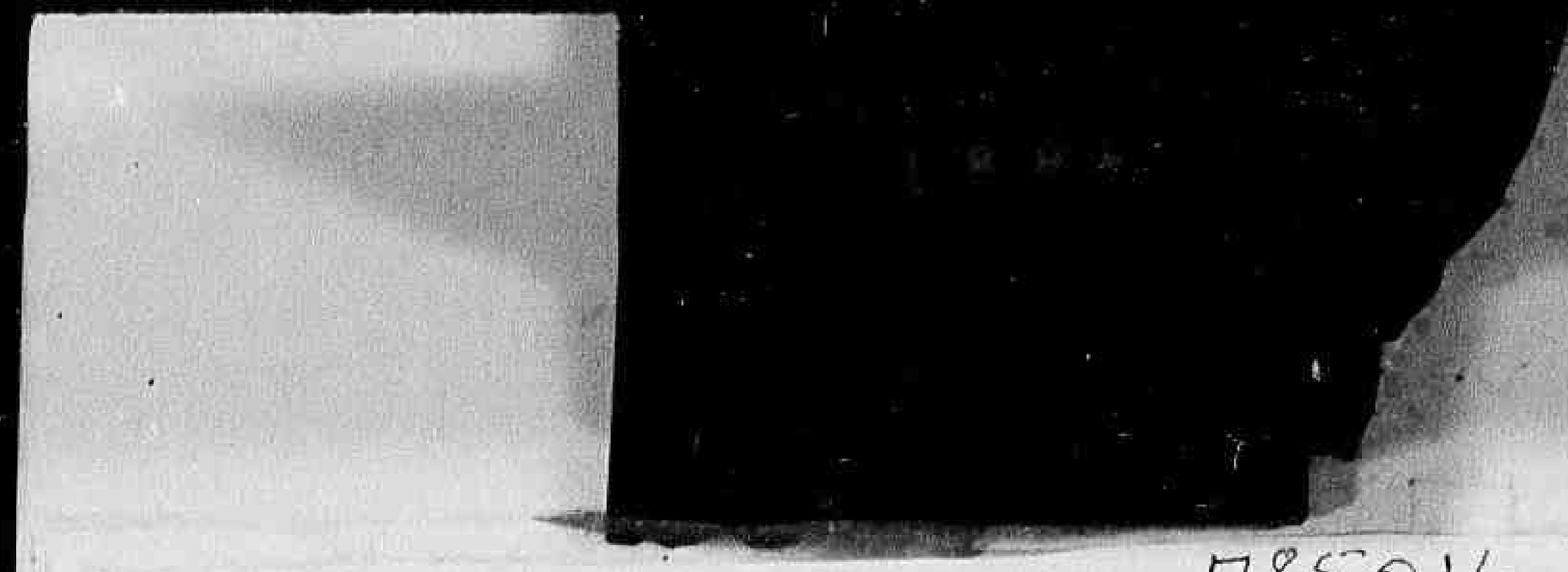


Declassified E.O. 12356 Section 3.3/NND No. 785016

ACC 10000/105/179



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

00/105/179

MONTHLY REPORTS
MAY – AUG. 1944
(1 OF 2)

2/3.6

CONFIDENTIAL

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

MONTHLY REPORT

JULY 1944

General Remarks		Pages 1 - 2
PART I	- R.C. & M.G. Section	Pages 3 - 14
PART II	- Economic Section	Pages 15 - 22
PART III	- Administrative Section	Pages 23 - 26
PART IV	- Political Section & Public Relations Branch, War Material Disposal & Italian POW Sub-Commission, Communications Sub-Commission, Army Sub- Commission.	Pages 27 - 30

2275

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

General Remarks		Pages 1 - 2
PART I	- R.C. & M.G. Section	Pages 3 - 14
PART II	- Economic Section	Pages 15 - 22
PART III	- Administrative Section	Pages 23 - 26
PART IV	- Political Section & Public Relations Branch, War Material Disposal & Italian POW Sub-Commission, Communications Sub-Commission, Army Sub- Commission.	Pages 27 - 30

2275

1008

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

Declassified E.O. 12356 Section 3.3/NND No. 785214

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

CONFIDENTIAL

Ref/498/CA.

30 August 1944.

MONTHLY REPORT FOR JULY

General Remarks

1. July is the harvest month in Italy and though the wheat was late this year all eyes were turned towards the crop, which in most areas was well above average. The farmers were anxious about labour and gasoline for their threshing machines: the townspeople thought the generous price for wheat might seriously affect the price of bread (which it has not): the Italian Government and the Allied Control Commission wondered how much of the abundant crop would find its way to the Government grain depots. Generally speaking the harvest has begun well. Imported soldiers of the Italian Army helped the farmers in FOGGIA: helped also to maintain the labour markets for the Allied military authorities and to keep down exorbitant demands for wages by the harvesters. Where gasoline and oil was lacking the farmers reverted to the customary method of treading out the wheat by oxen. The intensive campaign for Granai del Popolo continued and collections of grain began to come in. Strenuous efforts by the officials of Allied Control Commission and in most (but not all) areas, by Italian Government officials, have been made to start the campaign with success. It is too early to prophesy the results.

2. Established in ROME, with the Headquarters of the Allied Control Commission alongside, the Italian Government had its first opportunity of functioning in the capital of the country and with the proper machinery of Government. The focus naturally turned to ROME and conditions in ROME were regarded as a mirror of those throughout the country. This is not so. ROME was not occupied until June 5th and although the city has suffered little material damage, much dislocation has taken place which can only be remedied in time. Conditions in South Italy and in the Provinces outside ROME are undoubtedly better than within.

3. In the North, AMGs with both Armies have done outstanding work. Their problems were manifold, but they overcame them. Law and order were kept: food was supplied in spite of grievous shortages of transport: refugees were passed back for dispersal in neighbouring Provinces: patriots, a new problem, were dealt with tactfully and firmly.

4. The procedure of Provincial teams, from the Region, rapidly following up and sometimes accompanying the AMG staffs in the Armies has proved successful.

find its way to the Government grain depots. [illegible] has begun well. Imported soldiers of the Italian Army helped the farmers in FOGGIA: helped also to maintain the labour markets for the Allied military authorities and to keep down exorbitant demands for wages by the harvesters. Where gasoline and oil was lacking the farmers reverted to the customary method of treading out the wheat by oxen. The intensive campaign for Granai del Popolo continued and collections of grain began to come in. Strenuous efforts by the officials of Allied Control Commission and in most (but not all) areas, by Italian Government officials, have been made to start the campaign with success. It is too early to prophesy the results.

2. Established in ROME, with the Headquarters of the Allied Control Commission alongside, the Italian Government had its first opportunity of functioning in the capital of the country and with the proper machinery of Government. The focus naturally turned to ROME and conditions in ROME were regarded as a mirror of those throughout the country. This is not so. ROME was not occupied until June 5th and although the city has suffered little material damage, much dislocation has taken place which can only be remedied in time. Conditions in South Italy and in the Provinces outside ROME are undoubtedly better than within.

3. In the North, AMGs with both Armies have done outstanding work. Their problems were manifold, but they overcame them. Law and order were kept: food was supplied in spite of grievous shortages of transport: refugees were passed back for dispersal in neighbouring Provinces: patriots, a new problem, were dealt with tactfully and firmly.

4. The procedure of Provincial teams, from the Region, rapidly following up and sometimes accompanying the AMG staffs in the Armies has proved successful.

5. AMG Regions have continued to employ to the maximum the Italian [illegible] and personnel of local government, who generally have been helpful and effective in spite of grave difficulties caused by devastation, lack of communications, and mines. Civilian casualties from these remnants of battle have been tragic and numerous.

6. In the areas handed over to the Italian Government the reduction of Allied officers of the Allied Control Commission has been maintained gradually: the props on which the Italian Local Government is so prone to lean are being withdrawn and more responsibility is thrown on to the local authorities. There are some, especially in the cities, who think that the withdrawal is premature. But it is essential if the policy of the Allied Nations is to be implemented: and experience shows that it is right.

1008

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

7. At the end of his last report on Sicily, Colonel A. N. Hancock, the Regional Commissioner, writes as follows :

"SICILY has now been under AMG or ACC counsel for just over one year. Perhaps the greatest fault - or is it praise - that can be found in Region I is a too rapid return to a state of normal peacetime economic activity together with local politics and slow administration. As for over three thousand years, SICILY still suffers from internal disunion and too great a spirit of selfish independence and local patriotism. The grain campaign - which is still being run under the High Commissioner even if greatly aided by ACC pressure - will be the touchstone of SICILY's ability or failure to administer herself. For the future, the prosperity or poverty of SICILY is a matter for SICILY herself to make - there is little more ACC can do for her. "

8. This will become true for the areas in Italy as time goes on.

9. The two problems which face the Commission are food and transport. In the South the peak of the food problem can be said to have passed - so long as the new crop can be distributed. North of the Garigliano in the devastated areas, food is not so plentiful: the basic bread ration from this line to the front line is 200 grams compared with 300 grams in the South. Other forms of food are as short. The same applies to ROME. In the country districts to the East and North of ROME the general food situation is easier, though the basic bread ration remains at 200 grams. Transport is the difficulty. It is inadequate. Food cannot be brought from the producer to the consumer areas. It is even difficult to carry petrol to the threshing machines and grain from the threshing floors to the collection depots.

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

PART I

R.C. & M.G. SECTION

AMG FIFTH ARMY.

1. The end of July found the Army on the banks of the Arno, with the Southern portion of PISA in our hands. The capture of SIENA intact on the 2nd July was followed on the 20th by the fall of LIVORNO with the port area in a ruinous state but the rest of the town mainly undamaged. During the month the latter remained under intermittent shell fire.

2. In SIENA the usual problems of power, light and water presented themselves, the former impossible to deal with at present, while the latter promised to be in fair order in about a month. Banks were sound, lacking only currency. They were opened on 20th July. The University was closed for summer vacation and so presented no problem. Being the centre of a rich agricultural district the food situation was not pressing. SIENA was handed over to AMG Eighth Army on 22nd July.

3. The supply situation grew more satisfactory during the month as the much needed items such as salt and sugar came through. The Army is in a corn growing area with an excellent harvest being gathered, so import of flour is not an immediate necessity. POL is being distributed to promote grinding of flour locally thus relieving transport. In SIENA the stockpile for FLORENCE was established and with the opening of PIOMBINO and the retention of an RASC Transport Coy until replaced, the situation is not unsatisfactory.

4. LIVORNO does not present as bad a picture as was at first thought. There is a possibility of getting an alternative supply of water for some 60,000 people and as the present population is 35,000 against a normal 140,000 the situation will be well covered. There is a fine hospital with a potential capacity for 2,000.

5. The patriots have been most useful. In LIVORNO they marked minefields and acted as guides and police. They respond to tactful handling and the issue of certificates and proclamations has a very good effect. Similar services were rendered elsewhere but at SIENA they presumed complete political freedom even within sound of the enemy guns. Patriot Liaison Officers sent by HQ ACC were very welcome. Some Italian officers have been sent up by the Ministry of War to facilitate enlistment in the Italian Army.

6. In other branches affairs remain satisfactory. The Granai del Popolo collections are good. There is a little hooliganism but crime in the towns shows no unusual increases.

AMG EIGHTH ARMY.

7. The rate of advance slowed down during the month mainly owing to the increased resistance offered by the enemy in the hills South of FLORENCE. By the end of the month, however, the whole of the Provinces of SIENA and MACERATA and most of AREZZO, PERUGIA and ANCONA had been occupied. This meant a population of abou[t] [illegible] and mainly agricultura

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

needed items such as salt and sugar came through. The Army is in a corn growing area with an excellent harvest being gathered, so import of flour is not an immediate necessity. POL is being distributed to promote grinding of flour locally thus relieving transport. In SIENA the stockpile for FLORENCE was established and with the opening of PIOMBINO and the retention of an RASC Transport Coy until replaced, the situation is not unsatisfactory.

4. LIVORNO does not present as bad a picture as was at first thought. There is a possibility of getting an alternative supply of water for some 60,000 people and as the present population is 35,000 against a normal 140,000 the situation will be well covered. There is a fine hospital with a potential capacity for 2,000.

5. The patriots have been most useful. In LIVORNO they marked minefields and acted as guides and police. They respond to tactful handling and the issue of certificates and proclamations has a very good effect. Similar services were rendered elsewhere but at SIENA they presumed complete political freedom even within sound of the enemy guns. Patriot Liaison Officers sent by HQ AOC were very welcome. Some Italian officers have been sent up by the Ministry of War to facilitate enlistment in the Italian Army.

6. In other branches affairs remain satisfactory. The Cremai del Popolo collections are good. There is a little hooliganism but crime in the towns shows no unusual increases.

AMG EIGHTH ARMY.

7. The rate of advance slowed down during the month mainly owing to the increased resistence offered by the enemy in the hills South of FLORENCE. By the end of the month, however, the whole of the Provinces of SIENA and MACERATA and most of AREZZO, PERUGIA and ANCONA had been occupied. This meant a population of about 2,000,000 under Army AMG administration. These provinces are mainly agricultural and have not been greatly disturbed by war. They are self-subsisting as regards grain, oil and vegetables. Harvesting is proceeding but has been hampered by shortage of POL.

2273

8. The Provinces of RIETI and TERNI were handed over to Region IV on the 10th and 30th July respectively.

9. Of the places occupied during the month one was the port of ANCONA where only 6,000 people were found on arrival out of a population of about 90,000. 35% of the town has been destroyed. The once attractive town of AREZZO was reported 30% destroyed and had a population of 1500 out of the normal 31,000. The Prefect was not there to welcome the Allies but fled with funds belonging to the Province to the tune of 17,000,000 lire.

1908

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

10. Many patriots were encountered and although a few were troublesome the majority were disarmed without incident and were cooperative. Some assisted to gather mines and explosives and others even volunteered to rebuild the railway from TERNI to TODI.

11. TERNI has a very considerable labour problem. The steel mills have been totally destroyed and the 7,000 employees have little prospect of returning to their old employment for a long time to come. This is the first purely industrial town to be encountered and therefore emphasises problems which will arise if similar destruction occurs in the industrial north.

12. Useful work has been done in the whole area by Italian welfare organisations although they have been handicapped by lack of supplies. They have shown themselves calm and efficient under great difficulties.

13. More refugees have been encountered, which is to be expected when an advance slows up, when they come over to us from no mans' land and the devastated areas in the battlefield zone.

REGION I (SICILY)

14. During July the grain campaign overshadowed all other forms of activity in Sicily absorbing AOC, the Italian Army, Carabinieri and Government officials, as well as affecting politics, Separatism and crime. Even the black market has reacted to the new conditions. It brings back memories of the first efforts to feed Sicily just a year ago.

15. The quota of grain to be collected this harvest has been fixed at 3,100,000 quintals, sufficient to feed the rationed part of the population for one year. By 30th June 6802 quintals had been collected; by 31 July this figure had risen to 234,251 quintals. Great difficulties beset the collection of the grain and already nearly 5000 persons have been denounced for infringement of regulations with confiscations amounting to over 10,000 quintals. Transportation facilities provided for the Granai del Popolo have been adequate but tyre troubles are severely felt.

16. In the field of politics Separatism has been more subdued this month in a belated attempt to appease the authorities and particularly the new High Commissioner - Aldisio, who is credited with the intention of crushing the Movement.

17. After a year as the first part of Italy and Europe to be liberated it seems that Sicily is likely to miss the greatest opportunity in her history of becoming an important part of Italy. Many of her difficulties are of her own making. Internally disunited and extra-political she is unready to make common cause with the mainland and share its burdens, whilst her actions arouse deep suspicion on the part of Italians. A great deal depends on the influence of the High Commissioner in the next six months, for by firm handling he can do much to steer Sicily to a brighter future.

18. It is not generally realised that Sicily has already a lively export trade.

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

REGION I (SICILY)

14. During July the grain campaign overshadowed all other forms of activity in Sicily absorbing AOC, the Italian Army, Carabinieri and Government officials, as well as affecting politics, Separatism and crime. Even the black market has reacted to the new conditions. It brings back memories of the first efforts to feed Sicily just a year ago.

15. The quota of grain to be collected this harvest has been fixed at 3,100,000 quintals, sufficient to feed the rationed part of the population for one year. By 30th June 6802 quintals had been collected; by 31 July this figure had risen to 234,251 quintals. Great difficulties beset the collection of the grain and already nearly 5000 persons have been denounced for infringement of regulations with confiscations amounting to over 10,000 quintals. Transportation facilities provided for the Granai del Popolo have been adequate but tyre troubles are severely felt.

16. In the field of politics Separatism has been more subdued this month in a belated attempt to appease the authorities and particularly the new High Commissioner - Aldisio, who is credited with the intention of crushing the Movement.

17. After a year as the first part of Italy and Europe to be liberated it seems that Sicily is likely to miss the greatest opportunity in her history of becoming an important part of Italy. Many of her difficulties are of her own making. Internally disunited and ultra-political she is unready to make common cause with the mainland and share its burdens, whilst her actions arouse deep suspicion on the part of Italians. A great deal depends on the influence of the High Commissioner in the next six months, for by firm handling he can do much to steer Sicily to a brighter future.

18. It is not generally realised that Sicily has already a lively export trade. The value of goods exported to the principal buyers in the last twelve months is as follows :

Great Britain	343,666,110 lire.
U.S.A.	21,626,000 "
Malta	242,614,225 "

Nearly all the commodities exported are the products of the fertile soil and include items such as lemons (525,892 cases), lemon oil (180,000 Kgs.), nuts, oranges and orange oil.

19. Prices and cost of living continue to rise and taking the index figure for January 1944 as 100, in June it had increased to 129,95.

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

REGION II (APULIA, LUCANIA)

20. The Communist party has continued its ascendancy to the point where it is now provocative. This is most marked in POTENZA and BRINDISI Provinces. Previous uneasiness has turned among the intelligent classes of Italians to fear that some violence will occur if the Allies do not stand near them. Provincial governments still lack teamwork and initiative as they do not feel the staunch backing of the present Italian Government. They have become more suspicious lately that the Allies will leave them "on their own" entirely, despite assurances to the contrary.

21. In the majority of provinces the collection of wheat is well ahead of normal and MATERA Province has already exceeded its total collection for 1943. Barley collection is somewhat behind, for the reason that producers are awaiting a decision of the Italian Government on their appeal that Barley should be considered as food for livestock in many localities.

22. Otherwise, in the grain collection campaign, almost all the problems have been solved with satisfaction except transportation and policing. The transportation problem, rail and motor, with continued shortage of gasoline, tyres and spare parts has become more acute than before. This shortage has now reached the point that the successful collection and distribution of grain is dependent largely upon how quickly and in what quantity rail transport and/or transport can be made available.

23. The Carabinieri and Questura have proved fairly effective in providing police for the grain campaign. Road blocks are in operation throughout the Region. Many arrests for grain violations have been made and more than 1,000 quintals of grain has been confiscated by these road block groups.

24. The food situation in this Region remains satisfactory.

25. The supply of leafy vegetables has lessened, but tomatoes and melons are fairly plentiful. Fruits remain satisfactory.

26. The wine surplus in APULIAN Provinces remains unchanged or in a worse position. Producers are now beginning to pour it out to make room for the new crop. There is still an excess of 300,000 tons remaining in the Region.

27. The new crop of grapes, almonds and tobacco continues normal in condition.

28. The usual labour unrest prevails in TARANTO Province. Otherwise, no serious labour disputes have occurred.

29. A few small imbroglios occurred among troop units. Chiefly between Italian soldiers and French Colonial troops in BRINDISI and TARANTO Provinces. In each instance local commanders and ACC officers handled the situation and managed to prevent serious disorders on a large scale.

30. The civilian population as a whole remains orderly.

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

been solved with satisfaction except transportation and policing. The transportation problem, rail and motor, with continued shortage of gasoline, tyres and spare parts has become more acute than before. This shortage has now reached the point that the successful collection and distribution of grain is dependent largely upon how quickly and in what quantity rail transport and/or transport can be made available.

23. The Carabinieri and Questura have proved fairly effective in providing police for the grain campaign. Road blocks are in operation throughout the Region. Many arrests for grain violations have been made and more than 1,000 quintals of grain has been confiscated by these road block groups.

24. The food situation in this Region remains satisfactory.

25. The supply of leafy vegetables has lessened, but tomatoes and melons are fairly plentiful. Fruits remain satisfactory.

26. The wine surplus in APULIAN Provinces remains unchanged or in a worse position. Producers are now beginning to pour it out to make room for the new crop. There is still an excess of 300,000 tons remaining in the Region.

27. The new crop of grapes, almonds and tobacco continues normal in condition.

28. The usual labour unrest prevails in TARANTO Province. Otherwise, no serious labour disputes have occurred.

29. A few small imbroglios occurred among troop units. Chiefly between Italian soldiers and French Colonial troops in BRINDISI and TARANTO Provinces. In each instance local commanders and ACC officers handled the situation and managed to prevent serious disorders on a large scale.

30. The civilian population as a whole remains orderly.

31. The general health of the people continues to be very good. For the third successive month there has been no outbreak of an appreciable nature of any communicable disease.

32. The small epidemic outbreaks of foot and mouth disease in TARANTO, MATERA and POTENZA Provinces now appear to be stabilized.

33. During the month the Italian Provincial Committees have handled practically all the Italian refugee problems in this Region. Large numbers of Italian families have been surging into the Region, especially into BARI, trying to return to their homes in other parts of Italy, especially to NAPLES. This at a time when rail transport was very critical, caused much distress.

34. Although there has been an inflow of over 2,300 Italian refugees during July, there has also been an outflow into those parts of Italy where travel is allowed. Therefore, the total refugee population in this Region has probably remained static at around 30,000.

1008

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

35. The unannounced "freezing" of rolling stock for movement of military supplies during the middle of the month was almost fatal to the distribution of civilian supplies and to the grain campaign. Only by superhuman efforts could grain be moved for bread. BARI and LECCE Provinces are living from hand to mouth insofar as bread and pasta are concerned.

36. There are some healthful signs of competition in trade since ordinary consumer goods formerly hidden are beginning to show in some quantity on the open market. However, transportation difficulties, scarcity of raw materials, and machine spare parts still tend to restrict revival of trade.

37. Prices of ordinary goods remain high and beyond the reach of the ordinary housewife. Bank savings and deposits continue to increase and surplus funds continue to flow into the central bank.

38. Black market dealings in sterling and Blue Seal dollars increased somewhat during the month.

REGION III (CAMPANIA)

39. The various political parties remain active and continue in their attempts to control public offices, but no party has a definite programme or policy and therefore party membership tends to reduce rather than to increase. The general public continues to be more interested in food than in politics. The change to Italian Government and the withdrawal of AOC officers have caused general uneasiness which in some cases amounts to actual fear.

40. The food situation was good until the latter part of the month, when purchases for ROME caused shortages and higher prices. At the end of June the population of the City was estimated to be 932,919 and the number of persons having a right to bread and pasta 685,847. On 30 July the total number of ration cards issued was 886,353.

41. The flour ration was increased from 160 grams to 240 grams per day, consisting of 200 grams of bread and 78 grams of pasta.

42. The olive oil crop is extremely good. It is hoped that mines will be cleared in the northern part of the Region in time to assist in the harvesting.

43. The water system for the City of NAPLES continued to operate satisfactorily, and under excellent conditions from source to the pumping stations. Chlorination of the entire water supply has been considered advisable, but has been found to be impracticable because of the lack of chlorine and chlorinating equipment.

44. Coal for the gas works in the City of NAPLES came in quite regularly and two months' supply of coal was on hand at the end of July. The SALERNO gas works commenced supplying gas for heating and cooking.

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

39. The various political parties remain active and continue in their attempts to control public offices, but no party has a definite programme or policy and therefore party membership tends to reduce rather than to increase. The general public continues to be more interested in food than in politics. The change to Italian Government and the withdrawal of ACC officers have caused general uneasiness which in some cases amounts to actual fear.

40. The food situation was good until the latter part of the month, when purchases for ROME caused shortages and higher prices. At the end of June the population of the City was estimated to be 932,919 and the number of persons having a right to bread and pasta 685,847. On 30 July the total number of ration cards issued was 886,353.

41. The flour ration was increased from 160 grams to 240 grams per day, consisting of 200 grams of bread and 78 grams of pasta.

42. The olive oil crop is extremely good. It is hoped that mines will be cleared in the northern part of the Region in time to assist in the harvesting.

43. The water system for the City of NAPLES continued to operate satisfactorily, and under excellent conditions from source to the pumping stations. Chlorination of the entire water supply has been considered advisable, but has been found to be impracticable because of the lack of chlorine and chlorinating equipment.

44. Coal for the gas works in the City of NAPLES came in quite regularly and two months' supply of coal was on hand at the end of July. The SALERNO gas works commenced supplying gas for heating and cooking.

45. There was a slight lessening of civilian crime. Fewer crimes of violence were reported and black market offences decreased. There were 21 cases of forgery of Allied currency.

46. Relations with Military Police were good, apart from the French, but conduct of Allied troops did not show any marked improvement. There was too much drunkenness on the part of soldiers and sailors, and many reports of crimes of violence committed by them were received. American Negro troops and French Colonial troops were concerned in a number of these cases, and the conduct of Canadian troops in AVELLINO leaves much to be desired. The increase of French troops in the AVELLINO area caused alarm among the civilian population, and after dark there was in fact a voluntary curfew.

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

47. Smallpox showed an unseasonable incidence in the Province of NAPLES and BENEVENTO, approaching epidemic proportions in the cities of AFRAGOLA and FRATTAMAGGIORE. 416 cases of smallpox were reported in the Province of NAPLES and 106,913 vaccinations were administered in the Provinces. Typhoid fever has persisted in all Provinces, but has not been unseasonable.

48. Telephone service from NAPLES to ten other cities was established for Italian Government use. At the end of the month, telegrams could be sent to all parts of Southern Italy, with an average delivery time of two hours. No long distance telephone service was given to the public.

49. Delivery of letters and postcards was established on 1 July to the City of ROME and VATICAN CITY, on 17 July to the Provinces of CAMPOBASSO and ROME, and on the 24 July to the Provinces of FROSINONE and LITTORIA.

50. Cash holdings and deposits with the banks increased.

51. Sales and exchanges for the month exceeded redemptions by 260,000,000 lire. Unofficial meetings of the NAPLES Borsa were inaugurated to stop clandestine dealings. Prices were slightly lower, with the unofficial prices quoted in NAPLES about two points higher than the daily newspaper quotations in ROME, a disparity which no one could explain.

REGION IV (LAZIO)

52. The need to economize in personnel dictated a reorganization in the administration of ROME and at the end of the month ROME Region ceased to exist as a separate entity and was absorbed by Region IV.

53. The month of July was the harvest month over most of the Region. In the Southern Provinces the harvest yield was below normal, owing to war devastation, the withdrawal of labour, and the difficulties caused by minefields. In the Northern Provinces the crop was excellent. Anxiety was felt owing to the absence of POL required for the agricultural machinery, but in fact the Italian farmers, working long hours and using hand methods, have garnered most of their excellent harvest. The outlook for potatoes, olives and grapes remains good.

54. Progress was made in the construction of road bridges. An excellent bridge carrying the Via Salaria into RIETI was built in exceptionally rapid time. This bridge was ceremonially opened by the Regional Commissioner on 10 July. In the Provinces as a whole the Genio Civile got to work on the construction of the many bridges required.

55. Two other problems are of paramount importance: transportation and electric power. On every hand the same difficulties were met with. The lack of transport and the lack of electric power impinged upon practically every aspect of the work of the Region.

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

Prices were slightly lower, with the [illegible] points higher than the daily newspaper quotations in ROME, a disparity which no one could explain.

REGION IV (LAZIO)

52. The need to economise in personnel dictated a reorganization in the administration of ROME and at the end of the month ROME Region ceased to exist as a separate entity and was absorbed by Region IV.

53. The month of July was the harvest month over most of the Region. In the Southern Provinces the harvest yield was below normal, owing to war devastation, the withdrawal of labour, and the difficulties caused by minefields. In the Northern Provinces the crop was excellent. Anxiety was felt owing to the absence of POL required for the agricultural machinary, but in fact the Italian farmers, working long hours and using hand methods, have garnered most of their excellent harvest. The outlook for potatoes, olives and grapes remains good.

54. Progress was made in the construction of road bridges. An excellent bridge carrying the Via Salaria into RIETI was built in exceptionally rapid time. This bridge was ceremonially opened by the Regional Commissioner on 10 July. In the Provinces as a whole the Genio Civile got to work on the construction of the many bridges required.

55. Two other problems are of paramount importance: transportation and electric power. On every hand the same difficulties were met with. The lack of transport and the lack of electric power impinged upon practically every aspect of the work of the Region.

56. Political: No very definite developments took place during the month of July. Reports of activities of the Communist Party were received from TERRACINA and from the Province of VITERBO. In neither case was the movement very widespread though potential political tension exists in the numbers of Port workmen evacuated during German occupation from CIVITAVECCHIA to VETRALLA, TUSCANIA and other places in VITERBO Province. Similarly the serious unemployment problem in TERNI may have important political repercussions in the future.

57. Industry and Commerce: The paper manufacturing Industry in FROSINONE and ROME Provinces is being rehabilitated to supply newsprint, book and other papers sufficient for local consumption and will shortly be able to provide substantial exportable surpluses. Transportation of materials of construction and of raw materials to the plants makes progress slow. Several woollen mills, pasta factories, cement factories and a shoe factory are being resuscitated. Threshing proceeds slowly due to shortage of POL. Spoilage of grain will occur unless supplies of POL are made available more rapidly.

1008

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

58. Public Utilities: Survey of all generating facilities was made and necessary orders given to initiate repairs. Orders were issued rationing electricity and limiting it to essential users.

59. Postal: Services resumed in ROME, LITTORIA, and FROSINONE Provinces, limited to ordinary letter and P.C. mail not exceeding 210 grams weight. 872 Kgs. of POW mail was distributed.

60. Public Safety: Rapid strides have been made in the reorganisation of the Police Services, which as a result have regained confidence, and are taking a pride in their appearance. Their efficiency is good according to Italian standards. The prisons have been checked and there is no overcrowding. All courts are functioning and there is no delay in bringing prisoners to trial.

61. Public Health: The general health of the people remains the same as at the time of the last report. Malaria is still on the increase but this is to be expected. Typhoid has been reported in the VITERBO area but vaccine in sufficient quantities has been furnished.

62. Refugees: In the early part of the month there was a threatened wave of refugees from the AREZZO district. On the whole, however, the local inhabitants "Stayed put" even in the battle areas. The main problem was the beginning of a cross surge of uncontrolled repatriations.

63. Opening of Schools: Practically all schools, elementary and secondary, have opened and are functioning in LITTORIA and FROSINONE Provinces - often under unbelievably difficult conditions in makeshift locations. In ROME, VITERBO and RIETI, schools have begun to function in a number of communes which had less than four months of schooling during the year, and the rest of such communes are rapidly being got ready to open schools.

REGION V (MARCHE, ABRUZZI E MOLISE)

64. After the first wild enthusiasm in the Northern Provinces following their liberation, the population remains favourably disposed to the Allies and appreciates the problems facing AMG in the new Provinces.

65. On the whole Italian Provincial Government has taken over administration fairly well. Some changes of Prefects and heads of Departments have been necessary and are to be anticipated from time to time.

66. The rationing system is felt to be unnecessarily rigid. CAMPOBASSO is on a higher cereal ration than other Provinces, which are all grain producers, and this discrimination is likely to affect the collection of grain and to render cereal rationing more difficult in the other Provinces.

67. Despite gloomy prophecies the harvest proceeded satisfactorily. Threshing is hindered by a shortage of POL, due partly to a reduction in deliveries and partly

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

62. Refugees: In the early part of the month there was a threatened wave of refugees from the AREZZO district. On the whole, however, the local inhabitants "Stayed put" even in the battle area. The main problem was the beginning of a cross surge of uncontrolled repatriation.

63. Opening of Schools: Practically all schools, elementary and secondary, have opened and are functioning in LITTORIA and FROSINONE Provinces - often under unbelievably difficult conditions in makeshift locations. In ROME, VITERBO and RIETI, schools have begun to function in a number of communes which had less than four months of schooling during the year, and the rest of such communes are rapidly being got ready to open schools.

REGION V (MARCHE, ABRUZZI E MOLISE)

64. After the first wild enthusiasm in the Northern Provinces following their liberation, the population remains favourably disposed to the Allies and appreciates the problems facing AMG in the new Provinces.

65. On the whole Italian Provincial Government has taken over administration fairly well. Some changes of Prefects and heads of Departments have been necessary and are to be anticipated from time to time.

66. The rationing system is felt to be unnecessarily rigid. CAMPOBASSO is on a higher cereal ration than other Provinces, which are all grain producers, and this discrimination is likely to affect the collection of grain and to render cereal rationing more difficult in the other Provinces.

67. Despite gloomy prophecies the harvest proceeded satisfactorily. Threshing is hindered by a shortage of POL, due partly to a reduction in deliveries and partly to transportation difficulties. However, it is hoped that the threshing will only be delayed and ultimately all the harvest will be dealt with.

68. Water supply is now generally satisfactory although the restoration of supply to PESCARA City was a particularly big problem. Everything possible is being done to complete repairs before winter sets in. Limited electricity for milling and essential needs is available.

69. Health is very satisfactory and an Italian malariologist has been appointed. Italian welfare organisations are functioning well.

70. Refugee Camps were opened during the month at ASCOLI, TERAMO and CHIETI. As elsewhere there has been an unauthorised movement of refugees which has caused considerable anxiety. A plan for billetting in the Communes is nearing completion and should help to arrest the movement South.

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

71. In the Region's new Provinces practically all roads are open to traffic and the Italian civil engineering organization is being reorganized for their maintenance and repair.

72. Telephone and telegraph communications are so much damaged that it will be months before they can be restored. Every effort is being made to get the postal service operating, but the limitation of transport has its effect here.

REGION VI (SARDEGNA).

73. Recent incidents have revealed a tendency towards reprisals against ex-Fascists. Of particular note is the formation of "Action Squads" during a strike at NUORO. These "Action Squads" are somewhat reminiscent of the "Enforcers" of the Fascist regime.

74. The Christian Democratic Party continues to make constant progress. The Party is most active in fighting Communism and is strongly supported by the Clergy of the Island.

75. A new clandestine Fascist sheet has appeared in the latter part of the month. It is entitled "Repubblica Sociale" and is believed to be printed in CAGLIARI. The initial issue attempts to belittle the progress of the Allied Armies by stating that the invasion of Normandy has been a failure and that Allied claims in the Pacific are largely exaggerated. It also speaks of a new "secret weapon" which the Germans will soon bring to bear and which will change the entire course of the war.

76. Strikes took place at NUORO, CAGLIARI, IGLESIAS, and CARBONIA. The CARBONIA strike involved over 8,000 workers. The cause of the strike was :

(i) Protest against the black market and demands for authoritative control of prices.
(ii) Demands for increases in paste and bread rations.
(iii) Demands for wage increases.

77. The food situation remains fairly satisfactory but the poor suffer considerably from the high prices of foodstuffs in the markets. The normal difficulties in regard to the supply of fresh produce to the population in the more densely populated areas obtained, due mainly to the lack of transportation and inadequate refrigeration facilities. Considerable supplies of fresh fish were available but distribution to the populated areas presented difficulties for the reasons just stated. The shortage of sugar and complete lack of olive oil is very much felt. A small consignment of olive oil is expected shortly from the mainland.

78. Thirty tons of soap has arrived for distribution to hospitals and other institutions. Two tons of caustic soda has also been imported and are being distributed to a soap factory in each of the three Provinces. This should make available a supply of soap to the general public for an estimated period of one month.

79. Orders have been received from Allied Military Authorities for 2,230 tons

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

75. A new clandestine Fascist sheet has appeared in the Cagliari area. It is entitled "Repubblica Sociale" and is believed to be printed in CAGLIARI. The initial issue attempts to belittle the progress of the Allied Armies by stating that the invasion of Normandy has been a failure and that Allied claims in the Pacific are largely exaggerated. It also speaks of a new "secret weapon" which the Germans will soon bring to bear and which will change the entire course of the war.

76. Strikes took place at NUORO, CAGLIARI, IGLESIAS, and CARBONIA. The CARBONIA strike involved over 8,000 workers. The cause of the strike was :

(i) Protest against the black market and demands for authoritative control of prices.
(ii) Demands for increases in paste and bread rations.
(iii) Demands for wage increases.

77. The food situation remains fairly satisfactory but the poor suffer considerably from the high prices of foodstuffs in the markets. The normal difficulties in regard to the supply of fresh produce to the population in the more densely populated areas obtained, due mainly to the lack of transportation and inadequate refrigeration facilities. Considerable supplies of fresh fish were available but distribution to the populated areas presented difficulties for the reasons just stated. The shortage of sugar and complete lack of olive oil is very much felt. A small consignment of olive oil is expected shortly from the mainland.

78. Thirty tons of soap has arrived for distribution to hospitals and other institutions. Two tons of caustic soda has also been imported and are being distributed to a soap factory in each of the three Provinces. This should make available a supply of soap to the general public for an estimated period of one month.

79. Orders have been received from Allied Military Authorities for 2,230 tons of various metal products from the metal mines in the IGLESIAS AREA. There is an exportable surplus of breathing and welding oxygen of between 300,000 and 400,000 cubic feet per month but caustic soda and cylinders would be needed if this oxygen was required outside SARDINIA.

80. 288,300 fire bricks and 101 tons of refractory cement was shipped to the mainland for the Allied Forces and further supplies of the above are awaiting shipment.

81. The harvest has progressed normally though somewhat retarded by lack of supplies and materials. Practically no grain will be lost through failure to harvest. Crop yields are only about average due principally to lack of fertilizer.

82. As regards the Granai del Popolo the warehousing of grain began early in July at a slow rate increasing to about 4,000 qtls per day by the end of the month. Provincial Committees have proved valuable in planning but the Communal Committees vary from very good to poor.

Declassified E.O. 12356 Section 3.3/NND No. 770285

83. Control is somewhat below a desirable standard due mainly to shortage of Carabinieri and guards, and to scarcity of transport.

84. Threshing has proceeded well but owing to lack of spare machinery parts, more than the usual amount of animal threshing is necessary with consequent reduced control. All grain was harvested without binder twine because the twine did not arrive in time. This, with the shortage of mechanical threshers and difficulty of transporting grain has accounted for relatively slow rate of collection.

85. Prospects for the olive harvest are good and should yield enough oil to meet Regional needs given adequate processing facilities.

86. The condition of roads remains satisfactory although secondary and inter-Communal highways are becoming increasingly worn to the extent of slowing up bus traffic, food distribution and mail deliveries.

87. The transfer of the work and maintenance formerly performed by the AA.SS to the Genio Civile is taking place.

88. The water situation generally continues satisfactory except that for CAGLIARI City which threatens to become critical about October next. The position is being closely watched particularly as this matter is of vital concern to the Allied Garrison.

89. The general health situation in SARDINIA is quite satisfactory. No medical supplies were received during the month but as existing supplies had not been exhausted the delay has so far caused no inconvenience. The primary morbidity rate of malaria with the exception of a few isolated areas, is still well below last year's figures for the corresponding period.

90. Road transportation continues to be hampered by lack of efficient vehicles and spare parts. It is considered however, that Italian officials are not organising existing resources to the best advantage.

91. Inflation is still a burning question but relatively the situation is calmer at the moment, probably due to more food being available. Money is still being deposited with the banks to a satisfactory degree, and revenue returns are increasing.

REGION VII (CALABRIA).

92. Owing to difficult supply position in July it was not possible to distribute the increase of 550 grams per week. However, as from 1st August 350 grams of pasta or flour per week will be distributed to those Communes which have had a satisfactory return of ration cards, and it is hoped that by August 15th the stock position will permit the introduction of the full scale of 550 grams flour or pasta per week.

93. Partly because of the price being too high, and partly because of differences in national diet, dehydrated soup, meats and stews do not go well, and the Consorzio Agrario are left holding large stocks. The black market price of tinned meat is lower than the official one.

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

88. The water situation generally continues satisfactory except that for the [illegible] City which threatens to become critical about October next. The position is being closely watched particularly as this matter is of vital concern to the Allied Garrison.

89. The general health situation in SARDINIA is quite satisfactory. No medical supplies were received during the month but as existing supplies had not been exhausted the delay has so far caused no inconvenience. The primary morbidity rate of malaria with the exception of a few isolated areas, is still well below last year's figures for the corresponding period.

90. Road transportation continues to be hampered by lack of efficient vehicles and spare parts. It is considered however, that Italian officials are not organising existing resources to the best advantage.

91. Inflation is still a burning question but relatively the situation is calmer at the moment, probably due to more food being available. Money is still being deposited with the banks to a satisfactory degree, and revenue returns are increasing.

REGION VII (CALABRIA).

92. Owing to difficult supply position in July it was not possible to distribute the increase of 550 grams per week. However, as from 1st August 350 grams of pasta or flour per week will be distributed to those Communes which have had a satisfactory return of ration cards, and it is hoped that by August 15th the stock position will permit the introduction of the full scale of 550 grams flour or pasta per week.

93. Partly because of the price being too high, and partly because of differences in national diet, dehydrated soup, meats and stews do not go well, and the Consorzio Agrario are left holding large stocks. The black market price of tinned meat is lower than the official one.

94. The collection of olive oil has been proceeding slowly. Up to 31 July 23,600 quintals of oil had been shipped to NAPLES from REGGIO and CATANZARO Provinces.

95. There has been a gradual decline in black market prices which after all are a barometer of economic conditions. The reasons are several; first, the increased price to grain growers and the consequent greater attraction of the Granai del Popolo scheme; secondly, the increased ration scale; and thirdly, the greater availability of seasonal vegetables and fruits in the market.

96. From a farmer's point of view the harvest is satisfactory both as to yield and quality, and harvesting is proceeding under ideal weather conditions. Collection, however, is another story. So far 83,000 quintals have been collected against a target figure of 290,000 quintals.

Declassified E.O. 12356 Section 3.3/NND No. 785214

97. The principal source of fertilisers for the Region is the Montecatini Factory at CROTONE. This is ready to start production as soon as supplies of phosphate, due from North Africa early August arrive. Stocks of raw pyrites (obtained within the Region) are at a satisfactory level despite transport difficulties.

98. Owing to lack of transport stocks of wine are already very high. Storage of the new vintage will be difficult unless these stocks can be moved. Much economic hardship among the considerable proportion of the population connected with the industry is likely to result.

99. There have been five cases of smallpox at NICASTRO, limited to patients in the hospital there, where the original case contracted in NAPLES was treated. The Medico Provinciale has tightened quarantine measures.

100. There has been no movement of Refugees into the Region during the month. The lot of those already settled in Communes in the Region remains unenviable, and many are trying to return to their homes despite instructions issued by Prefects to the Sindaci that they are not to move without permission of the Italian Government.

ROME REGION.

101. At the end of the month ROME was absorbed into Region IV so that in future its activities will be reported on by that Region.

102. The administration of ROME has been attended by a mass of detail but generally speaking the month was without untoward incidents. Admittedly, the food ration is a bare minimum and consideration is being given to an increase at an early date. Through under-nourishment the people are restless and this is one of the reasons for the political situation being more tense.

103. As a measure of the supply problem of so large a city 7,986 tons of imported foodstuffs were distributed during the month. 93 tons went to soup kitchens and 99 tons to hospitals. These figures indicate a distribution of rationed foods of 164 grams per person per day, 160 grams of which was flour. This is 40 grams less than the amount decided upon and failure to supply the full scale was due to limitations of transportation. By the end of the month 172,400 meals per day were being served from soup kitchens and 51,000 in industrial kitchens.

104. Between 4,000 and 5,000 quintals of fresh vegetables and fruit were reaching the market daily by the end of the month.

105. The water supply, due to enemy action, continues to be unreliable and much work must be done before the autumn rains. Failure of temporary repairs has deprived certain areas in the city of water for periods of one to ten days.

106. Supply of electricity is also insecure. 400 tons of coal per day is necessary to maintain a reasonable output of current but only 250 tons are being

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

100. There has been no movement of Refugees into the Region during the month. The lot of those already settled in Communes in the Region remains unenviable, and many are trying to return to their homes despite instructions issued by Prefects to the Sindaci that they are not to move without permission of the Italian Government.

ROME REGION.

101. At the end of the month ROME was absorbed into Region IV so that in future its activities will be reported on by that Region.

102. The administration of ROME has been attended by a mass of detail but generally speaking the month was without untoward incidents. Admittedly, the food ration is a bare minimum and consideration is being given to an increase at an early date. Through under-nourishment the people are restless and this is one of the reasons for the political situation being more tense.

103. As a measure of the supply problem of so large a city 7,986 tons of imported foodstuffs were distributed during the month. 93 tons went to soup kitchens and 99 tons to hospitals. These figures indicate a distribution of rationed foods of 164 grams per person per day, 160 grams of which was flour. This is 40 grams less than the amount decided upon and failure to supply the full scale was due to limitations of transportation. By the end of the month 172,400 meals per day were being served from soup kitchens and 51,000 in industrial kitchens.

104. Between 4,000 and 5,000 quintals of fresh vegetables and fruit were reaching the market daily by the end of the month.

105. The water supply, due to enemy action, continues to be unreliable and much work must be done before the autumn rains. Failure of temporary repairs has deprived certain areas in the city of water for periods of one to ten days.

106. Supply of electricity is also insecure. 400 tons of coal per day is necessary to maintain a reasonable output of current but only 250 tons are being received. Apart from this the unaccustomed use of standby steam driven generators brought another problem. The level of the Tiber fell so that water supplies for the condensers were endangered and a dam had to be built to step up the water level. Restrictions in the lighting supply has caused a heavy demand for candles which is being partly met by arrangements for increased local production. 50 grams per person per month will be available shortly.

107. The incidence of crime is low and there is no serious trouble to report. One incident received publicity at the time and can be related. Allied soldiers held a dance to which Italian girls had been invited. A section of the male population resented this and when the girls left the hall the hair of one of them was cut off. Allied soldiers intervened and there was a clash between them and Italian civilians. Steps have been taken to avoid repetition of this incident by arranging for Carabinieri to patrol with Allied Military Police.

108. Health is satisfactory and there has been nothing in the nature of an epidemic. Hospitals are however badly administered.

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

109. Several hundred escaped German prisoners have been rounded up as also have a large number of criminals released by the enemy from REGINA COELI Prison before retreating.

110. There are 40,000 registered unemployed at the present time. ROME has no industry worth mentioning so the influx of men unsettled by the course of events cannot be absorbed. Later when transportation becomes freer and rehabilitation schemes are organised there should be a considerable demand for labour.

111. Allied Courts disposed of 764 cases and referred 3000 to Italian Courts. The latter are falling into arrears and drastic action may soon be necessary.

112. Relations with the Church in welfare matters have been excellent and its assistance has been invaluable.

113. Bank deposits by the public increased by approximately 1079 million lire.

ITALIAN REFUGEE BRANCH.

114. Movement of Refugees:

(a) Received and dispersed by forward Corps Camps in Army areas - 17,867.
(b) Received in Main Transit Camps - 9,334.
(c) Dispersed through Main Transit Camps - 9,755.
(d) Dispersal from Main Transit Camps to Regions as follows :

Region I	-	110
" II	-	2636
" III	-	1149
" IV	-	4548
" V	-	866
Mis'cl.	-	446
Total:		9755

115. Main Camps:

(a) By July 1st, CAPUA and NAPLES Camps were closed.
(b) Most of AVERSA Camp was handed over to Int. & Displaced Persons Sub-Commission, Italian Refugee Branch retained a reduced staff to empty the camp of refugees.
(c) CESANO Camp was in full operation by the beginning of this period. The main difficulty was that the numbers of incoming refugees were nearly as great as the number of refugees dispersed, owing to transport difficulties.
(d) CINE CITTA Refugee Camp opened early in July. The chief difficulty being the lack of an adequate water supply.
(e) ROCCASECCA Camp was closed and transported to CINE CITTA Camp.
(f) FOGGIA Camp was closed and is now awaiting transport to move to ANCONA.
(g) Camps in ROME Area were declared the responsibility of ROME Area.

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

(c) Dispersed through Main Transit Camps - 9,755.
(d) Dispersal from Main Transit Camps to Regions as follows :

Region I	-	110
" II	-	2636
" III	-	1149
" IV	-	4548
" V	-	866
Mis'cl.	-	446
Total:		9755

115. Main Camps:

(a) By July 1st, CAPUA and NAPLES Camps were closed.
(b) Most of AVERSA Camp was handed over to Int. & Displaced Persons Sub-Commission, Italian Refugee Branch retained a reduced staff to empty the camp of refugees.
(c) CESANO Camp was in full operation by the beginning of this period. The main difficulty was that the numbers of incoming refugees were nearly as great as the number of refugees dispersed, owing to transport difficulties.
(d) CINE CITTA Refugee Camp opened early in July. The chief difficulty being the lack of an adequate water supply.
(e) ROCCASECCA Camp was closed and transported to CINE CITTA Camp.
(f) FOGGIA Camp was closed and is now awaiting transport to move to ANCONA.
(g) Camps in ROME Area were declared the responsibility of ROME Area.

116. Transportation: Road transport from any source other than civilian source has been extremely difficult to find. Rail transport has been used only for bringing refugees from :

(i) Railhead to ROME.
(ii) ORTONA to BARI.

117. Dispersal Areas: Refugees in the South are restless. The authorities have failed to prevent them from treking North by every conceivable means of transport. The inevitable result being that NAPLES, and other cities are far beyond capacity. This movement has been encouraged by various unauthorised statements on the Italian radio and press, and by various authorities issuing unauthorised passes to refugees.

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

INTERNEES AND DISPLACED PERSONS SUB-COMMISSION.

118. The main features of the month's activities were :

(a) The despatch of 983 Jewish refugees to the United States.
(b) The collection of approximately 600 Maltese for despatch to TRIPOLI in August.
(c) The opening of SANTA CESAREA as an Orphan Camp for about 1,000 children whose ages ranged from a few months to 14 years. The orphans were flown from Yugoslavia and were organised into groups of 25 under trained teachers.

119. A Childrens' Summer Centre at GIUGGI has been opened. Some 87 children of 7 nationalities have already been registered to spend from 14 days to two months, according to health requirements.

120. Food supplements on medical grounds have been supplied to 830 Allied Nationals weekly. ACC is supplying milk, meat, sugar and dried soup. An endeavour is being made to obtain from Army sources tea, cocoa, cornflour, custard powder and margarine.

121. Record Bureau: At the present time there are recorded in the Record Bureau a total of 40,000 displaced persons representing 56 nationalities. Of this number the location of 38,000 is known to the Record Bureau. 30,000 of them have been evacuated from Italy. Since arriving in ROME the Record Bureau has obtained information on 6,175 other persons. This includes displaced persons and other nationals who normally lived in ROME. It does not include a large group of other nationals who normally lived in the Vatican.

122. Repatriation: The movement of Jewish refugees to NAPLES for embarkation to the United States started on 9th July and persons began to arrive at the AVERSA Refugee Camp on 11th July. At AVERSA Camp, P.B.S. had set up a portable shower unit and a disinfector. All refugees went through these units and were then given a medical inspection by P.B.S. medical personnel who also vaccinated and inoculated where necessary. On 17th July all refugees were embarked and loading was completed that day.

