on hand, that necessary information was obtained regarding cash needs, and that the AMG policy was understood by the local banks. The carrying out of the reopening program in Rome Province was passed on to Region IV organization, as AMG 5th Army turned the province over.

Viterbo Province. In general the situation found in the communes in that Province

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26 June visiting communes in Siena Province. [illegible] covered: Abbadia San Salvatore, Piancastagnaio and Radicofani. The F.O.s mentioned are continuing to visit Siena communes as the Corps S.C.A.O. gives permission.

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BANKS, CURRENCY AND AMASSI FINANCING.

Rome Province. The banks in Rome Province were closed by the posting of Proclamation No. 4. Immediately after the reopening of the banks in Rome City, a meeting was called at the Banca d'Italia, Rome, attended by officials of that bank and of the Rome banks which have branches throughout the Province and by the R.F.O. of Region IV and the S.F.O. Information was furnished to all parties of the status of the banks in the various communes as reported by the F.O.s in their reports on communes. The banks were instructed to determine the cash requirements of their branches. They were instructed that reopening must be effected in each commune simultaneously and that banks must help each other in the matter of setting up banking quarters where buildings and vaults were ruined. Wherever a bank was not to open with the others, a public statement explaining the circumstances was to be made. The banks were given passes for their inspectors to proceed to the various communes with their own transport to assure that buildings were rehabilitated or substitute offices found, that personnel was on hand, that necessary information was obtained regarding cash needs, and that the AMT policy was understood by the local banks. The carrying out of the reopening program in Rome Province was passed on to Region IV organization, as AMG 5th Army turned the province over.

Viterbo Province. In general, the situation found in the communes is that banks are virtually without currency, departing Fascists and the public in general having withdrawn their funds and exhausted the cash on hand. Supplies of cash from the larger centres were unobtainable for various reasons, among them the fact that the same situation held there - as in Rome, where Banca d'Italia former Head Office for Italy had only 2,500,000 lire cash when AMG entered Rome. Cash had to be brought up from Banca d'Italia Naples to refurnish it. Our base of supply of currency is now Rome, and consequently the matter of reopening banks will have to be handled with the Regional Finance Officer and the Finance Sub-Commission, ACC, in the picture, as the latter has charge of the policy as to the supply and distribution of currency at the Banca d'Italia.

Our F.O.'s assured the banks that an early reopening was our aim. The F.O.s delivered to each bank a copy of our brief form of Balance sheet (model A) on which each bank is requested to make a prompt report for the end of 1943, the end of March 1944 and the date of closing. Banks were requested to deliver their completed reports to the Banca d'Italia in Viterbo. A meeting was arranged for the Provincial F.O., the Regional F.O. and the S.F.O. of this H.Q. in Viterbo for 29th June to consider the data gathered and set plans for the reopening of the banks in the Province at the earliest possible date.

The S.F.O. on 20th June brought a new manager from Rome for Banca d'Italia, Viterbo, and also brought for them a supply of 10,000,000 lire cash from Banca d'Italia, Rome.

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HEADQUARTERS
AMG 5th ARMY
A.P.O. 464 U.S. ARMY
Finance Division

1st July 1944.

SUBJECT: Report of Finance Division
For June 1944.

TO : SCAO, AMG 5th Army.

The practice of having each Provincial F.O. work with us from the start in his Province redounds both to the advantage of the Provincial team and to our own. For us in AMG 5th Army it means that turnover to the Province is greatly accelerated. Recently, we inaugurated the practice of having the Provincial F.O. make the advances to the communes and Post Offices (out of funds furnished him in bulk by the S.F.O.), so that that officer will have in his accounting all advances made, even those in the first phase.

Lt. Libero Leone, of the Italian Army, a permanent employee of Banca d'Italia was attached and employed in making investigations of the condition of the banks, including Banca d'Italia, in the Provinces traversed as far north as Rome. His reports have been useful to us, to the Banca d'Italia, Rome and to the Head Offices in Rome which have branches in the nearby provinces.

COMMUNAL AND POST OFFICE FINANCING

(A) Rome Province. In the period 5th June to 14th June, our Finance Officers covered all the communes of Rome Province in AMG 5th Army area (and some in 8th Army area) with results as indicated in the following tabulation:

Number of communes visited		52
Number to which advances were made		35
Total advances made	Lire.	1,797,000
Post Offices reopened (for financial agency services)		37
Number of Post Offices to which advances were made.		27
Total of such advances	Lire.	1,513,000

Full details were reported by letter of the Chief of Staff to the P.C. Rome Province on 15th June 1944. Copies of individual reports on each commune as written were sent to the Regional Finance Officer, Region IV and to the Provincial Finance Officer, Rome Province. The "first phase" financing to the communes generally covers the normal needs for the current month and the extraordinary requirements, including Ente Communale Assistenza (ECA - relief), for a period of several weeks to a month, depending on the physical state of the commune, refugees present, etc. In only a few communes was the statement made that no funds were needed. [illegible]

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The advances to the Post Offices are made to enable it to resume its financial agency functions, namely payment of salaries and pensions of state employees and "sussidi militari", or relief to needy families of men in the armed forces. Since funds for these purposes are advanced to Post Offices the people concerned are kept off the ECA relief rolls of the Commune.

(B) Viterbo Province. Our Finance Officer, jointly with the F.O. designate of Viterbo Province, covered the 38 communes of Viterbo Province in our area between the dates 13 June and 27 June. The results shown in tabular form are:

Number of communes visited		38
Number to which advances were made		22
Total advances made	Lire	2,359,000
Number of Post Offices reopened (for financial agency services)		33
Number of Post Offices to which advances were made		24
Total of such advances	Lire	1,823,000

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B. Imports for Civilian Consumption

1. Complete data by months on the quantities of goods imported for civilian consumption and estimates of the landed cost value of each item are given in the table on page 2. The differences between these data and those presented last month result from:

a. dropping the distinction between supplies imported on U.S. account and on U.K. account, and valuing all supplies at U.S. landed cost prices;

b. changing the estimates of the landed cost of dry vegetables from 16 to 24 thousand lire per ton, of seed potatoes from 20 to 8 thousand lire per ton, and of medical supplies from 50 to 200 thousand lire per ton; and

c. making a more detailed breakdown in some cases.

2. It has not been possible to obtain additional data on petroleum diverted to civilian use.

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IMPORTS FOR CIVILIAN CONSUMPTION THROUGH MAY 194

	Quantities (thousands of long tons)							Landed Cost	Value at La		
	Thru Dec. 1943	Jan.	Feb.	Mar.	Apr.	May	Total Thru May	(Thous. of lire per ton)	Thru Dec. 1943	Jan.	Fe
Food											
Flour	72.8	30.0	62.0	54.8	26.5	16.5	262.5	13.2	961	396	8
Wheat	9.8	47.1	29.6	24.0	29.0	68.1	207.6	11.7	115	551	3
Soup, dhy	2.8	3.9	4.1	11.4	10.2	5.2	37.6	59.6	165	232	2
Stew, M & V	-	-	-	12.3	8.1	9.0	29.4	56.0	-	-	
Meat, Canned	-	-	-	-	5.4	5.7	11.1	95.0	-	-	
Pulses, dry	1.5	1.5	2.2	11.9	5.4	8.2	30.7	24.0	36	36	
Sugar	5.6	4.7	9.8	.6	-	6.5	27.2	17.5	98	82	1
Milk	2.2	1.0	.2	2.7	.5	1.0	7.6	30.0	66	30	
Cheese	.3	-	.5	-	1.5	-	2.3	7.8	2	-	
Pasta	1.4	-	-	-	-	-	1.4	15.0?	21	-	
Herring, dry	-	-	-	-	-	.4	.4	60.0	-	-	
Other foods	2.8	.8	.1	1.7	.1	.4	5.9	17.5?	49	14	
Total Food	99.2	89.0	108.5	119.4	86.7	121.0	623.8		1,519	1,341	1,6
Other											
Clothing	-	-	-	.9	.2	-	1.1	700?	-	-	
Medical	.2	.5	.4	.3	-	-	1.4	250?	50	125	
Seed potatoes	2.8	7.7	9.6	12.8	4.1	-	37.0	8.0?	22	62	
Copper sulphate	-	-	-	-	-	6.8	6.8	14.0	-	-	
Fertilizers	-	-	-	.7	-	2.2	2.9	9.0	-	-	
Newsprint	.5	-	.8	.6	.2	.3	2.4	17.5	9	-	
Other paper	-	-	-	-	.4	.6	1.0	17.5?	-	-	
Soap	.4	.4	2.2	3.3	-	-	6.3	2.7	1	1	
Caustic soda	-	-	-	.3	-	-	.3	8.8	-	-	
Miscellaneous	.1	.2	.1	.1	.1	.2	.8	350?	35	70	
Total Other	4.0	8.8	13.1	19.0	5.0	10.1	60.0		117	258	
Total imported Supplies	103.2	97.8	121.6	138.4	91.7	131.1	683.8		1,630	1,599	1,8
Proceeds from sales of civilian supplies									127	89	

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IMPORTS FOR CIVILIAN CONSUMPTION THROUGH MAY 1943

(Thousands of long tons)				Landed Cost	Value at Landed Cost (millions of lire)						
Mar.	Apr.	May	Total Thru May	(Thous. of lire per ton)	Thru Dec. 1943	Jan.	Feb.	Mar.	Apr.	May	Total Thru May
54.8	26.5	16.5	262.5	13.2	961	396	818	723	350	218	3,466
24.0	29.0	68.1	207.6	11.7	115	551	346	281	339	797	2,429
11.4	10.2	5.2	37.6	59.6	165	232	244	679	608	310	2,238
12.3	8.1	9.0	29.4	56.0	–	–	–	689	453	504	1,646
–	5.4	5.7	11.1	95.0	–	–	–	–	513	541	1,054
11.9	5.4	8.2	30.7	24.0	36	36	53	286	130	197	7[illegible]
.6	–	6.5	27.2	17.5	98	82	172	10	–	114	47[illegible]
2.7	.5	1.0	7.6	30.0	66	30	6	81	15	30	228
–	1.5	–	2.3	7.8	2	–	4	–	12	–	18
–	–	–	1.4	15.0?	21	–	–	–	–	–	21
–	–	.4	.4	60.0	–	–	–	–	–	24	24
1.7	.1	.4	5.9	17.5?	49	14	2	30	2	14	111
119.4	86.7	121.0	623.8		1,519	1,341	1,645	2.779	2,422	2,749	12,449
.9	.2	–	1.1	700?	–	–	–	630	140	–	770
.3	–	–	1.4	250?	50	125	100	75	–	–	350
12.8	4.1	–	37.0	8.0?	22	62	77	102	33	–	296
–	–	6.8	6.8	14.0	–	–	–	–	–	95	95
.7	–	2.2	2.9	9.0	–	–	–	6	–	20	26
.6	.2	.3	2.4	17.5	9	–	14	10	4	5	[illegible]
–	.4	.6	1.0	17.5?	–	–	–	–	7	10	17
3.3	–	–	6.3	2.7	1	1	6	9	–	–	17
.3	–	–	.3	8.8	–	–	–	3	–	–	3
.1	.1	.2	.8	350?	35	70	35	35	35	70	280
19.0	5.0	10.1	60.0		117	258	232	870	219	200	1.896
138.4	91.7	131.1	683.8		1,630	1,599	1,877	3.649	2,641	2,949	14,345
					127	89	181	242	452	751	1,842

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APPENDIX A

Financial Effects of Allied Occupation

A. 1. The table below brings through May the data published under the same captions through April in Appendix A to last month's Report. In some cases the data have been revised from information more recently available.

2. The May data show no significant differences from the situation in April, except under receipts from the sale of imported supplies. These receipts, for smaller than the landed cost of civilian supplies for the reasons stated in last month's report (Appendix A, p. 6), have continued to increase rapidly. No new data on soldiers' expenditures and the expenditures of the Allied forces has become available, other than the figures for U.S. forces for May. The figures given in lines 1 and 2 are therefore estimates. The U.S. figures for May were approximately the same as those for April.

3. The principal revision is in the estimate of the landed cost of civilian supplies, full data for which are given in the table on the following page.