123. Finance: During the month the finance officer's activities dealt with almost every conceivable financial problem that a refugee could present - letters of credit, foreign exchange, bank accounts in general and blocked bank accounts in particular, investment securities, relief funds, relief rates for ex-internees, advances for British and American Nationals, and conversion of currency for departing refugees. Arrangements were made for approximately one thousand Polish refugees to receive an emergency payment of an amount not to exceed four thousand lire each.

PATRIOTS BRANCH.

124. Formation of the Patriots Branch: Patriot bands which are many of them large and highly organised bodies, have been created in various centres of German occupied territory in Italy and have received considerable encouragement and active

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

a total of 40,000 displaced persons representing 56 nationalities. Of this number the location of 38,000 is known to the Record Bureau. 30,000 of them have been evacuated from Italy. Since arriving in ROME the Record Bureau has obtained information on 6,175 other persons. This includes displaced persons and other nationals who normally lived in ROME. It does not include a large group of other nationals who normally lived in the Vatican.

122. Repatriations: The movement of Jewish refugees to NAPLES for embarkation to the United States started on 9th July and persons began to arrive at the AVERSA Refugee Camp on 11th July. At AVERSA Camp, P.B.S. had set up a portable shower unit and a disinfector. All refugees went through these units and were then given a medical inspection by P.B.S. medical personnal who also vaccinated and inovulated where necessary. On 17th July all refugees were embarked and loading was completed that day.

123. Finance: During the month the finance officer's activities dealt with almost every conceivable financial problem that a refugee could present - letters of credit, foreign exchange, bank accounts in general and blocked bank accounts in particular, investment securities, relief funds, relief rates for ex-internees, advances for British and American Nationals, and conversion of currency for departin; refugees. Arrangements were made for approximately one thousand Polish refugees to receive an emergency payment of an amount not to exceed four thousand lire each.

PATRIOTS BRANCH.

124. Formation of the Patriots Branch: Patriot bands which are many of them large and highly organised bodies, have been created in various centres of German occupied territory in Italy and have received considerable encouragement and active help and instructions from the Allied Command. It is therefore clearly one of our chief tasks to look after the individual members of these bands when their fighting is over and in this connection it has been laid down by A.A.I. that bands must not accompany the Armies forward out of their own areas. The Patriots Branch of A.C.C. was formed early in July as a result of an instruction from A.A.I. and is responsible for all dealings with Resistance Groups as soon as the territory in which they have been operating is liberated by our troops, the main object being to ensure their return to normal civilian life as soon as possible.

125. Patriots, although mostly Italians, may be of any nationality, and are defined as being those im the ranks of genuine fighting bands who have carried arms, engaged in sabotage or secured important military information to the benefit of the Allied war effort.

1088

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

126. A pool of Italian patrict representatives has been formed to assist Allied officers who are concerned in identifying patriots and in handling patriot problems. Nine pairs of representatives (one each representing the C.L.N. Group and the Military Centre Group) have been despatched to Army areas and further tears are being organised for Regions.

127. It is the task of the Patriots Branch to direct the rehabilitation of all patriots in liberated territory, and to coordinate the policy of HQs AAI and ACC with regard to future operations in enemy territory. To this end a message in poster form signed by General Sir Harold ALEXANDER was designed and distributed in forward areas. A form of certificate of merit was prepared and approved at the same time and certificates have been sent to Regions and to the two Armies for distribution through the recognised "Band" leaders to individual patriots.

128. Handling of Patriots South of the Line: Plans have been drawn up for dealing with patriots. Although many are used for a short while by the Army in their own area as guides and as patrols and for reconnaissance work, the intention generally is to direct nearly all of them into civil life. About 50% return to their own homes and occupation locally. Of the remainder some will be used for police duties or as drivers, others will be employed on engineering work, and on mine clearance; and arrangements have been made for recruiting and passing back volunteers for service in the Italian Army and Air Force. Communal Committees are being set up to assist Provincial Commissioners in this work, and to help weed out bogus applicants among the genuine patriots. The problems of collecting and disposing of the patriots' arms is in hand. The arms will be used for future operations as directed by AAI.

129. Information and Publicity: Reports are being received from Patriot representatives and from the leaders of the patriot bands. Information from these reports is extracted and passed on when relevant, for use by P.R.O., P.W.B. and the press. Italian newspapers are closely scrutinised. Information is being collected about conditions in enemy occupied territory in order that suitable plans can be made for handling patriot problems in that territory when it is liberated.

130. Italian Liaison: Liaison is maintained with the Italian Ministry of War through an Italian senior officer who is responsible for coordinating the work of the Groups which are recognized - the C.L.N. Group and the Military Centre Group.

131. Policy: Directives have been issued as required in agreement with AAI and other authorities. It is fair to say that the task of ensuring that these directives are acted upon by all Allied officers concerned and by the leaders of the patriot bands is well in hand. The broad political aspect of the patriot problems has been borne constantly in mind, and very close liaison is being maintained with those Allied officers and officials who are concerned with the political future in Italy.

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

PART II.

ECONOMIC SECTION.

LABOUR SUB-COMMISSION.

1. Labour Relations, Laws and Regulations.

(a) Petitions and threats of work stoppage received by this office on the following: Postal Telegraph, railways, tobacco, provincial employees. The above were presented to the Ministry with policy that such could be considered by ACC when presented properly by the Italian Government.

(b) Agreement reached for sulphur mine wage and working conditions in joint conference with Industry Sub-Commission and the Ministry.

(c) A request for approval of unauthorised wage increases in the Tosi Dockyards was left with this Sub-Commission at a conference held in the office of the Minister. The following regulations or procedures were offered:

(i) uniform interpretation of wage increase order;
(ii) required procedure for submission or requests for wage changes;
(iii) plan for the uniform study of wages throughout Italy.

(d) The following laws in draft were submitted to this Sub-Commission for approval:

(i) Suppression and Liquidation of Fascist Confederations;
(ii) arbitration by Labour Offices or Ispettorato of disputes arising from wage increase order of 7.December.1943.

(e) The general "Labour Charter" was found not acceptable by the new Ministry.

2. Wages and Hours and Working Conditions.

(a) Food ration in Rome Area was increased, still not satisfactory.

(b) Price of wheat and cost of bread held to a minimum.

3. Social Insurance, Benefits and Training.

(a) Desire indicated by the Ministry for new appointment of Commissario of Previdenza Sociale, Malattia and Infortuni.

(b) Provision of Proclamation No.4 prohibiting payment of family allowances to dependents of the military, POW's and workers in Germany rescinded by ACC, and only allowances to the dependents of those working for the enemy were prohibited.

4. Statistics, Manpower and Registration Problems.

(a) A tentative plan was approved and is being put into force in Rome for the comparative study of industrial wages in Italy.

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

(d) The following laws in draft were submitted to this Sub-Commission for approval:

(i) Suppression and Liquidation of Fascist Confederations;
(ii) arbitration by Labour Offices or Ispettorato of disputes arising from wage increase order of 7.December,1943.

(e) The general "Labour Charter" was found not acceptable by the new Ministry.

2. Wages and Hours and Working Conditions.

(a) Food ration in Rome Area was increased, still not satisfactory.

(b) Price of wheat and cost of bread held to a minimum.

3. Social Insurance, Benefits and Training.

(a) Desire indicated by the Ministry for new appointment of Commissario of Previdenza Sociale, Malattia and Infortuni.

(b) Provision of Proclamation No.4 prohibiting payment of family allowances to dependents of the military, POW's and workers in Germany rescinded by ACC, and only allowances to the dependents of those working for the enemy were prohibited.

4. Statistics, Manpower and Registration Problems.

(a) A tentative plan was approved and is being put into force in Rome for the comparative study of industrial wages in Italy.

(b) A collection made of weekly budgets of 12 familes; later extended to 100 families for a period covering several weeks.

5. Region II Summary. The following disputes were settled satisfactorily:

(a) sit down strike at S.G.P.E., Bari;

(b) political strike of a few hours duration in Taranto dockyard.

6. Region IV Summary.

(a) Order issued in Rome by SCAO 5 Army recognising increases over collective wages in effect 1 September 1942.

(b) Social security agencies established in Rome under policy of Labour Sub-Com.

7. Region VII Summary. Labour dispute pending involving the Societa Elettricita delle Calabria. The employees demanding same adjustment as in S.M.E.

1008

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

FINANCE SUB-COMMISSION.

8. The Finance Sub-Commission has undertaken a comprehensive programme to defascistize Italian financial institutions. 130 officials and other personnel have been suspended from the Banca d'Italia, the Royal Mint, Istcambi, Banco di Roma, I.R.I., I.M.I., Credito Italiano, Banco Commerciale Italiano, Banca Nazionale del Lavoro, and other organisations.

9. As nearly as can be estimated at this time, the Italian governmental deficit for the year ending 30 June 1944, amounted to approximately 180 billion lire. This figure includes German occupation expenses but does not include 30 billion lire of Allied occupation expenses. Thus the total excess of disbursements over income on "government account" is well over 200 billion lire for the year, or about $2\frac{1}{2}$ times the enormous deficit of the preceding fiscal year.

10. Net investment in Governmental bills (Buoni del Tesoro Ordinarii) in Southern Italy during June remained at about the same level as the preceding month (a net investment of 362 million lire). The total net investment for the year in these territories amounted to around 2.5 billion lire, that is, less than 10 per cent of the deficit. The bulk of the deficit of 34 billion lire was covered by funds supplied by the Banca d'Italia.

11. Until this year the Conserzii, on receiving wheat, have issued paper accepted by the provincial group of participating banks. After sale of the flour to the millers at a much lower price, the Consorzii repaid the participating banks to the extent of the proceeds of sales. The balance, representing the subsidy and the operating costs of the amassing system, were guaranteed by the Government and bore interest ranging from 6 to 7½% until they were liquidated at the end of the fiscal year. Actually these balances have not been liquidated since 1940 so that the financing of the last four crop years has been drawing a high rate of interest. After conference with the Ministries of Agriculture and Treasury, the Banca d'Italia and the Corte dei Conti, this system has been changed. The Consorzii have been instructed to submit budgets for operating expenses and will obtain funds as do other governmental agencies, without payment of interest. All participating banks have been instructed to present claims for the oustanding balances of past years for immediate payment, thus ending this interest burden. All participating banks have been instructed to present all balances of the current crop year for payment at a reduced interest rate of 6 per cent, at the end of each thirty day period, thus cutting the effective interest rate on this year's crop to one-half of one per cent.

12. Delay has been encountered in implementing the directive laid down in FS 41. This document states that local subsidies shall be provided to finance the same of imported supplies wherever such supplies cannot otherwise be sold at not more than a 25 per cent increase over the wholesale price listed in the directive. The delay was caused by the objection of the Ministry of the Treasury to the principle involved. However, the Minister of the Treasury has now instructed the Minister of the Interior to authorise the provincial officials to provide the subsidies required. A decree has been prepared providing 400 million lire for this purpose.

13. Sometime ago the CCS was duly authorised to explore, on behalf of the Italian Government, the production of non-military lire currency by the fastest possible means, since currency conversion, which is an integral part of the Italian

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

accepted by the provincial group of participating banks. After sale of the flour to the millers at a much lower price, the Consorzii repaid the participating banks to the extent of the proceeds of sales. The balance, representing the subsidy and the operating costs of the amassing system, were guaranteed by the Government and bore interest ranging from 6 to 7½% until they were liquidated at the end of the fiscal year. Actually these balances have not been liquidated since 1940 so that the financing of the last four crop years has been drawing a high rate of interest. After conference with the Ministries of Agriculture and Treasury, the Banca d'Italia and the Corte dei Conti, this system has been changed. The Consorzii have been instructed to submit budgets for operating expenses and will obtain funds as do other governmental agencies, without payment of interest. All participating banks have been instructed to present claims for the outstanding balances of past years for immediate payment, thus ending this interest burden. All participating banks have been instructed to present all balances of the current crop year for payment at a reduced interest rate of 6 per cent, at the end of each thirty day period, thus cutting the effective interest rate on this year's crop to one-half of one per cent.

12. Delay has been encountered in implementing the directive laid down in ZS 41. This document states that local subsidies shall be provided to finance the same of imported supplies wherever such supplies cannot otherwise be sold at not more than a 25 per cent increase over the wholesale price listed in the directive. The delay was caused by the objection of the Ministry of the Treasury to the principle involved. However, the Minister of the Treasury has now instructed the Minister of the Interior to authorise the provincial officials to provide the subsidies required. A decree has been prepared providing 400 million lire for this purpose.

13. Sometime ago the CCS was duly authorised to explore, on behalf of the Italian Government, the production of non-military lire currency by the fastest possible means, since currency conversion, which is an integral part of the Italian Stabilization and Inflation Control Programme, is considered essential to the economic rehabilitation and political resurgence of Italy. Plans for such production are proceeding and in view of all the obstacles, considerable progress may be said to have been made.

Discussions are under way for the production in the United States of the 50 and 100 denomination notes representing 75% of the total quantity of the new currency contemplated. It is hoped that with production of the large denomination notes (500's and 1000's) in Italy and the small denomination notes (50's and 100's) in the U.S., the total amount of currency required will be produced within 6 to 7 months. Lengthy discussions have been held with officials of the Italian Ministry of the Treasury and of the Banca d'Italia on this matter and every effort is being made to produce the required amount of currency by 15 February, 1945.

14. On 29th July, Niccolo Introna, Deputy Director General, was named by the Council of Ministers as Commissioner of the Banca d'Italia, and Ameeto Pettinari, Director of the Bari and Naples branches, as Vice Commissioner. Arture Atti, the

Commissioner...../

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

Commissioner named last winter for Southern Italy, died during July. Introna, the new Commissioner, is a career man, having been with the Banca d'Italia from its foundation. Pettinari was the Vice-Commissioner in Southern Italy and continues in the same post. Vincenzo Azzolini, the former Governor, has now been imprisoned by the Italian Government.

15. During July a decision was taken by the Council of Ministers to place the supervision of banking institutions under the Ministry of the Treasury. In accordance with this decision, the Inspectorate (Ispettorato per la Difesa del Risparmio e l'esercizio del credito) which is charged with credit control has been assigned to the Treasury. At the same time, the industrial financing organisation of the government, I.M.I. (Instituto Mobiliare Italiano) was also put under the Treasury.

16. The Treasury has also made strenuous attempts to secure control of I.R.I. (Istituto per la Ricostruzione Industriale), the financial holding company of the Government. I.R.I. owns the three biggest commercial banks in the country and the largest part of the key heavy and armament industries of Italy. Were the control of I.R.I. to pass to the Treasury, this Ministry would literally be able to decide the economic future of Italy. The Finance Sub-Commission's adviser to I.R.I. has made arrangements to re-activate the organisation. A team consisting of a representative each from the Ministry of Finance, Onofrio Pompucci, and the Ministry of the Treasury, Sergio Fortis, who are technically competent and work well together, have been put in as temporary heads until the government can come to a final decision as to the control of I.R.I. The most probable outcome is that the Board of Directors of I.R.I. will consist of a sufficient number of Ministers or their representatives to give representation to the major national economic and political interests. The actual operation of I.R.I. would be conducted by a technician as managing director within the lines of general policy laid down by the Board.

FOOD SUB-COMMISSION.

17. Supplies.

(a) In July the main problem was the movement of supplies from base to forward areas. To meet the demands for food in the forward areas, Food Sub-Commission warehouses were opened at the Ports of CIVITAVECCHIA and PIOMBINO, and inland at ORVIETO and SIENA.

(b) 11,614 tons of imported supplies were delivered to ROME during the month, again after constant struggles for all forms of transport. Supplies for AMG Fifth and Eighth Armies have involved long road hauls from CIVITAVECCHIA to SIENA for AMG Eighth Army and to CECINA for AMG Fifth Army. In addition to the maintenance requirements, 15 days supplies have been built up for the City of FLORENCE. An added strain has been thrown on to SIENA depot by reason of the cessation of the mills in AREZZO through lack of POL to mill grain.

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

Government. I.R.I. owns the [illegible] the largest part of the key heavy and armament industries of Italy. Were the control of I.R.I. to pass to the Treasury, this Ministry would literally be able to decide the economic future of Italy. The Finance Sub-Commission's adviser to I.R.I. has made arrangements to re-ectivate the organisation. A team consisting of a representative each from the Ministry of Finance, Onofrio Pompucci, and the Ministry of the Treasury, Sergio Fortis, who are technically competent and work well together, have been put in as temporary heads until the government can come to a final decision as to the control of I.R.I. The most probable outcome is that the Board of Directors of I.R.I. will consist of a sufficient number of Ministers or their representatives to give representation to the major national economic and political interests. The actual operation of I.R.I. would be conducted by a technician as managing director within the lines of general policy laid down by the Board.

FOOD SUB-COMMISSION.

17. Supplies.

(a) In July the main problem was the movement of supplies from base to forward areas. To meet the demands for food in the forward areas, Food Sub-Commission warehouses were opened at the Ports of CIVITAVECCHIA and PIOMBINO, and inland at ORVIETO and SIENA.

(b) 11,614 tons of imported supplies were delivered to ROME during the month, again after constant struggles for all forms of transport. Supplies for AMG Fifth and Eighth Armies have involved long road hauls from CIVITAVECCHIA to SIENA for AMG Eighth Army and to CECINA for AMG Fifth Army. In addition to the maintenance requirements, 15 days supplies have been built up for the City of FLORENCE. An added strain has been thrown on to SIENA depot by reason of the cessation of the mills in AREZZO through lack of POL to mill grain.

(c) The movement of locally produced grain constitutes a daily problem. Difficulty was experienced in moving it from FOGGIA to MATERA to less productive areas, deficiency of railcars being the bottleneck. Despite a surplus of 40,000 tons waiting to be moved from MATERA, imported grain had to be used to avoid a complete breakdown in the supply programme in LECCE and BRINDISI.

18. Food Processing. Allocation of the tomato paste pack of 21,550 tons was made to 22 plants in the NAPLES-SALERNO area. Allocation to these plants was based on their location in relation to the areas of tomato production to economise in transport. The yeast factory in ROME is being restarted with an output of three tons per day. Conferences have been held in ROME with directors of 11 processing plants in Northern Italy, to plan for their rehabilitation as soon as possible after liberation.

1008

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

19. Rationing. The increase in the basic ration from 200 grammes to 300 grammes of flour for all normal consumers in South Italy, Sicily and Sardinia became effective 1 July. The overall Heavy Workers entitlement was maintained at the June level however, necessitating a re-adjustment in the value of the supplementary ration cards "A" and "B". Owing to the late harvest in Sardinia and the insufficiency of supplies due to erroneous stock reports, delay in issue of increased rations was inevitable.

20. Warehousing and Forwarding Division. This division has been set up under the Food Sub-Commission to deal with the warehousing and forwarding of all supplies, including Food, Agricultural, Industrial and Medical Supplies and has assumed full operating responsibilities.

21. General. Important discussions have been held with Finance Sub-Commission in preparing plans for setting up a Government Department for handling all accounting for all imported supplies. Estimates have been prepared and submitted to AFHQ covering the total requirements for the whole of Italy, Sicily and Sardinia for a three monthly period October to December 1944 and a five monthly period October to February 1945.

TRANSPORTATION SUB-COMMISSION.

Railways.

22. Considerable progress has again been made in forward railheads, but the rapid military advance caused a distribution problem, which could only be met by combined efforts of rail, road and water. The nature of Military requirements has severely limited tonnage available for ACC on the two rail routes NAPLES - ROME, opened during the month, but fullest cooperation and assistance has been given by Army Movements during difficult circumstances.

23. In Southern Italy, Reggio Calabria Railway Division has been handed over to ACC for supervision, and plans are in hand for the training of other ACC personnel in methods of supervising Italian railroad operation, in order to facilitate conversion from purely military to civil administration. Grain traffic emanating from Matera, Potenza and Bari Provinces has been satisfactorily dealt with, and NAPLES area continued to move large tonnages, including a glut of potatoes.

24. Continued review of railways not in use for military purposes is maintained, and experienced railway engineers are examining the feeder private railways to ROME and the railways connecting valuable lignite mines with the main railway routes. Thanks are due to the Director General of Military Railway Services for continued and ready help.

Roads.

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

and Sardinia for a three monthly period October to December 1944 and a [illegible] monthly period October to February 1945.

TRANSPORTATION SUB-COMMISSION.

Railways.

22. Considerable progress has again been made in forward railheads, but the rapid military advance caused a distribution problem, which could only be met by combined efforts of rail, road and water. The nature of Military requirements has severely limited tonnage available for ACC on the two rail routes NAPLES - ROME, opened during the month, but fullest cooperation and assistance has been given by Army Movements during difficult circumstances.

23. In Southern Italy, Reggio Calabria Railway Division has been handed over to ACC for supervision, and plans are in hand for the training of other ACC personnel in methods of supervising Italian railroad operation, in order to facilitate conversion from purely military to civil administration. Grain traffic emanating from Matera, Potenza and Bari Provinces has been satisfactorily dealt with, and NAPLES area continued to move large tonnages, including a glut of potatoes.

24. Continued review of railways not in use for military purposes is maintained, and experienced railway engineers are examining the feeder private railways to ROME and the railways connecting valuable lignite mines with the main railway routes. Thanks are due to the Director General of Military Railway Services for continued and ready help.

Roads.

25. Roads Section has reorganised and expanded to cover increasing responsibilities. Sub-Sections have been established as follows :

1. Administration.
2. Operations.
3. Accounting.
4. Maintenance.
5. Inspections.
6. Supply of Spare Parts.
7. Tyres.

26. Transport requirements exceed availability. In February, AFHQ authorised 1000 trucks. To-date, 922 have been received. In May ACC submitted a further requisition for 2000 trucks. None have yet been received.

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

27. ACC plan to use all available civil transport. Companies have been formed in most Provinces. They operate on standard Tariff Rates published by the Italian Government. Companies are charged for gasoline, oil, parts, and operating expenses, balance being credited to Company. Where military vehicles are used by civilian companies, same rates are charged for haulage: any excess o over expenditure is credited to ACC. About 3000 trucks, civilian and military, are operating under this scheme, which is working very satisfactorily.

28. Spare parts, and especially tyres, are a problem. No part of ACC requisition for tyres to AFHQ in June has yet been supplied.

29. A few miscellaneous tyres have been received, and ACC are repairing C - 1 tyres in various plants under their control. Inner tubes are urgently needed. A supply of tyres and batteries would enable ACC to place 50% more civilian transport on the road.

Water.

30. During July urgently needed supplies for ROME [illegible] were arranged, [illegible]. Coasters for special goods were arranged. On July 18 a new instruction for schooners was issued by MEDBC, by which all civil bids were required at a weekly Schooner Committee Meeting. As this reversal of ACC arrangements could not be made at once, an allotment for August of 1260 long tons (nearly all schooners under 50 tons) was made. These schooners to be operated by COGEMA, not under ACC supervision but to carry ACC and civil goods. As far as possible with this limitation of authority the existing scheme of ACC The Shipping Memo, No.1 is being operated until September. A review of all schooner needs, Service, ACC and civil, has been ordered prior to a September allotment according to needs.

Coal.

31. The month opened and closed with the problem of the supply of coal for ROME, but great efforts enabled the Power Stations to operate although difficulties remain. Proposals to bring coal to FIUMICINO and CIVITAVECCHIA are being considered. It is intended to repair the rail connections to RIBOLLA and PIETRAFITTA Lignite Mines, with their stocks of over one hundred thousand tons.

32. Conferences have taken place with members of Italian State Railways with a view to their taking over the discharge, handling and distribution of coal in parts of Italy. The Government is considering the prices of coal and coke.

PUBLIC WORKS AND UTILITIES SUB-COMMISSION.

33. The month of July proved the soundness of the reorganisation. Relations with the Ministry of Public Works have improved. In the field staff distri-

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

30. During July urgently needed supplies for ROME [illegible] were arranged. Coasters for special goods were arranged. On July 18 a new instruction for schooners was issued by MEDBO, by which all civil bids were required at a weekly Schooner Committee Meeting. As this reversal of ACC arrangements could not be made at once, an allotment for August of 1260 low tons (nearly all schooners under 50 tons) was made. These schooners to be operated by COGEN, not under ACC supervision but to carry ACC and civil goods. As far as possible with this limitation of authority the existing scheme of ACC The Shipping Memo, No.1 is being operated until September. A review of all schooner needs, Service, ACC and civil, has been ordered prior to a September allotment according to needs.

Coal.

31. The month opened and closed with the problem of the supply of coal for ROME, but great efforts enabled the Power Stations to operate although difficulties remain. Proposals to bring coal to FIUMICINO and CIVITAVECCHIA are being considered. It is intended to repair the rail connections to RIBOLLA and PIETRAFITTA Lignite Mines, with their stocks of over one hundred thousand tons.

32. Conferences have taken place with members of Italian State Railways with a view to their taking over the discharge, handling and distribution of coal in parts of Italy. The Government is considering the prices of coal and coke.

PUBLIC WORKS AND UTILITIES SUB-COMMISSION.

33. The month of July proved the soundness of the reorganisation. Relations with the Ministry of Public Works have improved. In the field staff distribution still appears to be almost insoluble but the proposed amalgamation of the Southern Regions and the subsequent handing of responsibility to the Italian authorities will ease the position considerably.

34. Owing to the recent advance the work of the Sub-Commission has increased some ten times.

35. The Pontine Marshes besides being a responsibility of this Sub-Commission is now a cause for concern to Public Health for anti-malarial measures are held up owing to difficulties of finance.

36. Town planning, transport maintenance, material supplied by the Allies, payment of road gangs were all discussed with the Italian authorities. By decree the ALSS, the Fascist highway organization, has been dissolved.

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

37. Complying with Italian Ministry practice the Sub-Commission is prepared to organise ship salvage.

38. Many hundreds of bridges have been destroyed. Repairs to forty one were begun in July, of which 22 were in Regions III and IV. Bridges and highway contracts in hand involved a total of some 500 million lire. Transport for road maintenance improved slightly but the POL situation deteriorated jeopardising supplies to civilian contractors. Plans to deal with the situation were made in consultation with Pet. Sec. AFHQ. Materials are short with the additional embarrassment that they are mainly in the hands of firms closely associated with the old regime.

39. Electricity Staff has now the addition of a number of Italian experts. Power plants are now being cleared of debris and examined. The position is not encouraging for only some 5% of 600,00 Kw of power can be made available by first aid methods as against a total loss of some 90%. It must be emphasised that whereas ACC was not to indulge in long term planning a short term policy with regard to power is of no use at all. Complete rehabilitation alone is feasible and that would take from one to three years. It may be that certain machinery may have to be imported but the possibilities of the north are not being overlooked. Small portable plants are being requisitioned. Power in Southern Italy is in complete control and a rationing scheme for ROME now in practice. The Electrical Reconstruction Committee Italy has been formed under AAI to supersede the Central Electricity Board to coordinate Military and civil requirements. The dissolution of the C.E.B. has thrown a heavy burden on the Sub-Commission.

40. In Region I, Messina is 75% cleared and bridge building is being pushed forward to release Bailey Bridges to the Army. In Region II quarries have been reopened and a satisfactory state exists with regard to highways which is true also of Region III in its heavy programme. In Region IV the electricity position is serious with only 5% supplies available, while water supply constitutes a serious problem, affecting the City of Rome. A dam to raise the level of the Tiber has been completed to assist operation of the City Power Stations. Region VII has a drought which has affected the power situation. Elsewhere affairs are satisfactory with the usual emphasis on electricity without which the country will not come to life.

AGRICULTURE SUB-COMMISSION.

Reconstruction of Italian Agriculture Forestry and Fisheries Control:

41. Rather slow progress has been made during the month in getting the Ministry of Agriculture to strengthen its control. Many of the senior officials went North with the Republican Government, and some of those remaining in ROME are regarded with suspicion, and have not as yet been called back into service. Forestry and Fisheries Directorates are taking shape fairly rapidly; the former by building up staff under the acting chief who came with the Ministry from Salerno, and the latter by the dissolution of the Commissariato Generale per la

Declassified E.O. 12356 Section 3.3/NND No. 785019

Declassified E.O. 12356 Section 3.3/NND No. 785019

[area is feasible and that would take from one to three years. It may be] that certain machinery may have to be imported but the possibilities of the north are not being overlooked. Small portable plants are being requisitioned. Power in Southern Italy is in complete control and a rationing scheme for ROME now in practice. The Electrical Reconstruction Committee Italy has been formed under AAI to supersede the Central Electricity Board to coordinate Military and civil requirements. The dissolution of the C.E.B. has thrown a heavy burden on the Sub-Commission.

40. In Region I, Messina is 75% cleared and bridge building is being pushed forward to release Bailey Bridges to the Army. In Region II quarries have been reopened and a satisfactory state exists with regard to highways which is true also of Region III in its heavy programme. In Region IV the electricity position is serious with only 5% supplies available, while water supply constitutes a serious problem, affecting the City of Rome. A dam to raise the level of the Tiber has been completed to assist operation of the City Power Stations. Region VII has a drought which has affected the power situation. Elsewhere affairs are satisfactory with the usual emphasis on electricity without which the country will not come to life.

AGRICULTURE SUB-COMMISSION.

Reconstruction of Italian Agriculture Forestry and Fisheries Control.

41. Rather slow progress has been made during the month in getting the Ministry of Agriculture to strengthen its control. Many of the senior officials went North with the Republican Government, and some of those remaining in ROME are regarded with suspicion, and have not as yet been called back into service. Forestry and Fisheries Directorates are taking shape fairly rapidly; the former by building up staff under the acting chief who came with the Ministry from Salerno, and the latter by the dissolution of the Commissariato Generale per la Pesca (a Mussolini creation 1939). Fisheries control is now being transferred to a Directorate in the Ministry building.

42. The aim of every officer in this Sub-Commission, and of every Agricultural officer in the field, is to work himself out of a job at the first opportunity from south to north; to this end everything possible is being done to energise the Italian officials and to improve Italian control. Accordingly intensive work has continued on a complete programme and plan for Italian agriculture 1944-45, and in connection therewith a complete and detailed estimate of farm input requirements (fertilizers, insecticides, seeds etc.) for the coming crop year is also in course of compilation. As an aid towards completing these plans and in passing executive duties to the Italians, a seventy-five page booklet "Re-activation of Italian Agriculture" has been compiled and is being circulated to Allied Officers and to Italian officials. It is printed in English and

Italian and will reach every Comune as close to the front line as possible. It contains all basic memoranda, decrees, ministerial directives and other official releases concerning organizations and programmes as agreed upon by the Italian Minister of Agriculture and the Agriculture Sub-Commission.

Agriculture.

43. Two new Decrees came into force:

(i) On control of threshing;
(ii) On penalties for grain delivery violation - strengthening the hands of legal authorities.

44. Progress of the crop collection (Granai del Popolo scheme) is retarded by shortage of fuel for threshing and of transport. Greater opportunity is therefore given for disposall by illegal methods, but nevertheless good progress is being made in many areas; indeed in some provinces the collection is ahead of the same period in years under Fascist control.

45. Purchase and stockpiling of many types of vegetable seeds and field seeds for export to Allied nations continued throughout the month.

Forestry.

46. A plan for the production, allocation and transportation of charcoal and fuel wood for all southern Italy under Italian Government control, has been prepared and distributed. A similar plan is in preparation for the rest of the country.

Fisheries.

47. Production is showing notable increases. Preservation of fish in oil and salt is progressing to such an extent that considerable exports could now easily be made both from Sicily and Sardinia. Permission for night fishing as far north as FIUMICINO has been obtained. Except for the port of NAPLES, and a few other restricted areas, the night fishing method (LAMPARA) - probably the most productive in Italy - is being practiced all over the west coast from FIUMICINO to REGGIO CALABRIA, around the Sicilian coast and along certain coastal areas of Sardinia.

INDUSTRY SUB-COMMISSION.

48. The current month has seen the divorce of Industry from Commerce Sub-Commission, and it is hoped that a greater concentration on essentials will be possible.

49. A scheme for the reactivation of industry on a priority basis, to be undertaken by the Ministry of Industry, has been drawn up. This scheme provides for the establishment within the Ministry of an Industry Advisory Board, which

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

45. Purchase and stockpiling of many types of vegetable seeds and field seeds for export to Allied nations continued throughout the month.

Forestry.

46. A plan for the production, allocation and transportation of charcoal and fuel wood for all southern Italy under Italian Government control, has been prepared and distributed. A similar plan is in preparation for the rest of the country.

Fisheries.

47. Production is showing notable increases. Preservation of fish in oil and salt is progressing to such an extent that considerable exports could now easily be made both from Sicily and Sardinia. Permission for night fishing as far north as FIUMICINO has been obtained. Except for the port of NAPLES, and a few other restricted areas, the night fishing method (LAMPARA) - probably the most productive in Italy - is being practiced all over the west coast from FIUMICINO to REGGIO CALABRIA, around the Sicilian coast and along certain coastal areas of Sardinia.

INDUSTRY SUB-COMMISSION.

48. The current month has seen the divorce of Industry from Commerce Sub-Commission, and it is hoped that a greater concentration on essentials will be possible.

49. A scheme for the reactivation of industry on a priority basis, to be undertaken by the Ministry of Industry, has been drawn up. This scheme provides for the establishment within the Ministry of an Industry Advisory Board, which will cover the entire industrial field.

50. The liberation of large areas of territory has uncovered a considerable number of plants of importance to the Italian national economy, and reconnaissance of factories as far north as LEGHORN has been made.

51. The gravest problem, which confronts Italian industry is the wholesale destruction by the enemy of generating stations, priority has been given to a survey of their condition, as upon them will depend the possibility of operating the plants which they supply.

1003

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

52. Surveys have therefore been made of the imprtant heavy industrial plants at TERNI, with particular reference to the hydroelectric power stations, including the giant Galleto Unit and the Valdarno Generating Station at NERA MONTORO. It is considered that with the exception of last mentioned, their repair will be a long term project, and the industries dependent upon them will consequently be paralysed until repair is made.

53. Other surveys have been made covering chemical industries, including the extensive Solvay and Anisme Plants at ROSIGNANO, rubber processing plants of the Pirelli Company, and additional fertilizer production possibilities in Central Italy.

54. The chief extile manufacturing districts are still behind the enemy lines, and no substantial addition has therefore been made to productive capacity in liberated Italy. As in other industries one of the greatest obstacles to resumption will be lack of power, followed closely by lack of raw materials, upon the importation of which the Italian textile industries have always largely depended.

55. Leather production remains unsatisfactory, chiefly owing to the shortage of tannin, but a second factory has commenced production and another has recently been liberated and reports are awaited. A civilian expert is being sent to Italy to advise on the rehabilitation of this key industry.

56. Hemp maintains the average of the last four months, except for canvas which showed an increase of 100%.

57. Investigations of mines uncovered recently are being made especially of lignite and mercury in Tuscany, and of pyrites near Grosseto, where there is an exportable surplus of 200,000 tons.

Declassified E.O. 12356 Section 3.3/NND No. 785014

PART III.

ADMINISTRATIVE SECTION.

1. Defascism. The new consolidating decree was published on the 29th July and is in the hands of ACC officers in the Field and of Italian Prefects. The work of organising the Ministerial Commissions is in hand.

INTERIOR SUB-COMMISSION.

2. Local Government. During the period covered by the report the Italian Government submitted for approval a large number of names for appointment or for transfer. Having regard to experience gained by some of the nominees whilst working under AMG considerable negotiation and screening has had to take place. After alternative proposals were made agreement has been reached on the appointment of 10 Prefects, 4 Directors General, a Secretary General and seven members of the Giunta Consultiva of Sardinia.

3. Executive Memorandum No. 39 dealing with local government organisation and administration has been revised. This document summarises the position of and the arrangements connected with local government organisation, made since the Sicilian landing and its revision was necessary to give effect to developments which have occurred and experience gained since its original production. It has been issued by R.C. & M.G. Section.

4. Officials. As mentioned in previous reports, experience has shown that AMG with Armies have at times found no administrative officials in newly liberated provinces. To cater for these circumstances, arrangements were made in collaboration with the Italian Government for the provision of a small team containing the minimum number of officials (including a Prefect) which would be necessary to restart the administration. Such teams were prepared to proceed to PERUGIA, SIENA, [illegible], PISTOIA, TERNI and ASCOLI.

In the Provinces mentioned, however, it was discovered that sufficient satisfactory officials had remained at their posts and the personnel who were ready to move at short notice were not called forward. A Prefect, however, was provided and sent to Macerata.

Similar preparations are being made to cover the following provinces should the need arise, viz: Pisa, Livorno, Florence, Pistoia, Lucca, Apuania and Ancona, and areas further North.

5. Interviews. The Director has seen his Excellency Bonomi in his capacity of Minister of the Interior on frequent occasions. In addition, interviews have taken place with the Under-Secretary of State Canevari, Sorrentino, the Chief of Cabinet and his successor, Berruti. The subjects concerned have included nominations for Prefect and Sindaco of Florence (each of whom was also seen), refugees going North and their interference with military movement, teams of officials, and other senior appointments.

PUBLIC SAFETY SUB-COMMISSION.

6. Commanding General, Royal Carabinieri. On 21st July General Taddeo ORLANDO [illegible]

Declassified E.O. 12356 Section 3.3/NND No. 785014

been issued by R.C. & M.G. Section.

4. Officials. As mentioned in previous reports, experience has shown that AMG with Armies have at times found no administrative officials in newly liberated provinces. To cater for these circumstances, arrangements were made in collaboration with the Italian Government for the provision of a small team containing the minimum number of officials (including a Prefect) which would be necessary to restart the administration. Such teams were prepared to proceed to PERUGIA, SIENA, AREZZO, PESCARA, TERAMO and ASCOLI.

In the Provinces mentioned, however, it was discovered that sufficient satisfactory officials had remained at their posts and the personnel who were ready to move at short notice were not called forward. A Prefect, however, was provided and sent to Macerata.

Similar preparations are being made to cover the following provinces should the need arise, viz: Pisa, Livorno, Florence, Pistoia, Lucca, Apuania and Ancona, and areas further North.

5. Interviews. The Director has seen his Excellency Bonomi in his capacity of Minister of the Interior on frequent occasions. In addition, interviews have taken place with the Under-Secretary of State Canevari, Sorrentino, the Chief of Cabinet and his successor, Berruti. The subjects concerned have included nominations for Prefect and Sindaco of Florence (each of whom was also seen), refugees going North and their interference with military movement, teams of officials, and other senior appointments.

PUBLIC SAFETY SUB-COMMISSION.

6. Commanding General, Royal Carabinieri. On 21st July General Taddeo ORLANDO formerly Minister of War, was designated Commanding General of the Royal Carabinieri with HQ in Rome.

2263

7. Public Security. On 27th July Dr. Luigi FERRARI formerly President of the Court of Assizi in Rome, was appointed Director General of Public Security in the Ministry of Interior. The Public Safety officials at the Ministry are now being reviewed.

8. Policing Forward Areas. During the month all requests from Armies and Region VIII for CC.RR to police newly occupied territory were met. New replacement centres were opened at Grosseto (west coast) and Chieti (east coast) to deal with CC.RR reporting for duty from liberated territory.

9. Strength of Royal Carabinieri. Urgent representations have been made that a total strength of 55,000 officers and men is totally inadequate to cope with the duties which will devolve on the Royal Carabinieri when the whole of Italy is occupied. Already 41,902 CC.RR are fully employed and the thickly populated industrial north has yet to be policed.

10...../

1003

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

PUBLIC HEALTH SUB-COMMISSION.

13. General. The lack of ambulances is a serious problem in both forward and rear areas. The question of the re-organisation of the Italian Nursing Service is one in which it is felt that the initial steps should be taken by the Italian Government.

14. Supplies. Expected shipments of medical supplies to cover the inclusive July to December period have not yet arrived. Latest information indictaes that they may be expected between the 19th and 29th August.

There is an acute shortage of glass ampules due to scarcity of long flame coal; the lack of transport is hampering the distribution of other medical supplies but it is hoped that the Italian Government will soon take over the responsibility for the distribution for medical supplies to Regions I, II, III, VI and VII.

15. Disease.

(a) V.D. The V.D. incidence among troops in the PBS-Naples area has fallen to 120 per thousand for June. In Region VI the venereal rate is very satisfactory, being as low as 60 per thousand and in some units even 37 per thousand. The hospital accommodation for infected women has improved in Region II and there is some diminution in the number of cases being admitted.

(b) Smallpox. Continues in Naples City and Province. Total number of cases to date is 870 and the total number of vaccinations is 446,257. The disease is in a mild form, six deaths only have occurred in debilitated children who might otherwise have been expected to recover.

(c) Malaria. As a result of enemy sabotage, large areas of country in Region IV and Rome Region are flooded. This will increase the incidence of malaria. Energetic measures, including airplane dusting are being taken to cope with the existing conditions.

16. Veterinary. Foot and mouth disease is now widespread in Southern Italy but the mortality is low and it is hoped that sufficient vaccine will soon be available. An incidence of Sheep Pox has occurred in Brindisi.

Large quantities of crystal violet hog cholera vaccine are now available.

17. Welfare. The condition of all Italian welfare agencies is such that it is felt that a strong governmental policy of complete re-organisation is essential.

Legal Sub-Commission..../

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

LEGAL SUB-COMMISSION.

18. Handled all legal matters connected with restoration of territory as of 20th July and proposed restoration as of 15th August 1944; consideration of "sanctions against fascism" decree and matters relating to unsatisfactory situation as to Italian Courts at Bari.

19. The Chief Council worked on the preparation of General Orders having to do with the agricultural and general economy of Italy.

20. Defascistisation decree approved and passed on 27th July 1944. Re-organisation of Ministry of Justice and High Court of Cassation well under way. New legislation promulgated to meet present conditions and eliminate all traces of fascist republican enactments. Judicial officials having taken refuge in Rome are gradually being reposted to their original seats.

21. Work in HQ and in the provinces was hampered by lack of personnel. The BENTEVEGNA case was the first open General Court in Rome. As the accused was a Communist and a patriot it became a political event. In Naples from 22nd December 1943 to 19th July 1944 the Allied Military Courts disposed of 25,961 cases. Allied Military Courts in Rome have, it is thought, made a generally good impression.

EDUCATION SUB-COMMISSION.

22. (a) Italian Government Territory. The most pressing problems are: school buildings still to be derequisitioned, old or inactive or independable proveditori, expurgated epuration, and in agricultural districts, absence of children from school.

(b) Littoria. In this devasted province all elementary schools except one and all secondary schools except two (2000 children) have been opened. Several hundred teachers have been brought from Rome and are working under primitive conditions. School officials have been looked over and 72 officials have been vetted and 21 dismissed. School lunches have been brought to six communes and 3,900 textbooks for each of the elementary grades.

(c) Rome. 76 members of the governing body of Rome University have been epurated.

PROPERTY CONTROL SUB-COMMISSION.

23. Command. The DPC, Lt.Col. C.R.S. Harris (B) was injured in a traffic accident on 9th July and he has since been invalided to England. Colonel C. Carroll (A) is now acting DPC.

24. Field Work. Satisfactory progress in controlling and caring for Allied properties has been made in all areas which we have occupied. Plans have been made for taking over in the Northern areas.

25. Policy. The following is under review:-

(a) The degree of control to be exercised over commercial concerns in AMG

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

Allied Military Courts in Rome Area, [illegible]

EDUCATION SUB-COMMISSION.

22. (a) Italian Government Territory. The most pressing problems are: school buildings still to be derequisitioned, old or inactive or independable proveditori, expurgated epuration, and in agricultural districts, absence of children from school.

(b) Littoria. In this devasted province all elementary schools except one and all secondary schools except two (2000 children) have been opened. Several hundred teachers have been brought from Rome and are working under primitive conditions. School officials have been looked over and 72 officials have been vetted and 21 dismissed. School lunches have been brought to six communes and 3,900 textbooks for each of the elementary grades.

(c) Rome. 76 members of the governing body of Rome University have been epurated.

PROPERTY CONTROL SUB-COMMISSION.

23. Command. The DPC, Lt.Col. C.R.S. Harris (B) was injured in a traffic accident on 9th July and he has since been invalided to England. Colonel C. Carroll (A) is now acting DPC.

24. Field Work. Satisfactory progress in controlling and caring for Allied properties has been made in all areas which we have occupied. Plans have been made for taking over in the Northern areas.

25. Policy. The following is under review:-

(a) The degree of control to be exercised over commercial concerns in AMG areas and in transferred territory.
(b) De-sequestration and its consequences.
(c) Means of insuring a continuing responsibility of the Italian Government for the care of sequestrated properties.
(d) Liability for management fees.
(e) Return of properties to owners.
(f) Reports to owners.

2262

MONUMENTS, FINE ARTS & ARCHIVES SUB-COMMISSION.

26. General. MFAA problems of Regions I, II, VI and VII being in the hands of the Italian Government, and Region III about to be handed over, the major concentration of works is in the devastated portions of Lazio and Tuscany. Information passed to SHAEF about matters of interest re MFAA in the Western Theatre. Works of Art in Italy from centres outside Italy are being traced.

27. Field Work.

(a) Armies. Four MFAA officers are at present at work in the forward areas with 5th and 8th Armies. One of these belonging to Region VIII is in charge of controlling..../

1203

Declassified E.O. 12356 Section 3.3/NND No. 785019

of controlling and protecting the deposits in the vicinity of Florence where most of the art objects from that city are stored.

(b) Rome. MFAA officer is busy with repair work in the vicinity of Rome and with arranging two great exhibitions of works of art for Allied troops in Rome.

(c) Region V. Damages are minor except in Ancona City where they are heavy.

28. Relations with Italian Government and Church. Close relations established and maintained with the Italian Director General of Monuments and Staff and with Director General of Archives at Rome. Relations also established with President of the Pontifical Commission for Sacred Art; Vatican Fine Arts authorities have given every facility for checking the deposits stored in the Vatican. Check of art objects stored at Vatican from the deposit at Montecassino completed with note of German pillage.

29. Publications. The Lists of Protected Monuments have been completed. Soldiers Guides to Rome and Florence published.

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

PART IV.

POLITICAL SECTION, PUBLIC RELATIONS BRANCH AND INDEPENDENT SUB- COMMISSIONS.

POLITICAL SECTION.

1. The first half of the month was taken up by the transfer of the Government and the HQ. of the Allied Control Commission to Rome where it was announced they would alike begin to operate on July 15th. This move was carried out successfuly and the first meeting of the Council of Ministers in Rome was in fact held on that date. A symbolic link with the past was forged when Orlando was invited to assume his duties as head of the Camera dei Diputati and the Marchese della Torretta was named President of the Senate. On the 15th too the Allied Advisory Council announced the transfer - to take place on the 20th - of the Provinces of Naples (excluding the Commune of Naples), Avellino, Benevento, Foggia and Campobasso, to the Government. At the same time it was announced that Frosinone, Littoria and Rome Provinces, including the capital itself, would follow on August 15th.

2. It has been a month of considerable accomplishment for the Government. For one thing the various defascistisation decrees have been collated. Special courts have been set up to try Fascist crimes and these courts are empowered to give the death sentence, although, perhaps with some irony, at the same time Italy went back to her old position of "moral supremacy" by abolition of capital punishment which the Fascists had brought into the old code. Sforza was named High Commissioner for Fascist sanctions (July 28th). These sanctions can be resumed under the following headings: cancellation of Fascist political sentences, punishment of Fascist crimes, defascistisation of state administration and confiscation of wealth acquired through Fascist connections. Epuration of the various governmental branches is being handled through a committee formed by the department itself plus a member appointed by Sforza's commission. Sforza has been given subordinate High Commissioners to assist him, one for each of the "sanctions" indicated above. The machinery swung into gear somewhat late in the month but there are indications that it will move rapidly and remorselessly. Some earnest of serious intentions may be seen in the dismissal of De Vecchi and Bastianini from government service, naming of a new head of the Bank of Italy (Introna) to take the place of Azzolini, discharge of Jacomini, once Lieutenant General of Albania, and in such measures as revocation of pension to veteran "volunteers" of the Spanish war.

3. The government has been very anxious to have a greater participation in the war effort. Bonomi made a speech to the employees of the Foreign Office on July 25th, the anniversary of the overthrow of Mussolini, in which he stated this hope, stressing that it was only right that Italy should be allowed to "work her passage" since only in this way could the armistice terms which he described as "very hard" be modified. Along this same line the end of the month saw the Government taking a much more lively interest in the patriots; the Council of Ministers recommending, at its meeting of the 19th, that they be included in the

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

2. It has been a month of considerable accomplishment for the Government. For one thing the various defascistisation decrees have been collated. Special courts have been set up to try Fascist crimes and these courts are empowered to give the death sentence, although, perhaps with some irony, at the same time Italy went back to her old position of "moral supremacy" by abolition of capital punishment which the Fascists had brought into the old code. Sforza was named High Commissioner for Fascist sanctions (July 28th). These sanctions can be resumed under the following headings: cancellation of Fascist political sentences, punishment of Fascist crimes, defascistisation of state administration and confiscation of wealth acquired through Fascist connections. Epuration of the various governmental branches is being handled through a committee formed by the department itself plus a member appointed by Sforza's commission. Sforza has been given subordinate High Commissioners to assist him, one for each of the "sanctions" indicated above. The machinery swung into gear somewhat late in the month but there are indications that it will move rapidly and remorselessly. Some earnest of serious intentions may be seen in the dismissal of De Vecchi and Bastianini from government service, naming of a new head of the Bank of Italy (Introna) to take the place of Azzolini, discharge of Jacomini, once Lieutenant General of Albania, and in such measures as revocation of pension to veteran "volunteers" of the Spanish war.

3. The government has been very anxious to have a greater participation in the war effort. Bonomi made a speech to the employees of the Foreign Office on July 25th, the anniversary of the overthrow of Mussolini, in which he stated this hope, stressing that it was only right that Italy should be allowed to "work her passage" since only in this way could the armistice terms which he described as "very hard" be modified. Along this same line the end of the month saw the Government taking a much more lively interest in the patriots; the Council of Ministers recommending, at its meeting of the 19th, that they be included in the armed forces. As the month ended the earlier anxiety about the armistice clauses changed into an appeal for "understanding" from the Allies, ranging from a straightforward expression of hope for Lend Lease to fairly open hinting that the time had come for an end to co-belligerency and conferring of full Allied status instead.

2201

4. After some heart searching, the Government also fixed (July 17th) a political price for bread and pasta at 5 and 7 lire respectively, though the real price is 12 and 14. The Ministry of Education repealed the racial laws and the Fascist sindacati were legally suppressed - as they had been in fact ever since Allied landings - at the meeting of the Council on the 28th.

5. There has been one change in the Ministry. Croce has resigned stating that the trips from Sorrento to Rome would be too much for him and has been replaced by Count Carrandini (born 1885 of Piedmontese stock) a veteran Liberal and a man of some experience in agriculture and commerce. As Croce had long announced his intention of resigning on the transfer of the Government from Salerno, this change did not affect the stability of the Government nor detract from the added prestige which accrued to it by its establishment in the capital.

Public Relations Branch..../

1008

Declassified E.O. 12356 Section 3.3/NND No. 785014

PUBLIC RELATIONS BRANCH.

6. News Production. More than 100 releases in both English and Italian were written or serviced to nearly 30 outlets concerning ACC Headquarters, Region IV and Rome Region, in connection with essential operations, as well as important matters of policy such as transfer of territory to the Italian Government, treatment of patriots, and rules on civilian movement. A full investigation and report of alleged German brutalities to prisoners in Via Tasso was made with documents and 18 photographs. Releases were made on behalf of the Allied Advisory Council.

7. Press.

(a) Italian Journalists.