	Through March	April	May	Through May
		(in billions of lire)		
1. Soldiers' expenditures	12.0	2.6	2.6?	17.2
2. Expenditures of the forces	1.8	.5	.6?	2.9
3. Disbursements for purchase of exports	.3	.1	.2	.6
4. Total	14.1	3.2	3.4?	20.7
5. Less: Receipts from sale of imported supplies	.6	.5	.7	1.8
6. Total inflationary effect of Allied operations	13.5	2.7	2.7	18.9
7. Italian Government deficit from July 1943	23.0	3.0	5.2	34.2
8. Total (6 + 7)	36.5	5.7	7.9	53.1
9. Percent inflationary effect of Allied operations to total inflationary effect (6 ÷ 8)	37	47	34	36
10. Landed cost of goods imported for civilian consumption	8.8	2.6	2.9	14.3
11. Total "exploitation" effect (4 - 10)	5.3	.6	.5	6.4
12. AFA advances to Italian Government and its agencies	5.6	.4	.5	6.5
13. Approximation to increase in currency circulation (6 + 12)	19.1	3.1	3.2	25.4
14. All lire put into circulation (in hands of public and banks including Banca d'Italia)	20.8	3.0	2.8	26.6
15. Error (14 - 13)	1.7	-.1	-.4	1.2

	March	April	May	June
	(in billions of lire)			
1. Soldiers' expenditures	12.0	2.6	2.6?	17.2
2. Expenditures of the forces	1.8	.5	.6?	2.9
3. Disbursements for purchase of exports	.3	.1	.2	.6
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[illegible]

VIII/S.G./16

10th July, 1944.

SUBJECT: [illegible] - July, 1944.

TO : Executive Commissioner, U.K., Allied Control Commission.

1. My report for June, the first entire month in the life of Region VIII, of necessity, contains some of matter connected with the starting of the Region and those concerning the military government and administration of the people.

2. GENERAL.

At the end of June, Region VIII territory occupied by the Allies consisted of the whole of GROSSETO Province and parts of LIVORNO and SIENA Provinces, of which, 50 - 60% of GROSSETO has been handed over to this Region for administration but not for executive control. At the time of writing, the Armies have asked on considerably further and it is hoped that more territory will be handed over shortly.

3. ADMINISTRATION.

a. Generally, satisfactory liaison is being maintained with both A and B sectors by means of frequent visits to their HQ and to those contacted from which have already come. Either myself or my executive officer, Colonel [illegible], pay a minimum to be out once daily, and, in addition, I have appointed Major [illegible] as a full time liaison officer with the two sectors. He reports personally to both headquarters once every third day.

b. Other means of communication are bad. Telephone is inconsistent, and telegraph is very difficult as that HQ has moved on. Overland transport, however, has established between ourselves and both A and B. Sectors.

c. The regional HQ has been established here at [illegible] since 19 June. [illegible] and our base is at Rome about 200 miles away. [illegible] 20 June. [illegible] Region VIII territory, efforts have been made to find a more central location for [illegible] with corresponding better communications, and several [illegible] have been [illegible] but so far without success.

4. PERSONNEL.

Several communications have been sent separately to you on this subject. The number of officers reported to the Region as at 30 June. [illegible] was 111, and as at today, 10 July, 1944, 119. Our total allotment today 135, 16 officers are still [illegible]. Their early presence would be welcomed, especially the two [illegible] officers who are urgently required for duty as Provincial Supply Officers.

5. PROVINCIAL TEAMS.

[illegible]

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3. ADMINISTRATION.

a. [illegible] satisfactory liaison is being established with both 5 and 8 Armies by means of frequent visits to their HQ and to those formations [illegible] which have already been formed. Other appeals on my immediate attention, [illegible] . . . . . is desirous to be out and [illegible], and, in addition, I have appointed Major [illegible] . . . to assist me with the Italian officials with the two Armies. He reports personally to me [illegible] and every other day.

b. Other means of communication are bad. Telephone is unreliable, and telegrams [illegible] very difficult to get off in time owing to [illegible] Courier lines, however, have established between ourselves and this HQ and [illegible]. ACC.

c. The regional HQ has been established here at [illegible] since 19 June. This and our base [illegible] closed down on 20 June. [illegible] As many of the Region case under Allied occupation, efforts have been made to find a more central location for [illegible] with reasonable ease of communications, and several likely places have been reconnoitred including [illegible] but so far without success.

4. PERSONNEL.

Several communications have been sent separately to you on this subject. The number of officers reported to the Region as at 30 Jun. 1944 was 111, and an establishment [illegible] 119. The total allotment being 139, so officers are still [illegible]. Their early presence would be welcome, especially the two [illegible] who are urgently required for duty as provincial supply officers.

5. PROVINCIAL TEAMS.

Assignments of civilian personnel to provinces are almost completed, and all provincial teams are now in the field forward of this HQ except the [illegible], Ancona and Ascoli teams as such, which have not yet been called for by Army, but all the officers and men thereto are undergoing refresher to Civilianship; these are will be ready to move as required.

6. Certain other England and provincial officers were attached to 5th Army before entry into Rome, and at the request of 5th Army, others have been similarly attached to them for the completion of [illegible].

7. CIVIL AFFAIRS.

Until the initial rapidly moving [illegible] I have little to add to the full reports which are sent regularly to you, copy to this HQ, from 5th & 8th Armies. Such comments as I have are as follows:

a. POLITICAL REACTIONS AND POPULAR OPINION

b. LOCAL GOVERNMENT - PROVINCIAL

As regards [illegible] the attention is quite officially. [illegible] Alternatives include reports [illegible] unsatisfactory in [illegible] with Central or other Governments. Partisans are, on the [illegible], quite non-cooperative. [illegible] each of the provincial governors was handicapped due to the fact that all senior officials except a very few [illegible] [illegible] the [illegible] rejected for duty, but was [illegible] by A.F.H.Q.

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D. ECONOMICS & SUPPLY.

A Naval group of 20 [illegible] British military trucks with Italian drivers have been assigned to the region. Of these 17 have been received and 10 have been sent over to Cyrenaica to work under the Provincial Commissioner, Derna. As is the case everywhere, vehicle [illegible].

(1) A number of complaints have been received from industry and commerce about requisitioning, indirectly and also touched in Report 7311. Investigations are being made by the Regional Economics officer and no doubt will be forwarded on receipt.

(2) Some information has been gathered concerning certain liquids, the, namely and especially those within the region. This information will be checked as soon as the opportunity offers.

(3) As indeed the imported food and other supplies are been submitted to the food sub-committee this organization is based on the estimated requirements of the entire region.

(4) The position of [illegible] wines is the only province fully supplied, as for reports or problems as far as grain is concerned.

(5) No advice had been received as at 30 Jun. concerning allocations which have actually been made in favour of the region, or the points at which supplies will be made available, but it is understood that a food depot has now been formed at Derna with effect from 3 Jul. 43.

E. AGRICULTURE, FORESTRY & FISHERIES.

Only one officer, Lt.-Col. [illegible], the Regional Agricultural officer is available for this work, although I understand other officers from Agricultural Sub-Commission are arriving shortly. This will be a great help as Lt. [illegible] has, so far, had to try and be everywhere in the region at once. As a result of his many visits he has done much useful work and commands a fund of important information. Prospects for the future look quite bright.

F. LABOUR.

A Regional Labour Officer has been assigned (Capt. [illegible]) but has not yet materialised. Nothing of interest to report.

G. PUBLIC WORKS AND UTILITIES.

The Regional Public Works Officer, Major [illegible], has been permanently at Derna since his arrival in the region on 22 Jun. The situation there has improved greatly as a result of his efforts.

Water has been short, but the main aqueduct from [illegible] is [illegible] damaged - repairs in hand. Electric power and light - repairs are in hand to a hydro-electric set at Derna to bring back into use a small hydro-electric plant with a capacity of 75 to 100 kw. This is now almost ready and will provide power for two [illegible].

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f. AGRICULTURE, FORESTRY & FISHERIES.

g. LABOUR.

h. PUBLIC WORKS AND UTILITIES.

i. PUBLIC SAFETY.

(2) AGENTI A.S.

Strength 1 Questore, 40 Agenti, all located in [illegible]. Have been vetted by C.I.C. and are performing duty. In addition to other duties are dealing with prostitute problem. Both the Q. and Agenti have been much over-awed by Americans.

(3) GUARDIA DI FINANZA.

Strength - 1 Ufficio, 100 other on duty in [illegible]. Others are available for duty in other towns in the province. Numbers are unknown. They are in process of being vetted by C.I.C. and as far as possible being equipped as their normal duties. Special attention is being given to ships.

(4) MUNICIPAL GUARDS.

[illegible] Many positions were held by Ninth Army personnel, but as the Civil and other Civil police increase, their area and contacts are being withdrawn.

(5) CRIME.

No serious crime except looting by troops from the camps [illegible] bivouacs. No arrests.

Two civilians arrested for looting. Cases of rape reported in [illegible] by French Colonial troops.

(6) CONDUCT OF ALLIED TROOPS.

Improving, but insufficient M.P. available. Wine shops and restaurants placed "out of bounds", and brothels closed.

(7) [illegible].

All Courts not functioning yet, but Italian Courts are expected to open very shortly.

(8) FIRE BRIGADE.

Strength - 1 Lieut. 30 Firemen. Generally in poor shape, and most appliances need repairing and have limited.

(9) [illegible] DEFENCE.

10 shelters in Cosenza in good condition. Capacity 5,000. Also available in other large towns - condition doubtful. In [illegible] complete AR system in operation. [illegible] staff limited. Map in Questura which is mostly destroyed. Map holder still to be recovered.

(10) PRISONS.

Cosenza main prison slightly damaged. Repairs are nearly completed. Capacity 150 men, 12 women. Staff - Normalcia, 4 guards and some number of the Carabinieri as [illegible].

The Director has left town.

Prisons receive 300 gms bread, 30 gms cheese and fruit daily. Quantity of water in prison which is dirty.

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(6) CONDUCT OF ALLIED TROOPS.

[illegible] available. Also shops and restaurants placed "out of bounds", and brothels closed.

(7) [illegible].

All docks not functioning yet, but medium docks are expected to open very shortly.

(8) [illegible].

Strength - 1 block, 12 chasers. Generally in good shape, and most equipment need repairing and base limited.

(9) [illegible] DEFENCE.

10 harbours in transit in good condition. Capacity 1,000.
Also residential in other larger boats - condition doubtful.
In the area complete all ports in operation.
Ultra short limited. Duty in [illegible] which is mostly destroyed. Very bridges still to be recovered.

(10) PRISONS.

[illegible] main prison slightly damaged. Repairs now nearly completed. Capacity 450 men, 12 women. Staff - unavailable, 4 guards and some number of the landlubbers at Like reborn.
The director has left town.
Prisons receive 300 gram bread, 30 gram cheese and fruit daily. Security of water in prison which is dirty.
Five other prisons in Province not yet inspected.

4. PUBLIC HEALTH.

[illegible] storm evidence of being clean and the people better fed than those in the South. There are no signs of acute skin conditions prevalent further south.

Five complete U.S. medical supply units have been removed for Region VIII and are being sent to [illegible] with 5th Army supplies. They are being stored with 5th Army medical supplies until a Regional medical warehouse can be established.

The civilian hospital at [illegible] which had been closed down, was opened on 27 Nov. 44. It will take 60/70 beds and 30 attends from [illegible] have been transferred to [illegible].

The coastal region between [illegible] and [illegible] is highly malarious - supplies of [illegible] have been arranged by the Army with U.S. [illegible] on the canals and flooded area, as there are plenty of them.

[illegible] will be carried

[illegible]

continued.....

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1. EDUCATION.

A new civil requisition will shortly be submitted for the approval by the Provincial Commissioner with the approval of the Regional Education officer.

All records for this province are intact, having been sealed in case basement vaults.

Many school buildings have been damaged and used are being used at present for military purposes.

The schools have, for the most part, not functioned since April, 1941.

The issuing requisitions will shortly have been instructed not to attempt a summer school session but to make plans for the regular autumnal opening.

Detailed information in the form of education directives which have been approved by the Education Sub-Commission will shortly be forwarded to the requisitions will shortly through the Provincial Commissioners.

2. REFUGEES.

Nothing to report at this stage.

3. COMMUNICATIONS.

Nothing to report except that the telephone exchange at [illegible] is undamaged. Telephone communications are being re-established in the town, but the re-installation of the existing equipment is being delayed temporarily.

4. PROPERTY CONTROL.

Contact has made by the Regional Property Controller, [illegible], with the Chief Officers of the Bank d'Etat and the Secretary of the "Comite del Credit di Stato" for the Province of [illegible].