Close and daily contact was maintained with Italian journalists to acquaint them with Allied objectives and to learn at first hand their re-actions to ACC activities. Schede Personali were filed for several scores of journalists and sent to Security Branch. Cards were printed and prepared for issue to screened Italian journalists accrediting them to function. Coordination was made with Italian epuration agencies in this field. Curfew and travel passes were obtained for Rome journalists.

(b) Neutral Correspondents.

Journalists of neutral nations were accepted as an ACC PRB responsibility. Accrediting cards were issued to nine such journalists. Weekly guidance meetings of the neutral correspondents were held.

(c) Allied Correspondents.

Interviews and information were arranged for representatives of British and American press and radio. Action was initiated through G-5 toward early acceptance by ACC PRB of accrediting responsibilities for political correspondents from the Allied press.

8. Relations with Italian Government. Daily talks were held with the office of the Under Secretary for the Press in the Ministry of the Interior toward better and more responsible service toward correspondents by the Italian Government. Quarters for the Italian press office were obtained.

9. Allied Publications Board. Regular and special meetings of the APB were attended preparatory to turning over operations of the Board to the Italian Government and in [illegible] the somewhat disorganised but free Rome press.

10. Publications. Distribution of the Weekly Bulletin and daily trend of copy of correspondents and Digest of Rome Press continued and considerably expanded due to demand from readers, including the Allied Advisory Council, War Department and War Office.

WAR MATERIAL DISPOSAL AND ITALIAN PRIONERS OF WAR SUB-COMMISSION.

11. During July the War Materials Disposal Sub-Commission commenced inspections of Italian Army material in the Military Depots in the newly liberated regions. Lists giving particulars of the depots, the service to which they belong, the condition of the buildings, etc., together with stock lists, have been compiled and filed for reference.

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

(c) Allied Correspondents.

Interviews and information were arranged for representatives of British and American press and radio. Action was initiated through G-5 toward early acceptance by ACC PRB of accrediting responsibilities for political correspondents from the Allied press.

8. Relations with Italian Government. Daily talks were held with the office of the Under Secretary for the Press in the Ministry of the Interior toward better and more responsible service toward correspondents by the Italian Government. Quarters for the Italian press office were obtained.

9. Allied Publications Board. Regular and special meetings of the APB were attended preparatory to turning over operations of the Board to the Italian Government and in [illegible] the somewhat disorganised but free Rome press.

10. Publications. Distribution of the Weekly Bulletin and daily trend of copy of correspondents and Digest of Rome Press continued and considerably expanded due to demand from readers, including the Allied Advisory Council, War Department and War Office.

WAR MATERIAL DISPOSAL AND ITALIAN PRIONERS OF WAR SUB-COMMISSION.

11. During July the War Materials Disposal Sub-Commission commenced inspections of Italian Army material in the Military Depots in the newly liberated regions. Lists giving particulars of the depots, the service to which they belong, the condition of the buildings, etc., together with stock lists, have been compiled and filed for reference.

12. Equipment and stores found and handed back to the Italian Services concerned included radio equipment, MT spares of considerable value and 800 pairs of new boots.

13. Ammunition dumps were located and information passed to C.E.M. Section at HQ. AAI.

14. Sufficient signal wire to complete the telephone installation in the Ministero delle Corporazione Building was provided by the Sub-Commission when other sources failed to supply.

15. The question of putting into operation some scheme whereby all damaged vehicles and material and MT spare parts could be collected immediately the Armies passed on was discussed with the Economic Section.

16...../

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

16. As from July 2[illegible] the title of the Sub-Commissio[illegible] was changed to War Material Disposal and Italian Prisoners of War Sub-Commission and the additional duties of dealing with all matters in connection with Italian Prisoners of War were added to the other work of the Sub-Commission.

17. Instructions for the release of 60,000 paroled Prisoners of War in Sicily as at July 31st were received from AFHQ. New regulations regarding the repatriation of Italian prisoners of war were issued and now prisoners of war over 60 years of age, and those over 50 years who have been POW for over two years, can be released on compassionate grounds. Italian POW who can be employed in specific judicial and administrative positions for the furtherance of the war effort in Italy will be considered for repatriation.

18. The release of other Italian POW can only be considered on special compassionate grounds, and only when the grounds are such that an Allied soldier under similar circumstances would be repatriated to his own country.

19. Among the various and diverse questions on Italian POW the one asked daily is "why cannot they be released from POW status?" So far a simple answer has not been found.

COMMUNICATIONS SUB-COMMISSION.

20. (a) Telephone.

(i) All main telephone circuits to the South (e.g. Palermo, Messina, Reggio, Cosenza, etc), terminated at Salerno for Italian Government use, were put through to Naples. A total of five telephone circuits between Naples and Rome were handed over by the military for ACC/Government use; only three of these are trunk circuits of which one is used by ACC Rome - Naples, one by Italian Government Rome - Bari, leaving only one circuit for Italian Government use to Naples that is suitable for extension to the South. The other two circuits are overhead circuits only suitable for Rome - Naples communications. Trunk telephone facilities for Government use are therefore still extremely scanty.

(ii) Release on inter-provincial telephone facilities to civil use in Italian Government territory was given by military security. North of Naples, telephone facilities are reserved for Government use.

(b) Telegraphs.

(i) Telegraph circuits were made available to the Italian Government from Rome to the South (Naples and Bari). The traffic capacity is fair, but not capable of carrying all traffic without long delay. Direct telegraph circuits were provided for the Italian Air and Navy Ministries from Rome to Bari.

(ii) Civil telegraphs between Rome and the South of Italy were opened on July 21st; by the end of the month over 5000 telegrams a day were being dealt with in the Rome [illegible]

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

19. Among the various and diverse questions on [illegible] daily is "why cannot they be released from POW status?" So far a simple answer has not been found.

COMMUNICATIONS SUB-COMMISSION.

20. (a) Telephone.

(i) All main telephone circuits to the South (e.g. Palermo, Messina, Reggio, Cosenza, etc), terminated at Salerno for Italian Government use, were put through to Naples. A total of five telephone circuits between Naples and Rome were handed over by the military for ACC/Government use; only three of these are trunk circuits of which one is used by ACC Rome - Naples, one by Italian Government Rome - Bari, leaving only one circuit for Italian Government use to Naples that is suitable for extension to the South. The other two circuits are overhead circuits only suitable for Rome - Naples communications. Trunk telephone facilities for Government use are therefore still extremely scanty.

(ii) Release on inter-provincial telephone facilities to civil use in Italian Government territory was given by military security. North of Naples, telephone facilities are reserved for Government use.

(b) Telegraphs.

(i) Telegraph circuits were made available to the Italian Government from Rome to the South (Naples and Bari). The traffic capacity is fair, but not capable of carrying all traffic without long delay. Direct telegraph circuits were provided for the Italian Air and Navy Ministries from Rome to Bari.

(ii) Civil telegraphs between Rome and the South of Italy were opened on July 21st; by the end of the month over 5000 telegrams a day were being dealt with in the Rome office.

(c) Circuit Repair. Work has been in progress on restoration of civil communications in Regions IV and V. Reconnaissances were completed, plans made, transport obtained and release of routes or wires from military signals arranged. Due to the extensive damage and shortage of stores, little tangible results will be seen for some weeks.

21. Postal.

(a) Civil mail services, both internal and foreign, were extended to Rome on July 1st and to the Provinces of Rome, Littoria, Frosinone and Campobasso later in the month.

(b) The mail service between Naples and Bari, the main cross-Italy link, was increased to a daily service each way.

Army Sub-Commission..../

1008

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

ARMY SUB-COMMISSION.

22. The chief event of the month was the move from LEQUILLE (LECCE) to ROME on 14th July. The Italian War Ministry and General Staff moved simultaneously. The advantages of concentration were at once evident and the increased efficiency of having all contacts on the spot, especially the Ministry of War and SMRE, was most noticeable.

23. The first and most pressing problem to be tackled was Patriots. The Italian authorities were anxious to deal with the large numbers who had been found in newly liberated territory, and the War Ministry asked for a policy. Owing to the restrictions on recruiting for the Italian Armed Forces and the ceiling laid down by the CCS, MMLA authorised the Ministry of War to recruit up to 3000 men for the Army in Rome, stipulating that for every volunteer accepted a serving soldier of an older class must be demobilised, thus keeping within the ceiling laid down. Italian Army screening and recruiting agencies were sent to Army areas to work in close collaboration with AMG Fifth and Eighth Armies and Polcorps. Their function is to screen Patriots volunteers for the Army, and to arrange for their evacuation to the Rome and Chieti enlistment centres. A further three screening detachments have been sent to work under the direction of Region IV. All volunteers become an Italian Army responsibility only when they are actually re-enlisted at Rome or Chieti.

The ceiling for the Italian administrative troops has been fixed at 27,000 and the necessary steps have been taken to ensure that troops are not wasted in Administrative Headquarters.

24. July has been the heaviest month for the movement of Italian Army personnel. This increase is largely accounted for by the programme in hand for forming new Pioneer Labour Regts and re-forming existing Labour Units. Shipments from Sardinia went well.

25. The initial allotment from the CCS of certain items of boots and clothing in coming to an end and approximately 400,000 pairs of US part worn boots have been delivered to the Italian Army for repair. The War Ministry have been instructed to make a survey of all repairable Italian uniforms and repair materials.

Advanced arrangements have been made for the rationing of the Italian Army from British sources, effective 1 Aug 44.

ELLERY W. STONE
Captain, USNR
Acting Chief Commissioner

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

7/3-6

ARMY SUB COMMISSION
ALLIED CONTROL COMMISSION

S E C R E T

Comd Major General L. BROWNING C.B. O.B.E. M.C.

Report No 8 - Activities during the month of JULY 1944

Ref Maps - 1:250,000 ITALY Sheets 27 - 28

For easy reference activities are grouped under subject heading, and information under each heading is in chronological order.

I. ARMY SUB COMMISSION LOCATIONS

Main H.Q. ROME 7467
Outstations NAPLES, BARI, CATANZARO, Rear EIGHTH Army, 60 Sub Area, Col SIMMONS' HQ in CAGLIARI, SARDINIA, Lt Col KESSNER's HQ in SASSARI, Lt Col ALBERT in SICILY. There is also an LO with 10 and 13 Corps EIGHTH Army, with POLCORPS, 2 Dist, HQ 3 Dist and CIL 1 Dist.

II. CONFERENCES - VISITS of IMPORTANCE

6 July — GOC goes to Italian War Ministry to hold conference on the Reduction of Italian Army Admin. Personnel. Count CASATI, War Minister and Gen BERARDI Chief of Staff attend.

8 July — Major HARRISON A.C.C. LECCE visits to discuss control of movement regulations with 2 i/c and GIII (Int).

11 July — GOC leaves for NAPLES for conference with Supreme Allied Comd. - Gen WILSON.

17 July — Gen BERARDI Chief of Staff SMRE visits GOC.

21 July — Gen CRLANDO - Director General of the Carabinieri - visits GOC.
Ration ceiling of Italian Units in Rome discussed at conference between Gen PELLIGRA and 2 i/c. Ceiling fixed for each individual unit and General told that no increase would be allowed.
Gen OXILIA, under Sec of State for War visits GOC.

22 July — GOC goes to Adv HQ AAI to see Gen Robertson and Gen Alexander. Presents outline proposals for re equipping and re-organizing certain Italian Divs for combat. Proposals are agreed to.

23 July — Gen BERARDI Chief of Staff SMRE and Gen OXILIA Under Secretary of State for War visit GOC.

26 July — Conference held by GOC to discuss Italian Patriots and Policy with regard to the recruiting of Patriot volunteers for Italian Army.

I.I. MEDICAL

26 July — Central Depot Medical Stores opened at TARANTO.

Declassified E.O. 12356 Section 3.3/NND No. 785011

CASATI, War Minister and Gen BERARDI Chief of Staff SMRE attend.

8 July — Major HARRISON A.C.C. LECCE visits to discuss control of movement regulations with 2 i/c and G III (Int).

11 July — GOC leaves for NAPLES for conference with Supreme Allied Comd. - Gen WILSON.

17 July — Gen BERARDI Chief of Staff SMRE visits GOC.

21 July — Gen ORLANDO - Director General of the Carabinieri - visits GOC.

Ration ceiling of Italian Units in Rome discussed at conference between Gen PELLICRA and 2 i/c. Ceiling fixed for each individual unit and General told that no increase would be allowed.

Gen CXILIA, under Sec of State for War visits GOC.

22 July — GOC goes to Adv HQ AAI to see Gen Robertson and Gen Alexander. Presents outline proposals for re equipping and re-organizing certain Italian Divs for combat. Proposals are agreed to.

23 July — Gen BERARDI Chief of Staff SMRE and Gen CXILIA Under Secretary of State for War visit GOC.

26 July — Conference held by GOC to discuss Italian Patriots and Policy with regard to the recruiting of Patriot volunteers for Italian Army.

I.I. MEDICAL

10 July — Central Depot Medical Stores opened at TARANTO.

11 July — Only two cases of small pox among Italian Military at Afragola. Vaccination of all the Italian Armed Forces completed on 22 June 44.

19 July — Gen CALDAROLA visited 2 i/c on subject of PWs admitted to Military Units on 8th. General gave assurances that this would cease after 25 July 44.

20 July — Medical Supply arrangements discussed with Major GELARDI MMIA LO to CIL.

21 July — Three million Mepacrine Tablets for the Italian Army received from Allied sources.

22 July — DADMS visited Financial Advisor AAI. Ruling was given that captured Italian Medical Supplies handed over to Italians are chargeable and will be accounted for in the same manner as British Supplies.

GENERAL

In accordance with orders issued in respect of 30 days limit for Italian Military patients in hospitals certain military and Red Cross hospitals were handed over complete to civilian authorities.

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

III. GENERAL

A saving of 6000 military rations was effected.

IV. LABOUR

1 July Conference at MMIA on issue of bulk clothing supplies to No 1 Formation Centre Italian Pioneer Units.
11 July Conference with D of L AFHQ at BARI and DDL 2 Dist re new W/E for IPL Units.
16 July Conference with DDL AAI and DDL No 1, 2 and 3 Districts and Gen MATTIOLI SMRE
IPL Units in CAMPANAI and APULIA inspected.
WES and G 1098 for 10 Italian Labour regiments are being prepared after approval from AAI. SMRE have been instructed to form these regiments. Each regiment comprises two Bns, each Bn composed of 6 Coys.

V. ITALIAN MOTORISED GROUP (CIL)

24 July Ministry of War informed of the procedure to be adopted for maintaining the CIL through Delegazione "A". Demands for clothing and equipment to be made on Delegazione "A" who will provide from forward depots or through Italian sources.
Items of Allied origin will be issued by MMIA in bulk to Delegazione "A".

VI. POLICY ITALIAN ARMY

10 July Ministry of War assumes responsibility for units of Italian Army in Rome. General CRILLIA takes over the responsibility of Gen BENCIVENGA as far as Army is concerned.
23 July Ministry of War told of Policy regarding Patriots and ordered to send screening agencies to work under AMG 5 and 8 Army and POLCORPS to screen volunteers. The prescribed ceiling for the Italian Army will not be exceeded and for each patriot enlisted a serving soldier elsewhere will be demobilised.
29 July MMIA informs Ministry of War of Allied Command's decision that Italian Admin HQs and Services shall NOT exceed 27000.
The Admin Services for Italy, Sicily and Sardinia will comprise 23,200 all ranks. 3800 will be used for central and territorial HQs.

VII. R.E.

(a) Mine Clearance

A total of 56 Minefields have now been cleared in CALABRIA, leaving 19 German and 18 Italian minefields still to be cleared.

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

sources.
Items of Allied origin will be issued by MMIA in bulk to Delegazione "A".

VI. POLICY ITALIAN ARMY

10 July — Ministry of War assumes responsibility for units of Italian Army in Rome. General OKILIA takes over the responsibility of Gen BENCIVENGA as far as Army is concerned.

23 July — Ministry of War told of Policy regarding Patriots and ordered to send screening agencies to work under AMG 5 and 8 Army and POLCORPS to screen volunteers. The prescribed ceiling for the Italian Army will not be exceeded and for each patriot enlisted a serving soldier elsewhere will be demobilised.

29 July — MMIA informs Ministry of War of Allied Command's decision that Italian Admin HQs and Services shall NOT exceed 27000.
The Admin Services for Italy, Sicily and Sardinia will comprise 23,200 all ranks. 3800 will be used for central and territorial HQs.

VII. R.E.

(a) Mine Clearance
A total of 56 Minefields have now been cleared in CALABRIA, leaving 19 German and 18 Italian minefields still to be cleared.
Timber bridges on the Calabrian L of C were maintained by Italian Engineers.

(b) The following units were forwarded and passed to Allied Control for work:-

Five Lavoratori Artieri Units
Two Artieri di Arresto Coys
Two Rastrellamento Mine Coys
Engineer Rfts.

A course of instruction in mine clearance for 30 Italian officers and men was arranged at the British Engineer Training Establishment.

VIII. SIGNALS

July 15 — MMIA Signal office closed 12.00 hrs LEQUILE, opened Ministry of Corporations Rome same time.

July 16 — SOR SIGS saw CII SD-X Branch AAI re strength and locations of Italian Signal Units.

July 17 — W/T CATANZARO re-opened at 07.00 hrs.

July 18 — Italian Equipment dumps Rome area visited by SOR Sigs.

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

IX. STATE of ITALIAN ARMY

Order of Battle of Italian Army in Sicily, Sardinia and Corsica is prepared once a month by the Sub Comm for distribution to AFHQ, AAI, ACC, Sub Comm Outstations and internal distribution.

ITALIAN ARMY STRENGTH

The total of Italian Army on the Mainland under command of Allied Formations increased during July to 5336 Offrs 132958 ORs. The Grand Total for the Army excluding the CC RR at the end of July was 19,065 offrs, 322,235 ORs.

X. MOVEMENTS

1. Movement of Personnel and Stores

(a) This has been the heaviest month for the movement of personnel of the Italian Armed Forces. The increase is largely accounted for by the programme in hand for forming new Pioneer Labour Regts and re-forming existing Labour Units plus arrivals from SARDINIA and the commencement of the return programme for Harvesters from FOGGIA.

Stores traffic shows a decrease on last month but an increase on MAY. SMRE (Ufficio Trasporti) have been instructed to submit only essential bids for movement of stores until further notice owing to heavy operational rail movement. This with the lighter tonnage of fire-wood required accounts for the decrease.

(b)	Personnel	46,125
	Stores and Baggage	15,201 tons
	Road Convoys	27 (763 vehs. including motor cycles)
	Stores by Sea	1,608 tons

(c) Small moves of personnel and stores arranged locally through Delegazione Trasporti are not included in the above figures.

2. Shipping

The Shipping situation this month has been more satisfactory and most of the outstanding bids have been cleared. At present the only stores awaiting allocation of a vessel are Disinfectants and anti-malarial supplies, 110 tons, from NAPLES to SARDINIA. This tonnage is an accumulation of bids and part-bids over a period of two months. A Freight Form "S" has been submitted for this tonnage and it is expected it will be cleared in the near future.

MMIA have instructed the Italian War Ministry to requisition eight schooners for the purpose of maintaining the Italian Armed Forces in SICILY, SARDINIA and CORSICA. Should this be possible the problem

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

Stores traffic shows a decrease on last month but an increase over MAY. SMRE (Ufficio Trasporti) have been instructed to submit only essential bids for movement of stores until further notice owing to heavy operational rail movement. This with the lighter tonnage of fire-wood required accounts for the decrease.

(b)	Personnel	46,125
	Stores and Baggage	15,201 tons
	Road Convoys	27 (763 vehs. including Motor cycles)
	Stores by Sea	1,608 tons

(c) Small moves of personnel and stores arranged locally through Delegazione Trasporti are not included in the above figures.

2. Shipping

The Shipping situation this month has been more satisfactory and most of the outstanding bids have been cleared. At present the only stores awaiting allocation of a vessel are Disinfectants and anti-malarial supplies, 110 tons, from NAPLES to SARDINIA. This tonnage is an accumulation of bids and part-bids over a period of two months. A freight Form "G" has been submitted for this tonnage and it is expected it will be cleared in the near future.

MMIA have instructed the Italian War Ministry to requisition eight schooners for the purpose of maintaining the Italian Armed Forces in SICILY, SARDINIA and CORSICA. Should this be possible the problem of moving the small tonnages bid for at present will not arise. This will be entirely dependant on Allied authority being given.

2258

Maj Gen
Army Sub Commission

DISTRIBUTION

RC & MG Section.....	35 Copies
War Diary.....	2 "
Float.	1 "

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

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

JKD/pdb

Amdata

HEADQUARTERS REGION 'Z'
Allied Control Commission
APO 334

TO : HQ ACC - (RC &MG Section) 11 August 1944

SUBJECT: Monthly report

FILE No: RZ/850.031 (C)

Herewith the Monthly Report on Region IV activities for July, 1944.

Regional Commissioner

Encls. (2)
Part I Report
Part II Report

Copy to:-
List 'B'
Head of Secretariat
9-HQ. Reg IV (for all FC's)

2257

8/24 1630

JKD/bh

HEADQUARTERS REGION "Z"
Allied Control Commission
APO 394

9 August 1944

REPORT ON REGION IV FOR THE MONTH OF JULY

Part I - General

1. It was said in the June Report that the story of Region IV for that month was the story of the Allied Advance. The story of Region IV in the month of July was, largely, that of consolidating Allied gains.

2. The Provinces of Littoria, Frosinone and Viterbo had already been taken over before the month opened. Headquarters had been established in well situated and convenient offices at Corso d'Italia 25, Rome.

3. On 10th July the Province of Rieti was taken over by Region IV from AMG 8 Army. On 30th July the Province of Terni was taken over. At the end of the month of July there were still Germans in the northern communes of Perugia and this Province remained, still, under direct command of AMG 8 Army.

4. As early as July 11 the development of Region "Z" had been discussed, and the scheme was explained in general outline at a Regional Commissioner's Conference of Provincial Commissioners held in Rome on July 15. July 31st was fixed for the transfer of command over the Provinces from the old Region IV HQ to the old Rome Region HQ (now to assume the title of Region IV).

5. The month of July was the harvest month over most of Region IV. In the southern Provinces the harvest yield was below normal, owing to the devastation of fields by war, the withdrawal of labour, and the difficulties caused by mine fields. In the northern Provinces the crop was excellent. Anxiety was felt owing to the absence of P.O.L. required for the agricultural machinery, but, in fact, the Italian farmers, working long hours, and using hand methods, have garnered most of their excellent harvest. The outlook for potatoes, olives and grapes remains good.

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

2. The Provinces of Frosinone, Rieti and Terni had already been taken over before the month opened. Headquarters had been established in well situated and convenient offices at Corso d'Italia 25, Rome.

3. On 10th July the Province of Rieti was taken over by Region IV from AMG 8 Army. On 30th July the Province of Terni was taken over. At the end of the month of July there were still Germans in the northern communes of Perugia and this Province remained, still, under direct command of AMG 8 Army.

4. As early as July 11 the development of Region "F" had been discussed, and the scheme was explained in general outline at a Regional Commissioner's Conference of Provincial Commissioners held in Rome on July 15. July 31st was fixed for the transfer of command over the Provinces from the old Region IV HQ to the old Rome Region HQ (now to assume the title of Region IV).

5. The month of July was the harvest month over most of Region IV. In the southern Provinces the harvest yield was below normal, owing to the devastation of fields by war, the withdrawal of labour, and the difficulties caused by mine fields. In the northern Provinces the crop was excellent. Anxiety was felt owing to the absence of P.O.L. required for the agricultural machinery, but, in fact, the Italian farmers, working long hours, and using hand methods, have garnered most of their excellent harvest. The outlook for potatoes, olives and grapes remains good.

6. In the June Report mention was made of two main problems affecting Region IV:- the presence of mines, and the absence of bridges. During the whole of July efforts were made towards the alleviation of both these difficulties. One company of Artieri Arresto (Italian Mine Clearing Troops) was promised Region IV. In fact this Company did not arrive during July but it did arrive in Gaeta on August 1st. Plans had already been made for the establishment of an HQ and School at Gaeta, and for the employment of one sub-unit around Littoria and one sub-unit around Cassino. In the meantime the problem had been lessened by the fact that United States Army Engineers cleared mines from a large area around Formia and Gaeta. This dealt with some of the most heavily mined ground in the whole of Region IV.

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

Progress was made in the reconstruction of road bridges. An excellent bridge carrying the Via Salaria into Rieti was built in exceptionally rapid time owing to the personal drive of the Provincial Commissioner. This bridge was ceremonially opened by the Regional Commissioner on 10 July. In the Provinces as a whole the Genio Civile got to work on the construction of the many bridges required. A wooden bridge, being built across the Liri, northwest of Pontecorvo, was opened for foot passengers before the end of the month.

7. As the programme of consolidation and reconstruction went on, it became apparent that two other problems were of paramount importance: transportation and electric power. On every hand the same difficulties were met with. The lack of transport and the lack of electric power impinged upon practically every aspect of the work of the Region.

The restoration of local transport will undoubtedly be greatly stimulated by the recent ACC Directives. It is however clear that every effort must be made to have one officer on the Regional Staff who can specialise in organising civilian transport. It will also be very desirable to have an electrical engineer available as soon as possible.

8. Reference was made in the June Report to the appointment of a Commissario Speciale to deal with the most devastated communes in S.E. Frosinone. On Tuesday, July 18, a conference was held by the Regional Commissioner in the middle of the devastated area. It was attended by the Prefect of Frosinone, the Commissario Speciale, Italian Officials, the Provincial Commissioner of Frosinone and officers of his staff, Commander 55 Area (Br) and staff and heads of divisions of Region IV. A programme of work was agreed.

9. Experience gained during the months of May, June, and July, indicated the value of having one officer at Regional Headquarters who could be a specialist concerning the detailed organisation of the Italian Government. He would in fact be the local representative of the "Interior" Sub-commission. A representation to this effect has been made to HQ ACC.

10. During the month of June extended use was made of Italian civilian employees. Their work, on the whole, was excellent. Certain changes were made in the Italian General Duty

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

greatly stimulated by [illegible]
clear that every effort must be made to have one officer on the Regional Staff who can specialise in organising civilian transport. It will also be very desirable to have an electrical engineer available as soon as possible.

8. Reference was made in the June Report to the appointment of a Commissario Speciale to deal with the most devastated communes in S.E. Frosinone. On Tuesday, July 10, a conference was held by the Regional Commissioner in the middle of the devastated area. It was attended by the Prefect of Frosinone, the Commissario Speciale, Italian Officials, the Provincial Commissioner of Frosinone and officers of his staff, Commander 55 Area (Br) and staff and heads of divisions of Region IV. A programme of work was agreed.

9. Experience gained during the months of May, June, and July, indicated the value of having one officer at Regional Headquarters who could be a specialist concerning the detailed organisation of the Italian Government. He would in fact be the local representative of the "Interior" Sub-commission. A representation to this effect has been made to HQ ACC.

10. During the month of June extended use was made of Italian civilian employees. Their work, on the whole, was excellent. Certain changes were made in the Italian General Duty Platoon, and some technical tradesmen were brought in.

11. The various Special Divisions have submitted their own complete Reports direct to their Sub-Divisions at HQ ACC. In addition summarised Reports are submitted herewith as Part II.

12. The Commissioner and Headquarters Staff of Region IV have now traversed together seven weeks of preparation and twelve historic weeks of Allied Advance. Seen in retrospect, most of the plans made in the period of preparation have worked out in practice. The Policy of sending Provincial Teams forward under command of AMG's Armies has worked out well. The advantage has been established of maintaining a small mobile Headquarters well forward level with AMG Main of Armies.

Declassified E.O. 12356 Section 3.3/NND No. 785019

In some cases the emphasis has changed. Crime has proved less than anticipated. On the other hand, the proposed handing of mine clearance responsibilities to the Italian Fire Brigades, and thus to the Public Safety Division, will give considerable important work to Police Officers.

The Provincial Supply Officer may well be the second most important man in the Province. There is a shortage of trained Supply Officers and short training courses may be needed.

The problem of the Patriots only became apparent during the last month. This is however going to be an important matter in the future and will likely be one demanding the personal attention of the Regional Commissioner.

The desirability of having a Specialist Officer for "Interior" affairs has already been mentioned.

13. Experience has shown that many NCO's on both the American and British Staffs have considerable skill and personality. Every effort is being made to develope these men so that they may act as assistants to officers.

14. In general if we had to do the same thing again we should start to do it in much the same way, learning by past experience. If one somewhat sententious touch may be permitted we have learned that team work is everything and that, in the last analysis, for this work, a good heart is more important than a good brain.

Edmund Hall-Patch
Regional Commissioner

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

attention of the Regional Commissioner.

The desirability of having a Specialist Officer for "Interior" affairs has already been mentioned.

13. Experience has shown that many NCO's on both the American and British Staffs have considerable skill and personality. Every effort is being made to develops these men so that they may act as assistants to officers.

14. In general if we had to do the same thing again we should start to do it in much the same way, learning by past experience. If one somewhat sententious touch may be permitted we have learned that team work is everything and that, in the last analysis, for this work, a good heart is more important than a good brain.

Regional Commissioner

2204

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

HEADQUARTERS REGION 'C'
Allied Control Commission
APO 394

JED/js

11 August 1944

REPORT ON REGION IV for month of July

PART II

Political reaction and popular opinion

No very definite developments took place during the month of July. Reports of activities of the Communist Party were received from Terracina and from the Province of Viterbo. In neither case was the movement very widespread though potential political tension exists in the numbers of Port workmen evacuated during German occupation from Civitavecchia to Vetralla, Tuscania and other places in Viterbo Province.

Similarly the serious unemployment problem in Terni may have important political repercussions in the future.

Local Government - Provincial

During the month of July, local Governmental machinery was commencing to operate and the newly appointed Prefetti were beginning to gain confidence.

Mention was made in Part I of the appointment of the Commissario Speciale for the devastated area in Southeast Frosinone Province. The Commissario Speciale has set up his Headquarters at Ceccano where he is in close touch with the CAO of the District.

It is clear that Fiuggi is too far from main lines of communication for it to be a satisfactory Provincial Capital. Instructions were therefore issued to the Provincial Commissioner and the Prefect of Frosinone Province that the Headquarters Provincial Administration should be reestablished in Frosinone City not later than October 1st.

Economics / Supply

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

In northern Lazio was the reverse of [illegible] political tension exists in the numbers of Port workmen evacuated during German occupation from Civitavecchia to Vetralla, Tuscania and other places in Viterbo Province.

Similarly the serious unemployment problem in Terni may have important political repercussions in the future.

Local Government - Provincial

During the month of July, local Governmental machinery was commencing to operate and the newly appointed Prefetti were beginning to gain confidence.

Mention was made in Part I of the appointment of the Commissario Speciale for the devastated area in Southeast Frosinone Province. The Commissario Speciale has set up his Headquarters at Tocca Secca where he is in close touch with the CAO of the District.

It is clear that Piuggi is too far from main lines of communication for it to be a satisfactory Provincial Capital. Instructions were therefore issued to the Provincial Commissioner and the Prefect of Frosinone Province that the Headquarters Provincial Administration should be reestablished in Frosinone City not later than October 1st.

Economics & Supply

During the month of July the objective of the Division was to reinstate all the Italian institutions so that they could function satisfactorily with a minimum of Allied Control. The objective was reasonably well attained.

Food: Imported foodstuffs required were obtained from railhead at Aquino for Frosinone during the early part of the month and from Civita Castellana for the northern provinces during the latter part of the month. The dumps previously established at Venafro and Carinola were cleared into Frosinone, Littoria and Rome Provinces. During the last week of the month considerable milling of local grain took place. Fresh fruit and vegetables were obtainable in several localities in each province, but lack of transport and lack of information made equitable distribution difficult.

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

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

Supply Accounting: The Regional Supply Accountant visited each province and set up the system of invoicing all imported supplies to the Consorzii. Conditions attendant upon the issue of imported foodstuffs to the various communes during the combat stage provide a difficult problem with the May and June accounts which are still open.

Industrial Requirements: C.I.T. organizations were set up in all provinces. The road deliveries by C.I.T. transport was augmented by rail deliveries toCivita Castellana by deliveries by Regional Transport and by the use of captured enemy stocks. Shortages of electric power, coal and automobile tires constitute the greatest deterrents to the re-establishment of normal conditions.

Industry and Commerce: The paper manufacturing Industry in Frosinone and Roma Provinces is being rehabilitated to supply newsprint, book and other papers sufficient for local consumption and will shortly be able to provide substantial exportable surpluses. Transportation of materials of construction and of raw materials to the plants makes progress slow. Several woolen mills, pasta factories, cement factories and a shoe factory are in process of re-activations.

Agriculture

Functioning of Regional counterparts - Italian Agricultural Agencies.

The Compartment Inspector of Agriculture staff gained momentum during the month and is now giving a considerable degree of leadership and supervision to the provincial offices of the Inspector of Agriculture. The Interregional Consorzio Agrario is also progressing well and is reestablished in its proper supervisory capacity over its provincial branches.

Provincial Directors of Agricultural Agencies:

Inspectors of Agriculture: In the seven provinces where Region IV Agriculture has given assistance 3 Inspectors are of good to excellent caliber, 2 have been replaced and 2 need considerable help from Compartment Inspector.

Consorzio Agrario: In the seven provinces 3 good

consumption and will shortly be able to provide substantial exportable surpluses. Transportation of materials of construction and of raw materials to the plants makes progress slow. Several woolen mills, pasta factories, cement factories and a shoe factory are in process of re-activations.

Agriculture

Functioning of Regional counterparts - Italian Agricultural Agencies.

The Compartment Inspector of Agriculture staff gained momentum during the month and is now giving a considerable degree of leadership and supervision to the provincial offices of the Inspector of Agriculture. The Interregional Consorzio Agrario is also progressing well and is reestablished in its proper supervisory capacity over its provincial branches.

Provincial Directors of Agricultural Agencies:

Inspectors of Agriculture: In the seven provinces where Region IV Agriculture has given assistance 3 Inspectors are of good to excellent caliber, 2 have been replaced and 2 need considerable help from Compartment Inspector.

Consorzio Agrario: In the seven provinces 3 good directors are operating, 2 have been replaced, one needs to be replaced and one needs further help from the Interregional office. 2252

Transportation for Italian Agric. Officials continues to be an obstacle to efficient operation. Provision of more vehicles and tires is a necessity for satisfactory performance.

Livestock: Committees have been appointed for the purchase of livestock in southern Italy for replacement of work stock in deficient areas of Frosinone, Littoria and Rome Provinces. This program is a necessity to a successful fall planting of grain in these provinces.

Grain harvest estimates are attached to the detailed monthly report. Threshing proceeding slowly due to shortage of POL. Spoilage of grain will occur unless supplies of POL are made available more rapidly.

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

Legal

A.M.G. Courts: Three cases of homicide, induced directly or indirectly by violence on the part of Allied Soldiers, have been tried by General Court. Two resulted in acquittal of the accused; in the third a boy of 16 was sentenced to 2 Years in a reformatory. In some other cases of homicide the accused have been released without trial, because examination of the available evidence indicated that in the particular circumstances no Court could be expected to convict. There are no potential General Court cases outstanding. A number of Superior Courts have sat, mostly to try cases of wrongful possession of fire arms, and have imposed sentences up to 3 years, in many instances suspended wholly or in part where the accused had been a member of a patriot band. Summary Courts call for little comment. Offences against the Proclamations have not been on a large scale. Such cases as have arisen have been well tried, mostly by non-legal Provincial Officers, and records have generally been well kept. All outstanding Petitions had been reviewed prior to the hand over.

Italian Courts: Except in the South of Frosinone Province preture are open and functioning satisfactorily. In the devastated area round Cassino a number of Courts are without pretori, but these are being taken care of by pretori from neighbouring Courts. Few appointments have been requested. All the Tribunali within the Region, except that of Velletri, have been reopened and are functioning satisfactorily. There are no serious arrears of work, but most courts are short-handed and are hampered by damaged or destroyed buildings, loss of furniture, office equipment, papers and records. It has unfortunately not been possible as yet, owing to difficulty with regard to assessori, to hold any sittings of the Courts of Assize. There are not many outstanding Assize Court cases. The Italian judicial personnel have been almost without exception co-operative and helpful. They are almost universally unaffected by political considerations, and only three (all minor Officials) have had to be dismissed for political activities. All have done genuine, hard work to get their Courts back into operation.

Engineering

Transportation: 3400 tons of goods comprising food,

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

legal Provincial Officers, and records have generally been well kept. All outstanding Petitions had been reviewed prior to the hand over.

Italian Courts: Except in the South of Frosinone Province preture are open and functioning satisfactorily. In the devestated area round Cassino a number of Courts are without pretori, but these are being taken care of by pretori from neighbouring Courts. New appointments have been requested. All the Tribunali within the Region, except that of Velletri, have been reopened and are functioning satisfactorily. There are no serious arrears of work, but most courts are short-handed and are hampered by damaged or destroyed buildings, loss of furniture, office equipment, papers and records. It has unfortunately not been possible as yet, owing to difficulty with regard to assessori, to hold any sittings of the Courts of Assize. There are not many outstanding Assize Court cases. The Italian judicial personnel have been almost without exception co-operative and helpful. They are almost universally unaffected by political considerations, and only three (all minor Officials) have had to be dismissed for political activities. All have done genuine, hard work to get their Courts back into operation.

Engineering

Transportation: 3400 tons of goods comprising food, medical supplies, POL and agricultural supplies, plus 361 persons and their baggage, were hauled by means of military and civilian road transport to various destinations throughout Region. Italian civilians were trained and set up in various provinces as organiser of civil transport.

Public Works: Genio Civile was reorganised in all Provinces and surveys of damage made. 91.5 million lire of work was approved and started. A further 45 million lire was under active project.

Public Utilities: Survey of all generating facilities was made and necessary orders given to initiate repairs. Orders were issued rationing electricity and limiting it to essential users.

2251

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

Highways: Contracts were let for maintenance and/or repairs on every main national road. Bridge repairs and works on other roads were initiated. Total value of work not possible to evaluate in advance.

Postal: Services resumed in ROME, VITERBO and FROSINONE Provinces, limited to ordinary letter and P.C. mail not exceeding 210 grams weight. 878 Kgs. of P.C.T. mail was distributed.

Telecommunications: Some reconnaissances were made and measures for repair put in hand.

Public Safety

Rapid strides have been made in the re-organisation of the Police Services. The whole of the Carabinieri are being screened and transferred to other casermas within the Region. The personnel of the Questore, R. Guardia di Finanza and the R. Guardia Forestale are also being checked and screened. Where the officials have fled with the Germans the vacancy has been temporarily filled by an officer of proved loyalty.

They have been paid up to and including the 31st July, 1944, and are receiving proper military rations. Requests have been made for issues of boots and clothing from Italian Army sources.

Now that re-organisation is almost completed the members of the Police Services have regained confidence, they are taking a pride in their appearance, and their efficiency is good according to Italian standards.

They are performing useful duties in the control of refugees, the prevention and detection of crime, and the enforcement of the Proclamations.

The fire Services have lost most of their equipment in the Provinces and in a like manner the equipment of the UNRRA has been lost. The members of these services have been employed on demolition work and debris clearance.

The prisons have been checked and there is no overcrowding. All courts are functioning and there is no delay in bringing prisoners to trial.

In view of the fact that there are huge numbers of UK land mines in the Region it is suggested that leaflets be printed in Italian showing photographs of every known type of

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

They have been paid up to and including the 31st July, 1944, and are receiving proper military rations. Requests have been made for issues of boots and clothing from Italian Army sources.

Now that re-organisation is almost completed the members of the Police Services have regained confidence, they are taking a pride in their appearance, and their efficiency is good according to Italian standards.

They are performing useful duties in the control of refugees, the prevention and detection of crime, and the enforcement of the Proclamations.

The Fire Services have lost most of their equipment in the Provinces and in a like manner the equipment of the UNRRA has been lost. The members of these services have been employed on demolition work and debris clearance.

The prisons have been checked and there is no overcrowding. All courts are functioning and there is no delay in bringing prisoners to trial.

In view of the fact that there are huge numbers of UK land mines in the Region it is suggested that leaflets be printed in Italian showing photographs of every known type of mine and instructions on how to render them harmless. These could be distributed to every comune and where possible defused specimens should be exhibited in the municipio.

Public Health

The general Health of the people remains the same as at the time of the last report. Malaria is still on the increase by this is to be expected. Typhoid has been reported in the Viterbo area but vaccine in sufficient quantities has been furnished. Additional atabrine has been sent to both Frosinone and Littoria Provinces and a large amount is still on hand in the Regional Warehouse. Paris green has also been distributed. The work on Provincial Laboratories and on Hospitals is going forward and doctors are being given permits to return to their former towns. New Medici Provinciali have been placed

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

in Frosinone, Littoria and Rieti, the old ones not being satisfactory. Malaria control still continues in progress and it is felt that the results of these efforts will be seen towards the end of the season. Two CRP units have been delivered to Rieti, Viterbo, Rome, Frosinone and Littoria Provinces. Larger deliveries could have been made, had we been able to have better transport facilities. The 1st Mobile Field Hospital (Italian Red Cross), has been set up at Pescescoa and is functioning, having 39 patients on the last visit. Considerable drugs and other supplies have been furnished. The only change in personnel is the arrival of Lt. Winterstein to assist Maj. Kenny in Welfare.

Public Welfare

Priority in operations was given to establishment of Provincial Departments of Social Welfare, as directed by ACC, RC & LG Sec., Exec. Memo. No. 56. Results:

Departments were established as directed, by decrees of prefects, in Frosinone, Littoria and Rome provinces; Directors for departments were appointed, by decrees of prefects, in Frosinone and Rome provinces where departments were functioning at end of month. In Littoria, directornot yet appointed, awaiting negotiations between ACC Interior Subcommission and Italian Ministry of Interior. In Viterbo and Rieti provinces, departments had not yet been established at month's end, but preliminary steps had been taken and survey made of available administrative personnel. Terni came under Region IV control too late for direct action by this headquarters, but advance discussions were had with ACC officials and interested Italian citizens.

Other public welfare activities during July: Emergency cash relief, on local level, administered by Sindacos under general supervision of C.A.O's; emergency housing facilities provided in certain communes; special services for needy sick were provided. Institutions for orphans and the needy aged were surveyed and where food emergencies were found to exist, assistance was given. Italians living only temporarily in communes of Region IV were given material assistance on local level. Organization for welfare services in Devastated Area near Cassino, planned. Red Cross clothing distributed in Frosinone, Littoria and Rome provinces, and requisitions for clothing needs of Viterbo and Rieti were completed.

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

of Prefects, in Frosinone, Littoria and Rome provinces, Directors for departments were appointed, by decrees of prefects, in Frosinone and Rome provinces where departments were functioning at end of month. In Littoria, director not yet appointed, awaiting negotiations between ACC Interior Subcommission and Italian Ministry of Interior. In Viterbo and Rieti provinces, departments had not yet been established at month's end, but preliminary steps had been taken and survey made of available administrative personnel. Terni came under Region IV control too late for direct action by this headquarters, but advance discussions were had with ACC officials and interested Italian citizens.

Other public welfare activities during July: Emergency cash relief, on local level, administered by Sindacos under general supervision of CAO's; emergency housing facilities provided in certain communes; special services for needy sick were provided. Institutions for orphans and the needy aged were surveyed and where food emergencies were found to exist, assistance was given. Italians living only temporarily in communes of Region IV were given material assistance on local level. Organization for welfare services in Devastated Area near Cassino, planned. Red Cross clothing distributed in Frosinone, Littoria and Rome provinces, and requisitions for clothing needs of Viterbo and Rieti were completed.

Refugees

No special Refugee officer existed on the Staff of Region IV, but close touch was maintained with SCAC's Armies on the one hand and with the Refugee Branch on the other. In the early part of the month there was a threatened wave of refugees from the Arezzo District. On the whole, however, the local inhabitants "stayed put" even in the battle area. The main problem was the beginning of a cross surge of uncontrolled repatriation.

Region IV was however chiefly concerned by this movement in so far as the Rome-Naples traffic, official or otherwise, passed up and down routes 6 and 7. In the fine weather

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

and long daylight hours of July, most of the passengers were able to traverse Frosinone or Littoria without staging overnight.

It is realised that this 'housing' movement in South and Central Italy constitutes a major problem which is being dealt with on AOC level.

Labour

Capt. N.A. Holston was appointed Labour Officer to Region IV on 24 July.

In the short interval of time available before the handover on 31 July, machinery was set in motion for the establishment of Provincial Labour Officers in the Provinces of Littoria and Frosinone, both under Civilian Directors, respectively Doctors Giulio Dumdio, and Domenico Parsi.

Education

Provincial superintendents (Provveditori agli Studi) for each province have been appointed as a result of careful selection; other schools officials and personnel of the school offices have also been appointed. All supervisory officials have been screened, and a number suspended. Hearing Commissions have been set up to hear individual cases of personnel suspended.

Opening of Schools: Practically all schools - elementary and secondary - have opened and are functioning in Littoria and Frosinone provinces - often under unbelievably difficult conditions in makeshift locations. In Rome, Viterbo, and Rieti, schools have begun to function in a number of communes which had less than four months of schooling during the year, and the rest of such communes are rapidly being got ready to open schools.

Text-books & Supplies: Several thousand textbooks, and a considerable number of "quaderni" (childrens note books) have been distributed throughout the communes.

School Lunches: Arrangements have been made for school lunches (soup) in all kindergartens and elementary schools where need exists and facilities can be made available.

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

Provincial superintendents (Provveditori agli Studi) for each province have been appointed as a result of careful selection; other schools officials and personnel of the school offices have also been appointed. All supervisory officials have been screened, and a number suspended. Hearing Commissions have been set up to hear individual cases of personnel suspended.

Opening of Schools: Practically all schools - elementary and secondary - have opened and are functioning in Littoria and Frosinone provinces - often under unbelievably difficult conditions in makeshift locations. In Rome, Viterbo, and Rieti, schools have begun to function in a number of communes which had less than four months of schooling during the year, and the rest of such communes are rapidly being got ready to open schools.

Text-books & Supplies: Several thousand textbooks, and a considerable number of "quaderni" (childrens note books) have been distributed throughout the communes.

School Lunches: Arrangements have been made for school lunches (soup) in all kindergartens and elementary schools where need exists and facilities can be made available. The program is ready to go into immediate effect in Littoria province, and before long in the others.

English Classes: English classes for adults and new English classes in secondary schools have been organized in Littoria province.

Finance: Arrangements for school budgets and payment of salaries have been made and are in operation.

Regional Commissioner

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

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
REGION IV
APO 304

MONTHLY REPORT, JULY 1944, ROME REGION

9 August 1944

A. POLITICAL SITUATION.

The people of Rome are restless and undernourished and for this reason the political situation is more tense than during the previous month. The first flush of occupation is over and the city is settling down to the grind of everyday living. The conditions are being exploited by the Communists who say: "What are England and America doing for the people of Italy? Where is the fulfilment of all the promises?"

Not only are the people of Rome disappointed in the AMG administration but even the local public officials are confused and unfavorable in their attitude.

There is a constant and increasing demand for pasta. The people have only fruit, vegetables and bread, and no method of cooking food.

B. No separate autonomous divisions of this region.

C. ECONOMICS AND SUPPLY.

Supply.

1. During July activities of Economics and Supply were rapidly expanded and developed. The categories are food supply, food administration, industry, alcoholic beverages, price control and coal for all uses except electric and gas plants. Food Section took over the management of "Serral" of "Azienda Servizio Annonario" which operates the central markets and movement of fresh produce: "Tesseramento" the Ration Card Division; "Ufficio" the general cereal and wheat control office; Flour and Paste factories; the procuring of charcoal and wood for bakeries; and stimulated the recovery of fisheries, soap works etc.

2. During July 8,160 short tons of imported foods were received, 7,968 tons going to the people through channels, 93 tons to kitchens, and 99 tons to hospitals (consisting almost entirely of evaporated and powdered milk). In addition the Vatican received 945 tons of food supplies of all sorts. The distribution of food to the people as indicated above equals 164 grams per person per day. The ration scale laid down by ACC calls for 305.2 grams per day. Failure of sufficient supplies arriving in Rome is responsible for our inability to meet the ACC scale (which is itself actually the bare minimum requirements). Of the 164 grams per day delivered per person 160 grams of this was flour.

3. Markets. Fresh produce, vegetables and fruit which averaged less than 3,000 quintals per day at the end of June had risen to 4,484 quintals per

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

There is a constant and increasing demand for pasta. The people have only fruit, vegetables and bread, and no method of cooking food.

B. No separate autonomous divisions of this region.

C. ECONOMICS AND SUPPLY.

Supply.

1. During July activities of Economics and Supply were rapidly expanded and developed. The categories are food supply, food administration, industry, alcoholic beverages, price control and coal for all uses except electric and gas plants. Food Section took over the management of "Secral" of "Azienda Servizio Annonario" which operates the central markets and movement of fresh produce: "Tesseramento"the Ration Card Division: "Ucefan" the general cereal and wheat control office; Flour and Paste factories: the procuring of charcoal and wood for bakeries: and stimulated the recovery of fisheries, soap works etc.

2. During July 8,180 short tons of imported foods were received, 7,968 tons going to the people through channels, 93 tons to kitchens, and 90 tons to hospitals (consisting almost entirely of evaporated and powdered milk). In addition the Vatican received 945 tons of food supplies of all sorts. The distribution of food to the people as indicated above equals 184 grams per person per day. The ration scale laid down by ACC calls for 902.2 grams per day. Failure of sufficient supplies arriving in Rome is responsible for our inability to meet the ACC scale (which is itself actually the bare minimum requirements). Of the 184 grams per day delivered per person 130 grams of this was flour.

3. Markets. Fresh produce, vegetables and fruit which averaged less than 3,000 quintals per day at the end of June had risen to 4,474 quintals per day by the end of July, some days reaching as high as 6/7000 quintals.

4. Flour. Flour production began on 22 July from local grown wheat, and from that date has averaged 2.5 metric tons per day. Local flour was darker than imported flour and caused some criticism due to the fact that bakers found it difficult to make good bread from flour milled from fresh wheat on the ACC proportion of 100 flour equals 175 bread. ACC modified its formula and improvement followed. Paste manufacture was started on 10 July and by 31 July 840 metric tons had been produced an average of 76 metric tons per day.

5. Warehouse and Ports. In the period 27 May to 7 July 10,000 tons of goods came through Anzio. 3,000 truck loads were forwarded with a known loss of only two trucks and an untraced receipt of eight others. Anzio Depot was closed 7 July. Aside from supplies to Rome, Anzio Depot, on orders from ACC officials, furnished 2,611 short tons, divided between Fifth Army, Eighth Army, Region IV, and ACC forward dumps. A week after Anzio was closed, the port of Anzio at the request of ACC was opened by this Division. Port operations,

8124 1C3. admin 35

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

unloading of schooners, and forwarding of supplies was handled by one officer and two EM despatched to do this work.

In Rome 176 wholesale dealers and storage warehouses with a gross capacity of 35,000 metric tons are under the control of this Division.

Shipments to Rome out of Naples to Sessa Aurunca of 3,000 tons, and during the latter part of the month from Civitavecchia, have been handled by this Division. 282 freight cars were checked in from Civitavecchia.

Coal requirements for other than electric plants and gas works are being collated.

6. Accounting. No goods have been moved from any depot controlled by this Division without proper papers. Losses have been 0.2%.