Information was elicited that:

(1) The number of blocked Allied accounts in the Province is small.

(2) Allied owned property is limited and no Allied National or [illegible] were carrying on business of any sorts in the Province.

Instructions were issued to the Directors of the Bank d'Etat to prepare lists by nationalities of Allied accounts and with the Secretary of State to forward to the Controller of Property who will transmit, all details of sequestered Allied properties.

Information concerning all classes of property in the Region is understood to be available at the offices of the Directors of the Bank del Credito di Stato, located at [illegible].

In [illegible], two Chinese "enabled nationals" were discovered, whose interests have been investigated. As they are pro-Axis and their property was not sequestered, no action is being taken to aid anyone a claim by one of the Chinese on account of looting by the retreating enemy. Loss, approximately 120,000 lire.

5. FINANCE.

Detailed reports have been submitted by 7th Army with regard to financial conditions etc. It would seem that the financial position there is reasonably good. The Banca d'Italia, the provincial and [illegible] as well as the other banks in [illegible] town are intact and their personnel available; the Bank d'Italia reports holding some 3,000,000 lire and the Post Office over 3,000,000 lire. Reports on such holdings of the other banks have not yet been received, but it is anticipated

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[illegible] for the province of [illegible].

Information was elicited that:

(1) the number of blocked allied nationals in the province is small.

(2) allied owned property is limited and no allied national or [illegible] were carrying on business of any kind in the province.

Instructions were issued to the Chief Executive of the Italian Military Mission to prepare lists by nationalities of allied property and with the assistance of civilians to forward to the Controller of Enemy Property for his records, all details of requisitioned allied properties.

Information concerning all classes of property in the region is understood to be available at the offices of the [illegible] of the [illegible] Del Monte di [illegible], located at [illegible].

In this area, two Swiss "neutral nationals" were discovered, whose interests have been investigated. As they are present and their property was not requisitioned, no action is being taken beyond noting a claim by one of the Citizens on account of looting by the retreating troops. [illegible], approximately 150,000 lire.

B. FINANCE.

Detailed reports have been submitted by 5th Army with regard to [illegible] province and it would seem that the financial position there is reasonably good. The Banca d'Italia, the provincial post office and all the other banks in [illegible] town are intact and their personnel overlooking the Banca d'Italia reports holdings above 9,000,000 lire and the Post Office over 1,000,000 lire. Reports on such holdings of the other banks have not yet been received, but it is understood that only small sums are on hand.

The immediate major problem to be dealt is the clearing of the [illegible] of Italy. The harvest is in progress and a very heavy crop is reported from [illegible] province. On the basis of the 1943/44 average, the wheat crop from this province alone should not be less than 7,000 tons, and the present price of wheat [illegible] is to produce in 40,000,000 lire per 1,000 tons.

No estimate has yet been received of how much wheat will be needed, nor as to how much will, in fact, have to be set in new cash crops. The U.S. 5th Army has applied to Rome for 30,000,000 lire to meet the immediate needs of the situation, but this, obviously, will cover only a small part of what might be required and it is essential that normal banking conditions be restored at the earliest possible date.

B. MONUMENTS AND FINE ARTS.

Lists of the [illegible] objects of works of art in [illegible] have been obtained from the [illegible] Minister of Italy [illegible] and communicated to the Fine Arts Officers of the 5th Army and the 5th Corps.

Complete lists of monuments and works of art in [illegible], outside of [illegible] boundaries, are in preparation, for distribution to [illegible] commanders.

continued.....

Page...2.

Contact has been made with Major [redacted], Adjt Gen's Section, 6th Army and grants are being arranged for her principal overseas in [redacted].

An accredited rep of [redacted], with a kit of PX materials has been admitted to Leyte, 6th Army.

Robert B. Kirkwood
[redacted],
Colonel, GSC, US Army
Regional Coordinator.

Copy to Exec. Offr, Hqs. VIII.

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Ex. Com

S E C . E T.

SUBJECT: Report for mon ending 30 June 44.

Main H.Q., A.M.G.
Eighth Army.

OA/7

8 Jul 44.

HQ Allied Control Commission (5 copies)
Executive Commissioner's Branch

Copies to: DA & QMG Main Eighth Army.
D.G.S. Main Eighth Army.
RC AMG Region IV.
RC AMG Region V.

1. During the month of June the whole of Provinces of RIETI and TERNI have been taken over and a considerable portion of PERUGIA. That part of SIENA which is in Eighth Army area will not be reported on, as arrangements have been made for it to be administered by the Provincial Commissioner through Fifth Army. Detailed information as regards the principle towns in the provinces have already been given in the Situation Reports sent in during the month.

2. The provinces of FROSINONE and Eighth Army portion of the province of ROME have been handed over to Region IV, and the provinces of AQUILA, CHIETI, PESCARA and TERAMO have been handed over to Region V.

3. POLITICAL. No events of political significance have taken place. Reports as regards activities of partisans and patriots have already been given. The situation is in hand up to date, though difficulties are still being experienced with a band of Yugoslav partisans in the hills behind FOLIGNO who have not yet been completely rounded up and disarmed. They are still causing a certain amount of trouble in the countryside. They must not, however, be taken as an example of the whole partisan question.

4. LOCAL GOVERNMENT.

(i) A Prefect Regente has been installed in TERNI and also in PERUGIA.

(ii) On the whole good work has been done by the local Committees of Liberation or patriots before the arrival of the Armies, and local governments have been found already set up by these organisations, which in most cases we have been able to accept.

(iii) Very few genuine fascists of importance have been found, and the weeding out of the minor officials continues according to the directive.

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5. ECONOMICS & RESOURCES.

The most important industrial plants so far come across have all been in TERNI and NARNI. A rough survey is as follows:

TERNI (a) The Hydro-Electric power plant at TERNI. This has been systematically destroyed, and given the necessary materials it would still take at any rate six months to get even partial production.

1866

(b) Terni Steel Works. This can be put into partial production supplied by its own electrical system, producing 750 K.W. There are large stocks of steel plates and girders etc.

(c) Synthetic Rubber Factory. This has never been in production and some of the machinery which was there was dismantled and removed.

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(d) J[illegible] Factory. The place was entirely destroyed and the machines are rusted by exposure, but are in tact. There is limited water power available.

(c) Calcium Carbide Plant at TERNI. This is seriously damaged but is entirely dependant upon electric power which is non-existent.

NARNI. (a) Linoleum Factory. Can resume production on reduced basis if supplied with various raw materials, chiefly oil, sawdust and cotton.

(b) Societa Italiana dei Forni Elettrici e del Elettrocarbonum. Several half finished works can be completed immediately, i.e., Projector Carbons, Carbons for batteries, and telephone diaphrams. To get the factory working at least one of the three bake ovens must be put into operation, which requires per month

250 tons coal
50 tons dry tar
70 tons mineral pitch.

6. The Lignite mines south of Lake TRASIMENE have been visited by a representative of A.C.C. who no doubt has made a full report upon them.

7. AGRICULTURE.

Wheat crop in all provinces is excellent and the harvesting is going along well. It is still too early to judge of how the collection of grain is coming in. The chief trouble is the supply of the necessary naptha etc. for the harvesting and also for milling.

8. LABOUR.

There have been no labour troubles in the Army area.

9. LEGAL.

There is nothing of interest to report under this heading.

10. SUPPLIES.

In the provinces of RIETI, TERNI and PERUGIA about 1,000 tons of last years grain have been found, and this has been milled and used for supplying the needs of TERNI which is the worst spot in the area under review. It is not anticipated that Perugia Province will meet any difficulty in so far as grain is concerned.

11. During the period under review in the provinces of FROSINONE and AQUILA some 1,500 tons of supplies were distributed by A.M.G. Transport from

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50 tons (dry wt
70 tons mineral pitch.

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11. During the period under review in the provinces of FROSINONE and AQUILA some 1,500 tons of supplies were distributed by A.M.G. Transport from stockpiles which have been previously set up at VENAFRO and ISERNIA. The supply position for the big towns now ahead of us is slowly improving, due chiefly to the delay which has occurred in the advance, and there is today 900 tons of flour available in ORVIETO as a reserve for the FLORENCE area, but miscellaneous supplies such as sugar, milk, salt and olive oil are very short.

12. REFUGEES.

There are still a considerable number of refugees being found in the provinces of RIETI, TERNI and PERUGIA, but due to the fact that the destruction of towns has been considerably less, it has been possible to keep them in situ, so that the refugee problem now is more a rehabilitation problem than an evacuation problem. Pockets are still come across which will require evacuation but they can be dealt with with comparative ease. In all from the date of the opening of the CASSINO battle, some 23,000 refugees have been dealt with.

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13. Displaced Persons have been met in comparatively small numbers and have been dealt with through the Displaced Persons Camp in FOLIGNO. This has also handled a certain number of Allied P.Ws who have been found in large numbers. It is regretable that there is no proper organisation to deal with them.

14. PUBLIC SAFETY.

Large numbers of Carabinieri are now being found. They are being vetted and temporarily used and eventually sent back to Replacement Depots when transport permits. There have been no problems of importance affecting Public Safety, it is interesting that of all the big towns so far liberated, the only one where there is at all a real security problem is PERUGIA, and special attention is being paid to this city.

15. PUBLIC HEALTH.

Health in general is extremely good and the whole problem of finding Civilian Hospitals is no longer with us, as large numbers of them now exist in a great many cases very well stocked with medical supplies.

16. Detailed reports by all branches are attached.

B. [illegible]

Group Captain,
Officer Commanding,
H.Q., A.M.G. Eighth Army Main.

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REAR H.Q. A.C.C.

CONFIDENTIAL

HEADQUARTERS,
ALLIED CONTROL COMMISSION,
APO 394.

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

REPORT FOR MAY 1944.

1. For the last two months this Report has been a record of steady progress in many spheres, but nevertheless work for many assumed a routine character until such time as the Armies were again able to resume the offensive. Like the Armies we devoted the interim period to planning for a big advance. Fifth and Eighth Army AMG's were strengthened, and Region IV, now responsible for LAZIO, UMBRIA and the City of ROME, like Sleeping Beauty, was suddenly brought to life. The day when the Armies started their big attack, so long anticipated, was 11.May, and for the moment AMG teams with the Armies held the limelight.

2. The Armies progressed rapidly, leaving behind a trail of destruction wherever battles were hard fought. Townships like PONTECORVO, CASSINO and PIEDIMONTE ceased to exist as dwelling places, whilst others could accommodate only a small percentage of their inhabitants. As long ago as last September it is recorded that the enemy completely emptied one place, the population fleeing to the neighbouring hills. Considerable movement of the population took place as a result of all this and as examples, FONDI increased from 19,000 people to 30,000, and TERRACINA from 14,000 to 23,000. Many suffered from exposure and lack of food.

The feeding and medical treatment of all these people, together with the evacuation of refugees, fully extended AMG staffs but presented no new problems. By the end of the month 200,000 people were being fed in the Fifth Army area alone. Well earned were the congratulations of General Alexander and his application of the epithet "the Third Army" to A.C.C.

3. Due to the fast rate of advance contact was often lost with forward CAO's, whilst Provincial teams had to be called up urgently to take over. The small port of GAETA was quickly employed. It was captured on 20.May and although damage to the harbour was considerable a stretch of 'hard' was cleared by the Royal Navy and a U.S. Engineer Unit so that schooners could be brought in. The first one carrying food supplies entered on 26.May and was unloaded into a warehouse which had already been secured. By 28.May all supplies were on a sales basis up to a line TERRACINA - PICO, indicating a very rapid recovery of normal economic life.

It was unfortunate that the misery of the refugees in some areas was increased by the conduct of certain troops under French Command, which moreover

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It was unfortunate that the misery of the refugees in some areas was increased by the conduct of certain troops under French Command, which moreover caused a greater movement of refugees than would otherwise have been the case. Adverse accounts of behaviour of troops continue from many parts of the country. When, however, account is taken of the great number of troops, the many diverse nationalities and the fact that good behaviour is unrecorded, the situation would appear normal. A regretable exception is the behaviour of African troops under French command whose misconduct has led to much distress and resentment. The French Command has taken vigorous measures to stop the excesses but the problem remains - and adds to the difficulties of the Refugees Branch.