Industry and Commerce.

1. Steps have been taken to push the production of candles and soap which should enable distribution of 50 grams candles and 100 grams of soap per person per month beginning 1 September. Inspections and protective measures have been taken in respect of 26 industrial plants.

2. Price Control Committee. This office, set up in July, is an independent Italian organization under control of Economics and Supply Division. There are HC offices with adequate staff and regular meetings are being held. Market produce, industrial and commercial articles and services have received consideration.

Under foods, prices for fruits and vegetables, salt, fish, and meats have been fixed. Textiles, shoes and charcoal are under consideration. Services such as bars, restaurants, laundries and barbers have had prices fixed. Price lists for all of these have been prepared, printed, and ordered posted in all shops.

3. A separate section was set up to handle the many people endeavouring to bring wine and liquor into Rome. Eleven permits up to 11 July for bringing wine into Rome from outside Region IV had been granted. Since that time no permits have been issued.

No distillation or brewing has yet been undertaken by this section, due to shortage of raw supplies.

D. AGRICULTIRE.

Chief activity has been to return farmers to their farms. 155 permits have been granted. Farms have been inspected in the governatorato and plans worked out for moving wheat from farms to flour mills in Rome. Rome Region had no Agricultural Officer during July but acquired an Agricultural Section on 1 August from Region IV (old).

E. LABOR.

3,358 persons referred for employment. 37,3777 are still registered for employment.

Contractors engaged in contractual work for the armed services, who entered into collective contracts with their employees prior to our occupancy are paying wages in excess of the scale laid down in Administrative Instruction No. 24 with some legal justification. As a result the employing units of . .

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

are being held. Market produce, industrial and commercial articles and services have received consideration.

Under foods, prices for fruits and vegetables, salt, fish, and meats have been fixed. Textiles, shoes and charcoal are under consideration. Services such as bars, restaurants, laundries and barbers have had prices fixed. Price lists for all of these have been prepared, printed, and ordered posted in all shops.

3. A separate section was set up to handle the many people endeavouring to bring wine and liquor into Rome. Eleven permits up to 11 July for bringing wine into Rome from outside Region IV had been granted. Since that time no permits have been issued.

No distillation or brewing has yet been undertaken by this section, due to shortage of raw supplies.

D. AGRICULTIRE.

Chief activity has been to return farmers to their farms. 155 permits have been granted. Farms have been inspected in the governatorato and plans worked out for moving wheat from farms to flour mills in Rome. Rome Region had no Agricultural Officer during July but acquired an Agricultural Section on 1 August from Region IV (old).

E. LABOR.

3,858 persons referred for employment. 37,3777 are still registered for employment.

Contractors engaged in contractual work for the armed services, who entered into collective contracts with their employees prior to our occupancy are paying wages in excess of the scale laid down in Administrative Instruction No. 24 with some legal justification. As a result the employing units of the armed services are experiencing a heavy labor turnover.

The Italian General Confederation of Labor which was organized in Rome appears to have extended its influence to other parts of Italy.

On 1 July 1944 Giuseppe Togni was appointed Provincial Labor Director. The Provincial Labor Office has been functioning satisfactorily. There have been no strikes. There has been some friction, mostly political, in the Telephone Company and in Italcable.

Special attention has been given to Previdenza, Infortuni and Malattie.

F. PUBLIC WORKS AND UTILITIES.

1. <u>Water.</u> Water continues to be a major problem. The mains between the springs and Tivoli are in wooden troughs which will have to be replaced with permanent structures before the fall rains. The Marcia aqueduct, with temporary repairs, is operating 87% of normal. Breaks in the

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

22.6

local system have deprived certain areas of water for periods of one to ten days. Repair work is in progress. Military installations with pumps have lowered the mains of pressure until higher levels have no water. This situation will not change until the springs are functioning at 100%, estimated by 15 September, and military installations have left the area.

Water service has been restored to Fiumicino, the Lido, Cinecitta and the Airport.

2. Electricity. The electrical situation remains the same and is still not secure. Only about 250 tons of the 400 tons of coal needed daily for electricity production is coming to Rome. Rome Region receives power from seven hydro-electric plants, in addition to the two thermal stations located in Rome. Some 16,000 kilowatts are being received from the hydro-electric stations. One of the 10,000 kw turbines of the Societa Romana di Elettricita is operated continuously; for 16 hours of the day operation is at approximately 90% to 100% of rated capacity.

Delivering energy to the network from these installations involved reconstruction work on damaged transmission lines between the respective plants and Tivoli.

Decrease in water level in the Tiber endangered the cooling pumps to the condensers in the SRE Plant. A temporary dam has been constructed across the river and the water level increased by 9" at the suction intakes.

A new rationing plan for non-preferential consumers was put into effect on 23 July. This provides that one-quarter of the civilian and military non-preferential consumers receive electricity every fourth day for a period of sixteen hours. This schedule is being maintained.

3. Tram Lines. Operation of street cars is being continued on a restricted basis. A new plan of operation which provides for longer hours of service became effective on 4 August. This plan involves no increase in power consumption.

4. Gas. No change.

5. Garbage and Street Refuse Material. No change.

6. Sewers. No change.

G. PUBLIC SAFETY.

No serious trouble and state of crime is low. Two incidents of importance. The first - several hundred civilians assembled at the Azienda Servizi Annonari, Via Carducci. Some 200 forcibly entered the offices and threw the records into the street. Disorder but no personal injury. The demonstration was non-political and a protest against the imposition of a 3% tax on sales of fruit vendors. Twelve arrests were made. No similar incident since. The second - Allied soldiers held a dance in the Pichetti Dance Hall to which Italian girls had been invited. A certain section of the male population resented this fraternization, and when the girls left the hall one girl's hair was cut off. Allied soldiers intervened and there was a clash between Allied Military and Italian civilians. A few civilians were arrested - no injuries.

Another hair cutting episode took place later. The culprit, an

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

to the condensers in the SRE Plant. A temporary dam has been [illegible] across the river and the water level increased by 9" at the suction intakes.

A new rationing plan for non-preferential consumers was put into effect on 23 July. This provides that one-quarter of the civilian and military non-preferential consumers receive electricity every fourth day for a period of sixteen hours. This schedule is being maintained.

7. Tram Lines. Operation of street cars is being continued on a restricted basis. A new plan of operation which provides for longer hours of service became effective on 4 August. This plan involves no increase in power consumption.

4. Gas. No change.

5. Garbage and Street Refuse Material. No change.

6. Sewers. No change.

G. PUBLIC SAFETY.

No serious trouble and state of crime is low. Two incidents of importance. The first - several hundred civilians assembled at the Azienda Servizi Annonari, Via Carducci. Some 200 forcibly entered the offices and threw the records into the street. Disorder but no personal injury. The demonstration was non-political and a protest against the imposition of a 3% tax on sales of fruit vendors. Twelve arrests were made. No similar incident since. The second - Allied soldiers held a dance in the Pichetti Dance Hall to which Italian girls had been invited. A certain section of the male population resented this fraternisation, and when the girls left the hall one girl's hair was cut off. Allied soldiers intervened and there was a clash between Allied Military and Italian civilians. A few civilians were arrested - no injuries.

Another hair cutting episode took place later. The culprit, an Italian marine, was arrested.

To avoid any such incidents in the future 190 metropolitani are interspersed with British Military Police. 200 CC.RR now patrol with American MPs. Some Italian naval police are also patrolling.

Police forces at 31 July totalled 17,200 men. General Taddeo Orlando was appointed GOC CC.RR by the Italian government, and General Filippo Caruso for Rome and Florence regions.

Nine public meetings were held by various political parties. There was no disorder at any of these meetings.

In the defascistisation programme a large number of former fascists have been removed from office.

A large number of firearms, explosives and miscellaneous weapons have been surrendered.

Several hundred escaped German prisoners have been rounded up and sent to POW camps and in addition a large number of criminals set free by the Germans from Regina Coeli prison upon our entrance into Rome have been rearrested.

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

Pietro Caruso, ex-chief of police under the Germans was caught due to an injury, and is now in jail awaiting trial as a war criminal.

There have been no strikes and no cases reported of sabotage.

The number of inmates in Rome prisons as of 31 July is 1,587. Three prison officials have been removed from office - the prisons are clean and sanitary.

On 26 July, in conjunction with RAAC a trial air alert took place. This was done for the purpose of checking sirens and air raid machinery. While the result was reasonably good steps are being taken for the improvement of all equipment in operation.

Unemployment growing in Rome and from a public safety point of view is not good. There are approximately 40,000 registered unemployed in Rome, many of them young men.

Early in the month curfew was altered from 2200 to 2300 hours and is reasonably well observed.

There were 112 fires during the month. All calls promptly answered although shortage of water at times was a problem. The strength of the fire brigade is 958 officers and men.

An unauthorized recruiting office for Armata Rossa sprang up. The principal was arrested and sentenced to three months imprisonment. The recruiting office was closed down.

Figures for street accidents will not be available but the number of accidents is higher in July than it was in June. Steps are being taken in conjunction with military authorities to improve the situation and a speed limit of 25 miles per hour has been imposed. A campaign has been commenced for the education of civilians not to walk in the roads.

Allied Courts. During the period of this report Allied Military Courts have disposed of a total of 764 cases. Their Calendars at present are up to date.

Italian Courts. During the month of July approximately 3,000 cases were referred to the Italian Courts from Allied Courts. From present information only a bare majority of the cases have been properly dealt with. There is room for improvement in the operation of the Italian Courts. They are not so far behind with their cases that drastic action may be necessary.

A. PUBLIC HEALTH AND WELFARE.

Public Health. The general health has been satisfactory and there has been nothing of epidemic character. The basic food ration is still insufficient but no evidences of starvation exist. However, unless the situation is ameliorated soon - there will be visible signs among the population. The preoccupying circumstance is the infant mortality under one year of age - by July has risen to 300 per 1000. To counteract this all powdered milk has been frozen for infant use and a ration of 130 grams of powdered milk for each child daily is being used.

Communicable Disease. There has been daily report of seven cases of Typhoid per day, not unusual for this time of the year. Investigations prove it is not from regular water supply but due to fruit and vegetables. Most cases, however, have contracted it in outlying areas.

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

principal was arrested and sentenced to three months imprisonment. The recruiting office was closed down.

Figures for street accidents will not be available but the number of accidents is higher in July than it was in June. Steps are being taken in conjunction with military authorities to improve the situation and a speed limit of 25 miles per hour has been imposed. A campaign has been commenced for the education of civilians not to walk in the roads.

Allied Courts. During the period of this report Allied Military Courts have disposed of a total of 764 cases. Their Calendars at present are up to date.

Italian Courts. During the month of July approximately 7,000 cases were referred to the Italian Courts from Allied Courts. From present information only a bare majority of the cases have been properly dealt with. There is room for improvement in the operation of the Italian Courts. They are now so far behind with their cases that drastic action may be necessary.

H. PUBLIC HEALTH AND WELFARE.

Public Health. The general health has been satisfactory and there has been nothing of epidemic character. The basic food ration is still insufficient but no evidences of starvation exist. However, unless the situation is ameliorated soon - there will be visible signs among the population. The preoccupying circumstance is the infant mortality under one year of age - by July has risen to 300 per 1000. To counteract this all powdered milk has been frozen for infant use and a ration of 130 grams of powdered milk for each child daily is being used.

Communicable Disease. There has been daily report of seven cases of Typhoid per day, not unusual for this time of the year. Investigations prove it is not from regular water supply but due to fruit and vegetables. Most cases, however, have contracted it in outlying areas.

Water Supply and Sewage. Sewage disposal is satisfactory. The water supply from the four sources is all chlorinated and daily analysis prove it to be potable. Work is being pushed to repair damage done at the sources before the rainy season. If this is not being completed it will have serious repercussions.

Hospitals. The situation is chaotic and deplorable because of bad administration. Some changes have been caused internally. A study is in progress and suggestions will be made in the future. The patients have not received up to this date the basic ration laid down by Public Health Sub-Commission, ACC. Some temporizing and help has been given over the civilian basic ration. It is assured that for the month of August the basic hospital ration will be forthcoming. However, even rations delivered are not getting to the individual patients. A plan for control through dieticians is being prepared.

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

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

Medical Supply. Supplies have been issued to the main hospitals. There are difficulties because of the procedure as to payment. Italian officials have been set to obstruct our process and progress for release of supplies is slow. Meetings have been held with the Italian producers, wholesalers and pharmacists to see what can be done to release local supplies.

Malaria. Work has been proceeding under Major ANDERSON, handicapped by lack of transport and fuel and minefields. The various bonifiche are doing small work and army units are carrying out intense work in the Agro Romano. However, the number of cases of malaria has risen to 500 per week with unit in Fiumicino and 345 at Ostia. Work in Rome City is proceeding.

Miscellaneous. Other Parastatal medical agencies such as Maternita e Infanzia, Consorzio Antitubercolare, Italian Red Cross are in a bad state. Their only salvation is a fundamental reorganization.

WELFARE.

At the beginning of the month 152,100 meals per day were being served in popular soup kitchens, while 51,000 were being served in industrial kitchens, making a total of 203,100. At the end of the month, 172,400 meals were being served in popular kitchens and 51,000 in industrial kitchens, making a total of 223,400, an increase of about 26,000 daily.

Ente Assistenza di Roma (EAR) has been found to be inadequate and poorly administrated. At the beginning of the month a new Director was approved. This arm has proved so far ineffective. Schede Personale has been completed of all the personnel of EAR and action has been taken to eliminate undesirables from the Staff.

Relations with the Church in welfare work have been excellent. The Pontifical Committee has been very helpful in returning many refugees to their homes and has assisted in the emergency care of refugees coming to Rome from the north. The help of these Church people has been invaluable.

Because of the season of the year, clothing needs have not been apparent. However, during the winter months considerable clothing will be needed in the Rome area, with special emphasis on shoes. Some shoes and clothing are available in EAR stores. During the month, 20 tons of clothing were salvaged through the Army from Mussolini Forum.

On 20 July Signor Rosetti was appointed by the Regional Commissioner as Commissioner for Housing.

Due to the great need and multiplicity of problems and many institutions, progress has been slow in obtaining results in the solution of public welfare problems in Rome Region. With the staff of one officer and two temporary Red Cross workers, it has been difficult to handle the welfare situation. Little cooperation has been received from Italian public officials, but excellent cooperation has been received from Church officials. Many people in Rome Region are in dire need of better public assistance, and much distress has been encountered at every turn. Ente Assistenza di Roma is ineffective and must be completely reorganized under better leadership. A civilian staff of four administrative assistants have been hired, and they are effectively assisting in the problem.

The clearing of refugees from Rome City has barely been started. Much of this Department's time has been spent with refugees. Other than the work completed by the Pontifical Refugee Committee, little progress has been

administrated. At the beginning of the month a new Director was approved. This man has proved so far ineffective. Schede Personale has been completed of all the personnel of EAR and action has been taken to eliminate undesirables from the Staff.

Relations with the Church in welfare work have been excellent. The Pontifical Committee has been very helpful in returning many refugees to their homes and has assisted in the emergency care of refugees coming to Rome from the North. The help of these Church people has been invaluable.

Because of the season of the year, clothing needs have not been apparent. However, during the winter months considerable clothing will be needed in the Rome area, with special emphasis on shoes. Some shoes and clothing are available in EAR stores. During the month, 22 tons of clothing were salvaged through the Army from Mussolini Forum.

On 20 July Signor Rosetti was appointed by the Regional Commissioner as Commissioner for Housing.

Due to the great need and multiplicity of problems and many institutions, progress has been slow in obtaining results in the solution of public welfare problems in Rome Region. With the staff of one officer and two temporary Red Cross workers, it has been difficult to handle the welfare situation. Little cooperation has been received from Italian public officials, but excellent cooperation has been received from Church officials. Many people in Rome Region are in dire need of better public assistance, and much distress has been encountered at every turn. Ente Assistenze di Roma is ineffective and must be completely reorganized under better leadership. A civilian staff of four administrative assistants have been hired, and they are effectively assisting in the problem.

The clearing of refugees from Rome City has barely been started. Much of this Department's time has been spent with refugees. Other than the work completed by the Pontifical Refugee Committee, little progress has been made. In addition, many refugees have arrived, coming from the North.

2243

I. EDUCATION.

Higher Education.

University of Rome. 25 Professors were removed from their Chairs on 5 July because of their fascism. The Committee of University Rehabilitation continued to examine the records of all University personnel and submitted recommendations for further removals at the end of the month. A plan for examinations and accelerated courses starting 1 September was approved.

Academy of Italy. Prof. Vincenzo Rivera was appointed Commissioner. A comprehensive plan was approved for incorporating the best non-political elements of the Academy into the old Academy dei Lincei.

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

Declassified E.O. 12356 Section 3.3/NND No. 785014

Royal Academy of Santa Cecilia. Count Aurelio E. Saffi was appointed Commissioner. Funds were provided through the normal AMG channels for a series of concerts by the Academy's symphony orchestra. Fascists were removed from the Academy's administration and the records of the teaching personnel were placed under examination.

Royal Opera. Avv. D'Adamo was appointed Commissioner. Funds were provided for a season of Summer Opera to begin on 3 August.

Colonial Institute. Count Ricotti Prina was appointed Commissioner, and Fascists were removed.

Theaters. Licenses for 40 theatrical performances were issued.

Secondary Education.

The Provveditore agli Studi, Raimond Solaris, should make a capable school official as evidenced by his work during these first few weeks. The Provveditorato is well organized and two cars have been obtained for the use of the staff. The administrative staff consists of a chief inspector and 74 Direttori in the City of Rome and five inspectors and 25 direttori in the Province.

In the City and the Province are 116 secondary schools, each headed by a preside. Most of the school administrators have now been vetted, 33 of whom have been suspended. Hearing Commissions have been appointed to hear appeals of suspended personnel. Instructions have been sent to all sindaci requesting that locations for schools be put in order immediately. Inspectors have been instructed to open schools in 65 communes where schools were not in operation at least four months last year. At present schools have been opened and are operating in four communes. Programs of Study have been issued for all elementary and secondary schools. Textbooks will be supplied.

Arrangements have been made for financing the schools and teachers have been paid to date. A plan for providing school lunches to elementary and asili children has been organized and sindaci notified.

J. REFUGEES.

During the month of July the camps at Cesano and Cine Citta were operating. As of 31 July they were turned over to local government and refugee branch personnel withdrawn except in those cases where an overlap would be of advantage.

The Eighth Army began a large evacuation program southward. All these evacuees were from districts South of Rome. They were handled by the facilities of the camps and transport of Rome Region, in addition to special groups of refugees consisting of 180 to Frosinone and 120 to Gaeta.

Figures were:

To Cesano 2517	To Cine Citta 2262
From Cesano 3141	From Cine Citta 1540

The evacuation figures south included 400 Sicilians to their homes. Numbers remaining on 31 July were:

Cesano 4045;	Cine Citta 778

In the City and the Province are 118 secondary schools, each headed by a preside. Most of the school administrators have now been vetted, 32 of whom have been suspended. Hearing Commissions have been appointed to hear appeals of suspended personnel. Instructions have been sent to all sindaci requesting that locations for schools be put in order immediately. Inspectors have been instructed to open schools in 65 communes where schools were not in operation at least four months last year. At present schools have been opened and are operating in four communes. Programs of Study have been issued for all elementary and secondary schools. Textbooks will be supplied.

Arrangements have been made for financing the schools and teachers have been paid to date. A plan for providing school lunches to elementary and asili children has been organized and sindaci notified.

J. REFUGEES.

During the month of July the camps at Cesano and Cinc Citta were operating. As of 31 July they were turned over to local government and refugee branch personnel withdrawn except in those cases where an overlap would be of advantage.

The Eighth Army began a large evacuation program southward. All these evacuees were from districts South of Rome. They were handled by the facilities of the camps and transport of Rome Region, in addition to special groups of refugees consisting of 180 to Frosinone and 120 to Gaeta.

Figures were:

To Cesano 2517	To Cinc Citta 3769
From Cesano 3141	From Cinc Citta 1540

The evacuation figures south included 400 Sicilians to their homes. Numbers remaining on 31 July were:

Cesano 4945;	Cinc Citta 778

K. COMMUNICATIONS.

2242

1. Roads. No change.
2. Rail. No change.
3. Telephones. During the month practically all civilian telephone subscribers were reconnected within the Rome City net ork. Rationing was enforced for civilian subscribers, but certain essential subscribers are allowed a larger number of calls.

A survey made of principal exchanges in the provinces to assess damage and the possibility of making good. Work has been commenced on restoration of circuits from Rome to Velletri, Littoria, Frosinone, etc. Telephone circuits from Rome to Naples have been made available for use by Italian Government department.

4. Telegraphs. Telegraph facilities from Rome to Naples and Southern Italy under Italian State control has been made available to both the Italian Government departments and civilians.

Telegraph circuits to several town in Lazio are under construction.

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

5. Censorship. No change.

6. Postal Service. Postal services within the City of Rome are progressing. The following services have been extended as published in Regional Order No. 2:

Letter mail service with all of Southern Italy and Sicily:
Money Order service with all of Southern Italy and Sicily:
Registered letter service with all of Southern Italy and Sicily:

International mail service, letters only, with all allied and neutral countries;

Exchanges of prisoner of war mail between allied and enemy countries;

International Red Cross message forms, whereby civilians can correspond with civilians in enemy occupied countries;

Telegraph money order service with Southern Italy and Sicily:
Mailing of newspapers within the City of Rome was extended.
Vetting of Post Office personnel was carried out and approximately 250 employees were suspended for Fascist activities.

L. PROPERTY CONTROL.

Property Control activities reached the point of satisfactory control. There are 63 business and corporate properties under our supervision, together with 3 banks. Bank accounts have been subjected to a uniform system of reporting. Work has been done on securities and credits. There are 329 pieces of real and personal property under our supervision, 254 having been sequestrated and 75 representing unsequestrated personal property in storage. 8 properties have been returned to the owners or legal representatives.

The Regional Commissioner's Administrative Order No. 39 will curb any tendency to dispose of assets of Fascist organizations abolished under the order of 13 June 1944, but progress is slow in getting inventories etc., because of staff limitations. There have been several requests to take over nonfascist organizations such as E.N.I.C. and a request to take over L.U.C.E., but unless there is a showing of dissipation of assets we have not requested the Regional Commissioner to authorize our taking them over. Staff relationships have been excellent and every reasonable assistance has been given. The copy of the report to A.C.C. will carry balance sheets on business properties and banks.

M. FINANCE.

1. The Banking situation developed normally and satisfactorily during the month and deposits by the public increased by some 1,079 million lires during the period, showing increased confidence in the banks.

2. All financial services of the Comune di Rome resumed normal operations and Tax collections were satisfactory.

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

etely 250 employees were suspended for fascist activities.

L. PROPERTY CONTROL.

Property Control activities reached the point of satisfactory control. There are 68 business and corporate properties under our supervision, together with 3 banks. Bank accounts have been subjected to a uniform system of reporting. Work has been done on securities and credits. There are 379 pieces of real and personal property under our supervision, 254 having been sequestrated and 75 representing unsequestrated personal property in storage. 8 properties have been returned to the owners or legal representatives.

The Regional Commissioner's Administrative Order No. 32 will curb any tendency to dispose of assets of Fascist organizations abolished under the order of 13 June 1944, but progress is slow in getting inventories etc., because of staff limitations. There have been several requests to take over nonstated organizations such as E.N.I.C. and a request to take over L.U.C.E., but unless there is a showing of dissipation of assets we have not requested the Regional Commissioner to authorize our taking them over. Staff relationships have been excellent and every reasonable assistance has been given. The copy of the report to A.C.C. will carry balance sheets on business properties and banks.

M. FINANCE.

1. The Banking situation developed normally and satisfactorily during the month and deposits by the public increased by some 1,079 million lires during the period, showing increased confidence in the banks.

2. All financial services of the Comune di Rome resumed normal operations and Tax collections were satisfactory.

3. Payments on account of Government Debt, Capital and Interest, totalled some 316 million lire, whilst the movements on Treasury bills were as follows:

New Issues	399 million Lire
Maturities paid	87 million lire
Maturities renewed	536 million Lire

4. The Stock Exchange reopened on 1 August 1944 for dealings for cash only and in Government and other Bonds only. Press comment very favorable.

5. Safe Deposit Box Control is to be modified and all boxes except those specifically blocked by AMG will be free without any control on the part of AMG.

6. The following sums were placed at the disposal of the various bodies in July for current purposes:

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

City of Rome	116.850.000 Lire
Ente Assistenza di Roma	30.000.000 Lire
Special Public Works, Rome	56.100.000 Lire
Teatro Reale dell'Opera	3.000.000 Lire
Accademia Reale S. Cecilia	4.000.000 Lire
State etc. Organisat. & Sundries	5.630.000 Lire

7. The Italian Moratorium in Rome Commune will be abrogated in the course of a few days.

8. The situation in Rome Commune, from a financial point of view, may be considered satisfactory.

N. DISPLACED PERSONS

There are 6,115 Displaced Persons of 45 Allied Nations in Rome Region. This includes stateless people, and clerics of various religious orders.

Allied Nationals who can afford to, live at "Hotel Nizza," which has been reserved, by this office; all others who are either houseless, or have recently come from the front lines, are housed at "Cine Citta" Camp. Many Allied Nationals have been directed to camp in Southern Italy through means of organized transportation. The evacuation and eventual repatriation of over 600 Maltese has been also organized.

The Allied Nationals enjoy also medical assistance, which consists of doctor's assistance from ADMS, IDPSC Sub-Commission, special medical supplies, supplementary ration cards for the sick, 1075 medical certificates have been submitted to us, and to date about 741 supplementary food ration cards have been distributed. Besides the above mentioned, these Allied Nationals, without exception have received extra bread ration cards of 100 grams extra daily.

Upon our request the representatives of different Allied Nationals have submitted to this office a list of names qualified to do given jobs, many of them have been employed through our Allied Agencies. The work of registration of Allied Nationals proceeds satisfactorily. The registration cards are completed properly and sent to "Records Bureau" IDPSC - ACC.

Children will be sent, for a period from two weeks to two months to the Fiuggi Center. This includes 78 children of various nationalities.

O. BLACK MARKET

There is no appreciable black market in civilian supplies imported by AMG. Checks and investigations indicate prices for these supplies on black market are constantly on the increase. Several bakers arrested for having sold flour - one given five years.

Black Market control system started 1 July and resulted in prices being stabilised on non-rationed foods and keeping these foods in normal channels during the critical period when insufficient quantities of produce were brought into the city. Normal supply of these foods has increased as of 31 July. During July 800 arrests and convictions have been

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

recently come from the front lines, are housed at "Cine Citta" Camp. Many Allied Nationals have been directed to camp in Southern Italy through means of organized transportation. The evacuation and eventual repatriation of over 600 Maltese has been also organized.

The Allied Nationals enjoy also medical assistance, which consists of doctor's assistance from AD&S, IDPSC Sub-Commission, special medical supplies sup lementary ration cards for the sick, 1075 medical certificates have been submitted to us, and to date about 741 supplementary food ration cards have been distributed. Besides the above mentioned, these Allied Nationals, without exception have received extra bread ration cards of 100 grms extra daily.

Upon our request the representatives of different Allied Nationals have submitted to this office a list of names qualified to do given jobs, many of them have been employed through our Allied Agencies. The work of registration of Allied Nationals proceeds satisfactorily. The registration cards are completed properly and sent to "Records Bureau" IDPSC - ACC.

Children will be sent, for a period from two weeks to two months to the Fiuggi Center. This includes 78 children of various nationalities.

O. BLACK MARKET

There is no appreciable black market in civilian supplies imported by AMG. Checks and investigations indicate prices for these supplies on black market are constantly on the increase. Several bakers arrested for having sold flour - one given five years.

Black Market control system started 1 July and resulted in prices being stabilized on non-rationed foods and keeping these foods in normal channels during the critical period when insufficient quantities of produce were brought into the city. Normal supply of these foods has increased as of 31 July. During July 200 arrests and convictions have been obtained for violations of the control system.

Troops are still eating in civilian restaurants, but due to the control system it is increasingly difficult for restaurants to replenish their stocks and the number of meals served to troops is decreasing.

Prices have been fixed on many items and services. A number of stores have been closed for failure to post their prices conspicuously for charging excessive prices.

The Prosecution Office has prosecuted 168 cases and obtained 167 convictions. Pre-existing Italian enforcement agencies engaged in fighting black market are working effectively under the supervision of the Division.

It is necessary that continuous supervision and encouragement be given to the Italian enforcement agencies. At the present time the attitude of the public towards these agents is not one of fear or respect. However, the public is gradually gaining more confidence in the integrity of its own agents.

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

P. CIVIL AFFAIRS.

218 families were evacuated from Lido di Roma and Fiumicino area for military reasons. This movement was accomplished without hardship to the civilians and a day earlier than requested. The C.A.O. remained in the area supervising this movement and the moving of a ferry used by civilians.

Exhorbitant prices charged by commercial fishermen in Fiumicino received forthright attention. The price of fish in this area has been reduced more than 50%. Prices for vegetables have been stabilized on a lower basis.

Local Italian authorities are functioning in the Fiumicino area. There is no disorder. The health situation is satisfactory. The civil population is well fed. There has been a return to normalcy.

Due to a reduction in staff, Civil Affairs and all things pertaining thereto were handled by one officer for almost the entire month of July.

G. MONUMENTS, FINE ARTS AND ARCHIVES.

1. Monuments and Fine Arts. The Director was appointed by A.C.C. as a member of a Board of Officers to report on bomb damage in Rome. Damages were slight.

Several projects of repairs to national monuments are under way. Difficulties of transport and obtaining materials hamper work of the Division.

Looting and vandalism by U.S. troops at Ostia referred to Provost Marshal, A.A.F.C. for necessary action.

The Director is organizing two exhibitions of art treasures. One is the Masterpieces of European Painting to be held in the Palazzo Venezia; the other is Masterpieces of Classical Sculpture to be held in the Conservatori Museum. Both are well under way and it is hoped to open them late in August.

2. Archives. The Italian Government has issued an important circular in connection with the Archives over the signature of Prime Minister Bonomi.

The importance of the Archives in the Ministry of Corporations which were barely saved from destruction when that building was occupied by the Headquarters of Allied Control Commission was emphasized recently by the urgent request for the use of these documents by the new Ministry of Industry, Commerce and Labor.

Looting by Allied troops among the archives of the Italian Air Ministry (occupied by Headquarters of A.A.I.) has been suppressed.

Certain personal papers, books etc. of Mussolini, remaining in the Palazzo Venezia, have been removed for safer keeping into a guarded repository in the Ministry of Interior (Viminale) where the remainder of the Archivio Ordinario of Mussolini is housed.

Information relating to the whereabouts of the Secret Archives of Mussolini in North Italy has been passed to the Partisans working in the area.

The Archives Officer has made three tours of inspection to war damaged centers, accompanied by a representative of the Vatican Archives and the Superintendent of the Italian State Archives.

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

1. Monuments and Fine Arts. The Director was appointed by A.C.C. as a member of a Board of Officers to report on bomb damage in Rome. Damages were slight.

Several projects of repairs to national monuments are under way. Difficulties of transport and obtaining materials hamper work of the Division.

Looting and vandalism by U.S. troops at Ostia referred to Provost Marshal, A.A.F.C. for necessary action.

The Director is organizing two exhibitions of art treasures. One is the Masterpieces of European Painting to be held in the Palazzo Venezia; the other is Masterpieces of Classical Sculpture to be held in the Conservatori Museum. Both are well under way and it is hoped to open them late in August.

2. Archives. The Italian Government has issued an important circular in connection with the Archives over the signature of Prime Minister Bonomi.

The importance of the Archives in the Ministry of Corporations which were barely saved from destruction when that building was occupied by the Headquarters of Allied Control Commission was emphasized recently by the urgent request for the use of these documents by the new Ministry of Industry, Commerce and Labor.

Looting by Allied troops among the archives of the Italian Air Ministry (occupied by Headquarters of A.A.I.) has been suppressed.

Certain personal papers, books etc. of Mussolini, remaining in the Palazzo Venezia, have been removed for safer keeping into a guarded repository in the Ministry of Interior (Viminale) where the remainder of the Archivio Ordinario of Mussolini is housed.

Information relating to the whereabouts of the Secret Archives of Mussolini in North Italy has been passed to the Partisans working in the area.

The Archives Officer has made three tours of inspection to war damaged centers, accompanied by a representative of the Vatican Archives and the Superintendent of the Italian State Archives.

R. SECURITY AND INTELLIGENCE.

This Branch during the month was interested in

1. Investigation of civilian AMG employees, with 186 screened and 31 discharged.

2. Compilation of Black List and of dossiers and a card index. These files contain information of the 4,015 cases and there are case files on 1,155 persons.

3. Security measures.

4. Italian Political Nominations, of which 65 were examined for office and 6 were undesirable.

5. Investigations

6. Emanation. Schede Personale distributed through AMG divisions to local Italian agencies.

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

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

8. TRANSPORTATION.

Circulating Permits and Requisitioning of Vehicles. On 6 June an office was established by Lt. CACCIATORE at 137 Via Tomacelli for the registration, licensing and requisition of civilian vehicles in the Commune of Rome-this office started with a staff of 18 civilians.

On 7 June the office commenced operations and it was found necessary to ask for additional help. Captain SANTINI was sent to the Section and the office carried on until 30 June when it was moved to the floor above numbered 139 Via Tomacelli.

On this date the licensing and registration of civilian vehicles was taken over by the Ispettorato Motorizzazione. By this time the civilian personnel employed totalled 40 but was reduced to 12.

During this period the office had issued 5690 Circulating Permits and 375 vehicles were requisitioned. From 30 June to 31 July 1944 the office dealt with 214 requisitioned cards and issued 226 circulating permits.

Total number of temporary permits issued 7 June to 31 July	5915
Total of vehicles requisitioned in said period	589
Total of vehicles released from requisition	37

Petrol Section.

Work was started in this section under Major GREGORY on 30 June. The first week was chiefly occupied in investigating the situation which was obscure owing to lack of records.

An allocation of P.O.L. was received for July which includes

Petrol	326 tons
Diesel Oil	518 tons

This was for Rome Region and Province combined. The inadequacy of this allocation, and the difficulties of adjustment between Region and Province, together with the fact that most divisions were putting in piecemeal applications without showing total requirements made it advisable to restrict issues to those absolutely essential until the position becomes clear.

A meeting was held by Colonel KING, Petroleum Section, AFHQ HQ on 12x July at which the Provincial Petroleum Officer was present and the following revised allocation agreed to.

Province	Petrol 54 tons	Diesel Oil	100 tons
Rome Region	" 300 "	" "	160 "

This still is not too small for the needs of Rome, but Colonel KING held out no hope of an increase.

The supply to transport under contract was the chief cause of anxiety. It was being authorized from the STA garages according to daily journeys.

Orders on CIP being issued direct from the garages a check was made on 3 July which showed an issue for the day of approximately 30% of the total POL allocation for the Region.

A watch was kept on the situation as the expenditure was not controlled from this office.

By 7 July the issues on this account had doubled and by 14 July were already exceeding the total of the allocation to the Region.

2238

Total of vehicles released from requisition 37

Petrol Section.

Work was started in this section under Major GREGORY on 30 June. The first week was chiefly occupied in investigating the situation which was obscure owing to lack of records.

An allocation of P.O.L. was received for July which includes

Petrol	326 tons
Diesel Oil	518 tons

This was for Rome Region and Province combined. The inadequacy of this allocation, and the difficulties of adjustment between Region and Province, together with the fact that most divisions were putting in piecemeal applications without showing total requirements made it advisable to restrict issues to those absolutely essential until the position becomes clear.

A meeting was held by Colonel KING, Petroleum Section, AFHQ HQ on 12th July at which the Provincial Petroleum Officer was present and the following revised allocation agreed to.

Province	Petrol 84 tons	Diesel Oil	190 tons
Rome Region	" 300 "	" "	160 "

This still proved too small for the needs of Rome, but Colonel KING held out no hope of an increase.

The supply to transport under contract was the chief cause of anxiety. It was being authorized from the STA garage according to daily journeys.

Orders on GIP being issued direct from the garages check was made on 3 July which showed an issue for the day of approximately 30% of the total POL allocation for the Region.

A watch was kept on the situation as the expenditure was not controlled from this office.

By 7 July the issues on this account had doubled and by 14 July were already exceeding the total of the allocation to the Region.

A breakdown in the supplies from Naples caused further difficulties and the Region was left without POL on 15 and 16 July.

The conditions to 31 July were similar but the control was tightened. This was greatly helped by the formation of Trasporti di Roma to handle the civilian truck transport.

DISTRIBUTION

Declassified E.O. 12356 Section 3.3/NND No. 785014

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

S E C R E T

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO /394

5 Sep 1944

I307I/F

21 August 1944

SUBJECT : Report of the Finance Sub-Commission, HQ ACC - July 1944.

TO : Colonel G.R. UPJOHN.
A/ Vice President,
Administrative Section.

I. Herewith, for your information, copy of the Report of the Finance Sub-Commission, HQ ACC, for July 1944.

1. Ol white to read P2 I
privately

Sgd/ B.C.G.

A.P. Grabowsky/mwh

Colonel,
Joint Director,
Finance Sub-Commission.

2251

753

Declassified E.O. 12356 Section 3.3/NND No. 785014

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/F

12 August 1944

REPORT OF THE FINANCE SUB-COMMISSION

TO ACC FOR JULY 1944

Colonel E.H. Foley, Jr.
Colonel A.F. Crawley-Smith } Joint Directors

Lieut. G.H. Willis, (USNR)
Major B.E.L. Timmons, Cav.
Lieut. J.E. Hicks, (USCGR)
Capt. Andrew Kamarck, F.A. } Joint Editors

TABLE OF CONTENTS

		Page No.
I	Defascistization of Italian Financial Institutions	1
II	Government Finance	5
III	Operations of Allied Financial Agency and Currency and Exchange Problems	15
IV	Banking, Postal Savings, and Other Financial Developments	19
V	Prices and the Cost of Living	21
VI	Insurance	22
VII	Accounting	28

APPENDICES

A. Italian Government Decree on Defascistization
B. Revenue Instruction
C. AFA Report
D. Banking Statistics
E. Cost of Living Data
F. Istituto Nazionale delle Assicurazioni

I. DEFASCISTIZATION

A. General Program

1. The Finance Sub-Commission has undertaken a comprehensive program to defascistize Italian financial institutions. Personnel has been [illegible]

TABLE OF CONTENTS

		Page No.
I	Defascistization of Italian Financial Institutions	1
II	Government Finance	5
III	Operations of Allied Financial Agency and Currency and Exchange Problems	15
IV	Banking, Postal Savings, and Other Financial Developments	19
V	Prices and the Cost of Living	21
VI	Insurance	22
VII	Accounting	28

APPENDICES

A. Italian Government Decree on Defascistization
B. Revenue Instruction
C. AFA Report
D. Banking Statistics
E. Cost of Living Data
F. Istituto Nazionale delle Assicurationi

I. DEFASCISTIZATION

A. General Program

1. The Finance Sub-Commission has undertaken a comprehensive program to defascistize Italian financial institutions. Personnel have been removed from the following financial institutions:-

2236

Banca d'Italia
Istituto Nazionale per i Cambi con l'Estero
(National Foreign Exchange Control Institution)
Regia Zecca (Royal Mint)
Banco di Roma
Credito Italiano
Banca Commerciale Italiana
Banca Nazionale del Lavoro
Cassa di Risparmio
Istituto di Credito Agrario per l'Italia Centrale
Banco Nazionale dell'Agricoltura
I.M.I.
I.R.I.
I.C.E.
Scambi e Valute

753

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

2. The program of the Finance Sub-Commission involves suspension from office of persons subject to defascistization. Definitive judgement will be passed by the Italian Government under the Defascistization Decree of 27th July 1944. Close collaboration has been established between the Italian Government and the Allied Control Commission. The Italian Government is determined to carry out a far-reaching program of defascistization and is wholeheartedly co-operating with the Finance Sub-Commission.

B. Procedure

1. When the vanguard of the Finance Sub-Commission arrived in Rome, it found that the heads of nearly all governmental financial institutions had gone North. General Bencivenga, leader of all the Rome underground forces, had made elaborate preparations to preserve all records and to prepare dossiers on the activities of leading Fascists in each institution. This was achieved through the secret appointment of committees for each institution composed of representatives of the six parties. They had been given full instructions as to their duties during the inter regnum period between the German loss of control and the full establishment of Allied control. The same procedure has been followed in other areas subsequently liberated from the Nazis. When the Allied Military Authorities assumed control of the city, the internal committees continued to function.

2. General Bencivenga, through Order No. 3, replaced in office all persons removed since November 1943 by the Nazis and the Fascist Republicans. This was an ad hoc measure which was intended to be of a temporary duration, since it was understood that it would include numerous persons obviously undesirable.

3. The Regional Commissioner issued a sweeping Order early in July which removed automatically from office a large number of Italians who could be considered ideological Fascists. However, a review procedure was established which made reinstatement possible after investigation. A Commission was organized for this purpose by the terms of the Order. The provisions of this Order were restricted to local institutions only. Owing to the importance attached to the problem, and the particularly sensitive position of financial institutions as such, the Allied Control Commission removed local financial institutions from the scope of the regional Order and concentrated all powers of defascistization in respect thereof in the Finance Sub-Commission.

4. Working under supervision of Finance Sub-Commission officers is a specially trained group of Guardie di Finanze. These officers have proceeded as follows: Printed forms containing a lengthy series of pointed questions are distributed to all personnel. When completed these are turned over to the internal committees of liberation representing the six parties (elected by the personnel). The personnel of these committees study and investigate the records and activities of each person on the rolls of the institutions. A written report is attached to each form and signed by all members. The documentation is then sent to the Finance Sub-Commission. A preliminary examination is made by the Guardie di Finanze. The latter report on the documentation submitted by the internal committees. Their recommendations are reviewed. The cases of all officials subject to defascistization occupying high positions in financial institutions are carefully scrutinized and given the personal attention of the Allied officers in question.

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

military authorities assumed control of the city, the internal committees continued to function.

2. General Bonciveaga, through Order No. 3, replaced in office all persons removed since November 1943 by the Nazis and the Fascist Republicans. This was an ad hoc measure which was intended to be of a temporary duration, since it was understood that it would include numerous persons obviously undesirable.

3. The Regional Commissioner issued a sweeping Order early in July which removed automatically from office a large number of Italians who could be considered ideological Fascists. However, a review procedure was established which made reinstatement possible after investigation. A Commission was organized for this purpose by the terms of the Order. The provisions of this Order were restricted to local institutions only. Owing to the importance attached to the problem, and the particularly sensitive position of financial institutions as such, the Allied Control Commission removed local financial institutions from the scope of the regional Order and concentrated all powers of defascistization in respect thereof in the Finance Sub-Commission.

4. Working under supervision of Finance Sub-Commission officers is a specially trained group of Guardie di Finanze. These officers have proceeded as follows: Printed forms containing a lengthy series of pointed questions are distributed to all personnel. When completed these are turned over to the internal committees of liberation representing the six parties (elected by the personnel). The personnel of these committees study and investigate the records and activities of each person on the rolls of the institutions. A written report is attached to each form and signed by all members. The documentation is then sent to the Finance Sub-Commission. A preliminary examination is made by the Guardie di Finanze. The latter report on the documentation submitted by the internal committees. Their recommendations are reviewed. The cases of all officials subject to defascistization occupying high positions in financial institutions are carefully scrutinized and given the personal attention of the Allied officers in question.

5. A series of meetings takes place with the Liberation Committee designed to thrash out all doubtful questions. The committees explain their recommendations. Meetings are also held with senior officials of the institutions. Suspected officials are requested to submit defensive memoranda. As soon as a definitive decision is reached regarding personnel to be removed, conferences are held with the interested ministries, and the Bank of Italy in those instances in which it is concerned. The Government is promptly informed of all decisions taken, and is requested to consider candidates for the position of Commissioners, where such appointments are necessary.

6. During the investigations of particular persons, liaison is maintained with CIC and FSS (American and British Military security organizations) to obtain whatever data they may have. Data, interesting from the point of view of security, is turned over to these organizations.

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

7. Decisions are referred, with documentation, to the Italian Government organizations concerned with definitive defascistization. A financial committee, composed of representatives of the Ministry of the Treasury and of the Bank of Italy, has been set up for this purpose. Liaison is maintained with this committee, as well as the Italian High Commissioners for "Epurazione". Thus, there is a useful division of labor. The Finance Sub-Commission suspends undesirable persons from office, whereas the Italian Government passes definitive judgment. Ex-Governor Azzolini of the Bank of Italy is at present in the second stage of this process and will shortly come up for that before a special High Court of Justice established by the Italian Government. On the other hand, the Chairman of the Board of the Banco di Roma, Verzi, remains for the time being in the first stage.

8. Persons suspended from office by the Finance Sub-Commission are informed by letter, and are requested not to leave Rome. This request is made in order to facilitate any future steps which the Italian organizations of defascistization may wish to take. In certain instances, this has also provided the military security agencies (CIC and FFS) with an opportunity to complete their investigations regarding the persons involved. Suspended officials have been encouraged to submit any data or information regarding their position under the Fascist Regime.

9. The criteria of defascistization used are substantially those incorporated in a Royal Decree, issued on 27th July 1944, which established the basis for defascistization in all Italy. A copy of the Decree is attached to this report as Appendix A. The Criteria set up in this excellently conceived Decree have been highly useful to the Finance Sub-Commission. Particular attention is given to persons who were politically active Fascists, or who took advantage of the Fascist system to promote their own personal position. It has not proved difficult in practice to determine which officials fall into these categories.

10. The Finance Sub-Commission has concentrated its attention on the financial institutions of the Central Government as well as the head offices of the various banks. However, the smaller banks and financial institutions have not been neglected. The list given below of institutions and officials defascistized should not be taken as a complete list but as an indication of the progress which is being made by the Finance Sub-Commission. Much remains to be done, particularly in areas outside of Rome, such as north Italy, the financial heart of the country.

C. Results of Defascistization to Date

1. The following persons have been removed from office in the institutions indicated:

Organization	Name	Office
(a) Banca d'Italia	Azzolini Vincenzo	Governatore
	Giacomelli Gaetano	Ispettore Generale
	Guidi Carlo Fausto	Capo Servizio

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

9. The criteria of defascistization used are substantially those incorporated in a Royal Decree, issued on 27th July 1944, which established the basis for defascistization in all Italy. A copy of the Decree is attached to this report as Appendix A. The Criteria set up in this excellently conceived Decree have been highly useful to the Finance Sub-Commission. Particular attention is given to persons who were politically active Fascists, or who took advantage of the Fascist system to promote their own personal position. It has not proved difficult in practice to determine which officials fall into these categories.

10. The Finance Sub-Commission has concentrated its attention on the financial institutions of the Central Government as well as the head offices of the various banks. However, the smaller banks and financial institutions have not been neglected. The list given below of institutions and officials defascistized should not be taken as a complete list but as an indication of the progress which is being made by the Finance Sub-Commission. Much remains to be done, particularly in areas outside of Rome, such as north Italy, the financial heart of the country.

C. Results of Defascistization to Date

1. The following persons have been removed from office in the institutions indicated:

Organization	Name	Office
(a) Banca d'Italia	Azzolini Vincenzo	Governatore
	Giacomelli Gaetano	Ispettore Generale
	Guidi Carlo Fausto	Capo Servizio
	and 14 other officials	
(b) R. Zecca	Maltesi Giuseppe	Direttore Generale
	De Bac Procopio	Controllore Capo
	and one other official	
(c) Istituto Nazionale per i Cambi con l'Estero	Lion Giusto	Direttore Generale
	Viali Ugo	Condirettore
	and 27 other officials	
(d) Banco di Roma	Verdi Giuseppe Pietro	Direttore Generale ed Amministratore Delegato
	Cavanna Filippo	Consigliere d'Amministrazione
	Thaon di Revel Conte Ignazio	Consigliere d'Amministrazione
	Vascilli Conte Romolo	Consigliere d'Amministrazione

2235

753

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

(e)	Credito Italiano	Berardi Riccardo	Procuratore
		and two other officials	
(f)	Banca Commerciale Italiana	Colleoni Gualdino	Procuratore
		Trelacci Corrado	Vice Direttore
		Tosti Giovanni	Vice Direttore
		Nacar G. Battista	Vice Direttore
		and two other officials	
(g)	Banca Nazionale del Lavoro	7 officials	
(h)	Cassa di Risparmio	Battocchio Luigi	Direttore Generale
		Carofali Corrado	Vice Direttore Generale
		and 5 other officials	
(i)	Istituto Credito Agrario per l'Italia Centrale	Principe Chigi	Presidente
		Principe di Napoli	Vice Presidente
		Nestore Carosi Martinozzi	Direttore Generale
		and 2 other officials	
(j)	Istituto Commercio Estero	Schipani Filippo	Direttore Generale
		Romano Carlo Rondina	Primo Segretario
		and 4 other officials	
(k)	Istituto Mobiliare Italiano	Azzolini Vincenzo	Presidente
		Guido Carlo Fausto	Direttore Generale
		Cao Giovanni	Consigliere d'Amministrazione
		and one other official	
(l)	Banca Nazionale Agricoltura	Armenise Giovanni	Presidente
		Borghese Rodolfo	Amministratore
		Aghemo Antonio	Amministratore
		and 6 other officials	
(m)	Istituto Recostruzione Industriale	Parenetto Sergio	Vice Direttore Generale
		and 3 other officials	
(n)	Banco di Santo Spirito	Rossi Passavante Elia	Ispettore
		and 7 other officials	

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

	per l'Italia Centrale	Principe di Napoli	Vice Presidente
		Nestore Corosi Martinozzi	Direttore Generale
		and 2 other officials	
(j)	Istituto Commercio Estero	Schipani Filippo	Direttore Generale
		Romano Carlo Rondina	Primo Segretario
		and 4 other officials	
(k)	Istituto Mobiliare Italiano	Azzolini Vincenzo	Presidente
		Guido Carlo Fausto	Direttore Generale
		Cao Giovanni	Consigliere d'Amministrazione
		and one other official	
(l)	Banca Nazionale Agricoltura	Armenise Giovanni	Presidente
		Borghese Rodolfo	Amministratore
		Aghemo Antonio	Amministratore
		and 6 other officials	
(m)	Istituto Ricostruzione Industriale	Parenetto Sergio	Vice Direttore Generale
		and 3 other officials	
(n)	Banco di Santo Spirito	Rossi Passavante Elia	Ispettore
		and 7 other officials	
(o)	Ministero Scambi e Valute	Ferrotti Giuseppe	Ispettore Generale
		Ballerini Elisio	Consigliere Comm. II' Classe
		Rossi Aristide	Capo Sezione
		Telch Mario	Capo Sezione
		Pastore Enrico	Capo Sezione
		and 13 other officials	

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

II. GOVERNMENT FINANCE

A. The Italian Government Deficit

1. Italian State account

(a) As nearly as can be estimated at this time, the Italian governmental deficit for all Italy for the year ending 30 June 1944, amounted to approximately 180 billion lire. This figure includes German occupation expenses but does not include 30 billion lire of Allied occupation expenses. Thus the total excess of disbursements over income on "government account" is well over 200 billion lire for the year, or about 2½ times the enormous deficit of the preceding fiscal year.

(b) The entire deficit was covered by an increase in the floating debt, which rose from 170 million lire on 30 June, 1943, to an estimated 350 million lire on 30 June, 1944 (this does not include any contingent liability for AM lire paid out by the Allied Financial Agency).

(c) At the present time, over 60 per cent of the Italian public debt of almost 600 billion lire (excluding any liability in respect of AM lire) consists of liabilities with maturities of one year or under. (A table showing the growth of the debt since 1930 is presented in the Statistical Appendix together with a table on the composition of the debt in 30 June 1943).

2. Current Statistics for the liberated territory

(a) Due to the move of the Italian Government from Salerno to Rome, the addition of new territories to be covered, and the general transport and communication difficulties, the old statistical reporting system built up laboriously at Salerno has been disrupted. Once the organization of the central government offices at Rome and the reactivation of the Government contacts with the field is accomplished, full and detailed financial information will be available. In the meantime, complete current information on the territories of liberated Italy is not available.

(b) For the area south of the 11 May, 1944, line, the excess of government disbursements over receipts for the month of June amounted to 3.4 billion lire. For the fiscal year ending 30 June 1944, these southern territories, which made up liberated Italy for the bulk of the year, had a deficit of around 34 billion lire for the entire year. (See Appendix D).

(c) Net investment in Government bills (Buoni del Tesoro Ordinarii) in southern Italy during June remained at about the same level as the preceding month (a net investment of 362 million lire). The total net investment for the year in these territories amounted to around 2.5 billion lire, that is, less than 10 per cent of the deficit. The bulk of the deficit of 34 billion lire was covered by funds supplied by the Banca d'Italia.

3. Government bond market

(a) Prices of outstanding Government securities reached high levels in Rome just prior to the liberation of the city, with most securities on a 5% basis [illegible]

Declassified E.O. 12356 Section 3.3/NND No. 785014

with maturities of one year or under. (A table showing the growth of the debt since 1930 is presented in the Statistical Appendix together with a table on the composition of the debt in 30 June 1943).

2. Current Statistics for the liberated territory

(a) Due to the move of the Italian Government from Salerno to Rome, the addition of new territories to be covered, and the general transport and communication difficulties, the old statistical reporting system built up laboriously at Salerno has been disrupted. Once the organization of the central government offices at Rome and the reactivation of the Government contacts with the field is accomplished, full and detailed financial information will be available. In the meantime, complete current information on the territories of liberated Italy is not available.

(b) For the area south of the 11 May, 1944, line, the excess of government disbursements over receipts for the month of June amounted to 3.4 billion lire. For the fiscal year ending 30 June 1944, these southern territories, which made up liberated Italy for the bulk of the year, had a deficit of around 34 billion lire for the entire year. (See Appendix D).

(c) Net investment in Government bills (Buoni del Tesoro Ordinarii) in southern Italy during June remained at about the same level as the preceding month (a net investment of 362 million lire). The total net investment for the year in these territories amounted to around 2.5 billion lire, that is, less than 10 per cent of the deficit. The bulk of the deficit of 34 billion lire was covered by funds supplied by the Banca d'Italia.

3. Government bond market

(a) Prices of outstanding Government securities reached high levels in Rome just prior to the liberation of the city, with most securities on a 5% basis selling at around 96 and the 3½%, 1906 rente selling at 118. The principal reasons for these high levels reached just prior to liberation appear to have been:

2234

i. Expectations as to what liberation would mean, coupled with exaggerated reports that Government bond prices in liberated Italy were at very high levels;

ii. Refusal of the banks and other investors to invest in new Government bills (Buoni del Tesoro Ordinarii) and, therefore, purchases being concentrated in existing bonds, particularly in bonds issued before the Fascist regime (3½ Rente of 1906);

iii. A general condition of large quantities of liquid purchasing power in existence.

(b) Since the liberation of Rome bond prices have declined somewhat and are now more in line with those in the South. Furthermore, there is now no longer any general inhibition felt as regards the purchase of new Government securities.

753

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

In contrast to the period before liberation, when the total outstanding of the Buoni del Tesoro ordinari (bills with maturities of 1-12 months) was decreasing, a substantial net investment is now taking place in these securities. During July, there was a net investment of over 300 million lire in these securities in the Rome area. This switch to purchase of new securities has reduced part of the upward pressure on bond prices.

(c) The Rome bourse was closed from 3 June to the end of July. On 1 August both the Rome and Naples bourses were reopened, but trading is limited to cash transactions in fixed income securities. The prices registered at the Rome bourse on 1 August show a general decline of around 5 per cent from the 2 June prices, undoubtedly due to the operation of the factors outlined above. Detailed figures on the prices on 2 June and 1 August are given in Appendix D.

(d) The yield on government securities has correspondingly increased from the beginning of June to the beginning of August. Government bond yields have changed as follows:

	1 June 1944	1 August 1944
3½% Rente 1906	2.77	3.29
3½% Redeemable 1934	3.86	4.21
5% Rente	5.33	5.50

One of the most important reasons for the variation in prices and in yields between securities is the expectation that there may be different treatment by the government as between securities.

(e) The Council of Ministers authorized the payment of the 1 September 1944 government bond maturity (5%, Special series, 9 year bonds). These bonds were compulsorily exchanged for the foreign exchange holdings of private Italian individuals and firms in 1935. There is a total of 2,443,112,700 lire outstanding of this series.

4. Government financing of the Granai del Popolo

(a) Until this year the Consorzii, on receiving wheat, have issued paper accepted by the provincial group of participating banks. After sale of the flour to the millers at a much lower price, the Consorzii repaid the participating banks to the extent of the proceeds of sales. The balance, representing the subsidy and the operating costs of the amassing system, were guaranteed by the Government and bore interest ranging from 6 to 7½% until they were liquidated at the end of the fiscal year. Actually these balances have not been liquidated since 1940, so that the financing of the last four crop years has been drawing a high rate of interest.

(b) After conferences with the Ministries of Agriculture and Treasury, the Banca d'Italia and the Corte dei Conti, this system has been changed. The Consorzii have been instructed to submit budgets for operating expenses and will obtain funds as do other governmental agencies, without payment of interest. All participating banks have been instructed to present claims for the outstanding balances of past years for immediate payment, thus ending this interest burden. All participating banks have been instructed to present all balances of the current crop year for payment at a reduced interest rate of

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

One of the most important reasons for the variation in prices and in yields between securities is the expectation that there may be different treatment by the government as between securities.

(c) The Council of Ministers authorized the payment of the 1 September 1944 government bond maturity (5%, Special series, 9 year bonds). These bonds were compulsorily exchanged for the foreign exchange holdings of private Italian individuals and firms in 1935. There is a total of 2,443,112,700 lire outstanding of this series.

4. Government financing of the Granai del Popolo

(a) Until this year the Consorzii, on receiving wheat, have issued paper accepted by the provincial group of participating banks. After sale of the flour to the millers at a much lower price, the Consorzii repaid the participating banks to the extent of the proceeds of sales. The balance, representing the subsidy and the operating costs of the amassing system, were guaranteed by the Government and bore interest ranging from 6 to 7½% until they were liquidated at the end of the fiscal year. Actually these balances have not been liquidated since 1940, so that the financing of the last four crop years has been drawing a high rate of interest.

(b) After conferences with the Ministries of Agriculture and Treasury, the Banca d'Italia and the Corte dei Conti, this system has been changed. The Consorzii have been instructed to submit budgets for operating expenses and will obtain funds as do other governmental agencies, without payment of interest. All participating banks have been instructed to present claims for the outstanding balances of past years for immediate payment, thus ending this interest burden. All participating banks have been instructed to present all balances of the current crop year for payment at a reduced interest rate of 6 per cent, at the end of each thirty day period, thus cutting the effective interest rate on this year's crop to one-half of one per cent.

B. Revenue

1. Tax revision

(a) Tax revision work was delayed during July owing to the necessity of moving the Ministry from Salerno to Rome. However, on 21 July the Minister appointed the following committee to meet at least once a week to study state and local taxation laws:

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

Chairman	:	The Minister of Finance	
Vice Chairman:		The Under-Secretary of Finance	
Members	:	Prof. Cesare Cosciani	(Labor Party).
		Avv. Antonio Taloni	(Action Party)
		Prof. Achille Civardi	(Liberal Party)
		Prof. Massimo Giannini	(Socialist Party)
		Sig. Luciano Manzini	(Communist Party)
		Prof. Antonio Pavolini	(Member of the permanent civil service)
		Prof. Mario Veroni	(Christian Democrat Party)
		Dott. Bruno Visentini	(Action Party)
Secretary	:	Dott. Salvatore Vaccaro	

The Committee is empowered to invite any citizen or any civil servant of grade V or higher to attend its meetings, and the Minister has agreed that there should be a representative of this Sub-Commission at all meetings.

(b) The cabinet approved a decree for War Profits taxation on 28 July. Inasmuch as this Sub-Commission had not seen the draft, we have requested that its registration be suspended until the Sub-Commission has had an opportunity to discuss the draft with the Ministry. The proposed decree amends existing law in the following particulars:

(1) Coverage: Income derived from land leases and income derived from black market activities are included amongst the types of income liable for the tax. Also, the sections of existing law that permitted companies to evade the tax on contracts made prior to 1938 are repealed.

(2) rates and exemptions: The 1938 income figures, in comparison with which excess profits are calculated, are increased 50 per cent, thus reducing all calculations of excess profits. In addition, the exemption limit for years beginning 1943 is increased. War profits not exceeding 20,000 lire and all war profits made by whose total income does not exceed 30,000 lire are exempted. Finally, the former requirement that all excess profits not paid to the State in taxation must be invested in 3 per cent government bonds is changed to a requirement that all such income must be placed in special blocked accounts. The accounts are to earn 5 per cent interest, payable semi-annually, but disposition of the capital amounts of the accounts is to be determined at a later date. (The drafters of the decree intended that the provision for later determination of the disposition of the blocked accounts should refer also to the bonds already issued under the older law, but the sentence in the draft is unclear.)

(3) penalties: Penalties are provided for incorrect declarations. The penalties may be reduced, however, if the amendment of the income declaration is the result of a "concordato". Disputes already in existence will continue to be heard by the Provincial Commissions, but new disputes will be heard by the District Commissions.

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

[redacted] registration be suspended until the Sub-Commission has had an opportunity to discuss the draft with the Ministry. The proposed decree amends existing law in the following particulars:

(1) Coverage: Income derived from land leases and income derived from black market activities are included amongst the types of income liable for the tax. Also, the sections of existing law that permitted companies to evade the tax on contracts made prior to 1938 are repealed.

(2) rates and exemptions: The 1938 income figures, in comparison with which excess profits are calculated, are increased 50 per cent, thus reducing all calculations of excess profits. In addition, the exemption limit for years beginning 1943 is increased. War profits not exceeding 20,000 lire and all war profits made by those total income does not exceed 30,000 lire are exempted. Finally, the former requirement that all excess profits not paid to the State in taxation must be invested in 5 per cent government bonds is changed to a requirement that all such income must be placed in special blocked accounts. The accounts are to earn 3 per cent interest, payable semi-annually, but disposition of the capital amounts of the accounts is to be determined at a later date. (The drafters of the decree intended that the provision for later determination of the disposition of the blocked accounts should refer also to the bonds already issued under the older law, but the sentence in the draft is unclear.)

(3) penalties: Penalties are provided for incorrect declarations. The penalties may be reduced, however, if the amendment of the income declaration is the result of a "concordato". Disputes already in existence will continue to be heard by the Provincial Commissions, but new disputes will be heard by the District Commissions.

(4) assessment time: Power is granted to increase assessments at any time up to 31 December of the year following that in which war profits taxation ceases.

2233

The Sub-Commission's objections to the draft are:

(1) coverage: Profits from the sale of grain are exempted, although at the time the price of wheat was raised to 1,000 lire the then Minister of Finance assured us that undue enrichment would be recaptured through taxation. Moreover, the inclusion of black market earnings in income liable to the tax is fundamentally wrong. If sufficient evidence is available to assess illegal income for tax purposes, it should be possible to bring the offenders to justice.

(2) rates and exemptions: No increase in rates is provided.

(3) penalties: No provision is made for the confirmation of declarations by the submission of accounts.

753

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

(4) Assessment time. The time during which assessments may be imposed is too short.

2. Ministry of Finance

(a) Up to 31 July a total of 1,660 employees of the Ministries of Finance and Treasury had been screened and issued passes. Of the total personnel employed on 8 September 1943 (4,023), 200 had fled to the north with the Fascist Government and 800 were dismissed. There are, therefore, about 1,300 on the active list who have not as yet been called back to service.

(b) The Directors General of personnel is studying the staff problem and forming pools of employees available for specific assignments. The list of those suitable for Intendents and Vice-Intendents posts has been completed. 42 such employees are available.

(c) The Libreria dello Stato was reopened on 18 July for the sale of publications to the public. Control of Poligrafico, the State printing office, was turned over to the newly-appointed Commissioner, Sig. Manigliano, on 31 July. Questions of priority on printing work done for AMG, however, will continue to be referred to Finance Sub-Commission. It is proposed to turn over responsibility for the security of the Ministries' buildings to the Ministers early in August.

3. Revenue collections

(a) Owing to the interruption of the activities of the Ministry caused by the move to Rome, complete revenue statistics have not yet been received for the month of June. By the end of July complete figures for the fiscal year which ended 30 June will be available for most liberated provinces, and the Monthly Report for July will show the figures in detail.

At this time June figures are available for 20 of the provinces liberated prior to the offensive of 11 May and for 4 provinces, including Rome, liberated after 11 May. These figures indicate a continued improvement in revenue collections in the old liberated provinces, and, as would be expected, collections considerably below normal for the recently liberated provinces:

State Revenue Receipts
less Capo X

	June 1944	May 1944	April 1944	12 months ending June 1944
	(In millions of lire)			
20 provinces liberated prior to 11 May	480	246	418	2,633
4 provinces liberated after 11 May	237			3,613

(b) To insure prompt and correct collection of State revenue reports a letter

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

buildings to the Ministers early in August.

3. Revenue collections

(a) Owing to the interruption of the activities of the Ministry caused by the move to Rome, complete revenue statistics have not yet been received for the month of June. By the end of July complete figures for the fiscal year which ended 30 June will be available for most liberated provinces, and the Monthly Report for July will show the figures in detail.

At this time June figures are available for 20 of the provinces liberated prior to the offensive of 11 May and for 4 provinces, including Rome, liberated after 11 May. These figures indicate a continued improvement in revenue collections in the old liberated provinces, and, as would be expected, collections considerably below normal for the recently liberated provinces:

	State Revenue Receipts less Case X			
	June 1944	May 1944	April 1944	12 months ending June 1944
	(In millions of lire)			
20 provinces liberated prior to 11 May	480	246	418	2,603
4 provinces liberated after 11 May	237			3,613

(b) To insure prompt and correct collection of State revenue reports a letter of instruction has been prepared and sent to all Finance Officers. A copy of this letter is attached as appendix B.

4. Monopoly and lottery problems

(a) Retail tobacco prices, doubled on 1 January 1944 by the Salerno Government, were extended to newly liberated territory on 17 July. The advisability of extending to the new area the increase of 70 per cent in tobacco prices paid to farmers for their 1943 crops is still under consideration. The increase granted by the Fascist Government was only 25 per cent. Most of the 1943 crop is still in curing and packing warehouses. Sale to the State usually begins about one year after harvesting.

Owing to the shortage of electric power, the Rome tobacco factory is working at only 50 per cent of capacity.

(b) Salt is very scarce in the newly liberated territories. The normal ration was 300 grams per person per month, which amount was distributed through February 1944. In March the Germans distributed 200 grams, in April 150 grams, and in May 100 grams. The Allies distributed 50 grams in June and 35 grams in July. Arrangements have been made to issue 100 grams in August.

Declassified E.O. 12356 Section 3.3/NND No. 785014

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

- 5 -

(c) Over 4,000 kilos of quinine have been found at [illegible]. The stock has been blocked pending decision as to its disposition.

(d) Postal difficulties prevent full operation of the lottery throughout liberated Italy. The Finance Sub-Commission has suggested a plan for advance sale of tickets to overcome this difficulty, but no decision on the proposal has yet been taken.

D. Government expenditures

1. Problems of expenditure control

(a) Expenditure authorizations in Rome. When Rome was liberated a Special Account was established with a credit of 562 million lire to permit the payment of government salaries and current expenses in the city of Rome for the month of June. At first it was not clear whether authorizations to use the funds of the account were to be made by AFHQ ACC, by Region IV, or by Rome Region. To remove this confusion the following division of authority was established:

(1) all State expenditures of the central administration will be controlled by AFHQ ACC;

(2) all State expenditures on the provincial level will be controlled by Region IV;

(3) all other public expenditures (principally communal expenditures) will be controlled by Rome Region.

It was found to be impossible to substitute approved State budgets for expenditures from the special account for the month of July because the Ministries did not have sufficient staff to control their salary payments. Ordinarily lists of payments to be made are prepared by each Division of each Ministry and sent via the Ministers to the Corte dei Conti and hence to the Directory General of the Treasury. For this work each Ministry formerly had 50 to 100 employees in its regional/and sub-regional offices from 0 to 35 in the Ministry of War. Accordingly, it has been necessary to continue use of the special account during July.

The Intendente was ordered to provide a statement of the account and a list of all payment orders issued in June. To force the Intendente to provide the list it was necessary to suspend payments from the account on 21 July. The information was then provided and the account was reopened on 23 July. The statement showed that from 1 June to 20 July 357 payment orders had been issued authorizing the expenditure of 239 million lire, and that 93 million lire had been disbursed. Almost half the disbursements were for the account of the Ministry of War.

It is desirable to close the special account as soon as possible and institute orthodox control. To make this possible the regionalore of each Ministry have been instructed to prepare budgets for the Rome administration of each section. These have now been received for all Ministries other than Railways. With these budgets it will be possible to revise the formerly approved budgets of the Salerno Government. In the

following division of authority was established:

(1) all State expenditures of the central administration will be controlled by AMG;

(2) all State expenditures on the provincial level will be controlled by Region IV;

(3) all other public expenditures (principally communal expenditures) will be controlled by Rome Region.

It was found to be impossible to substitute approved State budgets for expenditures from the special account for the month of July because the Ministries did not have sufficient staff to control their salary payments. Ordinarily lists of payments to be made are prepared by each Division of each Ministry and sent via the Ministers to the Corte dei Conti and hence to the Directory General of the Treasury. For this work each Ministry formerly had 50 to 100 employees in its regional/now ranges from 0 to 35 in the Ministry of War. Accordingly, it has been necessary to continue use of the special account during July.

The Intendente was ordered to provide a statement of the account and a list of all payment orders issued in June. To force the Intendente to provide the list it was necessary to suspend payments from the account on 21 July. The information was then provided and the account was reopened on 25 July. The statement showed that from 1 June to 20 July 337 payment orders had been issued authorising the expenditure of 239 million lire, and that 93 million lire had been disbursed. Almost half the disbursements were for the account of the Ministry of War.

It is desirable to close the special account as soon as possible and institute orthodox control. To make this possible the registries of each Ministry have been instructed to prepare budgets for the Rome administration of each section. These have now been received for all Ministries other than Railways. With these budgets it will be possible to revise the formerly approved budgets of the Salerno Government. In the meantime the Intendente has been ordered to provide the Sub-Commission with a copy of each payment order issued. A complete statement of the account is now being made, and ultimately it will be audited by the Corte dei Conti.

(b) The Corte dei Conti. Professor Ingrosso, now sindaco of Naples, has been named President of the Corte dei Conti by the Council of Ministers, but this appointment has been approved by AMG.

The Corte continued its work without interruption when the government moved from Salerno to Rome and has accomplished a considerable volume of work.

(c) New budget forms. Use of the new budget forms (S3) began in AMG territory at the beginning of the new fiscal year. The procedure under which the forms are processed through the Intendente offices is working well. The 3-month budget approved for the province of Benevento illustrates the economies that have been made by using the procedure. Interestingly, the largest economy (proportionally) was effected in the budget for the Intendente's office:

./..

763

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

2232

following division of authority was established:

(1) all State expenditures of the central administration will be controlled by FW ACC;

(2) all State expenditures on the provincial level will be controlled by Region IV;

(3) all other public expenditures (principally communal expenditures) will be controlled by Rome Region.

It was found to be impossible to substitute approved State budgets for expenditures from the special account for the month of July because the Ministries did not have sufficient staff to control their salary payments. Ordinarily lists of payments to be made are prepared by each Division of each Ministry and sent via the Ministers to the Corte dei Conti and hence to the Ragioneria Generale dello Stato, Treasury. For this work each Ministry formerly had 50 to 100 employees in its ragioneria/now range from 0 to 35 in the Ministry of War. Accordingly, it has been necessary to continue use of the special account during July.

The Intendente was ordered to provide a statement of the account and a list of all payment orders issued in June. To force the Intendente to provide the list it was necessary to suspend payments from the account on 21 July. The information was then provided and the account was reopened on 23 July. The statement showed that from 1 June to 20 July 337 payment orders had been issued authorizing the expenditure of 239 million lire, and that 93 million lire had been disbursed. Almost half the disbursements were for the account of the Ministry of War.

It is desirable to close the special account as soon as possible and institute orthodox control. To make this possible the ragionieri of each Ministry have been instructed to prepare budgets for the Rome administration of each section. These have now been received for all Ministries other than Railways. With these budgets it will be possible to revise the formerly approved budgets of the Salerno Government. In the meantime the Intendente has been ordered to provide the Sub-Commission with a copy of each payment order issued. A complete statement of the account is now being made, and ultimately it will be audited by the Corte dei Conti.

(b) The Corte dei Conti. Professor Ingrosso, now sindaco of Naples, has been named President of the Corte dei Conti by the Council of Ministers. This appointment has been approved by ACC.

The Corte continued its work without interruption when the government moved from Salerno to Rome and has accomplished a considerable volume of work.

(c) New budget forms. Use of the new budget forms (GB) began in AMG territory at the beginning of the new fiscal year. The procedure under which the forms are processed through the Intendente offices is working well. The 3-month budget approved for the province of Benevento illustrates the economies that have been made by using the procedure. Interestingly, the largest economy (proportionally) was effected in the budget for the Intendente's office:

./..

761

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

Ministry	Credit Requested	Credit Authorized	Deferred
	(in millions of lire)		
Finance	84.9	50.5	34.4
Interior	57.8	45.2	12.6
Public Works	91.7	60.3	31.4
Justice	5.1	3.7	1.4
Public Instruction	18.8	14.1	4.7
Agriculture and Forests	3.2	2.5	.7
Industry, Commerce & Labor	2.1	1.6	.5
Communications	3.1	3.1	-
	266.7	181.0	85.7
Less: Entrate disponibili	1.7	1.7	-
Total	265.0	179.3	85.7

When the new procedure went into effect, all previous authorizations to spend were cancelled and all cash balances were blocked. Such balances belonging to legitimate parastatal enti, which could not practically be transferred to the State Treasury, have been considered as "entrate disponibili", and requests for funds have been reduced accordingly. All REO's have been notified of this arrangement.

A system of 3 monthly budgets is also being set up on the following plan:

(1) offices of the central administration in Rome and provincial state expenditures in Rome province;

(2) State provincial offices for the 27 provinces in Italian Government territory;

(3) the fighting services (Army, Navy, and Air Force).

Inasmuch as the S.B. forms for AMG territory give all the information required for Italian Government territory, the transfer of provinces to the government should be facilitated.

The operation of these budgets will solve the principal difficulty that has in the past prevented accurate estimates of disbursements being made on the basis of authorized expenditures, since the expenditure authorization provided by "ordini di accreditamenti", which under normal Italian procedure last for an indefinite period, will, under the new procedure, be valid for the 3-month period only.

(d) Transfer of provinces. The new budget forms will facilitate the assumption of expenditure control by the Italian government when provinces are returned to it since they will provide an approved budget already in operation. At the request of the government, AMG finance officers will continue to exercise financial control until 31 August in the five provinces recently returned to the Italian government.

(e) Issuance of unauthorized circulars. Instances have arisen of administra-

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

accordingly. [illegible] have been notified of this arrangement.

A system of 3 monthly budgets is also being set up on the following plan:

(1) offices of the central administration in Rome and provincial state expenditures in Rome province;

(2) State provincial offices for the 27 provinces in Italian Government territory;

(3) the fighting services (Army, Navy, and Air Force).

Inasmuch as the S.F. forms for AMG territory give all the information required for Italian Government territory, the transfer of provinces to the government should be facilitated.

The operation of these budgets will solve the principal difficulty that has in the past prevented accurate estimates of disbursements being made on the basis of authorized expenditures, since the expenditure authorization provided by "ordini di accreditamenti", which under normal Italian procedure last for an indefinite period, will, under the new procedure, be valid for the 3-month period only.

(d) Transfer of provinces. The new budget forms will facilitate the assumption of expenditure control by the Italian government when provinces are returned to it since they will provide an approved budget already in operation. At the request of the government, AMG finance officers will continue to exercise financial control until 31 August in the five provinces recently returned to the Italian government.

(e) Issuance of unauthorized circulars. Instances have arisen of administrative instructions, that should have been approved in advance by AOC, being issued without our knowledge. The attention of the Minister has been called to this irregularity and he has been requested to make adequate arrangements to prevent its repitition.

(f) Communal and provincial budgets. The move to Rome has seriously interrupted the project on communal and provincial budgets whose inception was reported last month. It has been learned that the Fascist Government did not complete the approval of all communal and provincial budgets for 1945. It will be necessary to review the unapproved budgets before future grants can be determined.

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

To date 356 budgets for the current year have been received, about ½ of which have been reviewed by the Ministry of Interior. An analysis of communal expenditures in the provinces of Salerno, Matera, Potenza, Cosenza, and Reggio Calabria shows the following approximate breakdown:

	Per cent of total expenditures
Ordinary expenditures	
General	25
Police, sanitation, & hygiene	20
Other	25
Extraordinary expenditures	30
	100

This breakdown may be of use to finance officers in the field. All requests for communal funds should be treated with extreme caution and granted only to meet legitimate needs.

2. Expenditure policy decisions

(a) Past due bills. The Minister of the Treasury has issued two circulars giving effect to the policy on past due bills described in last month's report. An Executive Memorandum is now being published to implement the policy in AFHQ territory.

(b) Fascist pensions and salaries. A decree has been issued clarifying the status of Fascist pensions in the following manner:

(1) All strictly Fascist pensions are abrogated;

(2) All members of the Black Shirts, all who volunteered for the war in Spain are denied pension rights for such activities;

(3) The pensions of all others holding a rank of grade 6 (Major) or higher are suspended until a board created for the purpose can decide their cases individually;

(4) The pensions of all others below grade 6 will be paid in full.

The result of the decree should be to deny pension rights to all those who attained more than very minor recognition from the Fascist Party.

Concerning Fascist salaries, Intendents were notified prior to the June payment period that no payments should be made to former Squadristi, Marcia su Roma, or Sciarpe Littoria, and that payment of "premio di operosita' " was to be limited to State employees actively at work. There was some criticism of this policy on the grounds that it was not uniformly applied. Investigation determined, however, that only 96 proscribed employees were paid for June and 956 were not paid, which, when the confusion of the time is taken into consideration, must be regarded as reasonable. However, it has been decided that "premi e Gratifiche semestrali" could fairly be withheld on the grounds

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

2. Expenditure policy decisions

(a) Past due bills. The Minister of the Treasury has issued two circulars giving effect to the policy on past due bills described in last month's report. An Executive Memorandum is now being published to implement the policy in AMG territory.

(b) Fascist pensions and salaries. A decree has been issued clarifying the status of Fascist pensions in the following manner:

(1) All strictly Fascist pensions are abrogated;

(2) All members of the Black Shirts, all who volunteered for the war in Spain are denied pension rights for such activities;

(3) The pensions of all others holding a rank of grade 6 (Podestà) or higher are suspended until a board created for the purpose can decide their cases individually;

(4) The pensions of all others below grade 6 will be paid in full.

The result of the decree should be to deny pension rights to all those who attained more than very minor recognition from the Fascist Party.

Concerning Fascist salaries, Intendents were notified prior to the June payment period that no payments should be made to former Squadristi, Marcia su Roma, or Sciarpe Littorie, and that payment of "premio di operosità" was to be limited to State employees actively at work. There was some criticism of this policy on the grounds that it was not uniformly applied. Investigation determined, however, that only 96 proscribed employees were paid for June and 956 were not paid, which, when the confusion of the time is taken into consideration, must be regarded as reasonable. However, it has been decided that "premi o Gratifiche semestrali" could fairly be withheld on the grounds that employees were not actively at work, and accordingly, permission to make these payments was given on 2 August.

(c) Subsidization of sale of imported supplies. Delay has been encountered in implementing the directive laid down in MG 4f. This document states that local subsidies shall be provided to finance the sale of imported supplies wherever such supplies cannot otherwise be sold at not more than a 25 per cent increase over the wholesale prices listed in the directive. The delay was caused by the objection of the Ministry of the Treasury to the principle involved. However, the Minister of the Treasury has now instructed the Minister of the Interior to authorize the provincial officials to provide the subsidies required. A decree has been prepared providing 400 million lire for this purpose.

453

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

(c) Treasury bonds due 1 January. The following table shows the Italian Government's estimate of the amounts of this issue held in each province. Almost three-fourths of the issue is held in Rome province.

5 per cent Treasury Bonds of 1944
Holdings by Provinces
(in millions of lire)

Arezzo	2.2	Bari	2.8
Grosseto	.2	Brindisi	.2
Livorno	10.7	Foggia	.3
Pisa	7.0	Taranto	.4
Siena	2.6	Lecce	.7
Tuscana	7	Puglia	4.4
Ancona	3.8	Matera	.2
Ascoli Piceno	16.8	Potenza	1.7
Macerata	1.1	Lucania	1.9
Pesaro e Urbino	1.3		
Marche	21.4	Catanzaro	.4
		Cosenza	1.6
Perugia	9.5	Reggio di Calabria	.2
Terni	1.3	Calabria	2.5
Umbria	10.8		
		Agrigento	1.5
Frosinone	2.9	Caltanissetta	1.7
Littoria	.1	Catania	1.7
Rieti	.1	Enna	.1
Roma	616.8	Messina	2.8
Viterbo	1.2	Palermo	4.9
Lazio	623.1	Ragusa	.1
		Siracusa	.2
Aquila	66.0	Trapani	.3
Campobasso	1.6	Sicilia	15.3
Chieti	.6		
Pescara	1.5	Cagliari	2.1
Teramo	.2	Nuoro	-
Abruzzi & Molise	69.9	Sassari	.3
		Sardegna	2.4
Avellino	.9		
Benevento	.5		
Napoli	45.7	Total	843.3
Salerno	4.1		
Campania	49.2		

3. Figures on cash disbursements and expenditures

(a) Owing to the closing of the Ufficio di Collegamento (Liaison Office) in the Bank of Italy at Salerno, no current data on cash disbursements is available. This office has now been re-established in Rome and will in future furnish each month, for all liberated Italy, data similar to that formerly supplied at Salerno. Arrangements [illegible] by the Treasury [illegible] 59, 60, and 61

Declassified E.O. 12356 Section 3.3/NND No. 785014

Marche	21.4
Perugia	9.5
Terni	1.3
Umbria	10.8
Frosinone	2.3
Littoria	.1
Rieti	.1
Roma	616.8
Viterbo	1.2
Lazio	625.1
Aquila	66.0
Campobasso	1.6
Chieti	.6
Pescara	1.5
Teramo	.2
Abruzzi & Molise	69.9
Avellino	.9
Benevento	.5
Napoli	43.7
Salerno	4.1
Campania	49.2

Catanzaro	1.3
Cosenza	1.3
Reggio di Calabria	.5
Calabria	3.5
Agrigento	1.5
Caltanissetta	1.7
Catania	1.7
Enna	.1
Messina	2.8
Palermo	4.9
Ragusa	.1
Siracusa	.2
Trapani	.8
Sicilia	13.3
Cagliari	2.1
Nuoro	.3
Sassari	.3
Sardegna	2.4
Total	843.3

3. Figures on cash disbursements and expenditures

(a) Owing to the closing of the Ufficio di Collegamento (Liaison Office) in the Bank of Italy at Salerno, no current data on cash disbursements is available. This office has now been re-established in Rome and will in future furnish each month, for all liberated Italy, data similar to that formerly supplied at Salerno. Arrangements have also been made for the Bank of Italy to supply the Treasury forms T 59, 60, and 61 (Dimostrazione mensile) each month for all provinces in both A.C. and Italian Government territory. To provide working data of past disbursements these forms are being supplied for all months from July 1943.

The budget of the General administration and the provincial State offices in Rome province for the three months from 1st July to 30th September (see section 1. c above for description) is shown on next page. The budgets for the 27 provinces of Italian Government territory and for the Army, Navy, and Air Force are not yet available.

Accreditamenti issued by the Government in May and June were as shown on the table on page 13).

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

Declassified E.O. 12356 Section 3.3/NND No. 785014

Budget Estimates for Central Administration and State Provincial Offices in Rome
(July to September 1944)
(Millions of lire)

Ministry and Agency	Expenditure: Central Treasury	Expenditure: Provincial Treasury	Expenditure: Total	Revenue: Central Treasury	Revenue: Provincial Treasury	Revenue: Total	Excess Expenditures over Revenue: Central Treasury	Excess Expenditures over Revenue: Provincial Treasury	Excess Expenditures over Revenue: Total
Finance	751.1	1,080.2	1,831.3	=	348.3	348.3	751.1	731.9	1,483.0
State Monopolies	9.3	27.1	36.4	=	37.5	37.5	9.3	18.4	1.1
Foreign Exchange	6.7	=	6.7	=	=	=	6.7	=	6.7
Grace and Justice	6.1	61.4	67.5	=	=	=	6.1	61.4	67.5
Foreign Affairs	31.6	=	31.6	=	=	=	31.6	=	31.6
Italian Africa	13.5	15.9	29.4	=	=	=	13.5	15.9	29.4
Monopolies Bureau	1.9	=	1.9	1.9	=	1.9	=	=	=
Education	8.5	133.2	141.7	=	=	=	8.5	133.2	141.7
Interior	122.3	346.6	468.9	.2	=	.2	122.1	346.6	468.8
Fund for Culture	.6	.1	.7	.6	=	.6		.1	
Public Works	16.6	100.3	116.9	=	16.1	16.1	16.6	84.2	100.8
Communications	21.8	101.1	122.9	16.9	9.1	25.	4.9	93.	97.9
Inspector General of Posts	58.5	1.2	59.7	=	=	=	58.5	1.2	59.7
Telephone Services	12.3	4.5	16.8	4.3	1	4.4	8.	4.4	12.4
Agriculture	9.6	47.6	57.2	=	=	=	9.6	47.6	57.2
State Forests	1	=	1	=	=	=	1	=	1
Industry & Commerce	13.9	4.8	18.7	=	=	=	13.9	4.8	18.7
Press and Information	6.0	20.2	26.2	=	=	=	6.0	20.2	26.2
War Production	.7	=	.7	=	=	=	.7	=	.7
Army	9.4	395.1	404.5	=	=	=	9.4	395.1	404.5
Navy	160.4	1.4	161.8	=	=	=	160.4	1.4	161.8
Air Force	19.3	=	19.3	=	=	=	19.3	=	19.3
Total	1,280.2	2,340.7	3,620.9	23.9	410.1	434.	1,256.3	1,930.6	3,186.9

Accreditamenti Issued by the Italian State Government
May and June 1944
(in millions of lire)

Ministry	May	June
Finance	46.5	46.5
Monopolies	6.0	7.6
Justice	6.9	12.8
Foreign Affairs	.6	6.4
Italian Africa	.4	.1

2230

Italian Africa	13.5	15.9	29.4	=	=	=	13.5	15.9	29.4
Monopolies Tobacco	1.9	=	1.9	1.9	=	1.9	=	=	=
Education	8.5	133.2	141.7	=	=	=	8.5	133.2	141.7
Interior	122.3	346.6	468.9	.2	=	.2	122.1	346.6	468.8
Fund for Culture	.6	.1	.7	.6	=	.6		.1	
Public Works	16.6	100.3	116.9	=	16.1	16.1	16.6	84.2	100.8
Communications	21.8	101.1	122.9	16.9	0.1	25.	4.9	93.	97.9
Inspector General of Posters	58.5	1.2	59.7	=	=	=	58.5	1.2	59.7
Telephone Services	12.3	4.5	16.8	4.3	1	4.4	8.	4.4	12.4
Agriculture	9.6	47.6	57.2	=	=	=	9.6	47.6	57.2
State Forests	1	=	1	=	=	=	1	=	1
Industry & Commerce	13.9	4.8	18.7	=	=	=	13.9	4.8	18.7
Press and Information	6.0	20.2	26.2	=	=	=	6.0	20.2	26.2
War Production	.7	=	.7	=	=	=	.7	=	.7
Army	9.4	395.1	404.5	=	=	=	9.4	395.1	404.5
Navy	160.4	1.4	161.8	=	=	=	160.4	1.4	161.8
Air Force	19.3	=	19.3	=	=	=	19.3	=	19.3
Total	1,280.2	2,340.7	3,620.9	25.0	410.1	454.	1,266.3	1,930.6	3,196.9

Accreditamenti Issued by the Italian State Government
May and June 1944
(in millions of lire)

Ministry	May	June
Finance	46.5	46.5
Monopolies	8.0	7.8
Justice	8.9	12.3
Foreign Affairs	.3	6.4
Italian Africa	.4	.1
Education	29.1	12.5
Interior	285.3	272.5
Public Works	16.8	1.0
State Roads	74.4	
State Railways	130.3	81.0
Agriculture	2.1	5.7
Industry and Commerce	6.4	1.1
Popular Culture	.2	
Total Civil	619.3	446.2
Military		
Army	857.2	
Navy	397.5	
Air Force	62.3	
Merchant Marine	11.1	
Total Military	1,328.1	
Total Government	1,947.3	

2230

753

Declassified E.O. 12356 Section 3.3/NND No. 785017

(b) Figures on disbursements in Rome of the Fascist Government obtained upon the liberation of Rome provide an interesting comparison with the expenditures of the government in liberated Italy. The figures shown below are comparable figures covering expenditures within the budget only.

Comparison of Budget Disbursements of R. Tesoreria of Kingdom Italy
with Rome Tesoreria for the period
1 July 1943 to 31 June 1944
(millions of lire)

Ministry	Disbursements in Italian Government Territory	Disbursements in Rome
Finance	1,115.3	4,093.2
Justice	180.7	93.1
Foreign Affairs	4.6	140.2
Italian Africa	0.3	109.6
Education	579.4	394.6
Interior	1,235.6	4,828.3
Public Works	198.2	249.3
Communications	637.1	150.9
Army	6,005.4	11,319.1
Navy	2,041.7	5,219.3
Air Force	716.8	2,851.8
Agriculture	79.8	774.9
Industry & Commerce	15.3	344.0
Popular Culture	1.8	49.2
Foreign Exchange		17.9
War Production		449.2
A.M.G. Subsidy	58.0	
Total	13,677.9	27,751.6

(c) Other figures obtained in Rome show the expenditures of the War Ministries in Rome, and reflect the creation of the Fascist Republican Army, the increased rates of Army pay, and, probably German military expenses for fortifications. The figures drop sharply in April, reflecting the transfer of the Ministry to Brescia.

Disbursements of War Ministries in Rome Province
1 July 1943 to 31 May 1944
(in millions of lire)

	Army	Navy	Air Force
1943			
July	960	85	53

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

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

III. [illegible] AND QUESTIONS [illegible]

A. Supply of AM lire currency

1. As indicated in the accounts of the Allied Financial Agency, disbursements of lire to the paymasters of the Allied military forces in June were much larger than in any previous month, and were about twice the monthly rate of disbursements in the early months of 1944. Only a part of this sum was added to the floating reserve of the paymasters, indicating that the payments made to individual troops and to civilians also substantially exceeded the corresponding expenditures in any previous month.

2. As a result of these transactions, the total amount of AM lire available in Italy, in the United States, and in transit, was reduced to 31,806 million lire at the end of June. This is equivalent to 5.8 monthly disbursements at the June rate. However, only 4 months' supply of 1000-lire and 100-lire notes was available, as these denominations have been drawn most heavily, relative to our stocks.

3. The reserves in Italy were reduced to 12,299 million lire at the end of June, which sum was distributed for the most part at the branches of AFA in Rome, Naples and Bari. A small amounts remains at Palermo.

4. However, during the month of July, CCS agreed to begin deliveries on a new order for 30 billion AM lire shortly, the first shipment to be received on 1 September 1944.

B. Production of new currency for Italy

1. Preliminary

(a) Sometime ago the CCS was duly authorized to explore, on behalf of the Italian Government, the production of non-military lire currency by the fastest possible means, since currency conversion, which is an integral part of the Italian Stabilization and Inflation Control Program, is considered essential to the economic rehabilitation and political resurgence of Italy. Plans for such production are proceeding and in view of all the obstacles, considerable progress may be said to have been made.

(b) The Bank of Italy has given the following as its estimates of new currency required for the stabilization and inflation control program:

Quantity		Denomination	Lire Amount	
75,000,000	(12.50)	1,000	L. 75,000,000,000	(50)
75,000,000	(12.50)	500	" 37,500,000,000	(25)
300,000,000	(50)	100	" 30,000,000,000	(20)
150,000,000	(25)	50	" 7,000,000,000	(5)
600,000,000			L.150,000,000,000	

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

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

actions have been drawn most heavily, relative to the books.

3. The reserves in Italy were reduced to 12,299 million lire at the end of June, which sum was distributed for the most part at the branches of AMG in Rome, Naples and Bari. A small amounts remains at Palermo.

4. However, during the month of July, CCS agreed to begin deliveries on a new order for 30 billion AM lire shortly, the first shipment to be received on 1 September 1944.

B. Production of new currency for Italy

1. Preliminary

(a) Sometime ago the CCS was duly authorized to explore, on behalf of the Italian Government, the production of non-military lire currency by the fastest possible means, since currency conversion, which is an integral part of the Italian Stabilization and Inflation Control Program, is considered essential to the economic rehabilitation and political resurgence of Italy. Plans for such production are proceeding and in view of all the obstacles, considerable progress may be said to have been made.

(b) The Bank of Italy has given the following as its estimates of new currency required for the stabilization and inflation control program:

Quantity		Denomination	Lira Amount	
75,000,000	(12.5%)	1,000	L. 75,000,000,000	(50%)
75,000,000	(12.5%)	500	" 37,500,000,000	(25%)
300,000,000	(50%)	100	" 30,000,000,000	(20%)
150,000,000	(25%)	50	" 7,000,000,000	(5%)
600,000,000			L.150,000,000,000	

2. Facilities available for printing bank-notes in Italy

2229

(a) A thorough investigation of the facilities for manufacturing and printing bank notes in Italy has been made and very careful consideration has been given to the utilization of these facilities to the maximum. The production of bank notes in Italy is governed chiefly by two factors,

(i) Capacity to manufacture bank note paper, and
(ii) capacity to print or lithograph the notes.

753

Name & Address	Used for	Present Condition
1. Banca d'Italia plant, l'Aquila, Italy	Manufacture of bank note paper and for printing	Completely destroyed
2. Cartiera Banca d'Italia, (Officina Carte Valori) 55 Via dei Serpenti, Rome.	Manufacture of bank note paper	Under construction. Paper making machinery salvaged from the l'Aquila plant is being installed here
3. Cartiera A. Sordini & Sons, Pale di Foligno, Italy	Manufacturing of paper	50% destroyed
4. Stabilimento Staderini, 45 Via Baccina, Rome	Printing	In good condition but with limited capacity
5. Istituto Poligrafico Dello Stato, Piazza G. Verdi, Rome	Printing	In good condition but with limited capacity

(b) A representative of the Finance Sub-Commission was sent to L'Aquila (Aquila province) to examine and report on the condition of the Banca d'Italia paper and printing plant there. This large plant, normally employing 600 workers, was completely wrecked by Allied bombing and by German demolition squads. Arrangements have been made through the Transportation Sub-Commission to move whatever paper manufacturing and printing machinery is undamaged, to Rome. The difficulties to be overcome are considerable. There is no power of any kind available in L'Aquila, almost all of the bridges and culverts between Rome and L'Aquila (about 60 miles) are out, requiring detours which the autumn rains may make impassable, and there is an acute shortage of gasoline and transportation. The Bank of Italy sent about 30 workmen to L'Aquila to disassemble the machinery and already several disassembled paper making machines have been moved to Rome. The Transportation Sub-Commission estimates that the moving of the machinery, barring bad weather and other factors beyond their control, will be completed by about September 15, 1944. It is estimated that the conversion of the building where it is to be installed and the installation itself will be completed by about November 1, 1944.

(c) A representative of the Finance Sub-Commission was also sent to Foligno (Perugia province, about 80 miles from Rome) to examine and report on the condition of the paper mill of A. Sordini & Sons. This is a small privately owned paper mill normally employing about 50 workmen which makes paper under contract for the Banca d'Italia. It was about 50% destroyed by German demolition squads. The part of this mill which is left is in relatively good condition and the owners state that only lack of raw materials and a few minor repairs prevent them from resuming operations. As an example of the difficulties encountered, the electric generating equipment at the paper mill was requisitioned by the provincial authorities and with no power, the machinery which is undamaged cannot be operated. Every assistance has been given to get the Sordini paper mill back into operation again.

(d) The Industry Sub-Commission has estimated that the Sordini mill will be able to start production of bank-note paper by 1 October 1944, and that the Cartiera Banca d'Italia, Rome, will start production of bank note paper by 1 November 1944.

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

(b) A representative of the Industry Sub-Commission was sent to Sulmona (Aquila province) to examine and report on the condition of the Banca d'Italia paper and printing plant there. This large plant, normally employing 600 workers, was completely wrecked by Allied bombing and by German demolition squads. Arrangements have been made through the Transportation Sub-Commission to move whatever paper manufacturing and printing machinery is undamaged, to Rome. The difficulties to be overcome are considerable. There is no power of any kind available in L'Aquila, almost all of the bridges and culverts between Rome and L'Aquila (about 60 miles) are out, requiring detours which the autumn rains may make impassable, and there is an acute shortage of gasoline and transportation. The Bank of Italy sent about 30 workmen to L'Aquila to disassemble the machinery and already several disassembled paper making machines have been moved to Rome. The Transportation Sub-Commission estimates that the moving of the machinery, barring bad weather and other factors beyond their control, will be completed by about September 15, 1944. It is estimated that the conversion of the building where it is to be installed and the installation itself will be completed by about November 1, 1944.

(c) A representative of the Finance Sub-Commission was also sent to Foligno (Perugia province, about 80 miles from Rome) to examine and report on the condition of the paper mill of A. Sordini & Sons. This is a small privately owned paper mill normally employing about 50 workmen which makes paper under contract for the Banca d'Italia. It was about 50% destroyed by German demolition squads. The part of this mill which is left is in relatively good condition and the owners state that only lack of raw materials and a few minor repairs prevent them from resuming operations. As an example of the difficulties encountered, the electric generating equipment at the paper mill was requisitioned by the provincial authorities and with no power, the machinery which is undamaged cannot be operated. Every assistance has been given to get the Sordini paper mill back into operation again.

(d) The Industry Sub-Commission has estimated that the Sordini mill will be able to start production of bank-note paper by 1 October 1944, and that the Cartiera Banca d'Italia, Rome, will start production of bank note paper by 1 November 1944.

(e) Careful consideration has been given to other sources of bank note paper in Italy such as the Cartiere Miliani, Fabriano, Province of Ancona, paper mills (about 100 miles from Rome), and to any existing stocks of paper. At present, reports on the condition of the mills at Fabriano, which has been liberated only a few weeks, are quite vague. A representative of the Finance Sub-Commission, together with a representative from the Industry and Commerce Sub-Commissions expect to proceed to Fabriano shortly and to report on conditions there for the production of paper. Judged by the amount of destruction at L'Aquila and Foligno, it is unlikely that the Cartiere Miliani, Fabriano will be undamaged.

(f) In northern Italy plants exist, or did exist, for the production of bank-note paper or for printing in Milan, Bergamo and Novara. This is still enemy-occupied territory and little or no information is available on the present condition of these plants. It is most unlikely, however, in view of our experience with the L'Aquila and Foligno establishments that these plants will not have been damaged, either by Allied bombing or by German demolition squads. Sig. Staderini stated that the only reason his printing plant in Rome had not been damaged or looted by the Germans was that he had been engaged in printing work for the Vatican.

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

(c) The Finance Sub-Commission is working very closely with the Industry and Commerce Sub-Commissions in obtaining and co-ordinating to the maximum all available Italian labor, production facilities, raw materials and other resources.

(h) If the recommendations in the currency stabilization and inflation control program are to be carried out, the new currency should be available within 6 to 7 months. It is physically impossible, under present conditions, to produce 600 million bank notes in Italy within that period of time. It is problematical under existing conditions whether this amount could be produced in Italy within 5 years.

(i) With our assistance, the Italians expect to be able to produce sufficient paper for the 1,000 lire and 500 lire denomination notes (75,000,000 of each in quantity), representing 25% of the total number of notes required for the program.

(j) They expect to be able to print in the Studerini and Poligrafico plants, working 2 shifts of 10 hrs each, all of the 1,000 and 500 denomination notes within 3½ months after receipt of the paper stock. This is assuming, of course, that the necessary power, raw materials, fuel, transportation, etc. can be obtained and that the facilities of these firms for producing currency will not be requisitioned for some other purpose.

(k) Discussions are under way for the production in the United States of the 50 and 100 denomination notes representing 75% of the total quantity of the new currency contemplated. Thus it is hoped that with production of the large denomination notes (500's and 100's) in Italy and the small denomination notes (50's and 100's) in the U.S., the total amount of currency required will be produced within 6 to 7 months. Lengthy discussions have been held with officials of the Italian Ministry of the Treasury and of the Banca d'Italia on this matter and every effort is being made to produce the required amount of currency by February 15, 1945.

C. Review of reserve position of Banca d'Italia

1. The total currency holdings of the Banca d'Italia in liberated Italy amounted to 6,330 million lire on 10 July, on the basis of preliminary reports, as compared with 6,631 million lire held on 31 May in the smaller area of Italy which was at that date under Allied control. That is to say, the extension of territory has resulted in a decrease in the currency reserve of the Banca d'Italia, despite the much larger flow of new AM lire into circulation which took place in May and June and in spite of the discovery of some currency in Rome and in other cities recently liberated.

2. This decrease of 301 million in total currency reserve was almost equal to the decline of 306 millions in "free" reserve, after deducting AM balances with the Banca d'Italia, which rose from 3,355 million lire on 31 May to 3,359 million lire on 30 June.

D. Remittances from the U.S. and the U.K.

1. Since the inauguration of the remittance system to the end of July, 1944, lists [illegible] covering 70,563 individual remittances,

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

50 and 100 denomination notes representing 75% of the total currency [illegible] contemplated. Thus it is hoped that with production of the large denomination notes (500's and 1000's) in Italy and the small denomination notes (50's and 100's) in the U.S., the total amount of currency required will be produced within 6 to 7 months. Lengthy discussions have been held with officials of the Italian Ministry of the Treasury and of the Banco d'Italia on this matter and every effort is being made to produce the required amount of currency by February 15, 1945.

C. Review of reserve position of Banco d'Italia

1. The total currency holdings of the Banco d'Italia in liberated Italy amounted to 6,330 million lire on 10 July, on the basis of preliminary reports, as compared with 6,631 million lire held on 31 May in the smaller area of Italy which was at that date under Allied control. That is to say, the extension of territory has resulted in a decrease in the currency reserve of the Banco d'Italia, despite the much larger flow of new lire into circulation which took place in May and June and in spite of the discovery of some currency in Rome and in other cities recently liberated.