4. Next to the advance of the Armies harvesting prospects and organisation have received most attention. After long discussions the price of wheat was fixed at 1000 lire per quintal and it was announced in the Press and over the radio on 15 May by both A.C.C. and the Italian Government. Inevitably, there are localities where dissatisfaction is expressed over the price, but in reaching a decision factors of national importance had to be taken into consideration.

The word "Amassi", of evil association, is dropped and in its place comes "Granai del Popolo". Well conceived publicity is sucessfully establishing this phrase.

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With the wholehearted co-operation of AAI and the Italian Army, the labour problem has been largely solved by the transference to the principal grain areas of 25,000 Italian troops for the period of the harvest, mostly from Sardinia.

5. 30 and 31.May were devoted to the third Regional Commissioners' Conference which revealed both progress and harmony. Harvesting received rightly more time and detailed discussion than any other topic, for its importance to the Allied cause and the welfare of the country up to the time the last grain of wheat is stored could not be too much emphasised.

The personnel ceiling of ACC/AMG having been fixed and attained (including allowance for future expansion) it is obvious that as new areas are brought under control established areas must release personnel. Naturally the first to feel this thinning out process are the Regions in Italian Government Territory, who have nevertheless cheerfully faced the prospect during the months of parting with a number of their key men.

The remainder of NAPLES Province was handed over to Region III on 22.May.

A new defascistization law is being prepared to distinguish between the active Fascists and those who have only been tainted. In this connection emphasis has been laid on the difference existing between "defascistization" and "epuration". These terms are often used loosely and imply that they are synonymous which is not the case.

6. A committee under the chairmanship of the Deputy Chief Commissioner was appointed in order to make recommendations to check the present tendency to inflation.

POLITICAL.

7. The second meeting of the new Italian Cabinet took place on 4.May. Subjects under discussion were (i) the Grandio del Popolo and the price of wheat; (ii) Defascistization; (3) Suppression of the Ministry of Foreign Exchange, its duties being taken over by the Ministry of Finance; (iv) Suppression of the Ministry of Popular Culture, press relations being taken over by the Ministry of the Interior (home and foreign news), the Ministry of Communications (tourism and radio), and the Ministry of Education (cinema and theatre); (v) Economic betterment of State employees.

8. The official price of wheat was issued on 15.May. The Italian Government asked that an A.C.C. announcement should be issued, covering AMG territory, at 2 p.m. followed at 2.30 p.m. by an Italian Government communique fixing a similar price "in order to ensure uniformity".

9. The new law dealing with the punishment of Fascist crimes and illegal practices contains a definition of those crimes which enabled Fascists to assume

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9. The new law dealing with the punishment of Fascist crimes and illegal practices contains a definition of those crimes which enabled Fascists to assume power in 1922 and to eliminate the last traces of democratic rule. Punishment ranges from imprisonment to death penalty. A list of mitigating circumstances is established to alleviate or to suspend sentences including such actions as fighting Germans. Provincial Commissions are established in each Province to judge all cases. Members of the Commissions will be both judges and laymen selected for their known anti-Fascist records and positions. Commissions will be appointed by the Prime Minister upon the recommendations of High Commissioner and Minister of Justice. The judgments of Provincial Commissions will be determined as in Courts of Law with a provisional appeal. The High Commissioner may review any sentence of the Provincial Commissions.

10. At a later meeting the Council affirmed a policy of war to the end against the Nazis and expressed its hope for a new world of international collaboration based on the principles of the Atlantic Charter and repeated its conviction that the Italian people had been betrayed and forced into a war against their interests and against their will. The Fascist invasions of other nations are deplored and, specifically, the Government looks to the early liberation of Albania.

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FINANCE.

11. The complete report of the Finance Sub-Commission receives the same circulation as this report. It is therefore proposed to present here only the salient points.

12. As the next fiscal year for the Italian Government begins on 1.July it is necessary that a new budget be prepared to control expenditure after that date. The Italian Government is taking steps to prepare such a budget for the territory under its jurisdiction, and at the Government's request the Italian forms were sent to Military Government territory in order that if and when additional territory is turned over to the Italian Government, data will be available to make the necessary changes.

13. In Military Government territory there has been distributed a complete set of forms for the preparation of budgets, the operation of such budgets, the control of expenditures, and for reporting such expenditures. Revenue data are also included in these forms. In designing these forms every attempt was made to adhere as closely as possible to normal Italian accounting and fiscal procedures. Fiscal procedure for the State agencies is quite dissimilar to that for local government bodies, and two sets of forms were necessary. The operation of the new budget procedure should result in a definite measure of expenditure control.

14. Refugees leaving Italy for Palestine have deposited substantial funds with the Internees and Displaced Persons Sub-Commission, which is seeking a means of remitting these funds to Palestine. As there is yet little or no sterling available in the AF accounts, and as CCS has not approved the expenditure of foreign exchange for this purpose, the current procedure results in blocked deposits being held by the Internees and Displaced Persons Sub-Commission, for account of the refugees abroad. The problem has been referred to CCS decision as to policy, with a suggestion that the Jewish relief agencies abroad may desire to obtain lire funds, by purchase of these blocked deposits from the refugees arriving from Italy, if this is not contrary to general policy.

15. The Italian Government decree for the Insurance Advisory Committee has been signed and the opening meeting should take place during the first week in June. Arrangements have been made for the Insurance Department of Finance Sub-Commission to be provided with agenda and minutes of each meeting, and representatives have been invited to attend the first meeting.

16. In response to a request from AFHQ, the Minister of Finance was asked to give assurances as to the implementation of that part of the Armistice terms which provides that the Allied Forces shall be immune from Italian taxation. A satisfactory reply was received from the Minister, stating that no taxes, direct or indirect, will be imposed upon the Allied Forces or organisations serving with the Allied Forces, or upon individual members thereof whether acting

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ECONOMICS, RESOURCES and SUPPLY.

17. Food.

Grain shipments during May were much more regular than in April. Seven bulk wheat ships of a total tonnage of 56,000 tons and one flour ship tonnage 8,600 tons were unloaded during this period. The last ship was diverted to ANZIO with a large portion of its flour cargo together with an additional top cargo of miscellaneous subsistence items to establish a stockpile for the feeding of ROME. The manufacture of pasta for feeding of forward areas has begun and arrangements are well advanced for the manufacture of biscuit for emergency feeding of forward areas. Plans for making use of the local harvest and for its movement from areas with a surplus to areas with a deficiency are well advanced.

18. Food processing has received considerable attention. Plans are in hand to deal with potatoes, tomatoes, marmalade, jam, macaroni, fish (using the salting and drying processes) and yeast manufacture.

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19. Ration Scales.

Supplementary Ration for Heavy Workers. The scheme for the issue of additional rations to heavy workers wholly and in part employed by Allied Armed Forces has been adopted to commence 1 June. This issue will be by means of supplementary ration cards, and these have been delivered to Regional Supply Officers for distribution to the employing units and the process is proceeding smoothly.

Industry and Commerce.

20. Much of the activity of the Industry & Commerce Sub-Commission has been in the direction of rehabilitation of factories and increased production in those concerns that are working. Special attention has been given to the following vital products:-

Soap - requirements of British Army, Italian Army, Navy and Air Force, civilians. Substantial quantities of soft soap will be produced by using the potash from almond-ash.

Glycerine and glycerine dyes for export.

Sulphuric Acid - acid for battery electrolyte has come into production and all British Army requirements will be covered.

Fertilizers - production commencing shortly at seven plants. Sulphur is to be used in place of pyrites.

Carbon disulphide, Cement, Industrial Gases, wire nails and paper.

21. Agreement has been reached with the Italian Government on measures for the future regulation of the manufacture and use of leather. The key to the scheme is control of the production and allocation of tanning extracts, and a survey of these is approaching completion. The project for the repair of salvaged Army boots has been, within its own limitations, very successful, but it is considered that this scheme should be extended even at the cost of manufacture of boots, as the needs of heavy workers for whom this type is suitable are of the most urgent priority. In addition, it is hoped that an early importation of 500,000 pairs of heavy boots will be made, as these, plus local production, would go far towards solving the problem.

22. Export Shipments. Since last reporting the following shipments have been made:-

To U.S.A.....	100,019 lbs.	Lemon Oil.
To U.K.....	10,265 tons	Sulphur.
	336 qtls	Filberts.
	388 qtls	Argols.
	17,731 gals	Lemon Juice.
	243 qtls	Lemon Oil.

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	17,731 gals	Lemon Juice.
	243 qtls	Lemon Oil.
	13 qtls	Tangerine Oil.
	37 qtls	Sweet Orange Oil.
	15 tons	Bentonite (sample shipment)
	160 kilos	Briarwood (" ").

23. Hemp products have shown the anticipated increases especially in canvas and sacking; large quantities of binder twine for agricultural purposes have been produced. Supplies to the services have been maintained. The industry has been working for three months on the small stock of spare materials which were in hand. Production must diminish unless items which have been requested are supplied. These items should be regarded as military requirements and priority allocated accordingly.

AGRICULTURE, FORESTS & FISHERIES.

24. The general impression is that most sections of Liberated Italy will have a bumber crop in the present year. This is true not only of grain but of nearly every other crop which is normally planted. Fruit crops such as cherries and strawberries, plums and similar fruits show excellent ou t, and the general conditions of all crops at the end of May indicates first that most favourable

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weather conditions have offset many of the handicaps resulting from the lack of fertilizers and materials, and second, that Italian farmers in spite of shortage of tools and work animals, and in spite of disruptions due to military activity, have gone ahead and planted the last inches of land and tended and cultivated the crops well.

25. Military installations, such as air fields, ordnance dumps and staging areas, cover a very appreciable portion of the farming land in Southern Italy. While there is considerable damage to growing crops and to agricultural facilities in some areas owing to the military necessity of taking over planted land or buildings, the military is giving splendid co-operation in this particular phase through the Commanding Generals of the Armies who have issued orders instructing that every care be taken in installations and in the requisitioning of facilities, that proper regard be given to areas and facilities which may be utilised for agriculture.

26. Crop reports on the acreage planted and the condition of the crop were collected from all Provinces and the preliminary forecast on 15.May was:-

Wheat	-	1,624,135	metric tons.
Barley	-	153,460	" "
Rye	-	9,990	" "
Oats	-	271,415	" "
Corn	-	151,775	" "
Dry Broad Beans		208,830	" "
Potatoes	-	590,990	" "

27. The Granai del Popolo. Following close on the re-organisation of the Ministry of Agriculture and the announcement of the programme for collecting wheat and barley last month, activity has been intensified through the Sub-Commission and the Ministry of Agriculture to develop the necessary directives which will make possible the implementation of the collection decree, for the general co-ordination and broad supervision of the collection programme. Reports from the field indicate that the Communal and Provincial Committtees in most Provinces are functioning and declarations are being completed. Assessment forms are being printed and will be available in time for the harvest and threshing. Special decrees and directives dealing with the collection of other crops are being prepared and worked out in co-operation with the Italian Government. A programme of publicity and propaganda has been worked out by members of the staff, the Italian Government and PWB, utilizing press releases, posters, radio, sound trucks and motion pictures, in order that every citizen of Italy may realise the importance of the attempt this year of Liberated Italy to assist itself.

28. During the month inspections of important mills in the Provinces of SALERNO, POTENZA and COSENZA were made to ascertain what mills were able to provide bridge and construction timber. Eleven mills were examined and four found having machinery capable of sawing logs, 4 metres or longer in length. Public Works and Utilities Sub-Commission was notified of those considered of special interest to them.

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29. Fisheries. The 21 tonnara around the Sicilian Coasts are in full swing and part of the harvest is being shipped to Naples. The remainder is being sold on the local markets as fresh fish food or is being either canned in olive oil or salted. Several shipments of hemp cordage were made to Region V during the month. Reports from Sardinia indicate that there is a normal run of tunny fish. The heads of the Fisheries Division of the Agriculture Sub-Commission and of the Ministry of Agriculture made a complete survey on fishermen's needs in Region VII. Hemp cordage necessary to make and repair nets has been distributed to every fishing village from SALERNO to REGGIO CALABRIA. As soon as the material is made ready shipments will be made to fishing villages on the IONIAN Coast.

PUBLIC WORKS & UTILITIES.