2. This decrease of 301 million in total currency reserve was almost equal to the decline of 306 millions in "free" reserve, after deducting AMA balances with the Banco d'Italia, which rose from 3,355 million lire on 31 May to 3,359 million lire on 30 June.

D. Remittances from the U.S. and the U.K.

1. Since the inauguration of the remittance system to the end of July 1944, lists totalling £ 2,895,926.95, and £ 41,575-10-0, covering 70,563 individual remittances, have been handed to the Banco di Sicilia and the Banco di Napoli for payment. (These lists include lists totalling £ 206,455.10 and £ 14,569-0-0, covering 12,373 remittances, which were received at the end of July, but not recorded on the books until 1 August.

2228

2. The Banco d'Italia has expressed its desire to handle remittances in the remaining territory of Italy. However, as the appointment of a Commissario did not take place until the end of July, AFHQ requested early in July that the Banco di Napoli be authorized to make payments to beneficiaries resident in the provinces of Rome, Littoria, Frosinone and Campobasso. The British and U.S. Treasuries have prepared issued licenses to open the service to these provinces, but official notice thereof has not yet reached ACC.

3. In the near future, the limit for a personal remittance from the United States, without a specific license, will be raised from £ 50 per month per Italian household to £ 500 per month per individual or household, and the same limit figure will apply to U.K. nationals. The U.K. Treasury will also relax its restrictions on the amount which may be remitted through the Bank of England on behalf of remitters who are not residents of the "sterling area". This apparently will permit free transfer of funds from Latin American countries to liberated Italy, via sterling, subject to such restriction as may

753

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

be imposed by such Latin American countries themselves. The ~~existing procedure~~ will remain effective so far as remittances from residents of the sterling area to Italy are concerned.

4. When the Banca d'Italia opens accounts with the U.S. and U.K. commercial banks for the purpose of carrying out remittances, it has been recommended that the existing procedure be modified to require that no offsetting AF dollar and sterling accounts with the Banca d'Italia be established by AFA, but merely that the Banca d'Italia agree to make such payments of foreign exchange from those accounts as are requested or ordered by the Finance Sub-Commission, ACC. An official ruling from CCS will be required on this point before the correspondents of the Banca d'Italia can be chosen. This change in procedure would remove these transactions entirely from AFA's accounts, and Banca d'Italia, rather than AFA, would provide the lire with which payments would be effected in Italy.

E. Advances to Allied Military Forces

1. During the month of July the first advances of lire were made to the Brazilian Expeditionary Force, in the approximate amount of 14 million lire. A suspense account in Brazilian Cruzeiros will be set up in the Bank of Brazil as an offset to these advances, at the rate of 5 lire to one cruzeiro.

F. AFA Accounting

1. Centralization at Headquarters

Pursuant to Executive Memorandum No. 64, dated 21 June, 1944, all bookkeeping and preparation of accounts for Allied Financial Agency (with the exception of certain bookkeeping records maintained for AFA by the Regional Accountants of Regions IV and V which will be taken over in August) were centralized at Headquarters. The new ledgers were opened with the 30 June 1944 balances as shown in the Allied Financial Consolidated Statements of Receipts and Disbursements, and thereafter the posting of entries arising from AFA branch transactions and transactions of Sub-Accounts in the Field was begun. The new centralized records are being posted by means of bookkeeping machines requisitioned for this purpose.

2. June Statement of Receipts and Disbursements

The AFA branch statements for the month of June were consolidated in the usual way, and the consolidated Statement was prepared for distribution.

3. Advances to Other Allied Forces

A new form, M/P 13 (c), was printed for use in connection with making adjustments with the British Command Paymaster in respect of AM lire advanced by him to British Dominion, and other Allied forces (specified in TAC Airgram No. 152). A supply of this form has been sent to the AFA branches concerned, who in turn have advised the Paymaster that as soon as he has furnished the necessary data and relative receipts adjustments will be made, in order that such advances will be properly reflected in AFA's accounts.

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

F. AFA Accounting

1. Centralization at Headquarters

Pursuant to Executive Memorandum No. 64, dated 21 June, 1944, all bookkeeping and preparation of accounts for Allied Financial Agency (with the exception of certain bookkeeping records maintained for AFA by the Regional Accountants of Regions IV and V which will be taken over in August) were centralized at Headquarters. The new ledgers were opened with the 30 June 1944 balances as shown in the Allied Financial Consolidated Statements of Receipts and Disbursements, and thereafter the posting of entries arising from AFA branch transactions and transactions of Sub-Accounts in the Field was begun. The new centralized records are being posted by means of bookkeeping machines requisitioned for this purpose.

2. June Statement of Receipts and Disbursements

The AFA branch statements for the month of June were consolidated in the usual way, and the consolidated Statement was prepared for distribution.

3. Advances to Other Allied Forces

A new form, F/F 13 (c), was printed for use in connection with making adjustments with the British Command Paymaster in respect of AFA lire advanced by him to ... British Dominion, and other Allied forces (specified in TAM Airgram No. 152). A supply of this form has been sent to the AFA branches concerned, who in turn have advised the Paymaster that as soon as he has furnished the necessary data and relative receipts adjustments will be made, in order that such advances will be properly reflected in AFA's accounts.

4. Supplies stockpiled for export

Instructions regarding the accounting treatment of disbursements for supplies purchased for stockpiling pending export were prepared and sent to all AFA branches.

5. Funds for United Nations Representatives in Italy

A new form, F/F 12 (a), was prepared for the use of AFA branches in connection with the making of temporary advances to duly accredited representatives of United Nations for the purpose of meeting the personal and office expenses of such representatives in Italy. In accordance with TM 216 this new form provides that such advances will be repaid to AFA as promptly as possible by means of funds transferred through the remittance plan by the United Nations' governments concerned.

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

2028

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

2029

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

2030

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

to pass to the Treasury, this Ministry would [illegible]
future of Italy. The Finance Sub-Commission's adviser to I.R.I. has made arrangements to reactivate the organization. A team consisting of a representative each from the Ministry of Finance, Onofrio Pepicucci, and the Ministry of the Treasury, Bernio Fortis, who are technically competent and work well together, have been put in as temporary heads until the government can come to a final decision as to the control of I.R.I. The most probable outcome is that the Board of Directors of I.R.I. will consist of a sufficient number of Ministers or their representatives to give representation to the major national economic and political interests. The actual operation of I.R.I. would be conducted by a technician as managing director within the lines of general policy laid down by the Board.

C. Commercial Banking

1. As of the end of June 1944, total deposits in banks in all Italy are estimated to total around 170 billion lire. The latest definite figures supplied by the Ispettorato for September 1943, give a total of 145 billion lire. The nine banks included in the categories of "institutions of public law" and "banks of national interest"(i.e. banks without stockholders or owned by I.R.I. such Banco di Napoli and Banco Commerciale Italiana) held not quite half of all the deposits.

2. The latest figures on Government securities owned by the banks show that they hold, as of 30 September 1943, 64 billion lire of securities; that is, considerably less than half of total banking assets were invested in Government securities. It is particularly to be noted that whereas the nine leading banks hold almost half of the total deposits, they hold only about a third of the total amount of Government bonds owned by the banks. As the nine leading banks were all theoretically subject to direct Government control, the foregoing figures are a good indication of the lack of efficiency of Fascist banking and credit controls. This indication is well substantiated by other experience in this field. (The Statistic tables on deposits and Government bonds holdings are given in Statistical Appendix, Appendix D.)

D. Postal Savings

(a) For the first month in any period for which we have information there appears to have been a decisive shift in postal savings bond investment from a net outflow of funds to a net inflow.

(b) As the principal mechanism of saving used by small savers in Italy, the status of investment in these bonds is highly important. The shift in June was probably caused by the availability of new postal savings bonds certificates and by investment of the first harvest proceeds in agricultural districts.

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

E. Other Financial Developments

1. Financing of ocean transport

(a) Two related problems arose during July in connection with the financing of cargoes transported by water for ACC account. The Mediterranean Shipping Board has requested payment for freight carried for ACC account, and a new method of financing the operations of COGENA (an association of Italian schooner owners) was adopted. Previously, COGENA had been financed by the Shipping Sub-Commission with funds drawn by the British Command Pay Office from the Allied Financial Agency. Inasmuch as this financial problem is clearly an internal one and therefore a matter for the Italian Government, arrangements were made for the Government to provide COGENA with the necessary funds. No payments will be made to COGENA for cargoes carried on behalf of the Allied forces or ACC. In accordance with the terms of the Armistice and AFHQ Administrative Memoranda Nos. 95 and 31, these charges will be borne by the Italian Government when it finances COGENA's operating deficit.

(b) With respect to MEDBO's request, Finance Sub-Commission replied that the movement of cargoes for ACC is in reality a service rendered to the Italian civilian economy (food supplies, etc.). In view of this, such charges should be treated in the same way as, for example, food imported for civilian consumption, for which no immediate payment is made. MEDBO is itself applying the same principle, in that Italian ocean-going vessels are chartered to MEDBO, but the question of remuneration to Italy for the services of these vessels has been deferred. All such elements - the value of services provided by Italy and rendered to Italy must be considered in an ultimate financial settlement. It was therefore suggested to MEDBO that vessels under charter to it continue to carry cargoes for ACC without any immediate payments. Careful records should of course be kept, in order that this service may be taken into consideration in the future.

2. Savings Bank Officials

As new territory is liberated in the north several savings banks have been found from which all officers have fled. Prior to Fascism there were various methods of selecting these officers, giving due weight to different elements in the community. Under Fascism all of these officers were appointed by the Ministry of Finance. It has been agreed by the Minister of the Treasury that as officers are removed or places are found vacant no permanent appointments shall be made but Commissionarii will be appointed to hold office only until the pre-Fascist system can be reinstituted.

3. Revision of Proclamations and General Orders

In conjunction with the Legal Sub-Commission, Finance Sub-Commission reconsidered the various policy statements embodied in the outstanding Proclamations and General Orders. Extensive revisions were made and drafts thereof submitted to the Legal Sub-Commission.

V. PRICES AND THE COST OF LIVING

A. Appendix E to this Report reproduces all the data currently available on the cost of living in the capital cities of 24 provinces of liberated Italy. Previously, this Report has contained cost of living figures for Naples. The data in Appendix E are calculated

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

same way as, for example, food imported for civilian consumption. Similar payment is made. MEDBO is itself applying the same principle, in that Italian ocean-going vessels are chartered to MEDBO, but the question of remuneration to Italy for the services of these vessels has been deferred. All such elements - the value of services provided by Italy and rendered to Italy must be considered in an ultimate financial settlement. It was therefore suggested to MEDBO that vessels under charter to it continue to carry cargoes for ACC without any immediate payments. Careful records should of course be kept, in order that this service may be taken into consideration in the future.

2. Savings Bank Officials

As new territory is liberated in the north several savings banks have been found from which all officers have fled. Prior to Fascism there were various methods of selecting these officers, giving due weight to different elements in the community. Under Fascism all of these officers were appointed by the Ministry of Finance. It has been agreed by the Minister of the Treasury that as officers are removed or places are found vacant no permanent appointments shall be made but Commissionarii will be appointed to hold office only until the pre-Fascist system can be reinstituted.

3. Revision of Proclamations and General Orders

In conjunction with the Legal Sub-Commission, Finance Sub-Commission reconsidered the various policy statements embodied in the outstanding Proclamations and General Orders. Extensive revisions were made and drafts thereof submitted to the Legal Sub-Commission.

V. PRICES AND THE COST OF LIVING

A. Appendix E to this Report reproduces all the data currently available on the cost of living in the capital cities of 24 provinces of liberated Italy. Previously, this Report has contained cost of living figures for Naples. The data in Appendix E are calculated for all 24 provinces on approximately the same basis as that previously used for Naples, the differences being fully explained in the appendix.

For all provinces for which July data are available, the cost of living dropped sharply in that month, a result of the increase in the bread ration which took effect on 1 July, of the current wheat harvest which is now available, and of the current harvest of other important food crops.

B. The price of bread in liberated Italy, a subject that has been extensively discussed in ACC, and reported in detail in previous numbers of the Monthly Report, was fixed during July at 5 lire per kilogram. The decision to fix the price at that point was taken after it became obvious that agreement between ACC and the Government was impossible as the Government consistently advocated an "economic"(i.e. full cost) price for bread.

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

VI. INSURANCE

A. Commercial Insurance

1. Italian Government

Dott. Beniamino Vigoriti, of the Commercial Insurance Section of the Ministry of Industry, Commerce and Labor, has been charged with re-forming the former Servizio dell'Assicurazione of the Ministry of Corporations as a Section of the Ministry of Industry, Commerce and Labor, using the most technically qualified men available in Rome. It has been emphasized that this is a matter of pressing importance. Occupation of Rome, where there are a number of insurance offices authorized to take charge in liberated Italy, is bringing insurance problems which are of a highly technical nature and require examination not so much from the point of view of companies individually, but on a national basis. While a reorganized Advisory Committee will go some way towards meeting this problem, it is obvious that the representatives on it of the Ministry of Industry, Commerce and Labor must be men highly qualified in insurance problems. There are a number of such men in Rome from whom the Government can make a selection, subject to satisfactory political backgrounds.

2. Existing condition of Rome offices

All insurance offices in Rome had been closed (except for premium collections and expenses) by order of Rome Region on 24 June, and the earliest efforts were directed to obtaining sufficient data from them to decide upon reopening. Several distinct categories were immediately apparent:

(a) The group comprising the Istituto Nazionale delle Assicurazioni, Praevidentia, and Assicurazioni d'Italia, where the Boards of Administration had been replaced by the Commissioner, Dr. Alfredo de Liguoro, appointed by decree in May, and sent to Rome on Italian Government orders and with ACC approval, to take charge of these parastatal concerns.

(b) Other companies with Head Offices in Rome, of which both the Compagnia di Roma and the Unione Italiana di Riassicurazione required special consideration.

(c) Companies whose Head Offices were in the north, which had arranged for specially staffed and equipped offices in Rome, to act as Head Offices for liberated territory. The two most important of this group were Assicurazioni Generali di Venezia, and Riunione Adriatica di Sicurta'.

(d) Foreign Companies, comprising five French companies in the same categories as (b) or (c) above, two German companies, and agencies of three British companies.

There were in Naples Commissioners appointed for several companies by the Government, with powers extended to AMG territory. While it had originally been intended to bring all such Commissioners to Rome to take charge of their companies' affairs, it became apparent that in some instances of Companies in group (c) above, the officials in Rome were not only better qualified men holding specific authority from their Head Offices, but were also the superiors of their own Commissioners, who, although selected from the best men available at the time of their appointment, did not possess all the qualifications strictly desirable.

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

All insurance offices in Rome had been closed (except for premium collections and expenses) by order of Rome Region on 24 June, and the earliest efforts were directed to obtaining sufficient data from them to decide upon reopening. Several distinct categories were immediately apparent:

(a) The group comprising the Istituto Nazionale delle Assicurazioni, Praevidentia, and Assicurazioni d'Italia, where the Boards of Administration had been replaced by the Commissioner, Dr. Alfredo de Liguoro, appointed by decree in May, and sent to Rome on Italian Government orders and with ACC approval, to take charge of these parastatal concerns.

(b) Other companies with Head Offices in Rome, of which both the Compagnia di Roma and the Unione Italiana di Riassicurazione required special consideration.

(c) Companies whose Head Offices were in the north, which had arranged for specially staffed and equipped offices in Rome, to act as Head Offices for liberated territory. The two most important of this group were Assicurazioni Generali di Venezia, and Riunione Adriatica di Sicurta'.

(d) Foreign Companies, comprising five French companies in the same categories as (b) or (c) above, two German companies, and agencies of three British companies.

There were in Naples Commissioners appointed for several companies by the Government, with powers extended to AMG territory. While it had originally been intended to bring all such Commissioners to Rome to take charge of their companies' affairs, it became apparent that in some instances of Companies in group (c) above, the officials in Rome were not only better qualified men holding specific authority from their Head Offices, but were also the superiors of their own Commissioners, who, although selected from the best men available at the time of their appointment, did not possess all the qualifications strictly desirable.

At a meeting with the Minister of Industry, Commerce and Labor it was decided that the appointment of Commissioner should be cancelled by the Government in cases where it was agreed that the Rome management was of a superior grade to the Commissioner.

3. Conditions of reopening

In the meantime attention was given to the formulation of restrictions it might be desirable to impose, and the following were agreed with the Italian Government representatives:

(a) Operations on quotas of reinsurance given to, or accepted from, companies remaining closed, to be suspended;

(b) Operations on any part of the portfolio referring to foreign countries, or to foreign companies not opened for liberated territory, to be suspended;

./..

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

(c) No payment to be made to any person, corporation or other concern whose bank account is blocked under ACC/AMG orders, without approval of the Finance Sub-Commission;

(d) The obligation of "cessioni legali" to the Istituto Nazionale delle Assicurazioni to remain in force for life insurances;

(e) New risks in other branches to be limited to those the Rome managements are authorized by their principals to accept, to those located in liberated territory, and in accordance with Italian law;

(f) No operation to be undertaken which would violate any order of ACC/AMG or of the Italian Government.

4. Non-Italian companies

In accordance with arrangements previously made, the agencies of the three British Companies, which were without any controlling authority, were turned over to the Director of Property Control. The Companies effected are:

Alliance
Liverpool London & Globe
Commercial Union

The Italian Head Offices for all three are in Milan under Italian management, and fresh arrangements are contemplated for them when Milan is reached, by which time the Director of Property Control should have received instructions from London.

After further consultation with the French authorities it was agreed to treat the French companies in the same way as Italian offices of similar calibre, it being understood, however, that negotiations might take place to bring them under the control of superior offices located in the territory under the control of the Provisional French Government. The French authorities also mentioned the companies "Ausonia" and "Paterna" as being of majority French ownership. There is no substantial organization for either in Rome.

It is the intention of the Italian authorities to appoint a sequestrator for the two German companies; one, Danubio - Concordia, has its Italian Head Office in Rome and appears to be in working condition. The officers of the other, the Mannheim, have been evacuated north, leaving a minor official (Italian) with authority to settle claims, and some funds for this purpose.

5. Italian Companies

Investigation of data furnished by companies was completed by 12 July and on 14 July a number of companies were instructed to resume their activities for all liberated Italy the restrictions reported above.

In view of the peculiar character of the Compagnia di Roma and the Unione Italiana di Riassicurazioni, it was decided, in conjunction with the Government r[illegible]225
[illegible] closed until such time as investigation can be made into

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

The Italian Head Offices for all three are in Milan under Italian management, and fresh arrangements are contemplated for them when Milan is reached, by which time the Director of Property Control should have received instructions from London.

After further consultation with the French authorities it was agreed to treat the French companies in the same way as Italian offices of similar calibre, it being understood, however, that negotiations might take place to bring them under the control of superior offices located in the territory under the control of the Provisional French Government. The French authorities also mentioned the companies "Ausonia" and "Paterna" as being of majority French ownership. There is no substantial organization for either in Rome.

It is the intention of the Italian authorities to appoint a sequestrator for the two German companies; one, Danubio - Concordia, has its Italian Head Office in Rome and appears to be in working condition. The officers of the other, the Mannheim, have been evacuated north, leaving a minor official (Italian) with authority to settle claims, and some funds for this purpose.

5. Italian Companies

Investigation of data furnished by companies was completed by 12 July and on 14 July a number of companies were instructed to resume their activities for all liberated Italy the restrictions reported above.

In view of the peculiar character of the Compagnia di Roma and the Unione Italiana di Riassicurazioni, it was decided, in conjunction with the Government representative, to leave them closed until such time as investigation can be made into their functioning.

6. Insurance intelligence

It is difficult to appraise with any degree of exactitude the insurance intelligence available from the half-dozen Head offices in Rome. The chief institutions of any value in this respect are the Istituto Nazionale delle Assicurazioni, the Compagnia di Roma, and the Unione Italiana di Riassicurazione.

The Istituto Nazionale deals primarily with life insurances, although it does conduct small reinsurances in other branches, chiefly in conjunction with the Unione Italiana and its own subsidiary Assicurazione d'Italia. A preliminary report of the conditions in the Head Office at the time of the liberation of Rome is attached as Appendix F.

753

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

The Compagnia di Roma and the Unione Italiana offer a different problem. Upon notification from them that their technical records were intact, contact was made through ACC Information Division with the Intelligence Services, to a representative of which the possibilities were explained. It is, however, beyond the resources of the Insurance Department to undertake any large-scale investigation of technical records. The Department could, however, request the companies to do the work, if an indication should be given of the specific type of information required by London and Washington, e.g. names of persons whose property it is desired to investigate, a record of insurance upon whom, or upon whose property, might be of assistance. Both as a test on completeness of records, and as an example of the information available on insured persons and property, details of two life, two fire and two transport policies picked at random have been called for from both the Unione Italiana di Riassicurazione and the Compagnia di Roma.

7. Arrangements have now been made on the following lines, after consultation with Sections of the Finance Sub-Commission dealing with other financial institutions, on a national basis. Expurgation of the Istituto Nazionale delle Assicurazione and its subsidiaries (para-statal concerns) will be left to the Government to arrange with the Commissioner, who has already taken steps to obtain political histories of the staff. Such of the managements and directorates as are in Rome of all commercial insurance offices having a national sphere of responsibility will be screened by means of "Schede Personali" sent out by the Insurance Department and referred to the Security Branch. When once such managements and directorates have been established as satisfactory, they will in turn be made responsible for dealing with their employees, utilizing, if they so desire, the services of any staff Committee in their office. The exact terms of reference to be given to the management have yet to be formulated, but will be uniform with those used by the rest of the Sub-Commission.

Dispatch of "Schede Personali" for managements and directorates at a national level has been finished, completion of screening being now dependent on the speed with which they are returned and can be dealt with.

Offices which have not a national significance, such as local branches, agencies, cash offices and the like, will comply with Regional orders on the subject.

Personnel of managements and directorates found unsatisfactory will be dismissed by orders direct to their companies up to the date of the hand-over of Rome to the Italian Government, with a copy to the Government for confirmatory action afterwards. After the hand-over, names of such persons will be sent to the Government for necessary action. Names of all such personnel, and also those of insurance personnel proved satisfactory, will be communicated in future monthly reports.

B. Social Insurance

1. Extension of social insurance to direct employees of the Allied forces

(a) Recent pressures have forced quickening of consideration of coverage of direct employees of Allied Forces in Italy under social insurance laws. Documents made available following the fall of Rome make clear that the Germans provided such coverage for their direct employees. Italians in this area cannot understand why we have not

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

Personnel [illegible]

When once such managements and directorates [illegible] will in turn be made responsible for dealing with their employees, utilizing, if they so desire, the services of any staff Committee in their office. The exact terms of reference to be given to the management have yet to be formulated, but will be uniform with those used by the rest of the Sub-Commission.

Dispatch of "Schede Personali" for managements and directorates at a national level has been finished, completion of screening being now dependent on the speed with which they are returned and can be dealt with.

Offices which have not a national significance, such as local branches, agencies, cash offices and the like, will comply with Regional orders on the subject.

Personnel of managements and directorates found unsatisfactory will be dismissed by orders direct to their companies up to the date of the hand-over of Rome to the Italian Government, with a copy to the Government for confirmatory action afterwards. After the hand-over, names of such persons will be sent to the Government for necessary action. Names of all such personnel, and also those of insurance personnel proved satisfactory, will be communicated in future monthly reports.

B. Social Insurance

1. Extension of social insurance to direct employees of the Allied forces

(a) Recent pressures have forced quickening of consideration of coverage of direct employees of Allied Forces in Italy under social insurance laws. Documents made available following the fall of Rome make clear that the Germans provided such coverage for their direct employees. Italians in this area cannot understand why we have not already done so. In Sicily this gap in coverage has recently become a source of serious agitation.

(b) On 15 May 1944 the local Resources Board for Italy approved extension of Italian social insurance benefits to direct employees of Allied Forces and requested ACC to develop a plan for such extension that would be acceptable to the Italian Government and Allied Forces. The Italian Government had already agreed to bear the cost of the following coverages in addition to accidental injury or death which are already covered:

(i) sickness of worker or dependent
(ii) unemployment
(iii) pensions for invalidity or old age
(iv) tuberculosis
(v) marriage and birth allowances

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

(c) The principal problems have been, on the one hand, to determine the minimum information required for assuring payment of benefits to the workers involved, and for enabling the Italian Government to accumulate the necessary reserves to meet such payments; and on the other hand, to devise a method by which Allied Forces can supply such information with a minimum of recording, tabulation and reporting.

(d) A plan has been prepared and submitted for approval of appropriate committees of HQ. Allied Armies in Italy. It proposes that Allied Forces assume responsibility for

(i) preparation of a "Worker's Social Insurance Card" for each direct employee, the cards to be kept on file during the period of employment

(ii) commencement of coverage as of the first pay-period after the effective date decided upon, the file being then constituted (but units able and willing to do so may provide retro-active coverage to actual dates on which employment commenced where verifiable)

(iii) surrender of the card with appropriate certification upon termination of employment or interruption by illness, the card to form the basis for establishing both right to benefit and amount of contribution due from the Italian Government.

(iv) preparation of a "Worker's Employment Status Report" to be issued to such workers as during employment, shall apply for medical care for a dependent member of their families or for a marriage or birth allowance.

2. Military allowances under Proclamation No. 4

(a) As was announced in the June Report of this Sub-Commission, (Social Insurance, para 3) a directive was issued by the Acting Chief Commissioner and implemented by an instruction to provincial offices of Istituto Nazionale della Previdenza Sociale, changing the status of military allowances. The purpose of the changes was to encourage military personnel in enemy-occupied territory to cooperate with Allied Forces. In order further to regularize the situation, Proclamation No. 4 has now been formally amended, and Article I, Section 4 has been replaced by a Section 4 reading as follows:

"Every company, institution, corporation, body and person engaged in the administration of any Social Insurance or Social Welfare Scheme shall continue to receive and collect all contributions payable under such Scheme, and to make all benefits, indemnity and other payments due or payable under any such Scheme, provided the same was legally in force prior to 8 September 1943, except payments of family allowances and military benefits to dependents of persons in Germany or other enemy or enemy occupied territory known to be cooperating with the enemy".

(b) The Acting Chief Commissioner's directive and the "Previdenza" instruction remain in effect as detailed implementation of the amended section. The underlined portions of the amended section are of greatest interest. The phrase "legally in force prior to 8th September 1943" is related to the provision of the directive (para 2 c) outlawing changes made by the Fascist Republican Government. The phrase "known to be cooperating with the enemy" is related both to the exclusion of those who

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

tion of employment or interruption by illness, [illegible] basis for establishing both right to benefit and amount of contribution due from the Italian Government.

(iv) preparation of a "Worker's Employment Status Report" to be issued to such workers as during employment, shall apply for medical care for a dependent member of their families or for a marriage or birth allowance.

2. Military allowances under Proclamation No. 4

(a) As was announced in the June Report of this Sub-Commission, (Social Insurance, part 3) a directive was issued by the Acting Chief Commissioner and implemented by an instruction to provincial offices of Istituto Nazionale della Previdenza Sociale, changing the status of military allowances. The purpose of the changes was to encourage military personnel in enemy-occupied territory to cooperate with Allied Forces. In order further to regularise the situation, Proclamation No. 4 has now been formally amended, and Article I, Section 4 has been replaced by a Section 4 reading as follows:

"Every company, institution, corporation, body and person engaged in the administration of any Social Insurance or Social Welfare Scheme shall continue to receive and collect all contributions payable under such Scheme, and to make all benefits, indemnity and other payments due or payable under any such Scheme, provided the same was legally in force prior to 8 September 1943, except payments of family allowances and military benefits to dependents of persons in Germany or other enemy or enemy occupied territory known to be cooperating with the enemy".

(b) The Acting Chief Commissioner's directive and the "Providenza" instruction remain in effect as detailed implementation of the amended section. The underlined portions of the amended section are of greatest interest. The phrase "legally in force prior to 8th September 1943" is related to the provision of the directive (para 2 c) outlawing changes made by the Fascist Republican Government. The phrase "known to be cooperating with the enemy" is related both to the exclusion of those who subsequently joined the Fascist Republican or German Armies, (para 2 a) and to the inclusion of those still imprisoned (para 2 d) or who have participated in patriot actions (para 2 e).

3. Status of family allowances of dependants of civil servants transferred to the north

The revised section (Article I, section 4 of Proclamation No. 4) quoted above, not only refers to military benefits but to "family allowances", and thus applies as regards civil servants who left their families to serve units transferred to the North by the Fascist Republican Government. The transfers took place under regulations established subsequent to 8 September 1943, and the allowances arranged were not "legally in effect on 8 September 1943". The persons concerned must be regarded as "known to be cooperating with the enemy". The present Italian Government agrees with this interpretation, and officials of the competent Ministry (Industry, Commerce, and Labor) have categorically stated that they do not wish these allowances to be paid. Hardship cases, will, of course, be taken care of by public assistance.

2224

753

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

4. Abrogation of pensions to Fascist

(a) The possibility referred to in the June Report (Social Insurance, para 7) has been realised in a decree now agreed upon. This Sub-Commission had originally objected to two pension decrees passed by the First Badoglio Government : No. 85 (published 25 March 1944) increasing state pensions, because no adequate provision was included to prevent recipients of pensions for "Fascist merits" from receiving these increases; and No. 102 (published 20 April 1944) which not only continued pensions to the dissolved Fascist Militia, but actually provided them on more favourable terms. The decree just adopted takes care of both matters. It repeals the second law as well as earlier laws providing pensions to the Fascist Militia and other benefits for persons of "Fascist merit", and revokes pensions and benefits already granted under the terms of these laws. This removes the necessity for an amendment to the pension increase bill since those at whom it would be directed will have been eliminated altogether from the pension system.

(b) The new decree abrogates the following laws: that of 20 April, 1944, providing more favorable pension treatment to members of the dissolved militia; that of 24 December, 1925, providing benefits to families of "Fascist martyrs", during the period between 1919 and 1923; that of 24 March 1930 extending benefits to additional persons injured in the "Fascist cause"; that of 12 June 1931, extending benefits to widows and orphans of "Fascist martyrs"; and the provision in Art. 3 para 3 of the decree of 6 December 1943 permitting competent Ministries to grant pensions to members of the dissolved militia equivalent to those for military of similar rank. It also revokes pensions and allowances already granted under these laws as well as those conceded to citizens for "Fascist merits" under special laws adopted after 28 October 1922. The right to receive normal pension for regular governmental service rendered apart from that in Fascist organizations, is reserved to claimants concerned. The "Opera di Previdenza della M.V.S.N.", created 27 March, 1924, to handle pensions and benefit funds of the Militia, is abolished and its funds will be liquidated by the Ministry of the Treasury which will retain for the State any sums not disbursed. Actual contributions made to the dissolved agency will be reimbursed (minus any benefits already received) but not at a rate exceeding L. 1,000 monthly. All war pensions for service in the Spanish Civil War are revoked. The pension rights of the technical militia (rail, postal-telegraph, forest, highway and port) are protected for those of grade 8 or below. Other members of these militia can apply for a pension, but must prove to an investigation commission that their appointment or promotion was not based on "Fascist merits".

(c) Action has already been initiated to extend this decree, as well as the state pension increase decree (No. 85) to military government territory.

5. Medical fees for sickness insurance

(a) The sickness insurance organization (Istituto Nazionale per l'Assistenza di Malattie di Lavoratori) maintains two systems of payment for medical services.

(i) Physicians employed by the Institute are paid a salary;

(ii) More often the patient is treated by a physician of his own choice and the latter is paid a fee based on the number of inscribed workers [illegible] the number of visits he makes to homes of

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

of 24 December, 1925, providing benefits to families of "Fascist martyrs", during the period between 1919 and 1923; that of 24 March 1930 extending benefits to additional persons injured in the "Fascist cause"; that of 12 June 1931, extending benefits to widows and orphans of "Fascist martyrs"; and the provision in Art. 3 para 3 of the decree of 6 December 1943 permitting competent Ministries to grant pensions to members of the dissolved militia equivalent to those for military of similar rank. It also revokes pensions and allowances already granted under these laws as well as those conceded to citizens for "Fascist merits" under special laws adopted after 28 October 1922. The right to receive normal pension for regular governmental service rendered apart from that in Fascist organizations, is reserved to claimants concerned. The "Opera di Previdenza della M.V.S.N.", created 27 March, 1924, to handle pensions and benefit funds of the Militia, is abolished and its funds will be liquidated by the Ministry of the Treasury which will retain for the State any sums not disbursed. Actual contributions made to the dissolved agency will be reimbursed (minus any benefits already received) but not at a rate exceeding L. 1,000 monthly. All war pensions for service in the Spanish Civil War are revoked. The pension rights of the technical militia (rail, postal-telegraph, forest, highway and port) are protected for those of grade 8 or below. Other members of these militia can apply for a pension, but must prove to an investigation commission that their appointment or promotion was not based on "Fascist merits".

(c) Action has already been initiated to extend this decree, as well as the state pension increase decree (No. 85) to military government territory.

5. Medical fees for sickness insurance

(a) The sickness insurance organization (Istituto Nazionale per l'Assistenza di Malattie ai Lavoratori) maintains two systems of payment for medical services.

(i) Physicians employed by the Institute are paid a salary;

(ii) More often the patient is treated by a physician of his own choice and the latter is paid a fee based on the number of inscribed workers in the area he serves, or the number of visits he makes to homes of these workers. The fees are notoriously small. Funds are set aside, at rates varying from 8.6 lire per inscribed worker for agricultural workers to 13.2 lire per family member for industrial workers. These are then distributed among the doctors either on the basis of workers or family members in the area, or the number of visits reported.

(b) The fees had not been raised during our occupation, although living costs have risen sharply and other incomes have been increased. Recently the hardship which this has occasioned many doctors has led to action or threats of action by medical societies. The provincial medical syndicate of Brindisi resolved on 5 June to cease collaborating with the Institute and to declare its contract void as from 30 June. It was persuaded to withdraw from this position by the Prefect who explained that he could not tolerate any "strike" doctors. Similar pressures have developed elsewhere, but as yet no case of refusal to attend a patient has been attested.

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

(c) Impressed by th[illegible] pressures, and aware that ther[illegible]was merit in the arguments of the doctors, the Ministry of Industry, Commerce, an[illegible]Labor directed the Institute to increase its fees 50% effective 1 June, and so to notify the provincial offices by telegram. This was done on 28 June as regards the following provinces: Agrigento, Avellino, Bari, Brindisi, Cagliari, Caltanissetta, Catania, Catanzaro, Cosenza, Enna, Foggia (in July, Lecce, Matera, Messina, Napoli (In July), Nuoro, Palermo, Potenza, Ragusa, Reggio Calabria, Salerno, Sassari, Siracusa, Taranto and Trapani. Subsequently on 10 July a letter of instruction was sent out, setting forth in greater detail and with some departures from a flat 50% increase, the nature of the adjustment. Thus staff physicians were granted the graduated increase of 70%, 60%, 30%, etc. provided for other public employees last winter. Extension of these increases to Military Government Territory has been requested by the National Commissioner.

(d) Two problems are involved in this matter:

(i) the necessities of the doctors who have faced a rising living cost with fixed compensation,

and (ii) the need of workers and their families for adequate medical service.

The contemplated increase, already effected in most of Italian Government territory may answer the first problem, but can make no important contribution to solving the second problem. Re-examination of the medical standards of the Institute, needlessly complex and commonly inadequate, is required. If solution of this longer-range problem requires a more generous medical scale, the contribution for sickness insurance must also be reconsidered.

6. Situation at national offices of principal social insurance institutes

(a) In two out of three of the national offices of principal social insurance institutes, the Committee of National Liberation had already installed Commissioners and Committees before the arrival of the Italian Government or the legally appointed National Commissioners. This has resulted in some personnel difficulties which have posed a delicate problem both for the Italian Government and ACC. The Committee of National Liberation has done valuable service in Rome before its fall, and is still carrying on activities of an extra-legal character in enemy occupied Italy with our blessing. The problem is one of persuading the Committee to accept orderly legal procedure without provoking a feeling that its past services here or present services in unliberated areas are unappreciated. This objective is gradually being achieved.

(b) The head offices transferred to the North were established at the following points: "Previdenza" at Vittorio Veneto, "Infortuni" at Lecce and "Malattie" at Varese. Substantial sums were also transferred, as indicated in the accompanying table based on reports to the Regional Labor Officer.

Status of Assets of Head Offices of Three Social Insurance Institutes

(in thousands of lire)

[illegible] Previdenza

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

The contemplated increase, already effected in most of Italian Government territory may answer the first problem, but can make no important contribution to solving the second problem. Re-examination of the medical standards of the Institute, needlessly complex and commonly inadequate, is required. If solution of this longer-range problem requires a more generous medical scale, the contribution for sickness insurance must also be reconsidered.

6. Situation at national offices of principal social insurance institutes

(a) In two out of three of the national offices of principal social insurance institutes, the Committee of National Liberation had already installed Commissioners and Committees before the arrival of the Italian Government or the legally appointed National Commissioners. This has resulted in some personnel difficulties which have posed a delicate problem both for the Italian Government and ACC. The Committee of National Liberation has done valuable service in Rome before its fall, and is still carrying on activities of an extra-legal character in enemy occupied Italy with our blessing. The problem is one of persuading the Committee to accept orderly legal procedure without provoking a feeling that its past services here or present services in unliberated areas are unappreciated. This objective is gradually being achieved.

(b) The head offices transferred to the North were established at the following points: "Providenza" at Vittorio Veneto, "Infortuni" at Lecco and "Malattie" at Varese. Substantial sums were also transferred, as indicated in the accompanying table based on reports to the Regional Labor Officer.

Status of Assets of Head Offices of Three Social Insurance Institutes

(in thousands of lire)

	Infortuni		Malattie		Previdenza	
	Rome	North	Rome	North	Rome	North
Deposits, Bank	66,059	---	17,153	91,581	239,000	361,287
Deposits, Postal	1,726	---	7,019	10,000	96,000	176,000
Bonds, face value	1,595,825	1,333,361	12,493	541,486	2,611,037	7,670,058
Cash	2,879	---	12,435	44,199	15,000	---
Other holdings	7,156	---	---	---	40,000	23,000
	1,673,640	1,333,361	49,110	718,661	3,001,037	8,230,346

The figures for Malattie are not accurate (see para 8).

As indicated, most of the transferred assets were in the form of bonds. It has been ascertained that such bonds as were transferred are known by amount, category and even individual numbers at Rome. Measures looking to protection and possible reconstitution of these assets are at present receiving careful consideration.

2223

753

Declassified E.O. 12356 Section 3.3/NND No. 785014

7. Ente della Mutualita'

The cashier and accountant of Istituto Nazionale per l'Assistenza di Malattie ai Lavoratori (called Ente della Mutualita' in Northern Italy) attempted last winter to block the transfer North of the funds of the Institute by the Republican Fascist Government. They withdrew L. 10,305,000 in cashier's checks from the Banca d'Italia and took vault receipts for L. 863,000,000 in bonds on deposit with the Banca Nazionale del Lavoro. They kept these through many difficult months, while living in the underground. When following the fall of Rome a small clique attempted to reconstitute the Ente while barring the bulk of its personnel, the two men refused to surrender these assets to the "rump" direction-general. Instead they announced in the press (Ricostruzione, 12 July and L'Italia Libera, 16 July) that they would transfer them only to the competent Ministry. Having arranged a contact with the men, the Finance Sub-Commission made an appointment for them with the Minister concerned (Industry, Commerce and Labor), witnessed the transfer and obtained a duplicate receipt for the checks and vault slips.

8. Expurgation of national employees of social insurance institutes

Steps had already been taken at the regional level, under the terms of an order issued by the Commissioner for Rome Region, to purge the national offices of social insurance institutes of Fascist personnel. Some employees have already been suspended as a result of this action. We have, for example, a list of some 70 employees of Previdenza's national, provincial and other Rome units who were suspended for this reason. Their total Rome personnel exceeds 1,700. Further suspensions are receiving consideration at the national level. This matter is being closely through the National Commissioners of the several Institutes.

9. Insurance of workmen in Tripolitania and Eritrea

No further action is being taken with the Italian Government regarding extension of the arrangement for workmen's compensation (Infortuni organization) to civilian employees of Allied Forces in the former Italian Africa, referred to in the May report. Information now available from the Middle East indicates that activities of that Infortuni organization have been resumed in Tripolitania and Eritrea under British Military Administration. This resumption is not to be regarded as a resumption of the former activities of Infortuni. The branches concerned must be considered separate entities operating under different laws under control of HQ, BMA. The Italian Government and the Commissario of Infortuni in Rome have been advised accordingly.

VII. ACCOUNTING SUB-SECTION

A. ACC Accounting to show Italian indebtedness

1. TAM 228 from the Combined Chiefs of Staff was received setting out the accounting procedure whereby the U.S. War Department, the British War Office and ACC will provide and accumulate figures to show Italy's indebtedness to the various Allied countries. This telegram confirmed the tentative agreement reached in London with the Finance Mission from Washington. A reply has been drafted stating that since the date of the London discussions experience has shown that supplies issued by the Allied armed forces to the

Declassified E.O. 12356 Section 3.3/NND No. 785014

insurance institutes of fascist personnel. [illegible] as a result of this action. We have, for example, a list of some 70 employees of Previdenza's national, provincial and other Rome units who were suspended for this reason. Their total Rome personnel exceeds 1,700. Further suspensions are receiving consideration at the national level. This matter is being closely through the National Commissioners of the severed Institutes.

9. Insurance of workmen in Tripolitania and Eritrea

No further action is being taken with the Italian Government regarding extension of the arrangement for workmen's compensation (Infortuni organization) to civilian employees of Allied Forces in the former Italian Africa, referred to in the May report. Information now available from the Middle East indicates that activities of that Infortuni organization have been resumed in Tripolitania and Eritrea under British Military Administration. This resumption is not to be regarded as a resumption of the former activities of Infortuni. The branches concerned must be considered separate entities operating under different laws under control of HQ, BMA. The Italian Government and the Commissario of Infortuni in Rome have been advised accordingly.

VII. ACCOUNTING SUB-SECTION

A. ACC Accounting to show Italian indebtedness

1. TAM 228 from the Combined Chiefs of Staff was received setting out the accounting procedure whereby the U.S. War Department, the British War Office and ACC will provide and accumulate figures to show Italy's indebtedness to the various Allied countries. This telegram confirmed the tentative agreement reached in London with the Finance Mission from Washington. A reply has been drafted stating that since the date of the London discussions experience has shown that supplies issued by the Allied armed forces to the Italian Army, Italian Governmental agencies and to Displaced Persons Sub-Commission can only be satisfactorily accounted for by ACC in values and not by commodities. It is therefore suggested that ACC report to the War Department and War Office such issues in values and not, as suggested by TAM 228, by commodities to be valued by the War Department and War Office.

B. Supply Accounting

1. Supply accounts for the month of May 1944 are being reviewed and prepared for consolidation at Headquarters. Reports for May have been submitted by all Regions, except I, IV and V. In this respect the position is not so favorable as at the close of the preceding month, when Economics and Supply Division reports had been received from all Regions except I and VII. The delay in Region I is attributable to insufficient personnel during previous months. More recently, as the work in arrears was being brought up to date, the accounting staff was required to devote a large part of its time to taking of inventories and effecting collections in connection with the transfer of the entire ESD stock in Italy to an agent of the Italian Government. In Region IV

Declassified E.O. 12356 Section 3.3/NND No. 785014

the delay has been due to the difficulty in securing a record of stock transactions during the rapid advance of the 5th Army in May and June. In Region V the same situation prevailed in connection with the advancing 8th Army. Progress reports received from the Supply Accountants in each of the foregoing Regions, however, indicate that their May accounts are in course of preparation and will be forwarded in the near future to ACC.

2. In view of the rapid movement of the 5th and 8th Armies it is hoped to effect arrangements whereby two officers operating under the technical direction of the Chief Accountant will move with these Armies and coordinate their supply accounts with the records of the Regions in which the armies are operating. Aside from these officers two other Regional Supply Accountants have been assigned to the forward area Regions VIII and IX. This reassignment of personnel has placed a heavy burden on the supply accounting organizations in rear areas, which until recently was wholly inadequate. To distribute the present staff most advantageously on the basis of available personnel, plans are now in the course of development to consolidate all supply accounting in the present Regions II, III and VII under one unit with headquarters at Naples.

3. In this connection it should be stated that the supply accounting personnel has never been entirely adequate to discharge the enormous volume of work. Under the existing system, considering the scope and magnitude of the supply program, an inordinate number of small sales are made. Not only from an accounting, but also from an administrative standpoint, steps should be taken to sell imports at dockside to an Italian government agency, to be distributed by it under the supervision of ACC/AMG. Negotiations with this end in view have been carried on for some time, and it is now hoped that an Italian Ministry of Supply will be formed which would undertake such work. With the further expansion of liberated territory the need becomes more urgent.

4. The arrangement for distributing petroleum, oil, and lubricants in rear areas through the medium of the Comitato Italiano Petroli, (CIP), both for the Italian armed forces and authorized civilian users, has proved satisfactory. This arrangement has given an indication of the advantages to be derived in dealing wherever possible through one central Italian agency or organization. Some difficulty still exists in securing the accounting for POL issued in forward areas prior to the time when CIP could properly function and take over distributing and accounting. Instructions have been issued that any sales made by AMG before CIP is established in an area should be treated as sales made on behalf of CIP, and minimum detail records maintained to enable CIP later to take over all past transactions as soon as it is in a position to function in the area.

5. Accounts through 30 April 194[illegible] have been developed for coal released by the Allied Armies for public utilities, industries, and other essential consumers (i.e. hospitals, bakeries, etc.). The basic information on army coal releases has been obtained from the Coal Section, ACC. In the past, difficulties have been experienced as the result of coal issued by the armed forces but not reported to the Supply Accountants. Some of this coal was released by the Army without reference to ACC/AMG, and some issued in conjunction with the Regional Public Utility Officers who through misunderstanding did not report the deliveries to the supply accountants. To secure accounting for these transactions, orders were issued that the Regional Supply Accountants are to get in touch with all AMG officers making such issues, and obtain a record of price deliveries in order that the billing and collecting may be brought up to date and maintained hence-forth on a current basis.

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

existing system, considering the scope and magnitude of the supply program, an inordinate number of small sales are made. Not only from an accounting, but also from an administrative standpoint, steps should be taken to sell imports at dockside to an Italian government agency, to be distributed by it under the supervision of ACC/AMG. Negotiations with this end in view have been carried on for some time, and it is now hoped that an Italian Ministry of Supply will be formed which would undertake such work. With the further expansion of liberated territory the need becomes more urgent.

4. The arrangement for distributing petroleum, oil, and lubricants in rear areas through the medium of the Comitato Italiano Petroli, (CIP), both for the Italian armed forces and authorized civilian users, has proved satisfactory. This arrangement has given an indication of the advantages to be derived in dealing wherever possible through one central Italian agency or organization. Some difficulty still exists in securing the accounting for POL issued in forward areas prior to the time when CIP could properly function and take over distributing and accounting. Instructions have been issued that any sales made by AMG before CIP is established in an area should be treated as sales made on behalf of CIP, and minimum detail records maintained to enable CIP later to take over all past transactions as soon as it is in a position to function in the area.

5. Accounts through 30 April 1944 have been developed for coal released by the Allied Armies for public utilities, industries, and other essential consumers (i.e. hospitals, bakeries, etc.). The basic information on army coal releases has been obtained from the Coal Section, ACC. In the past, difficulties have been experienced as the result of coal issued by the armed forces but not reported to the Supply Accountants. Some of this coal was released by the Army without reference to ACC/AMG, and some issued in conjunction with the Regional Public Utility Officers who through misunderstanding did not report the deliveries to the supply accountants. To secure accounting for these transactions, orders were issued that the Regional Supply Accountants are to get in touch with all AMG officers making such issues, and obtain a record of price deliveries in order that the billing and collecting may be brought up to date and maintained henceforth on a current basis.

6. The accounting for medical supplies under Executive Memorandum 34, dated 22 February 1944, is rendered by the Public Health Sub-Commission to the Chief Accountant, Finance Sub-Commission. Due to the delay in issuing the memorandum and thereafter in forwarding price lists to the Regions, accounting for these transactions was exceedingly difficult. In view of this fact an experienced officer from the Chief Accountant's staff was assigned to develop the necessary accounts on a Headquarters level. Unfortunately the records prior to 31 March 1944, were neglected in several Regions, and are in such condition that a complete accounting was virtually impossible. From the available records an attempt was made to ascertain total imported medical supplies and medical supplies drawn from the armies; the sale, other issues, and the inventories on hand as of 31 May 1944. While the quantities imported and drawn from the Armies can be ascertained with a fair degree of accuracy, the items and quantities constituting sales and free issues could not practically be separated because of the absence of essential records. Furthermore two of the regions did not have records of the physical stocks on hand as of 31 May 1944, so that the consolidated inventory on that date was incomplete. Payments for sales are made to AFA or Finance Officers, so that the proceeds collected can be accurately ascertained. On the basis of the information at hand, a tentative statement of the value of supplies received, the proceeds of sales of supplies, the computed value of free or unaccounted for issues (including supplies subject to subsequent accounting) and the value of the stock on hand as reported on 31 May 1944, has been prepared.

753

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

7. Accounting for issues to the Italian Army, previously unsatisfactory because of the form in which such information was received, is gradually being brought under accounting control. Bulk issues are now reported in quantities only (for pricing at a higher level) and depot issues by U.S. Army units in quantities and prices, although there is still some difficulty in securing adequate information. For British depot issues, arrangements were made to secure a report on quantities, in connection with which a statement of prices would later be furnished by the British Financial Adviser to complete the reports received from depots. At the same time an arrangement was made with the Army Sub-Commission for a preliminary administrative review of all depot issues, and, upon approval thereof, to forward it to the Chief Accountant for entry.

8. During the month special instructions were issued to regulate the accounting for newsprint allocated by the Allied Publication Control Board. Under the new procedure, the Regional Newsprint Officer, or, where no newsprint officer has been designated, the regional supply officer officer, is made accountable for receiving, warehousing, safeguarding, and issuing such stock. As sales are made to authorized users the Regional Supply Accountant, acting upon notification from the Newsprint Officer, draws an issue voucher for billing the customer, it is the responsibility of the Newsprint Officer to see that payment for such sales is made to AFA or a Finance Officer.

9. Specific instructions have been issued relative to the handling of Italian salt and matches. In case of salt produced locally ACC/AMG transports, stores, and distributes salt in forward areas, reporting such transactions to the Salt Monopoly which makes the collections for its own account. These items do not enter into ACC/AMG financial records. In the case of matches produced locally, some purchases had been made by ACC/AMG for resale to distributors. Orders were issued that this practice be discontinued and in the future Italian matches be placed in ordinary trade channels. The small amount of prior purchases and sales by ACC/AMG will of course be taken into the accounts of ACC/AMG.

10. During the month consolidated accounts through 30 April 1944 were prepared for subsistence and supplies received from British Army Depots and issued by the Internees and Displaced Persons Sub-Commission. The accounts for this activity contain the detail of all commodities issued. The May reports for such issues are now in the course of review for entry in the Headquarters records.