30. Highways and Bridges. At the beginning of the month eight bridges on main highways were under constructions, and at the end of the month this number had risen to fifteen. Ten new bridges were under survey and design at the end of the month, or were being let out to contract. At the end of May heavy repairs of a major character were in hand on 158 miles of roads, mostly under contract, whilst normal repairs on 791 miles were similarly in hand, either by

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contract or under strengthened gangs of the "Cantoniere" (direct labour). In spite of abnormally heavy traffic throughout the northern Military Government territory, there was a marked improvement in road conditions during May, both as to foundations and surfacing. All roads coming under first priority (military) were in hand, except for certain delays occasioned by local shortages of bitumen, or transport. The total number of quarries operated rose during May from five to eight.

31. Electrical Division. Under the heading of control of electric power supplies, further meetings were held with officials of the Public Works Ministry regarding a more uniform application of the decree on electricity rationing. The rationing has given very marked and on the whole satisfactory results, with a corresponding saving in coal consumption at thermal power stations, and conservation of the water held in storage at various high-level lakes and impounding reservoirs which furnish power to the numerous hydro-electric stations. The transfer of electricity generating plant from PALERMO (Sicily) to MATESE on the mainland was not found possible during the month, but will be completed in June.

LABOUR

32. Continued representations were made during the month to the Italian Government for the creation of a civilian mobilization law providing for manpower, and it is being given further consideration. The revised draft of the basic labour law was re-submitted by the Italian Government and is now being considered by A.C.C.

33. The labour situation remained fairly static. The continued threat of strike persisted and "sit-downs" of short duration were not uncommon. Unrest was more marked than in any previous month and the Labour Sub-Commission is convinced that there is systematic agitation of the workers coming from one or two major sources. The real cause of the unrest is food, not low wages.

34. Drafting of the Social Insurance plan in close collaboration with the Italian Minister is proceeding slowly. The Social Insurance structure, like the wage structure, is most complex and has never been systematically analyzed by the present Italian Government. The lack of knowledge, on the part of the Ministry, of Italian wage and social insurance laws and regulations is placing a tremendous burden upon the military authorities, who are being asked time and again by the Italian authorities to approve some ill-considered and unworkable scheme based upon fancy rather than upon fact. A social insurance programme is being drafted for direct employees of the Armed Forces in conformity with sound labour policy. The extension of social insurance to this large group of workers has been approved in principle by the A.A.I. Local Resources Board.

TRANSPORTATION

35. Railways. Whilst military control becomes less rigid in the south, in the north extended territory and preparations for further extension led to an increase in traffic to military railways. Arrangements were made for civilian

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TRANSPORTATION

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36. The Coal Division has been placed under the Transportation Sub-Commission for the purpose of drawing up in conjunction with the Italian Government control organisation for handling and distribution of coal.

37. Road transportation problems have been considerably eased by the receipt of a quantity of tyres and tubes for trucks; more have been authorised and when received additional problems will be solved. The total number of trucks available to the end of the month for the transport of civilian supplies was 604. Re-allocations have had to be made to meet anticipated requirements consequent upon military operations.

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38. Shipping. The scheme for the control of auxiliary motor sailing vessels received the approval of all interested bodies and is now in operation. Further progress has been made in the registration of Italian schooners. Up to the present 489 vessels representing about 39,000 deadweight tons have been registered. Of these, 231 are each under 50 tons but over 20 tons deadweight. In addition, 55 motor vessels of 2250 deadweight tons in Sardinian ports are being registered. During the latter half of May, 99 schooner voyages were reported serving 35 ports and various Islands. The quantity of commercial cargo carried amounted to 7247 tons of which timber, 2227 tons, was the largest item, followed by 1312 tons of foodstuffs, fruit and fish. Wine cargoes are not included.

INTERIOR

39. The Royal Decree restoring Local Government in Italy is being made applicable to Military Government territory. Pools of Local Government officers of various grades are being constituted as a reserve for use where no suitable persons to replace the relieved officials can be found locally in recovered territory. Teams of officials have been sent forward to re-organise the devastated Frosinone and Littoria Provinces.

LEGAL

40. The successive passing of increased responsibility to Italian Courts is proceeding with the object of freeing officers for more forward areas.

41. The consolidations of proclamations and orders and the issue of the booklet of "Consolidated Instructions for Allied Military Courts" have proved valuable both as helps and as a simplification.

42. Fascists are being dealt with in two ways, under the Decree of Defascistization of 28 December and under the recent Decree of Epuration. The former is a purely purging decree and provides the machinery for removing Fascists from office. The machinery is not yet properly at work. The latter is a penal decree and provides the machinery for punishing those who have been guilty of "crimes" - this decree has only just been passed. No action under it has yet been possible. The progress of both classes is a matter of special care and interest.

43. In espionage cases seven death sentences were confirmed and one conviction, with death sentence, was squashed.

44. Some improvement has been shown as to the number of cases awaiting trial and in the prison situation but constant watchfulness is necessary if it is hoped to get Italian Courts to deal with cases with reasonable expedition.

PUBLIC SAFETY

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PUBLIC SAFETY

45. The plans for moving Carabinieri into new territory as the Armies advance have worked smoothly. It has been reported on all sides that the Carabinieri have proved of the greatest assistance to Allied Forces in dealing with all civilian problems. It is interesting to note that the appearance of Carabinieri with the advancing troops has been enthusiastically welcomed by civilians.

46. Much closer relationship has been established between Provost and Public Safety Officers, with the object of maintaining direct contact between Allied Military Police and the Italian Police. Courses of lectures by Public Safety Officers are being given at Military Police Training Centres. The system of joint patrols by Allied and Italian Police is being extended.

47. The most serious case of counterfeiting yet discovered was at Palermo, where forged L. 1,000 Allied Military notes were being circulated. The printing press, tools and materials have been seized, 39 persons arrested and L. 42,000,000 recovered.

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48. The problem of overcrowding in civil prisons has been energetically tackled and the crisis has passed. All concerned now have a lively appreciation of the problem. The new Director of Prisons at the Ministry of Justice is forming a competent staff and a body of Inspectors.

49. The Military Security Services have reported that the additional restrictions imposed on the movement of civilians, which have thrown a good deal of work on ACC officers in the field, have proved of great value in checking the activities of enemy agents.

PUBLIC HEALTH

50. Smallpox. No further cases have occurred in Taranto, the disease in Naples is of a mild form. At 31 May 161 cases had been reported. There are no deaths.

Venereal. The decline of the V.D. rate continues. 2,000 hospital beds for infected prostitutes have now been provided in Italian Government territory. The Italian Government doctors and officials are co-operating well.

Malaria. AAI has made a considerable amount of Paris Green available for Regions. DDT Powder which proved of such value in Typhus Control is now proving of value in anti-malarial work, mixed with oil it is an effective larvicide, and mixed with kerosene or talc it is an effective destroyer of adult mosquito.

Veterinary. 2,500 swine have been lost in Region V from Swine Fever/Hog Cholera. The production of vaccine for this disease and of other biologicals is proceeding satisfactorily.

EDUCATION

51. Defascistization of Educational personnel is not proceeding in Italian Government territory as rapidly as is desired, but some improvement has been manifest recently. There have been a number of student disturbances mainly of a more or less good humoured nature to obtain the benefit of successfully passing an examination without undergoing the burden of a test.

52. The text book printing is now complete. If text books are to be ready for next year a million will have to be printed during the next few months. The work is in preparation.

53. The development of various educational channels for infants, for recreation, for youths (including scouts), for adults, for extension classes, for the teaching of arts and crafts and science and for technical education are all proceeding.

PROPERTY CONTROL.

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PROPERTY CONTROL.

54. A decree has been passed revoking measures previously taken against the property of Allied - French Nationals. Local officials have accordingly been instructed by the Ministry of Finance to revoke orders for sequestration and to re-assign property to the owner or the Property Control Officer for the owner. Banks which had been acting as managers of sequestrated properties will continue to manage them for their owner. The Bank managership is proving very satisfactory.

MONUMENTS & FINE ARTS

55. M.F.A. officers have been well forward and have entered captured positions with, or shortly after the capturing troops. The MAAF is granting every facility for co-operation to avoid inadvertant damage and to enable damage committed to be tabulated.

56. The following lists of protected monuments have been issued to forward troops :

Section 1 - Sardinia and Sicily.
" 2 - Apulia, Calabria, Campania and Lucania.
" 3 - Abbruzzi and Lazio.
" . - Le Marche, Tuscana and Umbria.

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57. A booklet on the preservation of Works of Art with a foreword by the C. in C. Mediterranean Theatre has been distributed to the troops.

COMMUNICATIONS

58. Telecommunications. No major changes have taken place in the Telecommunications system. Detailed development has been in steady progress; in particular, the capacity of the telegraph circuits to Naples has been made adequate for the traffic with that city. The telephone circuits available for the Italian Government to Naples are inadequate, and an increase in these facilities has been requested of the military authorities.

59. Posts. Detailed improvements have included the provision of four mail services a week from Naples to Bari (in place of two a week), and an airmail service with Tripoli. The sequence and circumstances in which the resumption of postal finance services, advance postal services for P.O.W. mail, and normal postal services in newly occupied areas has been agreed and instructions issued.

60. Censorship. A policy has been agreed and approved to turn over the operational control of internal mail and telegraph censorship to the Italian Government in Italian administered territory, and simultaneously to permit this control to be exercised by the Italian Supreme Command instead of by local Prefects acting under instructions of the Ministry of the Interior. This has the result of centralising the control, and of ensuring that civil censorship is made primarily an instrument of military security and not a source of political information. Policy control is retained and the normal direct executive control by Allied censors in areas forward of the Italian Government territory is not affected.

INTERNEES & DISPLACED PERSONS

61. General. The numbers of refugees this month from Yugo Slavia were small compared with preceding months; 2895 persons were received, of whom some 2488 were women and children.

62. During the month 571 Zionist Jews were embarked for Palestine. This emmigration, the first of its kind from Italy since the commencement of the War largely concerned Jewish refugees located in Ferramonti and Di Bagni Camps. Many problems had to be faced in this first emmigration to Palestine, and the lessons learnt will be put to good use when a similar movement of Jews has again to be dealt with.

63. With impending operations likely in mid-May it was decided to organise approximately 1/8th of the Sub-Commission to find an Advance HQ and three Forward Groups. The extra work thrown on to individuals has been dealt with with energy and cheerfulness by all concerned. The organisations by which camps are to the maximum extent run by refugees has made it possible to face greatly increased

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64. Medical. Yugo Slav and Italian civilians are being used to replace military personnel in the Medical Branch and several members of the Friends Ambulance Unit are now numbered amongst the staffs. Maglie Hospital still maintains a creditable military standard of efficiency. Both Leuca and Maglie hospitals are working to capacity and their bed-strength is being increased. The first course for training nurses was completed and of the original 30 who desired to be trained, 15 qualified. A second class of thirty has commenced training. There has been a mild epidemic of measles. Several cases of Whooping Cough and a few of Mumps and Scarlet Fever. Pulmonary Tuberculosis has also been shown to be fairly common. Most cases are absorbed into civilian sanitoriums. Red Cross personnel and Friends Ambulance Unit continued to render yeoman service.

65. Records Bureau. Approximately 31,500 persons have now been recorded. 1,050 enquiries have been booked out of which 375 definite answers have been received. Enquiries for Southern Italy are decreasing as certain results have been obtained and it has been stressed for some time now that the postal channels now available should be used. Enquiries are already coming in for areas nearer the old front line and it is estimated many more enquiries will come in shortly. The Foreign Relations Department of the British Red Cross have established a

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system whereby they accept enquiries from the American Red Cross, Allied Red Crosses, numerous Jewish organisations, and so on, which is an invaluable help in work of this character. The past months have proved beyond doubt the importance and immense psychological value of this work of handling enquiries and communications of displaced persons and this bureau has been able to co-operate with M.E.R.R.A. and other outside organisations fairly effectively.

66. Statistics. As at May 31 (unless otherwise stated) :

Refugee population in Camps and Hospitals	-	4,843
Reception during May (by ship)	-	2,895 +
Reception by means other than ship	-	10
Shipped to Mideast (Jews to Palestine)	-	571
Gross total shipped to Mideast to date	-	20,391

+ of which 911 were women and 1577 were children under 16 years.

REFUGEES (ITALIANS)

67. The Italian military personnel working under the direction of the Refugee Branch for handling refugees from the forward areas has been increased steadily and by the end of the month was 111 officers and 1040 other ranks, an accession of strength of 26 officers and 659 other ranks.