C. Financial Accounting Re-organization

1. The centralization at Headquarters of the accounting for Regions I, II, III, VI and VII was effected during the month and the new Headquarters books opened. The accounts for Region IV will be brought into the centralized system as from 31 July, 1944.

2. Reports from these Regions are now being received and processed, but there will be a slight delay in preparing the June Revenue and Expenditure Accounts, owing to the reorganization and the transfer of the Headquarters from Naples to Rome.

3. The centralization has been further extended by a partial application thereof to forward Regions. It is agreed that in forward Regions a Regional Accountant Officer is necessary and that Sub-Accountants' reports should be examined and checked on the spot and any queries thereon dealt with by the

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

9. Specific instructions have been issued [illegible] salt and matches. In case of salt produced locally ACC/AMG transports, stores, and distributes salt in forward areas, reporting such transactions to the Salt Monopoly which makes the collections for its own account. These items do not enter into ACC/AMG financial records. In the case of matches produced locally, some purchases had been made by ACC/AMG for resale to distributors. Orders were issued that this practice be discontinued and in the future Italian matches be placed in ordinary trade channels. The small amount of prior purchases and sales by ACC/AMG will of course be taken into the accounts of ACC/AMG.

10. During the month consolidated accounts through 30 April 1944 were prepared for subsistence and supplies received from British Army Depots and issued by the Internees and Displaced Persons Sub-Commission. The accounts for this activity contain the detail of all commodities issued. The May reports for such issues are now in the course of review for entry in the Headquarters records.

C. Financial Accounting Re-organization

1. The centralization at Headquarters of the accounting for Regions I, II, III, VI and VII was effected during the month and the new Headquarters books opened. The accounts for Region IV will be brought into the centralized system as from 31 July, 1944.

2. Reports from these Regions are now being received and processed, but there will be a slight delay in preparing the June Revenue and Expenditure Accounts, owing to the reorganization and the transfer of the Headquarters from Naples to Rome.

3. The centralization has been further extended by a partial application thereof to forward Regions. It is agreed that in forward Regions a Regional Accountant Officer is necessary and that Sub-Accountants' reports should be examined and checked on the spot and any queries thereon dealt with by the Regional Accountant. It has however been decided that the Regional Accountant in forward Regions will not maintain Regional books or prepare Regional Accountants; he will instead transmit all checked and corrected Sub-Accountants' reports to the Chief Accountant at ACC Headquarters, where they will be entered in the Headquarters records.

4. One of the more important results of this centralization is that all original documents and vouchers are now forwarded to Headquarters and Sub-Accountants' reports are audited by Headquarters staff.

D. ACC/AMG Accounts

1. Consolidated Revenue Expenditure Accounts for all Regions were prepared for the month of May 1944.

2. G-5 AFHQ were requested to inform the Combined Chiefs of Staff of our intention to abandon any segregation in accounts as between AMG and ACC on the grounds that (a) the difference between AMG and ACC is largely a question of channels of administration and any future consideration of these accounts will be made on the basis of the nature of

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

the transactions irrespective of whether they were carried out by ACC or AMG, (b) the same AFA branches may serve both ACC and AMG territory, (c) some Regions include both ACC and AMG territory and (d) accounts are on a cash basis and segregation between AMG and ACC is therefore meaningless since, for example, revenue arising while a territory was under AMG may not be collected and recorded until the territory has passed to ACC conditions.

3. The various instructions emanating from military headquarters and from ACC, on the subject of payment of civilian employees, have been reviewed and report submitted suggesting that a clear uniform directive be issued to all ACC/AMG Regions.

4. A revised version of Establishment Memorandum No. 5 dealing with the authorization required in connection with purchases for messes, billets, and offices was drafted and submitted to the Establishment Officer.

5. An audit of the accounts of Region III prior to their centralization at Headquarters reveals that it will be necessary to make a thorough investigation into the classification of the expenditure in the past.

F. AFA Accounts

1. Consolidated Accounts as at 30 June were completed.

2. A new Payment Voucher (F/P 15 a) was designed and printed. It will be used in connection with reimbursement payments by AFA to British Paymasters of sums advanced by the latter to Dominion, Colonial and certain Allied armed forces.

J J Smith

Joint Director,
Finance Sub-Commission.

2221

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

APPENDIX A.

THE

DECREE

AS TO

SANCTIONS AGAINST FASCISM

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

Part I - Crimes

Part II - Purging

Part III - Enrichment

Part IV - Fascist Funds

Part V - The High Commissioner

Part VI - Miscellaneous

2220

Declassified E.O. 12356 Section 3.3/NND No. 785014

PART I

PUNISHMENT OF CRIMES

1. All penal provisions issued to safeguard institutions and political organizations created by fascism are hereby repealed.
Decisions already pronounced by virtue of such provisions are hereby annulled.

2. Members of the Government and high ranking members of fascism, guilty of annulling the guarantees given under the constitution, of destroying the liberty of the people, of creating the fascist regime, of compromising and betraying the fortunes of the country bringing it to the present disaster shall be punished by penal servitude for life and, in cases where the responsibility is greater, by death.
They shall be tried by a High Court of Justice composed of a President and eight members, chosen by the Council of Ministers, from among high ranking judicial officials serving now or in retirement and from among other persons of unquestionable rectitude.

3. Those who organized fascist squads, committing acts of violence and pillage and those who promoted and directed the revolt of 28 October 1922 shall be punished according to Art.120 of the Penal Code 1889.
Those who promoted and directed the Coup d'Etat of 3 January 1925 and those who have since contributed by relevant action to maintain the fascist regime in power shall be punished in accordance with Art 118 of the aforesaid code.
Whosoever has committed any other crime for fascist reasons or taking advantage of the political situation created by fascism shall be punished according to the laws obtaining at the time of the crime.

4. These crimes described in the preceding Article shall be tried by the Court of Assize, by the Tribunali and by the Preters according to their respective jurisdiction.
The Court of Assize shall be composed of two judicial officials as described in the law as to the constitution of the Courts of Assize, and of five lay judges chosen by lot from special lists of citizens of unblemished moral and political behavior.

5. Whosoever whether a member of the Armed Forces or not, after 8 September 1943 has committed a crime against loyalty and the military defence of the State, by any kind whatsoever of action collaboration help or assistance given to the German invader shall be punished according to the provisions of the Military Penal Code of War.
Members of the armed forces shall be tried by Military Courts, civilians by ordinary Courts.

6. Any limitation of time with regard to the offence or the punishment thereof shall not apply to any person guilty of, any crime described in this decree, who because of the existence of the fascist regime have not been punished.
For the same reason amnesties and pardons granted after 28 October 1922 in respect of any crime described in this decree shall be invalid, any already granted shall be revoked.
The High Commissioner may propose the revocation of any royal pardon already granted.
When a decision regarding any such crimes has been influenced by any moral 2-219
be declared to be legally non-existent.

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

3. Those who organized fascist squads, committing acts of violence and damage and those who promoted and directed the revolt of 28 October 1922 shall be punished according to Art.120 of the Penal Code 1889.

Those who promoted and directed the Coup d'Etat of 3 January 1925 and those who have since contributed by relevant action to maintain the fascist regime in power shall be punished in accordance with Art 118 of the aforesaid code.

Whosoever has committed any other crime for fascist reasons or taking advantage of the political situation created by fascism shall be punished according to the laws obtaining at the time of the crime.

4. These crimes described in the preceding Article shall be tried by the Court of Assize, by the Tribunali and by the Pretors according to their respective jurisdiction.

The Court of Assize shall be composed of two judicial officials as described in the law as to the constitution of the Courts of Assize, and of five lay judges chosen by lot from special lists of citizens of unblemished moral and political behavior.

5. Whosoever whether a member of the Armed Forces or not, after 8 September 1943 has committed a crime against loyalty and the military defence of the State, by any kind whatsoever of action collaboration help or assistance given to the German invader shall be punished according to the provisions of the Military Penal Code of War.

Members of the armed forces shall be tried by Military Courts, civilians by ordinary Courts.

6. Any limitation of time with regard to the offence or the punishment thereof shall not apply to any person guilty of, any crime described in this decree, who because of the existence of the fascist regime have not been punished.

For the same reason amnesties and pardons granted after 28 October 1922 in respect of any crime described in this decree shall be invalid, any already granted shall be revoked.

The High Commissioner may propose the revocation of any royal pardon already granted.

When a decision regarding any such crimes has been influenced by any moral coercion resulting from fascism, such decision may be declared to be legally non-existent. 215

Declarations in this respect shall be made by a Section of the Supreme Court of Cassation appointed by the Minister of Justice.

The provisions of this decree shall not apply in regard to any crimes punishable by imprisonment for three years or less.

7. The punishment prescribed for any crime described in this part may be reduced by up to one quarter and imprisonment for not less than five years may be substituted for a sentence of death or of imprisonment for life: a. If the accused had before the outbreak of this war either retired from political life or had been openly opposed to fascism;

b. if the accused has actively participated in the struggle against the Germans
c. Where general extenuating circumstances exist imprisonment for 30 years shall be substituted for penal servitude for life and other penalties shall be reduced by one sixth.

The guilty party whall be declared not punishable if he distinguished himself by special acts of valour in the struggle against the Germans.

753

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

6. Any person who for fascist reasons or, by taking advantage of the political situation created by fascism has committed acts particularly serious which while not being offences in the eyes of the law are nevertheless contrary to the rules of social and political integrity shall be subjected to temporary disqualification from holding any public office or to loss of political rights for a period of not more than ten years.

Whenever such a person is deemed to be a danger to society he may be sent to an agricultural colony or a labor institution for a period of not less than one or more than ten years.

The provisions contained in this Article shall be administered by a Provincial Commission presided over by a judicial official and composed of two other members chosen by lot from among the lay judges described in Art. 4.

As regards members of the legislative assemblies or other institutions who by their votes or actions contributed to the maintenance of the fascist regime and made war possible, they shall be dismissed from their office on decision of the High Court described in Art 2, without prejudice to any of the other provisions set out in this Decree in so far as they may be applicable.

9. Without prejudice to any legal action, the property of any citizen who has betrayed his country placing himself voluntarily and actively at the service of the German invaders shall be forfeited to the State.

In penal proceedings such forfeitures shall be pronounced by a judicial authority competent to pronounce sentence of condemnation. In other cases referred to them by the High Commissioner, by the Tribunals territorially competent.

10. In regard to any matter not specifically provided for by this part the rules of the Code of Penal Procedure shall obtain whensoever may be applicable.

PART II. PURGING OF THE ADMINISTRATION

11. Officials and employees of the following bodies shall be subject to epuration proceedings:-

(1) civil and military State Administrations, even if autonomous;
(2) local authorities and other public bodies and institutions;
(3) special concerns operating under public authorities or bodies and private concerns recognized by the State as controlling public utility undertakings or concerns having nation-wide interests.

12. The following shall be dismissed from service:
(1) any person, particularly if when holding high office, who has by participating actively in the political life of fascism or by showing himself as a consistent apologist of fascism, shown that he is unworthy of serving the State;
(2) any person who has obtained an appointment or promotion through favouritism of the party or of fascist officials of high rank.

13. Any employee who has been guilty of fascist bias incompetence or corrupt practices such as have been introduced by fascism into public administration, shall be

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

betrayed his country placing himself voluntarily and actively at the service of the German invaders shall be forfeited to the State.

In penal proceedings such forfeitures shall be pronounced by a judicial authority competent to pronounce sentence of condemnation. In other cases referred to them by the High Commissioner, by the Tribunals territorially competent.

10. In regard to any matter not specifically provided for by this part the rules of the Code of Penal Procedure shall obtain whensoever may be applicable.

PART II. PURGING OF THE ADMINISTRATION

11. Officials and employees of the following bodies shall be subject to epuration proceedings:-

(1) civil and military State Administrations, even if autonomous;
(2) local authorities and other public bodies and institutions;
(3) special concerns operating under public authorities or bodies and private concerns recognized by the State as controlling public utility undertakings or concerns having nation-wide interests.

12. The following shall be dismissed from service:
(1) any person, particularly if when holding high office, who has by participating actively in the political life of fascism or by showing himself as a consistent apologist of fascism, shown that he is unworthy of serving the State;
(2) any person who has obtained an appointment or promotion through favouritism of the party or of fascist officials of high rank.

13. Any employee who has been guilty of fascist bias incompetence or corrupt practices such as have been introduced by fascism into public administration, shall be likewise dismissed.

Whenever evidence of an offence is found during an epuration proceeding, such evidence shall be reported to the competent authority.

14. Any person who has held the position of "squadrista" or "sansepolcrista" or "artemefici", "Marcia su Roma", "Sciarpe Littorie" or who has been an officer in the Fascist Militia if he has been guilty of Fascist partisanship or improper conduct shall be dismissed from his office or employment, but if not so guilty he may be awarded less severe punishment.

15. Any person who has received undue promotion or any preference in any competitive examinations because of his fascist position may in lieu of dismissal be reduced in rank or be returned to his former position.

16. Any person who has after 8 September 1943 distinguished himself in the struggle against the Germans may be excused from dismissal or other disciplinary measure.

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

17. Any employee, who after 8 September 1943, moved to North Italy with or has pledged allegiance to or has in any way collaborated with the (Republican) Fascist Government shall be dismissed.

Punishment of lesser degree may be awarded to such as show that he or his relatives were exposed to serious threats or danger.

Any person who by his acts has effectively aided the patriots or has undermined the work of the Germans or of the (Republican) Fascist Government which they were apparently serving, may be excused from punishment.

In every case an account shall be made of the allowances that were due under the original terms of employment and of any excess payment which may actually have been received. Any special allowance or sum granted or paid on account of any transfer to the North will be disallowed.

18. The Commission of first instance to hear epuration proceedings will be a Commission to be established in every Ministry or autonomous authority or body. When personnel of different classes of functions is employed in a Ministry more than one Commission may be established in that Ministry.

Such Commissions will be appointed by the Competent Minister and will be composed of a judicial or administrative magistrate either serving or retired, who will preside over them, and of the Chief of personnel of of an official of the Administration, and of a third member nominated by the High Commissioner for the Sanctions against Fascism.

A Commission to be appointed by a Prefect composed of a judicial official, either serving or retired, an official of the Prefecture, and a member to be nominated by the High Commissioner, will be instituted for Communes, Provinces, Public Welfare Institutions and bodies under the control of the local authorities.

According to the provisions set out in the preceding paragraphs substitute members may be appointed and the Commission may be divided into Sub-Commissions.

19. Not less than ten days shall be allowed to an employee whose dismissal is proposed to prepare his defence.

The Commissions, or any member delegated by them, shall have the power to examine witnesses, to require the production of deeds and documents from judicial or administrative authorities and may personally hear the concerned party if he applies for such a hearing.

20. The finding of the Commission of the first instance shall be communicated to the High Commissioner and to the party concerned. The interested party may within three days, and the High Commissioner within twenty days appeal to a central Commission appointed by the President of the Council of Ministers and composed of a president, two officials of the central administration, two judicial or administrative magistrates serving or retired and two other members nominated by the High Commissioner for Sanctions against Fascism.

In the same manner substitute members may be appointed and the Commission may be divided into sub-commissions.

21. Dismissed from office, in accordance with the finding of the Commissions, shall be carried out by the authority which normally has such power.

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

Commission may be established [illegible]

Such Commissions will be appointed by the Competent Minister [illegible] posed of a judicial or administrative magistrate either serving or retired, who will preside over them, and of the Chief of personnel of of an official of the Administration, and of a third member nominated by the High Commissioner for the Sanctions against Fascism.

A Commission to be appointed by a Prefect composed of a judicial official, either serving or retired, an official of the Prefecture, and a member to be nominated by the High Commissioner, will be instituted for Communes, Provinces, Public Welfare Institutions and bodies under the control of the local authorities.

According to the provisions set out in the preceding paragraphs substitute members may be appointed and the Commission may be divided into Sub-Commissions.

19. Not less than ten days shall be allowed to an employee whose dismissal is proposed to prepare his defence.

The Commissions, or any member delegated by them, shall have the power to examine witnesses, to require the production of deeds and documents from judicial or administrative authorities and may personally hear the concerned party if he applies for such a hearing.

20. The finding of the Commission of the first instance shall be communicated to the High Commissioner and to the party concerned. The interested party may within three days, and the High Commissioner within twenty days appeal to a central Commission appointed by the President of the Council of Ministers and composed of a president, two officials of the central administration, two judicial or administrative magistrates serving or retired and two other members nominated by the High Commissioner for Sanctions against Fascism.

In the same manner substitute members may be appointed and the Commission may be divided into sub-commissions.

21. Dismissed from office, in accordance with the finding of the Commissions, shall be carried out by the authority which normally has such power. 2213

The same authority shall put into effect the punishments hereby authorized in accordance with the finding of the Commission.

22. Any employee dismissed from office shall be entitled to such pension privileges as may be due to him according to the provisions then in force.

In more serious cases forfeiture of pension privileges may be ordered.

Any employee the subject of epuration proceedings may be suspended from office. In such cases he shall receive, for his support, his salary without any other further allowance. Suspension from office shall be ordered by the competent Minister, or in cases under para 3 of Art 18 by the Prefect.

23. Commissions responsible for inspecting the registers shall be set up in each professional association or other body responsible for keeping registers of professional men, artists and skilled workers shall apply the principles set out in the preceding articles.

Such Commissions shall be appointed by the competent Minister or by any authority designated by him, and shall be composed of a President, a member nominated by the body keeping the register in question and of a member nominated by the High Commissioner for Sanctions against Fascism.

753

Declassified E.O. 12356 Section 3.3/NND No. 785014

An appeal against a finding of a Commission may be lodged within the time set out by Art 20, to a Central Commission which shall be established, for each professional association or body, by the competent Minister and composed of a President, of two judicial or administrative judges, serving or retired, of four members nominated by the professional associations and of two other members nominated by the High Commissioner for Sanctions against Fascism.

In less serious cases a temporary suspension from the exercise of a profession, art or trade may be ordered in lieu of being struck off the register.

24. An employee dismissed from office may appeal to the State Council only on grounds of incompetence (i.e. of the Commission or officer concerned).

25. The proceedings set forth in this part shall be initiated within 6 months of this decree becoming effective.

Any proceeding before the Commission of First Instance shall be ended within three months after its initiation.

For the territory not yet liberated and for that part which has been liberated but not yet restored to the administration of the Italian Government, the time limit indication in the first paragraph is extended to six months after the restoration of such territories to the Italian Administration.

PART III — DISPOSAL OF PROFITS DERIVED FROM THE REGIME

26. Profit derived from participation in or adherence to the fascist regime shall be forfeited to the State regardless whether or not a penal proceeding is instituted for acts constituting an offence.

An increase of property obtained after the 28 October by persons holding public offices or in any way engaged in political activity as a fascist shall be presumed to constitute a profit derived from the regime unless the party concerned shall show that such increase was derived from a legitimate source and this shall be the case even if the property acquired has ceased to belong to the same person.

Such presumption shall likewise apply to increases in property of the ascendants, descendants and spouse of any person, who even if not a member of the fascist party, maintained relations as associate or client with the persons indicated in the first paragraph.

In assessing increases of property consideration shall be given to property in any way acquired or held through intermediaries.

27. Specific property constituting profit derived from the regime and owned by the debtor (Note: Without any explanation the decree uses the word "debtor" to denote the person who has acquired profit from the regime) may be forfeited to the State.

28. The entire property of the debtor is liable for the satisfaction of the assessed debt to the State as profit derived from the regime.

In cases contemplated by the 3rd para of Art 26 persons set out in first paragraph of the said Article shall be liable jointly with their spouse, associates or clients.

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

but not yet restored to the [illegible] indication in the first paragraph is extended to six months after the restoration of such territories to the Italian Administration.

PART III — DISPOSAL OF PROFITS DERIVED FROM THE REGIME

26. Profit derived from participation in or adherence to the fascist regime shall be forfeited to the State regardless whether or not a penal proceeding is instituted for acts constituting an offence.

An increase of property obtained after the 28 October by persons holding public offices or in any way engaged in political activity as a fascist shall be presumed to constitute a profit derived from the regime unless the party concerned shall show that such increase was derived from a legitimate source and this shall be the case even if the property acquired has ceased to belong to the same person.

Such presumption shall likewise apply to increases in property of the ascendants, descendants and spouse of any person, who even if not a member of the fascist party, maintained relations as associate or client with the persons indicated in the first paragraph.

In assessing increases of property consideration shall be given to property in any way acquired or held through intermediaries.

27. Specific property constituting profit derived from the regime and owned by the debtor (Note: Without any explanation the decree uses the word "debtor" to denote the person who has acquired profit from the regime) may be forfeited to the State.

28. The entire property of the debtor is liable for the satisfaction of the assessed debt to the State as profit derived from the regime.

In cases contemplated by the 3rd para of Art 26 persons set out in first paragraph of the said Article shall be liable jointly with their spouse, associates or clients.

29. If the property of the debtor is not sufficient to pay the amounts owed to the State the following dealings with property (by the debtor) shall be considered void:

(1) transfers made by the debtor without valuable consideration during the five years prior to 25 July 1943;
(2) any disposition made after such date,

As far as the State is concerned property acquired within the five year period prior to 25 July 1943 by the spouse of the debtor shall for the purpose of satisfying the State's claim for profit derived from the regime be considered as belonging to the debtor.

30. The investigation and assessing of the amount of the profit derived from the regime shall be within the jurisdiction of a Special Section of the Provincial Commission for Taxation, comprised of the President of the Tribunal or a judge delegated by him and of four Commissioners appointed by the Minister of Finance on the nomination of the Prefect from citizens of proven probity and competence.

The Special Section shall initiate the investigation [illegible] an information by the High Commissioner or by a finance or taxation officer or on one signed by a private citizen.

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

The said Section shall also adjudicate complaints of the debtor or of the finance office against the proposed assessment of the profit derived from the regime.

The hearing shall be open to the public and both the Avvocatura dello Stato and the person the subject of the investigation may adduce evidence in rebuttal; the latter may choose to be represented by a procuratore legale or by an avvocato.

The decision shall be communicated to the debtor, to the finance office concerned and to the High Commissioner.

31. The Special Section of the Provincial Commission shall have all the powers of investigation, entry, search, control and inquiry, conferred upon the agents for direct taxation and upon the administrative commissions for investigation of extraordinary war profits.

The privilege to abstain from testimony in cases set out in Art 352 of the CPP shall not apply.

Any person summoned as witness or expert who does not faithfully carry out his duties or gives false evidence shall be punished in accordance with Articles 366, 372 and 373 of the CP.

Any person who fails to comply with other requests of the Section shall be punished by imprisonment up to six months or by fine from 300 to 5,000 lire.

Administrative or other bodies having knowledge of cases in which profit has been derived from the regime, shall immediately report the same to the High Commissioner. Any person responsible for making any such report who fails to do so shall be punished in accordance with the preceding paragraph.

Personnel of the judicial police or of other administrative or technical branches of the administration may be assigned to the Special Section for the execution of its duties.

32. The debtor and the Avvocatura dello Stato may within thirty days lodge an appeal against the decisions of the Special Section of the Provincial Commissioner. The High Commissioner may also appeal within 60 days.

The appeal shall be adjudicated by a special section of the Central Commission for taxation comprised of a President, a judicial official holding a grade not lower than that of a first president of Court of Appeal and of four commissioners, all to be appointed by the Council of Ministers.

The provisions of the last two paragraphs of Art 30 and of Art 31 shall apply to the proceedings before the Special Section of the Central Commission.

33. The decisions of the Special Section of the Central Commission may be opposed before the Plenary Section of the Cassation solely on the ground of absolute lack of jurisdiction. An appeal must be lodged by the debtor or by the Avvocatura dello Stato within 45 days: the High Commissioner may appeal within 6 months.

34. The High Commissioner may, even after the lapse of the above period but not after the lapse of two years, move that the decision, although final be amended on the ground that facts of considerable importance have been discovered always provided that the reasons set out in the decision disclose that such facts were not in evidence in the previous proceeding.

Such amendment of the decision is in any case within the jurisdiction of the Special Section of the Central Commission.

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

punished by imprisonment up to [illegible]

Administrative or other bodies having knowledge of cases [illegible] been derived from the regime, shall immediately report the same to the High Commissioner. Any person responsible for making any such report who fails to do so shall be punished in accordance with the preceding paragraph.

Personnel of the judicial police or of other administrative or technical branches of the administration may be assigned to the Special Section for the execution of its duties.

32. The debtor and the Avvocatura dello Stato may within thirty days lodge an appeal against the decisions of the Special Section of the Provincial Commissioner. The High Commissioner may also appeal within 60 days.

The appeal shall be adjudicated by a special section of the Central Commission for taxation comprised of a President, a judicial official holding a grade not lower than that of a first president of Court of Appeal and of four commissioners, all to be appointed by the Council of Ministers.

The provisions of the last two paragraphs of Art 30 and of Art 31 shall apply to the proceedings before the Special Section of the Central Commission.

33. The decisions of the Special Section of the Central Commission may be opposed before the Plenary Section of the Cassation solely on the ground of absolute lack of jurisdiction. An appeal must be lodged by the debtor or by the Avvocatura dello Stato within 45 days: the High Commissioner may appeal within 6 months.

34. The High Commissioner may, even after the lapse of the above period but not after the lapse of two years, move that the decision, although final be amended on the ground that facts of considerable importance have been discovered always provided that the reasons set out in the decision disclose that such facts were not in evidence in the previous proceeding.

Such amendment of the decision is in any case within the jurisdiction of the Special Section of the Central Commission.

2217

35. Even before the Special Sections of Provincial Commissions are constituted, the President of the Tribunal may, upon request of the High Commissioner or of the finance administration, order by decree a protective attachment of chattels or realties belonging to persons set out in Art 26 although they may be held by third parties.

Such power may be exercised by the Presidents of the Commissions by virtue of their office.

Provisions of para 7 and 8 of Art 19 of the Consolidated text of laws on the extraordinary tax on excess war profits, approved by RD 3 June 1943, No. 598, shall apply.

36. A decree of the High Commissioner shall be published in the Gazzetta Ufficiale of the Kingdom, listing persons who are considered profiteers of the regime: any person who may hold property belonging to such person or who may be indebted to him in any way whatever, shall be required to declare the same following the form and within the time limits established in the said decree: also he shall not return the property or fulfil his obligations to his creditor. Any such blocking shall become void if an attachment is not ordered within 60 days after the lapse of the time limit for the above said declaration.

Any person who may fail to comply with the duties set forth in this Article shall be punished in accordance with Art 31 para 4 he shall also be liable for any consequential loss suffered by the State.

753

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

Any person who, for the purpose of withholding from the State, property belonging to a person considered to have made a profit derived from the regime, acquires, receives or conceals such property or abets their acquisition, receipt or concealment, shall be punished by imprisonment not exceeding 10 years and by a fine up to 100,000 lire.

37. The proposed assessment of the Provincial Commission if unopposed by the debtor; the decision of such Commission, even pending appeal to the Central Commission and the decision of the last named Commission shall constitute good authority for execution even for entry in the real estate and mortgage registry.

The collection of the amounts owed to the State as profits derived from the regime may be effected in accordance with the procedure and preference established for the collection of the extraordinary tax on excess war profits. The entire debt may be entered on a special roll and may be collected in a single instalment.

PART IV — CONFISCATION OF FASCIST PROPERTY

38. The property of the disbanded fascist national party and of organizations suppressed by RDL 2 August 1943, No. 704, shall devolve upon the State.

Such property shall be used for the public service or the public benefit, this shall be effected on the proposal of the High Commissioner by decree of the President of the Council, in agreement with the Competent Ministers. If necessary such property may be transferred to another public body or organization promoting welfare, sport or the like.

39. The finance administration of the State shall provide for the collection of assets of the fascist national party and the suppressed organizations.

PART V — THE HIGH COMMISSIONER

40. To supervise the carrying out of this decree the office of High Commissioner for Sanctions against Fascism is created.

The High Commissioner shall be nominated by the Council of ministers and appointed (i.e. by the President) and shall for the duration of his term of office rank as a judicial officer of the first grade.

He shall be assisted by Assistant High Commissioner for each of the branches of his jurisdiction.

In the event of the High Commissioner being unable to act each of the Assistant High Commissioner may so far as his own branch is concerned act in his name.

The Assistant High Commissioners shall be appointed by the President of the Council of Ministers on the nomination of the High Commissioner and shall rank as judicial officials of the third grade.

Not more than two commissioners may be nominated for any one branch of the High Commission. They shall be appointed in the manner described in the preceding paragraph

Sufficient judicial and other officials shall on request be assigned to the office of the High Commissioner and a nucleus of judicial police shall be placed at his disposal composed of personnel of the carabinieri of the public security or of the finance guards. Persons not members of the Administrations may be employed in the secretarial offices.

The High Commissioner and his subordinate officers may call on the judicial [illegible] carry out their orders.

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

of the Council, in agreement with the [illegible] may be transferred to another public body or organization promoting welfare, sport or the like.

39. The finance administration of the State shall provide for the collection of assets of the fascist national party and the suppressed organizations.

PART V — THE HIGH COMMISSIONER

40. To supervise the carrying out of this decree the office of High Commissioner for Sanctions against Fascism is created.

The High Commissioner shall be nominated by the Council of ministers and appointed (i.e. by the President) and shall for the duration of his term of office rank as a judicial officer of the first grade.

He shall be assisted by Assistant High Commissioner for each of the branches of his jurisdiction.

In the event of the High Commissioner being unable to act each of the Assistant High Commissioner may so far as his own branch is concerned act in his name.

The Assistant High Commissioners shall be appointed by the President of the Council of Ministers on the nomination of the High Commissioner and shall rank as judicial officials of the third grade.

Not more than two commissioners may be nominated for any one branch of the High Commission. They shall be appointed in the manner described in the preceding paragraph

Sufficient judicial and other Officials shall on request be assigned to the office of the High Commissioner and a nucleus of judicial police shall be placed at his disposal composed of personnel of the carabinieri of the public security or of the finance guards. Persons not members of the Administrations may be employed in the secretarial offices.

The High Commissioner and his subordinate officers may call on the judicial police who will carry out their orders.

41. The High Commissioner shall direct and supervise the work of all organizations by which Sanctions against Fascism are carried out.

The High Commissioner shall be bound on his own initiative or on the demand of any public authority or on an information signed by a private individual to commence proceedings in respect of any crime described in Art 2 and to carry out investigation as may be necessary and to remand the accused to the High Court in which he or his delegate act as "Ministero pubblico".

In cases of exceptional gravity the High Commissioner may exceed the normal powers in that respect and refer to the High Court any other person than those referred to in Art 2 and for any crime whether or not such is mentioned in Art 2.

With prejudice to the powers of the Ministero Pubblico, Public Authorities and other bodies or organizations the High Commissioner may on his own initiative or on the information of a private individual commence proceedings.

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

(1) In respect of other crimes mentioned in Part I.
(2) To apply the provisions set out in Art 8.
(3) To forfeit property belonging to persons who have collaborated with the Germans in accordance with Art 9.
(4) Before the appropriate commissions of first instances and before the Central Commission with regard to appeals, for purging the administration and for dismissing officers or employees from their office or employment.
(5) Before the Local and Central Commissions for taxation, for assessing and forfeiting as profit derived from the fascist regime, with power in exceptional cases to commence proceedings for rectification of any decision of the aforesaid Central Commission.

He may also

(6) Make proposals for the correct and proper use of property previously belonging to the Fascist Party or to fascist organization.
(7) Exercise any other functions contained in this decree or in any other decree or regulation.

PART VI — TRANSITORY AND FINAL PROVISIONS

42. For the application of this decree all prerogatives including those set out in Arts 26, 37 and 47 of the Constitution are hereby abrogated.

43. Any public official or any person engaged in the public service responsible according to the provisions of this law for punishing fascist crimes, for purging the administrations, for forfeiting any profit derived from the regime and for confiscating fascist property, who may commit any offence set out in and punishable by virtue of Arts 314, 316, 317, 318, 319, 320, 323, 324, 326 and 328 of the Penal Code shall be punished in accordance with the provisions of those articles but increased by from one third to one half.

44. Proceedings already initiated for the punishment of fascist crimes for purgation and for the forfeiture of profit derived from the regime shall be carried through in accordance with the provisions of this decree, without prejudice to any action already taken incompatible with these rules.

Decisions already given shall be reviewed if they are in conflict with the provisions of this decree.

45. Successive decrees will be issued to provide when necessary for the execution of the rules established by the preceding Parts.

The Minister of the Treasury is hereby authorized to make by his own decrees the necessary variations in the State budget occasioned by the functioning of the High Commissioner and the organizations established by this decree.

46. Royal Decree laws 9 August 1943, No. 720, of 28 December 1943, No. 29/B, of 26 May 1944, No. 134, are hereby abrogated.

The provisions contained in Royal Decree law 12 April 1944, No. 101, so far as they relate to the contents of this decree are also abrogated.

This decree will come into force etc. etc.

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

PART VI TRANSITORY AND FINAL PROVISIONS

42. For the application of this decree All prerogatives including those set out in Arts 26, 37 and 47 of the Constitution are hereby abrogated.

43. Any public official or any person engaged in the public service responsible according to the provisions of this law for punishing fascist crimes, for purging the administrations, for forfeiting any profit derived from the regime and for confiscating fascist property, who may commit any offence set out in and punishable by virtue of Arts 314, 316, 317, 318, 319, 320, 323, 324, 326 and 328 of the Penal Code shall be punished in accordance with the provisions of these articles but increased by from one third to one half.

44. Proceedings already initiated for the punishment of fascist crimes for purgation and for the forfeiture of profit derived from the regime shall be carried through in accordance with the provisions of this decree, without prejudice to any action already taken incompatible with these rules.

Decisions already given shall be reviewed if they are in conflict with the provisions of this decree.

45. Successive decrees will be issued to provide when necessary for the execution of the rules established by the preceding Parts.

The Minister of the Treasury is hereby authorized to make by his own decrees the necessary variations in the State budget occasioned by the functioning of the High Commissioner and the organizations established by this decree.

46. Royal Decree laws 9 August 1943, No. 720, of 28 December 1943, No. 29/B, of 26 May 1944, No. 154, are hereby abrogated.

The provisions contained in Royal Decree law 12 April 1944, No. 101, so far as they relate to the contents of this decree are also abrogated.

47. This decree will come into force etc. etc.

2216

753

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

APPENDIX B.

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13145/F

7 August 1944

SUBJECT: Instructions regarding the Returns from Provinces of State Revenue and Expenditure, and the means whereby these Returns are to be made available to the Finance Sub-Commission and the Central Italian authorities concerned, viz. the Ministry of Finance, Treasury, and the Bank of Italy.

TO : All Finance Officers.

1. Introduction

Normally the two parties directly concerned with the collection and expenditure of Italian State Funds in a Province are the Intendenza di Finanza and the Bank of Italy (Treasury Section). These two parties prepare certain statements of Income and Expenditure and forward them to their Central Offices, where these Returns constitute an important link in the centralised functioning of Treasury Control.

It is very important that these forms should be made available to the proper authorities at as early a date as possible, and, with the object of reducing delay and avoiding confusion, this letter of instructions has been prepared for the guidance of Finance Officers.

2. Procedure to be adopted on AMG Territory, including AMG 5th & 8th Armies

On taking over liberated territory the Finance Officer should visit the Intendenza di Finanza and the corresponding Treasury Section of the Bank of Italy as soon as possible and instruct these two parties that he, the Finance Officer, will be responsible for the forwarding of all monthly returns normally sent to Rome. On receipt of these forms, for as recent a month as possible, the Finance officer will forward them to the Finance Sub-Commission.

In cases where records have been destroyed, and delay in producing the forms is anticipated, this HQ should be informed, and an estimate of the time required to reconstruct the records given.

The forms of most immediate interest to this HQ, are the Bank of Italy forms (Dimostrazione Mensile, Mod. 59, 60, and 61, for both Competenza and Residui), and these forms should be sent to this HQ as soon as they are available. To facilitate the communication of these instructions from the Finance Officer to the Bank of Italy the Head Office of the Bank have prepared a general letter addressed to all their Provincial branches, in which the procedure to be adopted by their branches is laid down in detail.

A copy of the Bank of Italy's general letter of instructions is attached.

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

Expenditure and forward them to their Central Offices, where these Returns constitute an important link in the centralised functioning of Treasury Control.

It is very important that these forms should be made available to the proper authorities at as early a date as possible, and, with the object of reducing delay and avoiding confusion, this letter of instructions has been prepared for the guidance of Finance Officers.

2. Procedure to be adopted on AMG Territory, including AMG 5th & 8th Armies

On taking over liberated territory the Finance Officer should visit the Intendenza di Finanza and the corresponding Treasury Section of the Bank of Italy as soon as possible and instruct these two parties that he, the Finance Officer, will be responsible for the forwarding of all monthly returns normally sent to Rome. On receipt of these forms, for as recent a month as possible, the Finance officer will forward them to the Finance Sub-Commission.

In cases where records have been destroyed, and delay in producing the forms is anticipated, this HQ should be informed, and an estimate of the time required to reconstruct the records given.

The forms of most immediate interest to this HQ, are the Bank of Italy forms (Dimostrazione Mensile, Mod. 59, 60, and 61, for both Competenza and Residui), and these forms should be sent to this HQ as soon as they are available. To facilitate the communication of these instructions from the Finance Officer to the Bank of Italy the Head Office of the Bank have prepared a general letter addressed to all their Provincial branches, in which the procedure to be adopted by their branches is laid down in detail. 2215

A copy of the Bank of Italy's general letter of instructions is attached.

The forwarding of these monthly forms to this HQ should be continued by the Finance Officer.

3. Procedure to be adopted when territory passes from AMG to ACC

At the time of transfer of territory from AMG to ACC the AMG Finance Officer will instruct both the Intendenza di Finanza and the Bank of Italy that in future they should deliver the monthly forms for transmission to this HQ to the nearest ACC Finance Officer.

4. Procedure in ACC Territory

Although the Italian Postal Service functions on ACC Territory, it has proved to be slow and unreliable under existing condition.

In view of the importance of these forms, and the urgency with which they are required, it has been decided that they should be forwarded to this HQ by the ACC Finance Officer using normal ACC channels, and the ACC Finance Officer will ensure that the forms are prepared and forwarded as expeditiously as possible.

253

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

Appendix B,
P. 2

5. Sundry Point and Explanations

a) The Head Office of the Bank of Italy have instructed their branches to deliver the forms to be forwarded to the local ACC/AMG Finance Officer in an open packet so that the F.O. can readily see what he is forwarding.

b) The Bank of Italy have expressed the opinion that their standard monthly forms, (Dimostrazione Mensile, Mod. 59, 60 and 61) should be prepared by the 5th of the month following the month to which they relate. In other words the forms for the month of July 1944, should be ready for forwarding by the 5th of August, 1944.

c) It is intended that all forms received at this HQ will, after examination, be distributed to the Central Italian Authorities so that they can carry on with the preparation of the State accounts.

d) In cases where there is a shortage of standard blank forms, the Returns will have to be made on plain paper. If it is not possible for the Provincial branch of the Bank of Italy to get blank forms printed locally, an application for blank forms may be addressed to the Head Office of the Bank of Italy.

e) The instructions contained in this letter supersede instructions regarding the preparation and forwarding of forms to this HQ contained in a letter of 29 February 1944. Reference CRO/S.1

For Captain ELLERY W. STONE, USNR:

H Graeme Smith

Colonel,
Joint Director,
Finance Sub-Commission.

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

ALLEGATO B,
p.v. 5

COPY OF LETTER ADDRESSED TO A
PROVINCIAL BRANCHES BY BANK OF ITALY, HEAD OFFICE

ROMA li 5 Agosto, 1944.

BANCA D'ITALIA

Amministrazione Centrale
... ...
Servizio
Tasse-Servizi Governativi-Partecipanti
... ...

ALLA SEZIONE DI R.
TESORERIA DI

N° 18666

OGGETTO:- Servizio di R.Tesoreria,
Mod.59-T,60-T e 61-T.

Le Sezioni di R.Tesoreria Provinciale situate nell'Italia liberata sono invitate, in seguito ad accordi intervenuti con la Commissione Alleata di Controllo, a riprendere la trasmissione degli stati mensili mod.59-T, 60-T, e 61-T "Competenza" e "Residui" a far tempo dal mese di giugno 1944 compreso.

I suddetti elaborati, ad eccezione del mod.60-T da compilarsi in unica copia, dovranno esser redatti in quadruplice esemplare e spediti, entro il termine prescritto del giorno 5 di ciascun mese, a questa Amministrazione Centrale (Servizio Tasse e Servizi Governativi), racchiusi in un piego aperto sul quale dovrà essere apposto il seguente indirizzo: "Finance Sub-Commission, H.Q. Allied Control Commission".

Nel piego stesso i modelli onde trattasi dovranno essere raggruppati come appresso e ciascun gruppo sotto fascia recante il seguente indirizzo:-

Mod.59-T e 61-T "Competenza e "Residui" per il Servizio Tasse e Servizi Governativi (Contabilità Sezioni di R.Tesoreria)
Mod.59-T, 60-T e 61-T "Competenza" e "Residui" per la Direzione Generale del Tesoro-Div.V.
Mod.59-T, e 61-T "Competenza" e "Residui" per Lt.Col.A.H. Stephans Chief Budget Officer, Finance Sub-Commission, Allied [illegible] Ministero delle Finanze, ROMA.

2214

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

Mod.59-T,60-T e 61-T.

Le Sezioni di R.Tesoreria Provinciale situate nell'Italia liberata sono invitate, in seguito ad accordi intervenuti con la Commissione Alleata di Controllo, a riprendere la trasmissione degli stati mensili mod.59-T, 60-T, e 61-T "Competenza" e "Residui" a far tempo dal mese di giugno 1944 compreso.

I suddetti elaborati, ad eccezione del mod.60-T da compilarsi in unica copia, dovranno esser redatti in quadruplice esemplare e spediti, entro il termine prescritto del giorno 5 di ciascun mese, a questa Amministrazione Centrale (Servizio Tesse e Servizi Governativi), racchiusi in un piego aperto sul quale dovrà essere apposto il seguente indirizzo: "Finance Sub-Commission, H.Q. Allied Control Commission".

Nel piego stesso i modelli onde trattasi dovranno essere raggruppati come appresso e ciascun gruppo sotto fascia recante il seguente indirizzo:-

Mod.59-T e 61-T "Competenza e "Residui" per il Servizio Tasse e Servizi Governativi (Contabilità Sezioni di R.Tesoreria)
Mod.59-T, 60-T e 61-T "Competenza" e "Residui" per la Direzione Generale del Tesoro-Div.V.
Mod.59-T, e 61-T "Competenza" e "Residui" per Lt.Col.A.H. Stephano Chief Budget Officer, Finance Sub-Commission, Allied Control Commission, Ministero delle Finanze, ROMA.
Mod.59-T e 61-T "Competenza" e "Residui" per la Commissione Alleata di Controllo - Palazzo delle Corporazioni.

Le Sezioni di R.Tesoreria provvederanno inoltre a trasmettere a questa Amministrazione Centrale, con la maggiore sollecitudine, anche i modelli in oggetto, in semplice copia (escluso il mod.60-T) concernenti le operazioni relative ai mesi precedenti a quello di giugno ultimo scorso, modelli che a causa degli eventi o non sono stati inviati ovvero, se trasmessi, non risultano fin qui pervenuti.

Il piego contenente detti elaborati dovrà essere consegnato all'Ufficiale Finanziario Alleato con preghiera di inoltrare all'indirizzo sopra indicato.

Allo scopo la Commissione Alleata di Controllo - Sotto Commissione Finanziaria presso il Ministero del Tesoro, ha impartito le istruzioni del caso ai propri Ufficiali Finanziari Alleati.

753

2214

Declassified E.O. 12356 Section 3.3/NND No. 785014

Le Sezioni di R.Tesoreria, qualora siano sprovviste dei suddetti modelli in bianco o ne abbiano una scorta insufficiente, possono ritenersi autorizzate a provvedere in luogo alla ristampa, facendo intestare la relative fattura alla Sezione. La spesa incontrata resterà a carico del Ministero del Tesoro e l'importo dovrà essere scritturato al conto "Collettivi".

Raccomando la massima precisione nella compilazione di tali elaborati che, prima di essere spediti, dovranno essere controllati.

IL COMMISSARIO

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

2074

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

APPENDIX C.

ALLIED FINANCIAL AGENCY

SCHEDULE TO STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO

(EXPRESSED IN LIRE)

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CUR
I	NEW A.M.LIRA NOTES RECEIVED		
	(a) As Notified to Washington	48,844,128,000	4,
	(c) Shortages revealed on Opening Boxes	(1,130)	
	(d) Defective A.M.Lire Notes Returned to Washington	-	
	Lire	48,844,126,870	4,
II	DEPOSITS BY AMG/ACC DIVISIONS		
	(a) Economic & Supply Division - Supplies	975,204,045	(
	(b) Economic & Supply Div.- Deposits on Returnable Containers	30,168,486	
	(c) Public Health Division	38,748,278	
	(d) Legal Division	8,719,600	
	(e) Other Divisions	27,700	
	Lire	1,052,868,109	(
III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD		
	(a.) From Banks	182,800	
	(b) From Others	200,500	
	Lire	383,300	

2075

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

APPENDIX C.

F/F 21

ALLIED FINANCIAL AGENCY

.213.

OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO 30 JUNE, 1944

Page No 1

(EXPRESSED IN LIRE)

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
con	48,844,128,000	4,494,400,000	53,338,528,000
Opening Boxes	(1,130)	-	(1,130)
s Returned to Washington	-	(452,731)	(452,731)
Lire	48,844,126,870	4,493,947,269	53,338,074,132
sion - Supplies	975,204,045	(283,550,548)	691,653,497
- Deposits on Returnable Containers	30,168,486	135,789	30,304,275
	38,748,278	22,456,895	61,205,173
	8,719,600	1,032,850	9,752,450
	27,700	-	27,700
Lire	1,052,868,109	(259,925,014)	792,943,095

ND OTHERS BY
FIELD

	182,800	(182,800)	-
	200,500	(190,000)	10,500
Lire	383,300	(372,800)	10,500

2076

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
IV	DEPOSITS	
	(a) By Controller of Property	
	(1) Psychological Warfare Board - Film Section	1,841,938
	(2) A.G.I.P.	10,000,000
	(3) Moharwan & Son	117,219
	(4) Changimal Co.	108,714
	(5) Goods ex German Steamers	846,500
	(6) Musan Felice	154,435
	(7) Miscelleneous (under Lire 100,000 each)	463,397
		13,532,203
	(b) By U.S.Army Units	66,000,722
	(c) By Others	
	(1) "A" Force	947,500
	(2) Pasquale Esposito	108,600
	(3) Comitato Italiano Petroli	45,000,000
	(4) Enemy Unit Funds	1,918,527
	(5) Jewish Refugees departing for Palestine	
	(6) Italian Road Haulage Organisations (Depreciation on ACC Vehicles, pending allocation)	
	(7) Various (under Lire 100,000 each)	185,217
	Lire	127,722,769

2077

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

ty	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Board - Film Section	1,841,938	(1,787,730)	54,208
	10,000,000	-	10,000,000
	117,219	-	117,219
ers	108,714	-	108,714
	846,500	-	846,500
Lire 100,000 each)	154,435	-	154,435
	463,397	-	463,397
	13,532,203	(1,787,730)	11,744,473
	66,000,722	8,339,375	74,340,097
	947,500	(11,000)	936,500
roli	108,600		108,600
	45,000,000	50,475,750	95,475,750
ing for Palestine	1,948,527		1,948,527
rganisations		4,373,893	4,373,893
ehicles, pending allocation)		260,471	260,471
0,000 each)	185,217	72,244	257,461
Lire	127,722,769	61,723,003	189,445,772

2078

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

SCHED-
ULE
No.

		TOTAL TO close of PREVIOUS MONTH
V	PROCEEDS OF SALES IN ITALY OF SUPPLIES	
	(a) Economic and Supply Division.	
	(1) Supplies Imported or Drawn from Armies	767,901,774
	(2) Supplies Purchased Locally	6,824,128
	(b) Public Health Division	
	(1) Supplies Imported or Drawn from Armies	14,427,980
	(2) Supplies Purchased Locally	4,500
	Lire	789,158,382
VI	RECEIPTS IN RESPECT OF AMG/ACC REVENUE	
	(a) AFA Revenue	
	(1) Interest Received from Banks	3,355,416
	(2) Miscellaneous Receipts	545
		3,355,961
	(b) AMG Revenue to close of previous month	139,996,972
	(c) ACC Revenue to close of previous month	8,158,335
	(d) AMG/ACC Revenue received by AFA direct in previous month, allocated in current month	2
	(e) AMG/ACC Revenue received by AFA direct in current month	–
	Lire	151,111,270
IX	CONTRA ACCOUNTS	
	+ Deposits for Remittances (AF Accounts)	76,952,778
	(a) U.S. Dollars ($ 1,371,880.40)	3,665,713
	(b) Sterling (£ 16,699 : 12 : 9)	
	Lire	80,618,491

+ The amount of Deposits for Remittances is equal to the total of "Payments to Perso
ds from Allied Countries" (see Item No. 27), plus "Funds Deposited with Italian Ba
Schedule XXVIII, (c) 3).