68. Movement during the month :

From 5 Army (by road)	-	4589
From 8 Army (by road/rail)	-	8020
Total		12609

To dispersal areas southward :

To Region I (Sicily)	-	3971
To Region II (Bari Province)	-	1388
To Region III (Naples, Salerno & Avellino Provinces)	-	1440
To Region VII (Reggio & Catanzaro Provinces)	-	1651
Total		8450

In addition 1415 were dispersed to Local Homes and 878 handed over to the Italian Military authorities for possible military service.

69. As the Armies move forward the unrest amongst the refugees in the South increases. Refugees find it hard to live in the dispersal areas and are eager to return to their homes and property, whether it is intact or not.

PUBLIC RELATIONS

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PUBLIC RELATIONS

70. Early in the month an officer of the Commission's Public Relations Branch was attached to each of the Armies operating in the field, and these officers were in close touch in preparation for the active period expected. As a result contact was maintained with events and war correspondents and proper publicity was assured.

71. A number of items dealing with the work of ACC have been released to the press, the photographers attached to the Branch have covered stories of varied interest in the towns recently liberated, refugee camps and the forward areas generally.

72. The routine work was not neglected. Liaison with Sections, Branches, Boards and Regions was maintained, a particular feature being visits to Conferences and meetings held in the Regions. The weekly bulletin is proving increasingly useful and popular, especially in the southern Regions where authentic and up-to-date news percolates only slowly.

H.M. W. STONE,
Captain, USFET

Declassified E.O. 12356 Section 3.3/NND No. 785014

Cancelled
Je.

SECRET. 6026

CONFIDENTIAL

HEADQUARTERS
ALLIED CONTROL COMMISSION
REGION 2

RECEIVED ADJ SEC
5 JUL
REAR HQ. A.C.C.

Ref : A/51/1/4.

30 June 44

SUBJECT : - Report of Situation in Region II for the month of May 1944.

-5 JUL 1944

TO : - Executive Commissioner, Headquarters, Allied Control Commission, Main.

A. Political reaction and popular opinion:

Following in the wake of the spree of jubilation aroused by the liberation of Rome there has occurred in spots, some rather strenuous efforts on the part of the Communist, and Labour parties to establish their ascendency.

People are still more interested in their individual needs than in reorganizing their communities and their National Government.

People of all classes continue to desire that the good offices of the Allies remain immediately at hand. They do not yet trust each other very far beyond the family door.

B. Local government - Provincial:

Organization and functioning continues to progress slowly in all echelons. The change in the National Government during the month had a tendency to retard these, at least momentarily. On the Provincial and Communal levels these processes remain abo the same as last month, except in Brindisi and Lecce Provinces, where some progress is evident. Approximate positions reached are as follows: Bari - 40%; Taranto - 50%; Potenza - 60%; Brindisi and Lecce - 70%; Matera - 60%.

Defascistization has progressed considerably during the month. Italian Authorities have acted more boldly in this respect and fair results are being accomplished. Attention is invited to separate attached report on this matter.

C. Economic resources and supply, with special reference to food:

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C. Economic resources and supply, with special reference to food:

Phase one, in the grain campaign, the reaping of the bountiful crop of grain, has progressed to a point of complete success. For farmers, the last minute arrival of sufficient binder twine was like manna from heaven.

Phase two, the threshing collection and distribution has begun. This Region can meet its requirements in importation of wheat provided sufficient and timely motor, and rail transport can be made available for movement. Transportation and vigilance are now the keys to a successful grain campaign. The more expeditious the movement of wheat to consumer destinations, proportionately less will reach the Black Market.

Plans in detail for movement of the grain are in construction, and every effort is being made to procure a few motor vehicles for use in Matera Province for this purpose.

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There has been a slight increase in the distribution of the enormous surplus of wine existing in the Apulian Provinces.

Food is sufficient, legumes are plentiful, fresh vegetables have slacked off some, but a fair amount of cherries, berries, and other fruits are coming onto the market.

Cotton cloth, findings, shoes or shoe leather, and horseshoe nails continue to be crying needs.

The harmful practice of unauthorized purchases of farm products, by Allied Military Units continues without much abatement.

D. Agriculture, forestry, and fisheries:

Food crops in general continue to be excellent. A fine grape crop is in the making. A very good crop of figs is now ripening. Present indications are for a normal crop of olives and nuts. The potato crop is very variable, and on the whole, only small. The crop from imported Allied seed is almost a failure.

Forestry - No material change since last report, except some slight improvement in movement of surplus charcoal from Potenza Province.

There was some improvement in the provision of fresh fish during the month particularly in Taranto Province.

E. Labour:

Labour organization has improved except in Apulian Provinces where the Fascist Labour syndicators still command the situation.

No serious labour disorders occurred during the month. A soaring price of harvest labour was nipped in the bud during the last part of the month by prompt action of ACC HQ, and HQ AAI, in laying on 200 Italian soldiers from Potenza Province as harvest labourers. This fact became quickly known among the people and consequently sufficient civilian harvest labour promptly came on the scene at a fair price. The Italian soldier harvest labour was diverted to its original destination. In this instance, the time and trouble of a few Allied officers paid untold dividends in helping materially to solve a critical shortage in the reaping of the grain.

F. Public works and utilities

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F. Public works and utilities.

Repairs to roads and bridges continue slowly. Normal 1858 motor, and rail traffic can now move with only a few short bypasses. All bridges on major highways with two exceptions have been restored.

By judicial use electric power has been sufficient during the month for necessities.

G. Public safety and functions of Allied and Italian courts:

Two cases were tried by ACC courts operating under Italian Law. The first consisted of trial of 35 Italian civilians in Lecce

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for corresponding with the enemy Fascist Liberal Government. Nine were found guilty of attempting to communicate with the enemy, and sentenced from 3 to 20 years imprisonment. The fairness and justice of the trial was well received by the populace.

Four Italian civilians were tried in Bari for mail robberies. The four were found guilty and sentenced from 3 to 9 years imprisonment.

As a whole Italian courts continue to act slowly. However, the first grain case in [illegible] province was completed very satisfactorily in five days from date of inception.

Only one serious crime reported during the month, a brawl between 3 Allied soldiers and a bunch of Italian civilians. This resulted in the death of one Allied soldier and serious wounding of two others.

Miscellaneous thefts of Allied supplies have abated somewhat.

The carabinieri are improving daily, the transfer of several to Rome region materially weakened this vital force, who are most important at this time from a vigilance standpoint in the grain campaign.

H. Public Health, welfare and general condition of the people:

Control measures were promptly taken in a single reported case of foot and mouth disease by prompt co-ordinated action between Italian and Allied authorities.

The general health of the people continues very good. No outbreaks of communicable disease have occurred.

Malaria preventive measures have continued in a fairly satisfactory manner.

Small town sanitation has reached the point where it is about as good as can be expected. The cities are improving as transportation becomes available. Bari improved during the month this respect, but is still unsatisfactory.

I. Education:

Defascistization of teachers is now on the move.

A group of Bari University students have continued some local disturbances. This month it takes the form of jealousy over Italian girls associating with Allied soldiers. The P.C. of Bari acting with university authorities has managed to "keep the lid on this imbroglio."

No material change in number and efficiency of schools over last month.

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J. Refugees :

On hand June 1	appx	27,000
Received during June	"	3,000
Evacuated during month	"	NONE
On hand at close of month	"	30,000

1857

All inhabitants and all communities still strongly resent refugee impositions.

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C O N F I D E N T I A L

K. Communications.

Roads. Maintenance continues to improve on major highways. All major highway bridges have been repaired except one in Taranto Province.

Rail. No material change. Remains fairly satisfactory. There is still a shortage of rolling stock.

Telecommunications. Close cooperation by No.2 Dist., and increased interest by Italian Authorities, have resulted in marked progress during the month in realizing a more extensive telephone and telegraph net work in Matera and Potenza Provinces. In the Apulian Provinces no improvement.

Posts. Service is slowly progressing.

L. Property Control.

No change since last month, remains satisfactorily.

M. Finance.

Arrangements made during the month for financing grain crop by Italian Authorities. Insurance banking, and finance accounting, progressing according to established policy and procedure. General financial position of Region, satisfactory.

N. Lastly and most important.

During the month Region II assumed additional responsibility in connection with Displaced Persons. This is proceeding as usual, and well in hand at the moment.

John T. Zellars

JOHN T. ZELLARS,
Col. Inf.,
Regional Commissioner

C O N F I D E N T I A L

Distribution :-

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CONFIDENTIAL

Distribution :-

5 Copies R.C. & M.G. Section
1 Copy each P.C.
7 Copies HQ 2 District
1 Copy FOTALI
1 Copy 15th USAAF
2 Copies File Region II
9 Copies Extra

1856

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SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
[illegible]
II

30 June 19

REF : PS/8/SF

SUBJECT: Defascistization.

TO : The Regional Commissioner.

The following is a report on the progress of Defascistization in Re... as of June 30, 1944.

BARI PROVINCE

The new Prefect formed the Defascistization Committee and the first meeting was held on 22 June, 1944 with the following results:

First meeting of 22 June, 1944.
12 Cases heard.
Proposed for Dismissal 2.
Postponed 4.
Cases dismissed 6.

Nearly 200 cases remain to be heard and several new cases are being investigated by the P.P.O. Bari.

Reported meetings of an organisation known as the MONARCHICO DEMO... at Altamura being investigated by C.S.I. (s).

LECCE PROVINCE

Last reported meeting of the Defascistization Committee was held on 17 Ju... 1944, with the following results:

MEETING OF 17 JUNE, 1944.	AT MEETING	TOTAL TO DATE
Proposed for dismissal	2	75
Discriminated	6	37
Further Consideration	1	12
Cases dismissed	6	7

Dismissals have not been effected. A new decree pending from the Central Government.

BRINDISI PROVINCE.

The Provincial Commission is dealing only with the hearing of cases con... employees of the state, who are being dealt with by the respective Ministries.

The Commission has now finished its work with the exception of economic decisions in the case of the three men shown in the attached return as 'sentence suspended'.

Results to date th...

Declassified E.O. 12356 Section 3.3/NND No. 785016

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Results to date therefore are:-

Cases heard	67
Sentence dispensed with	27
...g in office	37
...d Sentence	3

1855

Various Ministries

Ministry of Education

The Proveditore agli Studi has submitted a list of persons who are to be dealt with by the Ministry. This list is of 20 State employees who were suspended from their employment on 10 June, 194... and will remain so suspended until the Ministry has decided each of their cases.

Ministry of Communications

4 Railway officials denounced but continue in employment until decisions of the Ministry is given.

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Ministry of Public Works
2, Officials denounced but continue in employment until decision of Ministry is given.

Ministry of Finance
3, Officials ditto.
Ministry of Justice
1, Official ditto.
Ministry of Interior
1, Officer of Questura suspended on 20th May, 44. Awaiting decison o Ministry.
2, Employees of Medico Provinciale continue in employment until decis n of Ministry.

Ministry of Economy
1, Official denounced and waiting in his employment decision of Minis y.

Ministry of Marine
1, Official ditto.
Ministry of War.
1, Official denounced and continues in employment awaiting decision o Ministry.

The undermentioned officers and N.C.O.s, and men of the CC.RR. have been dismissed their employment as Port Detachment of CC.RR at Brindisi. They were all previously known as MILIZIA PORTUARIA a purely Fascist Organization employed in the Brindisi Port. On the Armistice they were taken over by the CC.RR. and continued in their same employment under the guise of Carabinieri.
The Ministry of War have as from 1st June 1944 dismissed all the detachment.
1 Captain.
1 Maresciallo
3 Brigadieri
7 Appuntati
30 Carabinieri.

TARANTO PROVINCE
Last report dated 25 June; 1944.
On 28 May, Prefect informed the P.C. Taranto, that no former fascists remained in senior appointments.

Cases considered to date	142
Judged and discharged	79
Discriminated	14
Cleared	10
Still to be judged	39

Admiral Fioravanzo, late Comandante Militare Marittimo has handed over to Rear Admiral Manfredi.

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Still to be judged	39

Admiral Fioravanzo, late Commandante Militare Marittimo has handed over to Rear Admiral Manfredi.

Also 26 Officials awaiting judgment by the Central Committee formed from the Ministries. Of these 26, Vice Prefect Guiseppe GAZILLI and Questura Agent Adamo VINCENZO have been suspended by the Minister of the Interior, and Egidio CURI, Prof. Regio Provveditore agli Studi has been suspended by the Minister of Education.

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MATERA PROVINCE.

Last reported meeting of the Defascistization Committee held on 18th June, 1944 with the following results:

	At Meeting	Total to date
Cases heard	8	53
Office holders ordered removed	3	22
Office holders exonerated	2	4
Officials removed earlier period	1	4
To be investigated further	2	20
To be examined at next meeting		3

No meetings held on 28 May and 11 June.

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POTENZA PROVINCE

Three meetings all during the month of June have been held by the De-Fascistization Committee. The last reported meeting was held on 19 June 19 4. with the following results:

Proposed for dismissal	5
Discriminated	4

LLOYD E. KELLY.
Lt. Col. Inf.
Regional Public Safety Officer

LEK/ar

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HEADQUARTERS
AMG FIFTH ARMY
APO 464 U.S. ARMY

CONFIDENTIAL

2 July 1944

222/14

Subject: Situation Report

To: HQ., ACC, (RC & MGS).

Enclosed herewith is situation report covering period

28 July - 1 July 1944.

For the Commanding General:

E.E. MAYNE
COLONEL UDF
Chief of Staff
AMG 5th Army.

Copy to:- Brigadier General Hume.
G.1. Fifth Army
Major Collins
HQ ACC Adv Rome (RC & MGS)
RC. Region VIII
PC Siena
Grosseto
Livorno
Pisa
Amg 8 Army.

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1872

Declassified E.O. 12356 Section 3.3/NND No. 785016

Sitrep for period 28 June - July 1944. CONFIDENTIAL

1. Extension of Military Government.

The whole of Livorno Province except the Provincial Capital and two others communes have now been occupied; several communes in Pisa have been occupied but owing to communication difficulties reports from this area are not yet available. At the close of the period the fall of Siena appeared imminent and the greater part of the province has now been occupied.

Campiglia contains nine thousand refugees in addition to its normal population of 13,500. Otherwise the town is in quite good condition.

Massa Marittima stated in our last report to be bedly damaged is now reported to be in fairly good condition.

In Piombino te evacuation of part of thetown has been carried out at the request of the Port Commander. This proceeded without any difficulty and very few people had to be transported any distance away. The town is now a closed area and no civilians are allowed in or out. As the municipio is in theclosed area the municipal authorities are being allowed to remain in their temporary offices outside the town from which they can circulate to the large fractions of the commune without infringing the movement regulations. The town is now outside Corps area, but as no Provincial Commissioner for Livorno Province is yet available it is being operated as a special district direct from this Headquarters. Repairsto the water supply and drains are in hand.

It is not possible to make an accurate assessment of extensive damage to the steel works, but it is obvious that it contains very large stocks ofmaterial of all kinds which could be salvaged.

2. Grossetto Province.

The Provincial Commissioner estimates that it will take more than a month to make a complete survey of the Provincial records; nearly all the agricultural records have been lost. Most progress and general reorganisation has been mad by the Public Health Administration. Active steps have been taken for the resuscitation of the malarial control scheme.

The greater part of the communes in the Province are now under the administration of the Provincial Commissioner under the Control of this HQ, and two Fifth Army CAOs have been attached to him to help in the early stages.

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A report has been received from the second expedition to the Isola del Giglio, a copy of which has been forwarded to HQ ACC.

The new team of senior Italian officials is still awaited. The Provincial Commissioner reports that further inspection of the important mines in the Province shows that they are virtually undamaged except for the destruction of the electricity supply. These mines produce lignite, iron pyrites, copper, ferro-manganese and mercury. In many of the mines are to be found not only large stocks of raw materials but also large amounts of mining equipment loaded on railway trucks waiting to be sent to Germany.

3. Siena Province.

Most of the Provincial officers are now at work either under the orders of SCAO, C.E.F. or in that part of the Province which has been taken over from AMG Eighth Army. Provincial HQ has moved forward to Abbadia San Salvatore. Full preparations have been made and a task force has been concentrated to go into Siena, the fall of which is imminent, as soon as it is captured.

4. Region VIII.

Considerable anxiety is being caused by the non-arrival yet of the Provincial Commissioner for Livorno and by the non-appearance of any but a few officers of the Lucca and Pistoia teams.

5. Supplies.

The supply position improved during the period. Accommodation for depots has been requisitioned at Piombino and it is hoped to build up immediately a stock-pile against demands that will arise from the big towns in the Arno Valley. The personnel situation has improved by the arrival today of four EM.

6. "Goum trouble".

There have been fewer complaints of outrages during the period. The French are issuing very stringent instructions as to the conduct of their troops in Siena.

7. Health.

A list of the new hospitals opened upsince the last report is enclosed as Appendix "A". The general health of the population remains excellent.

8. CC.RR.

Of the four hundred CC.RR asked for by the six Provinces of Region VIII falling to Fifth Army only 150 have arrived, 100 for Livorno and 50 for Siena. Grosseto Province has no CC.RR other than those re-enlisted locally. This situation is causing some anxiety as with the present speedy advance the balance are very urgently required.

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9. Partisans.

Meetings were held with all the Corps SCAOs, AMG Eighth Army, and EOS of AAI and Colonel McCarthy, HQ ACC, to discuss problems connected with the Partisans. So far CAOs, on whom the burden of this work must fall in the first instance, are having no insurmountable difficulty and in every case Partisans are responsive to tactful handling. Corps SCAOs agreed that the principal assistance they need is the proclamations and certificates for distribution to individual Partisans which are now being prepared by HQ ACC.

10. Agriculture.

In the most recently occupied areas the grain harvest is excellent and other agricultural activities seem to be in very good condition, but it is clear that with the destruction of agricultural records and the damage caused by the effects of war to grain elevators and storage warehouses, the assessment and collection of grain will later prove very difficult.

11. Miscellaneous.

(a) This Headquarters moved forward some 80 miles on the 29th June to a position a few miles south of Rocccastrada.

(b) A task force of officers with 100 Carabinieri is standing by to enter Livorno as soon as it is occupied. Contact is being made in advance with the Naval and Military authorities who will be operating this port.

HOSPITALS

SITUATION	BED CAPACITY	REMARKS
BATIGNANO	30 Beds	Operating theatre, Ambulatorio & Farmacia Surgeon - Short of linen an blankets.
CANINO DI CASTRO	18 Beds	10 usable - 1 doctor
BEOLSENA	originally 25 Beds	Good Hospital with 1 Surgeon Completely stripped by French soldiers, only 4 beds and mattresses left.
ACQUAPENDENTE	83 Beds	3 Doctors (1 Surgeon) and Nursing shift; operating facilities, Xray, laboratory One hand drawn ambulance.
SORANO	15 Beds	One Doctor
SAN FIORA	100 Beds	Original equipment from Grosseto, installed in school building - operating theatre, laboratory, 1 Surgeon, 1 pediatrician, 1 obstetrician and nursing staff.
ABBADIA SAN SALVATORE	50 Beds	Civil Hospital destroyed - 50 bed hospital at mercury mine used - 3 doctors (1 Surgeon) & Nursing Staff.
RADICOFANI	15 Beds	Badly damaged - Beds are only remaining equipment 1 Doctor.
MASSA MARITTIMA	90 Beds	Has been expanded to 120 beds but capable of more - Excellent hospital, 2 Surgeon, 2 operating theatres, 2 Xray (films limited), laboratory, 2 other doctors and nursing staff. One abulance car on temporary loan from GRAVERIA-MD.
ROCCASTRADA	30 Beds (3 Maternity)	Small operating theatre - One doctor, 1 Nurse.

Declassified E.O. 12356 Section 3.3/NND No. 785016

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ROCCASTRADA	30 Beds (3 Maternity)	Small operating theatre - One doctor, 1 Nurse.
BAGNOREGIO	20 Beds	One Doctor
CAMPIGLIA	30 Beds	Patients from PIOMBINO to be transferred to Massa Maritima Equipment from Piombino, medical and nursing staff.

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-NOTES-

(See previous Situation Reports)

A REORGANISED HOSPITALS

GROSSETO	Civil Hospital Reorganised to 150 Beds.	Previously stripped and damaged, now has 150 bed complete medical and nursing staff, operating theatre, etc. N°Xrays.
VITERBO	Civil Hospital Reorganised to 470 Beds.	Complete surgical and nursing staff and facilities, operating theatre Xrays, etc. 2 Ambulance Cars.
ORBETELLO	Reorganised to 80 Beds.	30 in Sanatorium, 50 in orphanage. Medican and Nursing Staff, One ambulance car.

B DESTROYED HOSPITALS

PIOMBINO	No action to be taken. Town evacuated for Military reasons - Patients to be sent to CAMPIGLIA.

AMBULATORIOS

(less than 10 Beds - First Aid and detained cases only)

MONTORAIO	One Doctor
CAMPAGNA ICO	Two Doctors, both Surgeons, (Obe from Gorsseto)
ISOLA DEL GIGLIO (GIGLIO PORTO) (GIGLIO CASTELLO)	Two Ambulatorios Ond Doctor
MONTEPESCALI	Farmacia, One Doctor.
	One Surgeon

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ISOLA DEL GIGLIO (GIGLIO PORTO) (GIGLIO CASTELLO)	Two Ambulatorios Ond Doctor
MONTEPESCALI	Farmacia, One Doctor.
SCANLINO	One Surgeon
GRAVERRANO	Three Ambulatorios, One Surgeon.
RAVI	One Doctor
CALDANO	One Doctor
ARCIDOSSA	Two Doctors (1 Surgeon) Cases usually sent to Castel del Piano.

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Sitrep for period 5 - 9 July 1944.

1. Extension of Military Government.

During the period under review the advance has slowed down considerably and very few communes have been occupied. The principal place occupied was Volterra. Little information has yet been received on this place but it is reported that the Germans let loose 5000 inmates of the Lunatic Asylum before they retreated. In Siena the principal problems are water, electricity and politics. The water supply has more breaks in it than was at first thought and the present target date for the repair of the aqueduct is 22 July. Little can be done about the electricity as the supply of current depends upon large power stations at Terni and elsewhere. With regard to politics there have been several minor incidents with the Committee of National Liberation: Allied propaganda has given them the impression that once liberated the Italians will have complete political freedom. It is clearly impossible to put this into effect while the city is still within range of the sound of gunfire. While the situation is well in hand, it would be a great help if the Italian Government could put out instructions explaining that local parties must submit to the restrictions of Allied Military Government in initial stages of occupation. The search for a satisfactory Sindaco continues.

2. Siena Province.

Adverse newspaper report on Siena.

A war correspondent for the Chicago Sun and other American correspondents (Johnson) has sent a cable report to his paper, sharply criticizing our attitude toward the Partisans in Siena, saying that he has talked to many of them and that they are so agrieved at us that they are almost ready to take to the hills again, just as they did under German domination. He feels that they are right in their claim that we have done nothing to help them, but instead have disarmed them. He criticizes the proclamations and notices posted by AMG by order of AOC, saying that they are for the most part meaningless and give the public no encouragement whatever, being solely punitive. As an illustration of the meaningless postings he mentions the one ordering the public not to leave the shores, Siena being an inland city. This prohibition is embodied in a notice pertaining to the blackout. He sees no reason for our demanding that the public register cameras,

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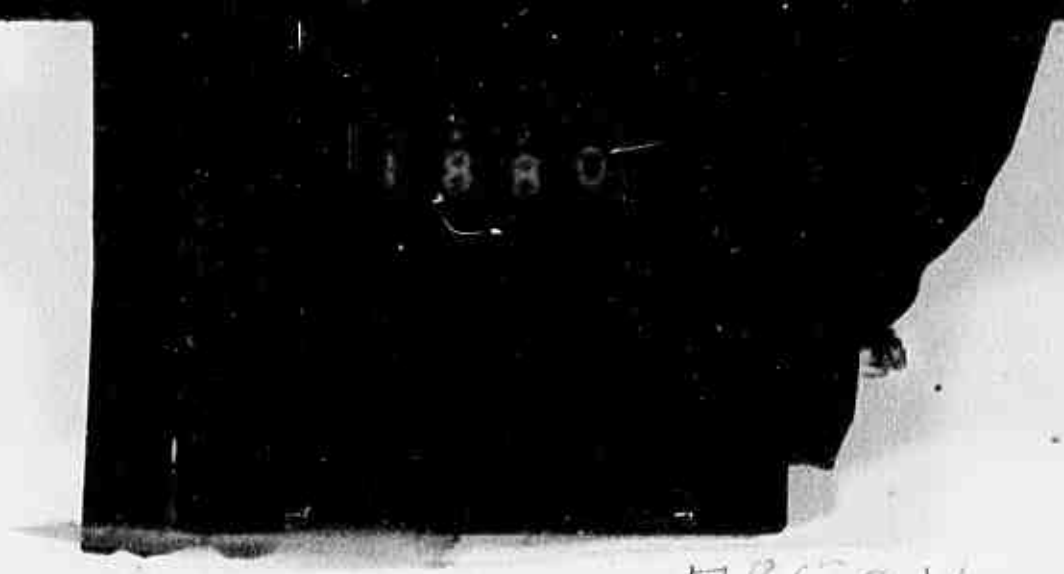
Admin



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radio receiving sets and so forth. He finds that the use of initials following Generals Alexander's and Macfarlane's names, indicative of decorations, is meaningless to the Italians and not a little confusing.

The SCAO, Fifth Army had a talk with Johnson, in company of Lt. Col. Clark, Public Relations Officer, Fifth Army and explained that it is obviously impossible to allow armed civilians to wander freely in the city, particularly as it is so close to the front. While many of these men were unquestionably patriots there is an ample opportunity for any person to attack a personal enemy or creditor. His criticisms of the posters are in many cases well taken in the opinion of the SCAO who has communicated with the Acting Chief Commissioner and has an appointment for an interview on this subject on July 13. The Army Commander is concerned over this newspaper story and has ordered that full investigation be made and a report made to him.

All of the chief provincial officials are present except the Prefect. For the time being the Provincial Commissioner is happy to carry on with the Vice-Prefect. This subject has been reported on separately to the Interior Sub-Commission. Several communes in the southern part of the Province have now been turned over to the Provincial Commissioner.

3. Grosseto Province.

Provincial Commissioner has now taken over most of the communes in the Province. The work of reorganising the Italian Administration is proceeding satisfactorily. The new Prefect has been confined to bed since his arrival as he finds the climate up here rather trying, and it is difficult to assess his ability.

4. Livorno Province.

The Provincial Headquarters has been established in Piombino. The Provincial Commissioner is now responsible for the three southern communes in the Province.

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5. Pisa Province.

Provincial Headquarters are still at Grosseto and will be moved to Volterra as soon as possible. The rest of the Provincial Team are now at work in the Southern Communes in the Province.

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6. Supplies.

The position is most unsatisfactory. 4 Fifth Army, have accepted our bid for 160 tons daily at Piombino and are willing to call forward any ships asked for. So far two ships asked for have been diverted to other ports on the coast on orders from Naples: at the present moment information is not available as to the ships on which ACC supplies are loaded and which should therefore be called forward. In the nine days since the port was opened the only supplies received are a small tonnage off an Air Corps ship of the three items which at the present moment are in least demand.

A most dangerous position will arise if the large towns in the Arno Valley are occupied before an adequate stock-pile has been built up.

7. Partisans.

During the period there have been a few trying but not insurmountable incidents. These incidents have all arisen with bands of unorganised partiots of doubtful military value. It must be emphasised that dealing with partisans takes up a great deal of the spearhead CAOs time and interferes considerably with his normal duties of re-establishing local government and assisting the combat troops in their relations with civilians.

The arrival of partisan representatives and the new proclamations are awaited with interest.

8. Finance.

The banks in Siena are physically in good condition, but lack currency. As soon as this is forthcoming, it is thought that the banks can be re-opened at an early date.

9. Miscellaneous.

(a) The important University of Siena at present presents no problem as it is closed for the summer vacation.

(b) Of the 400 C.C.R.R. requested as the minimum necessary for the part of Region VIII in Fifth Army area only 200 have so far arrived. Another 200 have been promised in plain clothes and without sufficient arms. It is not considered desirable to employ shabbily attired and ill-equipped police in the newly occupied areas and it is felt that some effort should be made to find this small number which could easily be spared from the southern part of the country. It is emphasised again that the figure of 400 is an absolute minimum.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
ADMINISTRATIVE SECTION

2/3.5/AS

16 Jul 44

MONTHLY REPORT ADMINISTRATIVE SECTION
JUNE

ADMIN SEC

Activation of forward Regions is depleting both HQ and rear Regional Staffs of all Sub-Comms, with consequential effects as to the amount of work and degree of supervision which remains possible.

INTERIOR

1 Development of Local Government. Although the RDL 111 was promulgated 2 months ago, reports from Regions indicate that in some provinces progress of reorganisation has been slow. The Minister has been asked to make suitable representation to the Prefects concerned with a view to the Decree's provisions being implemented.

2 Pool of Prefects. Lists of persons suitable for various appointments have been prepared, already 14 Prefects and other officers have been selected and sent forward for 7 Provinces.

3 Clerical Stipends. This question, which is complex, is under discussion with the Italian Government. Some increases have been granted. These do not apply to all clergy nor in all parts of liberated Italy.

PUBLIC SAFETY

1 Police.

a Policing forward areas. The mobile CC.RR moving into new territory with the Armies have done excellent work in restoring law and order. In some instances partisans had disarmed the existing police and taken the law into their own hands, but the Mobile CC.RR quickly restored the authority of the regular police.

b Rome. 2700 CC.RR and GG.FF entered Rome with the Allied troops on 5 Jun 44 and met with an enthusiastic reception. The Polizia Africa Italian, a Fascist police organisation of 1950 men, was at once disbanded. The Partisans who had formed an armed police force of some 17,000 men, were also dissolved and disarmed. Recognised police agencies - Carabinieri, Finance Guards, Agents of Public Security and Metropolitani now number 17,700 men and are working satisfactorily.

c Police replacement centres. Additional CC.RR and GG.FF centres, where men are equipped, trained and held in reserve for policing forward areas have been established in Rome. 1700 CC.RR and 220 GG.FF who had been disbanded during the German occupation have reported to the centres. Although considerable difficulties have been encountered in feeding, equipping and transporting these men, groups have been sent forward at the request of 5th and 8th Armies and Regions 4, 5, and 8.

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2 Conduct of Allied Troops. The behaviour of French colonial troops, especially towards women, has shown no sign of improvement. The conduct and discipline of other Allied troops, while better than that of the French, cannot be considered of a very creditable standard.

3 Prisons. During the past month it was ordered that Italian soldiers serving sentences of, or awaiting trial for over 30 days shall be a civil responsibility and confined in civil prisons.

This matter is being taken up with the Chief Commissioner and it is hoped that it will be possible to remove the 1,824 Italian Military prisoners from the overcrowded civil jails.

4 Fire and Civil Defence. A mobile unit of 10 appliances and 100 firemen entered Rome on 5 Jun. The Rome Fire Brigade was found to be functioning normally and after a few days the Mobile unit was sent back to Naples.

5 Registration and Licensing.

Firearms. The Minister of the Interior has issued an order through Prefects in Italian Government territory requiring all Italian Army weapons and explosives to be surrendered and all civilian weapons and explosives to be declared to the Italian Police.

Aliens. General Order 27 has been published re-establishing the Italian system of alien registration. Restrictions have been imposed on the movement of enemy aliens unless in possession of an ACC pass. The same regulations have been published by the Minister of the Interior in Italian Government territory.

PUBLIC HEALTH

1 Disease.

a VD. VD control work in Italian Government Territory is now completely an Italian Government responsibility. VD rates among troops are showing a progressive fall. The Italian Government is taking steps to enforce more strictly the existing laws concerning the treatment of infected women and to improve the administration of VD hospitals.

b Smallpox. The Naples smallpox epidemic continues in mild form. No deaths have been reported. 500,000 doses of smallpox vaccine have been given to the Italian Government.

c Malaria. Four memoranda dealing with malaria control have been published. Arrangements have been made for the production of 220,000 litres of kerosene pyrethrum insecticide from Italian grown flowers.

2 Veterinary.

a Swine Fever. A new method of immunisation against Hog Cholera is in operation. The vaccine used has been prepared entirely in Foggia and the results of this field test are being followed.

b Foot and Mouth disease is present in Taranto, Bari, Foggia and Campobasso Provinces. Steps have been taken, in cooperation with military, to prevent its spread.

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3 **Supplies:** Negotiations are in progress for the Italian Government to handle the distribution and costing of medical supplies in Southern Italy. Production of veterinary biologicals is satisfactory and on the increase. Satisfactory stocks of medical supplies are on hand for the Armies and all Regions. Arrangements with drug firms in Naples have reached the stage that the early production of biologicals on a large scale is anticipated. Raw materials have been obtained to start the manufacture of sulphur ointment in quantity.

4 **Welfare:** The Italian Government has issued instructions regarding the settlement of children whose mothers are undergoing treatment for VD. Similar instructions are to be issued in AMG Territory. The Soccorso Militare grant in Military Government Territory has been increased by 70% and assistance has been extended to families whose breadwinners have been removed by the Germans. The question of allowances to EX-Internees in Italian Government Territory has not yet been settled.

LEGAL

1 It is impossible to catalogue all the many matters on which the Legal Sub-Commission has advised. It ranges from the delegation by the King of his powers to the Prince Regent, to the text of a letter.

2 PRISONS: An officer of the Sub-Commission was on the staff of "S" Force and entered Rome with it. He kept the Ministry of Justice functioning without break, investigated the activities of the Ministry and interviewed over 200 officials.

Military Courts have been established. Crime at the beginning was light but is increasing but the cases are mostly of a trivial nature.

EDUCATION.

Conditions as to administrative personnel has as expected proved better as we go North. In Frosinone and Littoria the Germans had suspended schools in some cases for over a year. Education followed hard on the heels of the advancing Armies and in many cases schools were reopened (frequently in expemporised buildings) within a fortnight of our troops passing through and text books and other materials supplied.

Taking the children off the fields and roads will not only reduce child mortality from mines, but prepare them for a full resumption of work in the autumn. Italian teachers have materially assisted in this rehabilitation. Many of them have volunteered to be transported uncomfortably to devastated regions far from their homes and improvise under conditions of hardship.

Arrangements have been made to provide free lunches in the devastated regions of Frosinone and Littoria. (18,000 children are already being so fed in Littoria).

Work is proceeding smoothly with the new Ministry and with the production of text books and re-organisation of the Universities of Rome and Naples.

...../ Property Control.

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PROPERTY CONTROL

On Legal advice, the policy as to Controller of Property taking custody of the property of Allied Nationals is under review. Sequestrated property has been placed by the Italian Government in the hands of managers, when the CP took possession he could not do better than leave the property under the same management but his taking possession terminated Italian liability. In place of taking possession it is is proposed that the CP shall take an acknowledgement from the Italian Government as to the then condition of the property and that they have no claim on the same. Liability for the property would then not attach to the CP.

Progress: Rapid progress is being made in taking control of properties in Rome. The taking control in Naples area is now nearly completed.

Summary of Properties taken over:

i Types:

Parcels of unimproved land	...	...	4
Commercial concerns	...	...	5
Villas or buildings and land	...	...	32
Personality	...	...	1
Total Allied Properties			42

ii Nationalities:

American	...	...	17
British	...	...	13
French	...	...	8
Russian	...	...	2
Brazilian	...	...	1
Others	...	...	1
Total			42

MONUMENTS, FINE ARTS & ARCHIVES.

MFA officers have been well forward with the troops and reports have been received on all towns of any importance within a short time of their recovery.

Arrangements have been made with the Abbot of Cava for monks to proceed to Cassino to supervise the recovery and safe removal of objects of value lying among the ruins. Despite notices forbidding the taking od souvenirs, there is little doubt that wholesale souvenir hunting by Allied personnel is taking place.

Remains of a Roman bridge have been discovered at PONTE SERVETELLA when repairing a bridge blown down by the Germans. The damage to antiquities in Rome by Allied bombing has on examination proved to be nearly negligible, the only damage of some importance being that to the Basilica of S.Lorenzo fuori le Mura, which has been previously reported and which is now being repaired.

It had been understood that no further space would be demanded in Caserta Palace, but more was taken over at short notice, some of the furniture was removed to Naples and inevitably suffered further damage but satisfactory local arrangements was made for the remainder.

The Sub-Commission is still handicapped by lack of sufficient transport.

G.R. UPJOHN, Col
A/Head, Adm Sec

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