2079

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

	TOTAL TO close of PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
SUPPLIES			
sion.			
Drawn from Armies	767,901,774	793,489,648	1,561,391,422
ocally	6,824,128	9,530,791	16,354,919
Drawn from Armies	14,427,980	-	14,427,980
ocally	4,500	-	4,500
Lire	789,158,382	803,020,439	1,592,178,821
REVENUE			
om Banks	3,355,416	126,452	3,481,868
ts	545	-	545
	3,355,961	126,452	3,482,413
previous month	139,596,972	7,338,557	146,935,529
previous month	8,158,335	169,437	8,327,772
d by AFA direct in previous month, nth	2	(2)	-
d by AFA direct in current month	-	118,079	118,079
Lire	151,111,270	7,752,523	158,863,793
Accounts)			
80.40)	76,952,778	60,235,262	137,188,040
: 9)	3,665,713	3,014,143	6,679,856
Lire	80,618,491	63,249,405	143,867,896

ances is equal to the total of "Payments to Persons in Italy on Account of Remittanc-em No. 27), plus "Funds Deposited with Italian Banks for Remittance Payments" (see

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	C
XII	A.M. STAMPS ISSUED TO POST OFFICE AND ON HAND		
	(a) A.M. Stamps issued to Post Office	22,274,000	
	(b) A.M. Stamps on Hand	147,062,000	
	Lire	169,336,000	
XIII	PURCHASES IN ITALY OF SUPPLIES		
	(a) For Export to		
	(1) United States of America	49,412,098	
	(2) Great Britain	338,185,687	
	(3) North Africa	28,468,390	
	(4) Corsica	644,778	
	(5) Malta	136,857,727	
		553,568,680	
	(c) For Resale in Italy	33,816,609	
	Lire	587,385,289	
XIV	STORAGE HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES		
	(a) Emoluments of Civilian Personnel	12,268,245	
	(b) Repairs to Warehouses and Approach Roads	1,317,262	
	(c) Rent of Warehouses	2,764	
	(d) Transport and Shipping Charges	13,101,089	
	(e) Other Expenses	2,574,865	
	Lire	29,264,225	

2081

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

		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
TICE AND ON HAND				
Post Office		22,274,000	3,240,000	25,514,000
		147,062,000	(3,240,000)	143,822,000
	Lire	169,336,000	-	169,336,000
S				
erica		49,412,098	1,386,052	50,798,150
		338,185,687	35,604,161	373,789,848
		28,468,390	(497,575)	27,970,815
		644,778	-	644,778
		136,857,727	35,167,622	172,025,349
		553,568,680	71,660,260	625,228,940
		33,816,609	10,937,838	44,754,447
	Lire	587,385,289	82,598,098	669,983,387
EXPENSES IN CONNECTION WITH PETIES				
Personnel		12,268,245	3,804,563	16,072,808
and Approach Roads		1,317,262	184,623	1,501,885
		2,764	-	2,764
Charges		13,101,089	3,569,867	16,670,956
		2,574,865	1,413,391	3,988,256
	Lire	29,264,225	8,972,441	38,236,669

2082

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS M
XV	ADVANCES	
	(a) To Italian State Treasury, Armed Forces and State Institutions	4,607,738,3
	(b) To Provinces	488,259,6
	(c) To Communes	1,202,816,2
		6,298,814,2
	(d) To Others	
	(1) Items included on Sub-Accountants' Reports not yet allocated, pending receipt of proper vouchers or more complete information	4,790,9
	(2) Advisory Council for Italy	1,563,5
	(3) Library of Congress - For Purchase of Books	303,1
	(4) Societe Acquedotto, Napoli	3,000,0
	(5) Sanotoda Caputa	1,000,0
	(6) Villa Rosa Mental Hospital	1,000,0
	(7) Casa della Madre e del Bambino, Principessa Maria Gabriello - Ischia	100,0
	(8) Miscellaneous (under Lire 100,000 each)	361,3
	Lire	6,310,933,7
XVI	LOANS	
	(a) To Banks	
	(b) To Others	3,000,0
		9
	Lire	3,000,9

2083

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
ed Forces and State Institutions	4,607,738,309	(24,325,592)	4,583,412,717
	488,259,665	15,930	488,275,595
	1,202,816,283	3,078,805	1,205,895,088
	6,298,814,257	(21,230,857)	6,277,583,400
ntents' Reports not yet allocat- er vouchers or more complete in-	4,790,987	(271,120)	4,519,867
	1,563,992	197,588	1,761,580
urchase of Books	303,190	(303,190)	-
	3,000,000	-	3,000,000
	1,000,000	-	1,000,000
	1,000,000	-	1,000,000
lno, Principessa Maria Gabriello			
	100,000	-	100,000
00,000 each)	361,312	21,500	382,812
Lire	6,310,933,738	(21,586,079)	6,289,347,659
	3,000,000	(600,000)	2,400,000
	960	(680)	280
Lire	3,000,960	(600,680)	2,400,280

2084

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES	
	(a) Remittances from United States of America	13,128,450
	(b) " " Great Britain and the Sterling Area	-
		13,128,450
XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS	
	(a) Emergency Financial Assistance to :	
	(1) U.S. Nationals	2,924,720
	(2) British "	1,457,950
	(3) Canadian "	8,000
	(4) Belgian "	17,930
	(5) Brazilian "	18,000
	(6) Columbian "	1,800
	(7) Czechoslovak "	27,535
	(8) French "	97,060
	(9) Greek "	49,300
	(10) Icelandic "	7,100
	(11) Dutch "	9,700
	(12) Norwegian "	3,000
	(13) Polish "	98,675
	(14) Russian "	11,200
	(15) Yugoslav "	174,505
	Carried Forward	4,906,475

2085

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

ACCOUNT OF REMITTANCES FROM	TOTAL TO CLOSE of PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
States of America	12,428,450	20,263,850	33,692,300
ritain and the Sterling Area	-	64,200	64,200
	13,428,450	20,328,050	33,756,500
OF ALLIED NATIONS			
stance to :			
	2,924,720	527,080	3,451,800
	1,457,950	302,705	1,760,655
	8,000	-	8,000
	17,930	-	17,930
	18,000	-	18,000
	1,800	-	1,800
	27,535	-	27,535
	97,060	-	97,060
	49,300	-	49,300
	7,100	-	7,100
	9,700	-	9,700
	3,000	-	3,000
	98,675	400	99,075
	11,200	-	11,200
	174,505	500	175,005
Carried Forward	4,906,475	830,685	5,737,160

2086

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
	Brought Forward	4,906,475
	(b) Expenses in connection with Refugee Camps	803,801
	(d) Payments to Allied Nations Missions	
	(1) Belgian Military Mission –	13,000
	(2) Czechoslovak " "	195,000
	(3) Netherlands "	185,000
	(4) Norwegian " "	120,000
	(5) Polish " "	974,000
	(6) Royal Yugoslav" "	400,000
	Lire	7,597,276
XLV	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	
	(b) Payments in Respect of Italian Refugees	2,811,267
	(c) Emergency Financial Assistance Payments to Other than Allied Nationals	
	(1) Albanian Nationals	16,833
	(2) Egyptian "	5,200
	(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 Persons	29,400
	(12) Unknown	40,685
	Lire	2,958,905

2087

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Brought Forward	4,906,475	830,685	5,737,160
ion with Refugee Camps	803,801	439,680	1,243,481
Nations Missions			
Mission –	13,000	–	13,000
"	195,000	45,000	240,000
"	185,000	380,000	565,000
"	120,000	44,000	164;000
"	974,000	20,000	994;000
"	400,000	–	400,000
Lire	7,597,276	1,759,365	9,356,641
LIAN STATE IN RESPECT OF ITALIAN			
t of Italian Refugees	2,811,267	585,488	3,396,755
l Assistance Payments to Other than			
ala	16,833		16;833
	5,200		5;200
elav "	4,000		4,000
"	5,700		5,700
"	4,500		4;500
"	2,000		2;000
"	1,200		1,200
"	600		600
	18,200		18;200
	19,320		19;320
ons	29,400		29,400
	40,685		40,685
Lire	2,958,905	585,488	3,544,393

2088

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

		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Brought Forward		4,906,475	830,685	5,737,160
ion with Refugee Camps		803,801	439,680	1,243,481
Nations Missions				
Mission		13,000	-	13,000
"		195,000	45,000	240,000
"		185,000	380,000	565,000
"		120,000	44,000	164;000
"		974,000	20,000	994;000
"		400,000	-	400,000
	Lire	7,597,276	1,759,365	9,356,641
LIAN STATE IN RESPECT OF ITALIAN				
t of Italian Refugees		2,811,267	585,488	3,396,755
l Assistance Payments to Other than				
als		16,833		16;833
slav "		5,200		5;200
"		4,000		4,000
"		5,700		5,700
"		4,500		4;500
"		2,000		2;000
"		1,200		1,200
"		600		600
		18,200		18;200
		19,320		19;320
ons		29,400		29,400
		40,685		40,685
	Lire	2,958,905	585,488	3,544,393

2089

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CUR
XX	ADVANCES TO ALLIED ARMED FORCES		
	(a) To American Army		
	(1) Paid in Lire	13,863,208,000	2
	(2) Paid in Yellow Seal Dollars ($ 1,505,300)	150,530,000	
	(b) To American Navy		
	(1) Paid in Lire	190,766,000	
	(2) Paid in Yellow Seal Dollars ($ 633,000)	43,800,000	
	(c) To British Army		
	(1) Paid in Lire	2,806,599,830	
	(2) Paid in B.M.A. Pounds (£ 2,223,941 . 5 . 0)	861,040,310	
	(d) To British Navy		
	(1) Paid in Lire	28,032,800	
	(2) Paid in Francs (FRS. 15,915)	31,830	
	(e) To Royal Air Force		
	(1) Paid in Lire	18,035,000	
	(2) Paid in Francs (FRS. 1,319,844)	2,639,688	
	(f) To French Armed Forces		
	(1) Paid in Lire	2,987,112,000	
	Lire	27,891,795,458	

2000

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
...es ($ 1,505,300)	13,863,208,000	2,049,920,000	15,913,128,000
	150,530,000	-	150,530,000
...es ($ 633,000)	190,756,000	40,298,000	231,054,000
	43,800,000	19,500,000	63,300,000
...2,223,941 . 5 . 0)	9,806,509,830	3,189,008,000	12,995,607,830
	801,040,310	88,536,190	889,576,500
...5)	28,032,800	-	28,032,800
	31,830	-	31,830
...,844)	18,035,000	-	18,035,000
	2,639,688	-	2,639,688
Line	2,987,112,000	534,720,000	3,521,832,000
	27,891,795,458	5,921,982,190	33,813,777,648

2091

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

SCHEDULE No. XXL	DISBURSEMENTS IN RESPECT OF AMG/ACC EXPENDITURE	TOTAL TO CLOSE OF PREVIOUS MONTH
	(a) AFA Expenditure	
	(1) Emoluments of Civilian Personnel	110,106
	(2) Motor Transport	760
	Maintenance of Vehicles	
	(3) Other Administrative Expenses	38,786
	Printing and Stationery	4,410
	Maintenance of Offices	1,905
	Maintenance of Office Equipment	1,284
	Sundries	16,385
	Total Other Administrative Expenditure	
	(4) Special Expenditure	95,699
	Purchase of Office Furniture and Equipment	58,390
	Reconditioning of Offices	154,089
	Total Special Expenditure	
	(5) Financial Expenditure	4,561,835
	Interest Paid to Banks	408,333
	Bank Service Charges	4,970,168
	Total Financial Expenditure	5,281,598
	Total AFA Expenditure	44,782,185
	(b) AMG Expenditure to close of previous month	21,019,254
	(c) ACC Expenditure to close of previous month	
	(d) AMG/ACC Disbursements made by AFA direct in previous month, allocated in current month	10,855
	(e) AMG/ACC Disbursements made by AFA direct in current month	-
	Lire	71,093,892

2092

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

X53

AMG/ACC EXPENDITURE	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Lian Personnel	110,196	4,710	114,906
Vehicles	760	275	1,035
ve Expenses	38,786	1,050	39,836
ationery	4,410	-	4,410
Offices	1,905	80	1,985
ffice Equipment	1,284	-	1,284
	46,385	1,130	47,515
Administrative Expenditure			
e	95,699	-	95,699
ice Furniture and Equipment	58,390	1,625	60,015
of Offices	154,089	1,625	155,714
l Expenditure			
ture	4,561,835	-	4,561,835
to Banks	408,333	-	408,333
harges	4,970,168	-	4,970,168
cial Expenditure	5,281,598	7,740	5,289,338
xpenditure	44,782,185	5,282,490	50,064,675
lose of previous month	21,019,254	9,762,116	30,781,370
s made by AFA direct in previous month, month	10,855	(10,855)	-
ts made by AFA direct in current month	-	14,628	14,628
Lire	71,093,892	15,056,113	86,150,011

2093

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CU
XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY		
	(a) U.S. Delegation	159,234	
	(b) British Delegation	82,527	
	(c) Russian Delegation	82,962	
	(d) Yugoslav Delegation	84,350	
	(e) Greek Delegation	35,741	
	(f) French Delegation	41,194	
	Lire	466,008	
XXVII	CONTRA ACCOUNTS		
	(a) Foreign Exchange Due from Banco di Sicilia		
	(1) U.S. Dollars ($ 666,801.08)	51,981,008	1
	(2) Sterling (£ 16,699 .12 . 9)	3,665,713	
	(b) Foreign Exchange Due from Banco di Napoli		
	(1) U.S. Dollars ($ 711,079.32)	24,971,770	4
	Lire	80,618,491	6

2094

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
L FOR ITALY			
	159,234	104,466	263,700
	82,527	70,714	153,241
	82,962	1,081,655	1,164,617
	84,350	80,367	164,717
	35,741	134,152	169,893
	41,194	31,058	72,252
Lire	486,008	1,502,412	1,988,420
om Banco di Sicilia			
,801.08)	51,981,008	14,099,100	66,080,108
699 .12 . 9)	3,665,713	3,014,143	6,679,856
om Banco di Napoli			
,079.32)	24,971,770	46,136,162	71,107,232
Lire	80,618,491	63,249,405	143,867,896

2055

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CURR
XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (Including Mutilated & Unfit A.M. Lire Notes on Hand)		
	(a) Current Cash - Lire	395,820	
	(b) Reserve Cash - A.M. Lire	13,276,728,000	(97
	(c) Bank Current Accounts - Lire		
	(1) Banco d'Italia	1,255,197,521	10
	(2) Banco di Napoli	40,618,872	
	(3) Banco di Sicilia	414,213,733	(3
	(4) Credito Italiano	7,779,520	(
	(5) Banca Commerciale Italiana	8,509,010	(
	Total Bank Current Accounts	1,726,318,656	3
	Total Lire Funds	15,003,445,476	(94
	(d) Non-Lire Currency on Hand or in Banks		
	(1) Yellow Seal Dollars ($ 1,361,664.43)	151,960,831	(1
	(2) U.M.A. Pounds (£ 513,476 . 2 .11)	229,277,929	(2
	Total Non-Lire Currency	380,838,760	(3
	(e) Other Balances with Banks		
	(1) Banca d'Italia No.2 Account	1,600,000,000	
	(2) AFA Rome Letter of Credit Account	500,000,000	(10
	(3) Funds Deposited with Italian Banks for Remittance Payments	65,691,541	4
	(4) Funds Deposited by U.S. Army Units (See Schedule IV(b))	66,000,722	
	Total Other Balances with Banks	2,231,692,263	(1
		17,615,376,499	(1,02
	MUTILATED AND UNFIT A.M. LIRE NOTES ON HAND	5,598,848	(
	Lire	17,620,975,347	1,03

2096

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
END OF PERIOD			
A.M. Lire Notes on Hand)	396,020	(156,553)	242,267
	13,276,728,000	(977,256,000)	12,299,472,000
Lire			
- Lire	1,255,197,521	103,887,197	1,359,084,718
	40,618,872	4,444,935	45,063,807
	414,213,733	(65,947,866)	348;265,867
	7,779,520	(5,002,920)	2,776,600
	8,509,010	(1,391,000)	7,118,010
Italiana	1,726,318,656	35,990,346	1,762,309,002
Current Accounts	15,003,445,476	(941,422,207)	14,062,023,269
Funds			
Hand or in Banks			
s ($ 1,361,564.43)	151,560,831	(15,394,380)	136,166,443
(£ 513,476 . 2 .11)	229,277,929	(23,867,470)	205,399,459
-Lire Currency	380,838,760	(39,261,850)	341,556,902
Banks			
.2 Account	1,600,000,000		1,600,000,000
Credit Account	500,000,000	(100,000,000)	400,000,000
ith Italian Banks for	65,091,541	45,019,855	110,111,396
te			
y U.S. Army Units	66,000,722	8,339,375	74,340,097
b))	2,231,092,263	(46,640,770)	2,184,451,493
er Balances with Banks	17,615,376,499	(1,027,341,835)	16,588,031,664
	5,598,848	(3,667,397)	1,931,451
RE NOTES ON HAND			
Lire	17,620,975,347	1,031,012,232	16,589,963,115

2097

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

ALLIED FINANCIAL AGENCY
REMITTANCE LISTS HANDED TO ITALIAN BANKS
TO 30 JUNE 1944

(a) BANCO DI SICILIA	No. of Items.	Amount $
(1) DOLLAR REMITTANCE LISTS		
Bank of America, San Francisco, Calif.	717	38,892.00
Bank of the Manhattan Co., New York	88	2,878 -
Central National Bank in Chicago	410	8,344 -
Central National Bank of Cleveland	14	645 -
Continental Illinois Nat. Bank & Trust Co., of Chicago	989	18,639 -
Chase Nat. Bank of the City of New York	169	34,305.50
First Nat. Bank of Boston, Boston	957	27,935 -
First Nat. Bank of Chicago, Chicago	331	9,591.50
Irving Trust Company, New York	7,941	261,908.83
Manufacturers Trust Company, New York	3,708	132,930 -
Merchants Bank of New York	35	1,166 -
National Bank of Detroit	350	13,798.50
National Shawmut Bank of Boston	129	7,660 -
National City Bank of New York	2,008	84,655.75
Pan American Trust Company, New York	245	5,959 -
Philadelphia Nat. Bank, Philadelphia	261	9,545.50
Union Trust Co., of Maryland	4	130 -
Whitney National Bank of New Orleans	33	1,847.50
	18,395	650,801.08
(2) STERLING REMITTANCE LISTS		
Bank of England	1,350	£16,699-12-10

NOTE:
In addition to the British Isles, Bank of England payment schedules include remittances from Canada, New Zealand, Australia, Peru, Argentine, Venezuela, Uruguay, Switzerland, Malta, Palestine, Tripolitania and the Vatican City.

(b) BANCO DI NAPOLI	
(1) DOLLAR REMITTANCE	
American Express Co.	
Bank of America Nat. ... inga Assoc.	
Bank of Manhattan	
Chase Nat. Bank of N...	
Chase National Bank	
Continental Illinois	
Columbia Nat. Bank of	
Corn Exchange Bank of	
Corn Exchange Bank ... New York	
First National Bank ...	
Irving Trust Co.	
Liberty Title & Trust	
Manufacturers Trust ...	
Marine Midland Trust	
Mellon Nat. Bank of P...	
Merchants Bank of New	
National Shawmut Bank	
National Bank of Detr...	
Nat. Bank of Commerce	
National Shawmut Bank	
Pan American Trust Co	
Perera Co., of New Yo...	
Sterling Nat. Bank & ... New York	
United States Lines	

2098

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

ALLIED FINANCIAL AGENCY

REMITTANCE LISTS HANDED TO ITALIAN BANKS

TO 30 JUNE 1944

ANNEX I

	No. of Items.	Amount $
lf.	717	38,892.00
	88	2,878 -
	410	8,344 -
	14	645 -
ist Co.,	989	18,639 -
o		
York	169	34,365.50
	957	27,905 -
	331	9,991.50
	7,941	261,908.83
rk	3,708	132,930 -
	35	1,166 -
	356	13,798.50
	129	7,660 -
	2,008	84,655.75
k	245	5,959 -
e	261	9,545.50
	4	130 -
s	33	1,847.50
	18,395	660,801.08
	1,350	£16,699-12-10

Bank of England payment
Canada, New Zealand,
la, Uruguay,
politania and

(b) BANCO DI NAPOLI

(1) DOLLAR REMITTANCE LISTS

	No. of Items.	Amount $
American Express Co.		60,407.00
Bank of America Nat. Trust & Savings Assoc.	253	13,357 -
Bank of Manhattan	1,165	59,345.59
Chase Nat. Bank of New York	265	49,110.50
Chase National Bank	40	1,433 -
Continental Illinois Nat. Bank	845	32,0[illegible] -
Columbus Nat. Bank of Providence	23	920 -
Corn Exchange Bank of Philadelphia	204	12,73[illegible] -
Corn Exchange Bank & Trust Co., of New York	55	2,14[illegible].50
First National Bank of Boston	121	4,63[illegible] -
Irving Trust Co.	162	7,73[illegible]
Liberty Title & Trust Co., Philadel.	160	8,01[illegible].50
Manufacturers Trust Co., of New York	7,111	331,678.33
Marine Midland Trust Co.	58	4,50[illegible].50
Mellon Nat. Bank of Pittsburgh	268	14,283.50
Merchants Bank of New York	223	9,74[illegible] -
National Shawmut Bank of Boston	255	9,54[illegible] -
National Bank of Detroit	135	7,40[illegible]
Nat. Bank of Commerce of Seattle	28	64[illegible] -
National Shawmut Bank	100	3,06[illegible].90
Pan American Trust Co.	152	6,45[illegible] -
Perara Co., of New York	388	21,72[illegible] -
Sterling Nat. Bank & Trust Co., of New York	154	6,25[illegible] -
United States Lines - New York	1,214	43,726 -
	13,379	711,079.32

2099

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

ALLIED FINANCIAL AGENCY

SUPPLY OF AM. LIRE BY DENOMINATIONS TO 30 JUNE 1944

(in millions of lire)

	1000 LIRE	500 LIRE	100 LIRE	50 LIRE
1. AVAILABLE IN RESERVE CASH	4,320	3,870	1,696	1,605
2. HELD BY ITALIAN BANKS IN UNOPENED BOXES	-	-	10	104
3. TOTAL UNUSED SUPPLY IN ITALY	4,320	3,870	1,706	1,709
4. DISBURSEMENTS TO 30 JUNE 1944	20,220	9,520	7,958	2,417
5. TOTAL AMOUNT RECEIVED FROM WASHINGTON	24,540	13,390	9,664	4,126
6. AMOUNT IN WASHINGTON, OR IN TRANSIT TO ITALY	8,120	5,508	3,700	1,023
7. TOTAL AMOUNT PRINTED +	32,660	18,898	13,364	5,149
8. AMOUNT DISBURSED IN JUNE 1944	2,752	1,264	1,222	149
9. RATIO OF DISBURSEMENTS TO AMOUNT RECEIVED IN ITALY	81.9	71.1	82.3	58.6
10. RATIO OF DISBURSEMENTS TO AMOUNT PRINTED	61.9	50.4	59.6	46.9
11. NUMBER OF MONTHS SUPPLY AVAILABLE IN ITALY •	1.6	3.0	1.4	11.5
12. NUMBER OF MONTHS SUPPLY AVAILABLE IN ITALY, IN TRANSIT AND IN WASHINGTON •	4.5	7.3	4.4	18.3

+ Does not include Lire 30,000,000,000, ordered in MAT Airgram 11 dated 6 July 1944

• Based on June 1944 disbursements.

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

ANNEX II.

A L L I E D F I N A N C I A L A G E N C Y

SUPPLY OF AM. LIRE BY DENOMINATIONS TO 30 JUNE 1944

(in millions of lire)

	1000 LIRE	500 LIRE	100 LIRE	50 LIRE	10 LIRE	5 LIRE	2 & 1 LIRE.	TOTAL
	4,320	3,870	1,696	1,605	367	385	56	12,299
RED BOXES	-	-	10	104	12	47	41	214
	4,320	3,870	1,706	1,709	379	432	97	12,513
	20,220	9,520	7,958	2,417	377	227	108	40,827
ASHINGTON	24,540	13,390	9,664	4,126	756	659	205	53,340
ANSIT TO ITALY	8,120	5,508	3,700	1,023	600	299	43	19,293
	32,660	18,898	13,364	5,149	1,356	958	248	72,633
	2,752	1,264	1,222	149	56	17	8	5,468
UNT RECEIVED								
	81.9	71.1	82.3	58.6	49.9	34.4	52.7	76.5
UNT PRINTED	61.9	50.4	59.6	46.9	27.8	23.7	43.5	56.2
ABLE IN ITALY °	1.6	3.0	1.4	11.5	6.8	25.4	12.1	2.3
ABLE IN ITALY, °	4.5	7.3	4.4	18.3	17.5	43.0	17.5	5.8

00,000, ordered in MAT Airgram 11 dated 6 July 1944

ts.

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

SECRET

ESTIMATED DISBURSEMENTS OF ALLIED ARMED FORCES TO CIVIL

(including unreported items)

	Estimated Totals, including unreported items	British Forces	U.S. Forces	Frenc Force
6. Net Amount Paid to Civilians or Retained by Troops				
In January		1,207	766	206
In February		1,534	1,033	164
In March		1,396	1,117	334
In April		1,062	1,220	500
In May		1,684	1,288	475
In June		2,078	1,899	534
Cumulative total to 30 June		11,191	11,654	2,721

2102

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

ANNEX IV

ED DISBURSEMENTS OF ALLIED ARMED FORCES TO CIVILIANS

(including unreported items)

eported	British Forces	U.S. Forces	French Forces	Allied Forces
	1,207	766	206	2,179
	1,534	1,033	164	2,731
	1,396	1,117	334	2,847
	1,062	1,220	500	2,782
	1,684	1,288	475	3,447
	2,078	1,889	531	4,501
	11,191	11,654	2,721	25,566

E5L

ANNEX V.

Value of AM Lire in Hands of Italian Banks and Public
(Excluding Deposits of AFA with banks and Cash Funds Held by Accounting Officers of ACC/AMG)

	30 JUNE PRELIMINARY	31 MAY REVISED
New AM Lire received (after deduction of shortages)	53,338.074.139	48.844.126.870
Less - Lire held by AFA in current cash, reserve cash, provision against credits granted to banks and current accounts (including mutilated and destroyed)		
AM Lire Outstanding	14.063.954.720	15.009.044.324
	39.274.119.419	33.835.082.546
Deduct -		
AM Lire Held by Finance Officers of Armed Forces :		
U.S. Finance Officers :-		
Funded through AFA Palermo-Army	125.087.995	141.172.052
" " " " -Navy	59.263.002	40.751.305
" " " Naples	3.465.625.834	3.303.366.651
" " " Bari	859.155.769	897.539.735
" " " Sassari	100.000.000 ≠	100.000.000 ≠
Total U.S. Finance Officers	4.609.132.600	4.482.829.823
British Paymasters, Italy ++	2.947.140.203	1.682.512.914
French Paymasters	800.000.000 ≠	000.000.000 ≠
Total Held by Finance Officers of All Allied Armed Forces	8.356.272.803	6.965.342.737
AM Lire Held by Accounting Officers of AMG/ACC in Cash + Total Deductions	500.000.000 ≠	388.717.328
	8.856.272.803	7.354.060.065
Total AM Lire in Hands of the Banks and the Public	30.417.846.616	26.481.022.481
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	1.604.000.000	1.904.000.000

≠ Estimated

++ Excludes small amount held by R.N., R.A.F., and Empire forces, estimated at not more than 50 million lire.

9027

Declassified E.O. 12356 Section 3.3/NND No. 785014

U.S. Finance Officers :-		
Funded through AFA Palermo-Army	125.087.995	141.172.052
" " " " -Navy	59.263.002	40.751.385
" " " Naples	3.465.625.834	3.303.366.651
" " " Bari	859.155.769	897.939.735
" " " Sassari	100.000.000 ≠	100.000.000 ≠
Total U.S. Finance Officers	4.609.132.600	4.482.829.823
British Paymasters, Italy ++	2.947.140.203	1.682.512.914
French Paymasters	800.000.000 ≠	800.000.000 ≠
Total Held by Finance Officers of All Allied Armed Forces	8.356.272.803	6.965.342.737
All Lire Held by Accounting Officers of AMG/ACC in Cash +		
Total Deductions	500.000.000 ≠	308.717.328
Total All Lire in Hands of the Banks and the Public	8.356.272.803	7.354.060.065
All Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	30.417.846.616	26.401.022.401
	1.604.000.000	1.904.000.000

≠ Estimated

++ Excludes small amount held by R.N., R.A.F., and Empire forces, estimated at not more than 50 million lire.

\+ Excludes receipts for funds disbursed but not yet allocated to expenditure accounts, which included in this item on the Statement of Receipts and Disbursements.

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

ANNEX "E"

Total Value of A.M. Lire in Hands of all Italian Banks and the Public, August 1943 to date.
(Excluding cash deposits of AFA with Italian banks, and funds Held by Accounting Officers in the Field in the Form of Cash)

	Total Lire	Change During Previous Month. Lire
31 August 1943	1.023.510.401	1.023.510.401
30 September 1943	2.832.986.522	1.809.476.121
31 October 1943	4.463.014.925	1.630.028.403
30 November 1943	7.751.937.255	3.288.922.330
31 December 1943	10.925.748.386	3.173.811.131
31 January 1944	14.102.572.467	3.176.824.081
29 February 1944	17.439.133.879	3.336.561.412
31 March 1944	20.815.517.036	3.376.383.157
30 April 1944	23.765.351.827	2.949.834.791
31 May 1944 (Revised)	26.481.022.481	2.715.670.654
30 June 1944	30.417.846.616	3.936.824.135
		30.417.846.616

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

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

ALLIED FINANCIAL AGENCY 203

Statement of Disbursements and Receipts on account of Civilians, Allied Ar
May and June 1944 (expressed in lire)

	MAY 1944 REVISED
Disbursements on Civilian Account	
Purchases in Italy of Supplies for Export or Resale locally	156,237,38
Advances to Italian State, Provinces and Communes, and to Others	54,364,72
Excess of Disbursements over Receipts - AMG/ACC Divisions	-
Remittances from Allied Countries	9,182,45
	219,784,56
Receipts on Civilian Account	
Sales in Italy of Supplies Imported, Drawn from Armies or Purchased Locally by AMG/ACC	751,065,13
Deposits by Controller of Property and by Others	45,370,47
Excess of Receipts over Disbursements - AMG/ACC Divisions	5,576,38
	802,012,00
Net Disbursements on Civilian Account	(582,227,43
Advances to Allied Armed Forces	4,585,692,00
Total Disbursements on Account of Civilians and Allied Armed Forces	4,003,464,56
Receipts from Banks	
Commercial Banks - Repayments of Loans	2,320,00
Bank of Italy - Surplus Currency Sterilization Program	1,900,000,00
Total Receipts from Banks	1,902,320,00
Net Disbursements on Account of Civilians, Allied Armed Forces, and Banks Lire	2,101,144,56

2107

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

ALLIED FINANCIAL AGENCY

ANNEX VII

nts and Receipts on account of Civilians, Allied Armed Forces and Banks,
y and June 1944 (expressed in lire)

( ) = Red Figures

	MAY 1944 REVISED	JUNE 1944
nt		
es for Export or Resale locally	156,237,389	82,598,098
rovinces and Communes, and to Others	54,354,722	(19,241,226)
Receipts - AMG/ACC Divisions	-	7,303,596
tries	9,192,450	20,328,050
	219,784,561	90,988,518
mported, Drawn from Armies or Purchas-		
	751,065,139	543,095,425
operty and by Others	45,370,472	53,383,628
urements - AMG/ACC Divisions	5,576,389	-
	802,012,000	596,479,053
Account	(582,227,439)	(505,490,535)
	4,585,692,000	5,921,982,190
of Civilians and Allied Armed Forces	4,003,464,561	5,416,491,655
ts of Loans	2,320,000	600,000
rency Starilization Program	1,900,000,000	-
Banks	1,902,320,000	600,000
f Civilians, Allied Armed Forces, Lire	2,101,144,561	5,415,891,655

2168

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

A L L I E D F I N A N C I A L A G E N C Y
C O N S O L I D A T E D
STATEMENT OF RECEIPTS AND DISBURSEMENTS
For Period to 30 June, 1944 -
(Expressed in Lire)

ITEM No.	SCHEDULE No.		TOTAL TO 31 MAY 1944
1	-	CASH ON HAND IN BANKS AT BEGINNING OF PERIOD (Including Mutilated and Unfit Allied Lire Notes on hand)	NIL
-	-	RECEIPTS DURING PERIOD	
2	I	NEW A.M. LIRA NOTES RECEIVED	43,044,126,870
3	-	NEW A.M. STAMPS RECEIVED	169,336,000
4	II	DEPOSITS BY AMG/ACC DIVISIONS (Pending allocation to revenue or other accounts)	1,052,[illegible],109
5	III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD	383,300
6	IV	DEPOSITS	127,722,759
7	-	CURRENCY OF ITALIAN GOVERNMENT PLACED TO CREDIT OF AFA (Under agreed program to sterilize surplus currency)	2,100,000,000
8	V	PROCEEDS OF SALES IN ITALY OF SUPPLIES	789,159,382
9	VI	RECEIPTS IN RESPECT OF AMG/ACC REVENUE	151,111,270
10	-	METROPOLITAN LIRA NOTES IMPORTED BY BRITISH FORCES	66,174,450
11	VII		
12	VIII		
13	-		53,[illegible],[illegible]1,150
14	IX	CONTRA ACCOUNTS	80,[illegible]19,491
15	-	TOTAL RECEIPTS DURING PERIOD	53,[illegible]1,499,641
16	-	TOTAL FUNDS AVAILABLE LIRE	53,[illegible]1,499,641

2109

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

U N I T E D F I N A N C I A L A G E N C Y

C O N S O L I D A T E D

STATEMENT OF RECEIPTS AND DISBURSEMENTS

For Period to 30 June, 1944 -

(Expressed in Lire)

Appendix C.

	TOTAL TO 31 MAY 1944	CURRENT MONTH	TOTAL TO 30 JUNE 1944
BEGINNING OF PERIOD (Until All Lira Notes on hand)	NIL	17,620,975,347	NIL
RECEIVED	48,044,126,870	4,493,947,269	53,330,074,139
	169,336,000	---	169,336,000
DEDUCTIONS			
(Revenue or other accounts)	1,052,068,109	(259,925,014)	792,943,095
DUES AND OTHERS BY ACCOUNTING			
	383,300	(372,800)	10,500
	127,722,769	61,723,003	189,445,772
AMOUNT PLACED TO CREDIT OF (Plan to sterilise surplus			
	2,100,000,000	--	2,100,000,000
SALE OF SUPPLIES	789,158,382	803,020,439	1,592,178,821
MISC/ACC REVENUE	151,111,270	7,752,523	158,863,793
RECOVERED BY BRITISH FORCES	56,174,450	--	56,174,450
	53,300,381,150	5,106,145,420	58,407,026,570
	80,618,491	63,249,405	143,867,896
CLOSING PERIOD	53,381,499,641	5,169,394,825	58,550,894,466
DISTRIBUTED	53,381,499,641	22,790,370,172	58,550,894,466

2110

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

LINE No.	SCHEDULE No.		TOTAL TO 31 MAY 1944
-	-	DISBURSEMENTS DURING PERIOD	
20	-	REPUDIATED AM LIRA CONVERTED DESTROYED	5,467,807
21	-	FUNDS HELD BY ACCOUNTING OFFICERS IN THE FIELD (Pending allocation to expenditure or other accounts)	520,903,232
22	XII	AM STAMPS ISSUED TO POST OFFICE AND ON HAND	189,335,000
23	XIII	PURCHASES IN ITALY OF SUPPLIES	587,305,236
24	XIV	STORAGE, HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES	29,284,225
25	XV	ADVANCES (Including advances to Italian State, Provinces and Communes)	6,310,933,738
26	XVI	LOANS (Maturity date or interest rate fixed in advance)	3,000,966
27.	XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES	13,428,456
28	XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS	7,597,276
29	XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	2,958,905
30	XX	ADVANCES TO ALLIED ARMED FORCES	27,991,795,456
31	XXI	DISBURSEMENTS IN RESPECT OF AMG/ACC EXPENDITURE	71,093,092
32	-	METROPOLITAN LIRE ADVANCED TO BRITISH PAYMASTERS	66,174,456
33	XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY	486,000
34	XXIII		
35	XXIV		
36	XXV		
37	XXVI		
38	-		35,679,905,805
39	XXVII	CONTRA ACCOUNTS	80,618,495
40	-	TOTAL DISBURSEMENTS DURING PERIOD	35,760,524,300
41	XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (Including Unitiated and Unfit AM Lira Notes on hand)	17,620,975,345
42	-	TOTAL DISBURSEMENTS AND CASH BALANCES LIRE	53,381,499,645

( ) = Red Figure

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

ITEM No.	SCHEDULE No.		TOTAL TO 31 MAY 1944
–	–	DISBURSEMENTS DURING PERIOD	
20	–	MUTILATED AM LIRA CURRENCY DESTROYED	5,467,80
21	–	– FUNDS HELD BY ACCOUNTING OFFICERS IN THE FIELD (Pending allocation to expenditure or other accounts)	520,983,25
22	XII	AM BONDS ISSUED TO POST OFFICE AND ON HAND	169,335,00
23	XIII	PURCHASES IN ITALY OF SUPPLIES	587,305,20
24	XIV	STORAGE, HANDLING AND SHIPPING EXPENSES IN CONNEC-TION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES	29,264,22
25	XV	ADVANCES (Including advances to Italian State, Provinces and Communes)	6,310,935,73
26	XVI	LOANS (Maturity date of interest rate fixed in advance)	3,000,96
27.	XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTAN-CES FROM ALLIED COUNTRIES	13,428,43
28	XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS	7,597,27
29	XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	2,958,90
30	XX	ADVANCES TO ALLIED ARMED FORCES	27,891,796,45
31	XXI	DISBURSEMENTS IN RESPECT OF AMG/ACC EXPENDITURE	71,093,09
32	–	METROPOLITAN LIRE ADVANCED TO BRITISH PAYMASTERS	66,174,45
33	XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY	436,00
34	XXIII		
35	XXIV		
36	XXV		
37	XXVI		
38	–		35,679,305,80
39	XXVII	CONTRA ACCOUNTS	80,618,49
40	–	TOTAL DISBURSEMENTS DURING PERIOD	35,760,924,29
41	XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (Including Mutilated and Unfit AM Lire Notes on hand)	17,920,975,34
42	–	TOTAL DISBURSEMENTS AND CASH BALANCES END	53,681,499,64

( ) = Red Figure

2112

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

	TOTAL TO 31 MAY 1944	Appendix C. CURRENT MONTH	TOTAL TO 30 JUNE 1944
OD	5,467,807	13,158,624	18,626,521
CY DESTROYED			
OFFICERS IN THE FIELD	520,903,255	93,401,621	614,304,876
xpenditure or other accounts)	169,336,000	--	169,336,000
OFFICE AND ON HAND	587,395,289	82,598,098	669,993,387
PLIES			
ILITING RELEASES IF CONDC-	29,264,225	8,972,444	38,236,669
ES AND LOCAL SUPPLIES			
ces to Italian State,	6,310,933,738	(21,986,079)	6,289,347,659
interest rate fixed in	3,000,960	(600,680)	2,400,280
ITALY ON ACCOUNT OF REPATRIA-			
ES	13,420,450	20,320,050	33,738,500
SUBJECTS OF ALLIED NATIONS	7,597,276	1,759,365	9,356,641
ITALIAN STATE IN RESPECT OF			
	2,958,985	585,408	3,544,393
	27,891,795,458	5,921,982,190	33,813,777,648
D FORCES	71,093,892	15,056,119	86,150,011
T OF AM/AMG EXPENDITURE	66,174,450	--	66,174,450
ED TO BRITISH PARAMOUNTCY	486,008	1,502,412	1,988,420
ORY COUNCIL FOR ITALY			
	35,579,905,803	6,137,157,652	41,817,063,455
	80,618,491	63,249,405	143,867,896
	35,760,524,294	6,200,407,057	41,960,931,351
DURING PERIOD			
TS AT END OF PERIOD			
d Unfit AM Lira Notes on hand)	17,820,975,347	16,589,963,115	16,589,963,115
CASH BALANCES LIRE	53,381,499,641	22,790,370,172	58,550,894,466

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

+ Note: There is a lag of at least one month between (i) the time transactions of
(ii) the allocation of such transactions in this Statement; however, adva
to such Officers and refunds made by them to Allied Financial Agency are

(Sgd)
H.C. CRAWSHAY - Colonel
CHIEF ACCOUNTANT

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

Appendix C.

e month between (i) the time transactions of Accounting Officers take place and transactions in this Statement; however, advences made by Allied Financial Agency made by them to Allied Financial Agency are reflected in this account currently.

(Sgd)
JAMES H. VENICK - Major
CHIEF OF A F A

Declassified E.O. 12356 Section 3.3/NND 785014

APPENDIX D.

[redacted]

Table 1

Growth of Italian Public Debt,
31 Dec., 1930, to 30 June, 1944
(in millions)

	Consols	Redeemable	State Notes	Floating Debt	Total
31 Dec 1930	71.371	13.001	---	4.409	88.781
31 Dec 1931	71.784	14.150	---	5.484	91.418
31 Dec 1932	71.288	17.002	---	7.556	96.130
31 Dec 1933	71.291	16.956	---	9.762	98.029
31 Dec 1934	9.892	84.066	---	11.206	105.164
31 Dec 1935	41.478	52.341	647	11.390	105.856
31 Dec 1936	53.004	42.745	1.305	20.291	117.345
31 Dec 1937	52.995	49.041	1.350	25.366	128.752
31 Dec 1938	52.985	49.205	1.856	35.982	140.118
31 Dec 1939	52.966	49.194	2.448	49.369	153.997
31 Dec 1940	52.967	71.191	2.890	62.955	190.011
31 Dec 1941	52.968	106.542	4.150	97.507	261.167
31 Dec 1942	52.944	156.825	5.457	134.685	349.911
30 Jun 1943	52.945	178.069	5.919	168.890	405.823
30 Jun 1944 (est)	53.000	176.000	6.000	350.000	585.000

Table 2

Italian Public Debt
as of 30 June 1943

CONSOLS (in millions of lire)

Consols 3.50%, 3% and perpetual debt	9.886
Rente 5%	43.059
Total of consolidated debt	52.945

REDEEMABLE

Issues prior to 1914	1.405
"Obbligazioni 3.50% delle Venezie".....	427
"Obbligazioni 4.75% a 25 anni"	275
"Prestito Redimibile 3.50% (1934)"	18.553
"Prestito Redimibile 5% (R.D.5-10-1936,n.1745)"	5.864
5% Certificates of credit for the financing of public works and for extraordinary expenses of the Ministry of Interior	17.130

2203

31 Dec 1937	52.995	49.041	[illegible]	[illegible]	[illegible]
31 Dec 1938	52.985	49.295	1.856	35.982	140.118
31 Dec 1939	52.986	45.194	2.448	49.369	153.997
31 Dec 1940	52.967	71.191	2.890	62.955	190.011
31 Dec 1941	52.968	106.542	4.150	97.507	261.167
31 Dec 1942	52.944	156.825	5.457	134.685	349.911
30 Jun 1943	52.945	178.069	5.919	168.890	405.823
30 Jun 1944 (est)	53.000	176.000	6.000	350.000	585.000

Table 2

Italian Public Debt
as of 30 June 1943

(in millions of lire)

CONSOLS

Consols 3.50%, 3% and perpetual debt	9.586	
Rente 5%	43.059	
Total of consolidated debt		52.945

REDEEMABLE

Issues prior to 1914	1.405	
"Obbligazioni 3.50% delle Venezie"	427	
"Obbligazioni 4.75% e 25 anni"	275	
"Prestito Redimibile 3.50% (1934)"	18.553	
"Prestito Redimibile 5% (R.D.5-10-1936,n.1743)"	5.864	
5% Certificates of credit for the financing of public works and for extraordinary expenses of the Ministry of Interior	17.130	
9 - year bonds	122.445	
5 - year bonds	11.972	
Total of redeemable debt		178.069
State Notes.....		5.919
Floating Debt		150.890
GRAND TOTAL		405.823

2203

758

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

Table 3

Italian State Account at Banca d'Italia
(For Provinces liberated prior to 11 May, 1944)
1 July 1943 through 30 June 1944 =
(millions of lire)

	Total Italian Gov't. territory	Total Military Gov't. territory	Total Liberated Italy
"Deficit" in State Account			
Total payments less payments on account of Buoni del Tesoro Ordinari	28.984	9.980	38.964
Total receipts less receipts on account of B.T.O.	4.346	1.437	5.783
Excess of disbursements	24.638	8.543	33.181
How State "Deficit" was met			
Credit advanced by Banca d'Italia to State	14.276	4.078	18.354
Decrease in balance held by State at Banca d'Italia on 1 July 1943	2.746	1.594	4.340
Advances from AFA	2.300	30	2.330
Funds supplied from Rome	1.810	1.400	3.210
Net receipts on B.T.O. account	1.407	793	2.200
Increase in "Contabilità Speciale" accounts	1.634	639	2.273
Increase in deposits of cash guarantees	465	9	474
Total	24.638	8.543	33.181

= The figures for Sardinia and Campobasso are as of 20th June; those for Sicily and Foggia are as of 10th June.

Table 4

Government Bond Prices in Rome

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

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

How State "Deficit" was met

Credit advanced by Banca d'Italia to State	14.276	4.078	18.354
Decrease in balance held by State at Banca d'Italia on 1 July 1943	2.746	1.594	4.340
Advances from AFA	2.300	30	2.330
Funds supplied from Rome	1.810	1.400	3.210
Net receipts on B.T.O. account	1.407	793	2.200
Increase in "Contabilita Speciale" accounts	1.634	639	2.273
Increase in deposits of cash guarantees	165	9	474
Total -	24.690	8.843	33.181

= The figures for Sardinia and Campobasso are as of 20th June; those for Sicily and Foggia are as of 10th June.

Table 4

Government Bond Prices in Rome

Security	2 June 1944	1 August 1944	Variation %
Rente 3½%, 1906	113	107	- 9
Redeemable Loan, 3½%, 1934	95	84	- 10
Rente 5%	96	92	- 5
Redeemable Loan, 5%, 1936	100	94	- 6
Venezia, 5.50%	99	99	—
9 yr. Treasury Bonds 5%, Sept. 1944	98	99	+ 1
" " " " 5%, Dec. 1949	96	92	- 5
" " " " 5%, Feb. 1950	96	92	- 5
" " " " 5%, Sept. 1950	96	92	- 5
" " " " 5%, Sept. 1951	96	92	- 5
" " " " 4%, Sept. 1951	89	84	- 6
5 yr. " " 5%, Sept. 1948	98	93	- 4

Table 5

Investment, par value, in Buoni del Tesoro Ordinari
(for Provinces liberated prior to 11 May, 1944)
(millions of lire)

	1 July 1943 through 30 June 1944			June 1944		
	Issued	Paid	Net Investment	Issued	Paid	Net Investment
Salerno	111	80	31	30	12	26
Lucania	159	175	-36	8	6	2
Calabria	151	94	57	25	11	14
Puglia (less Foggia)	1.253	840	413	126	42	84
Sardinia*	178	63	115	7	2	5
Sicily*	3.161	2.189	972	404	357	47
Campania (less Salerno)	1.570	722	848	261	82	179
Foggia**	79	73	6	3	2	1
Chiyenbanga*	55	49	6	5	1	4
	6.695	4.295	2.410	879	517	362

* Those figures are as of 20th June
** Those figures are as of 10th June

Table 6

Total Deposits and Current Accounts
of Banks having more than 5 million lire in deposits

Year:	Institutes of credit of Public Law*	Banks of National Interest**	Other Commercial Banks	Savings Banks (Casse di Risparmio e Monti di Pegni	Total
	(millions of lire)				
31 December 1936	6,144	9,730	10,490	19,261	47,625
31 December 1937	7,065	14,145	15,355	19,285	55,193
31 December 1938	10,023	14,866	14,452	19,175	58,517
31 December 1939	11,986	17,270	16,311	19,201	64,869
31 December 1940	16,422	20,945	19,479	20,122	76,968
31 December 1941	21,728	28,247	26,544	24,498	99,117
31 December 1942	28,124	31,[illegible]	36,357	30,261	126,457

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

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

2120

2202

Table 7.

Investments in Securities
of Banks having more than 5 million lire in deposits
(in millions of lire)

Year	Institutes of credit of Public Law	Banks of National Interest	Other Commercial Banks	Savings Banks (Casse di Risparmio e Monti di Pegni)	Mortgage Credit Institutes	Total
31 December 1936	3,803	2,298	5,898	8,199	104	18,301
31 December 1937	2,691	2,678	4,746	10,074	161	20,351
31 December 1938	3,277	2,546	5,202	9,694	160	20,881
31 December 1939	3,422	2,850	5,555	9,954	214	21,994
31 December 1940	4,779	4,362	6,931	10,618	279	26,969
31 December 1941	6,935	6,470	10,787	15,063	301	39,556
31 December 1942	8,791	9,750	16,056	19,803	343	54,753
30 September 1943	11,140	10,567	19,600	22,818	363	64,488

+ Almost entirely government and government-guaranteed bonds.

Table 8.

Cash Position of Banca d'Italia
(Provinces liberated prior to 11 May 1944)
(Including AFA and AMG accounts)
30 June 1944
(in millions of lire)

Branch	Bank Notes	State Notes	AM Lire	BMA Pounds	Dollars	Emergency Italian Currencies	Total
Matera	30	2	8	-	-	-	40
Potenza	30	5	77	-	-	-	112
Catanzaro	50	6	74	-	-	-	130
Cosenza	50	1	57	-	-	-	108
Reggio Calabria	32	4	54	-	-	-	90
Bari	130	35	77	8	-	-	250
Barletta	26	3	112	1	-	-	142
Brindisi	11	-	28	1	-	-	40
Lecce	23	6	1	2	-	-	32
Taranto	39	38	12	-	-	-	89
Salerno	79	11	303	3	-	-	396
Cagliari	41	-	13	-	-	-	54
Nuoro	12	1	4	-	-	-	17
Sassari	200	5	22	-	-	-	227
Agrigento	99	6	109	-	-	-	214
Caltanissetta	79	47	37	-	-	-	163
Catania	145	7	100	6	-	-	258

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

+ Almost entirely government and gover...

Table 8.

Cash Position of Banca d'Italia
(Provinces liberated prior to 11 May 1944)
(Including AFA and AMG accounts)
30 June 1944
(in millions of lire)

Branch	Bank Notes	State Notes	AM Lire	BMA Pounds	Dollars	Emergency Italian Currencies	Total
Matera	30	2	8	-	-	-	40
Potenza	30	5	77	-	-	-	112
Catanzaro	50	6	74	-	-	-	130
Cosenza	50	1	57	-	-	-	108
Reggio Calabria	32	4	54	-	-	-	90
Bari	130	35	77	8	-	-	250
Barletta	26	5	112	1	-	-	142
Brindisi	11	-	28	1	-	-	40
Lecce	25	6	1	2	-	-	32
Taranto	39	38	12	-	-	-	89
Salerno	79	11	303	3	-	-	396
Cagliari	41	-	13	-	-	-	54
Nuoro	12	1	4	-	-	-	17
Sassari	200	5	22	-	-	-	227
Agrigento	99	6	109	-	-	-	214
Caltanissetta	79	47	37	-	-	-	163
Catania	145	7	100	6	-	-	256
Enna	31	4	26	-	-	-	61
Messina	97	-	120	-	-	-	217
Palermo	224	15	294	-	-	-	533
Ragusa	2	2	8	-	-	-	12
Siracusa	52	1	85	-	-	-	138
Trapani	16	-	91	-	-	-	107
Campobasso+	53	5	38	4	-	-	100
Foggia+	50	4	153	4	1	-	212
Avellino+	46	3	91	7	-	-	147
Benevento	66	9	89	1	-	-	165
Caserta	76	-	74	-	-	-	150
Castellammare	47	-	134	1	-	-	182
Napoli	159	3	397	16	2	-	577
Grand Total	1,995	223	2,688	54	3	-	4,963

+ 20 June 1944, 30 June figures are not available.

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

Table 9.

Postal Savings
May 1944 and June 1944
(thousands of lire)

	Postal Savings Bonds	Postal Savings Bonds	Current Accounts	Total	Postal Savings Bonds	Postal Savings Books	Current Accounts	Total
Agrigento	-	-	-	-	-	-	-	-
Caltanissetta	-4,634	1,048	3,945	-359	-	-	-	-
Catania	-12,370	2,412	-9,043	-19,001	-724	3,355	-9,974	-7,343
Enna	-2,336	-79	1,877	-538	-	-	-	-
Messina	-16,003	-505	5,626	-10,882	-5,248	1,536	5,437	1,725
Palermo	-	-	984	984	-	-	27	27
Ragusa	-	-	-	-	-	-	-	-
Siracusa	-	-	-	-	-	-	-	-
Trapani	-	-	-	-	-3,270	1,689	4,230	2,649
Bari	-	-	-	-	14,351	-1,811	-17,538	-4,998
Brindisi	1,659	-589	3,335	4,405	1,417	-771	3,312	3,958
Lecce	11,191	-732	14,695	25,154	6,171	-248	5,393	11,316
Potenza	-	-	-	-	-2,412	3,944	4,971	6,503
Taranto	3,059	-466	430	3,023	6,384	-487	2,275	8,172
Cosenza	-3,682	1,126	-919	-3,475	-756	1,756	3,370	4,370
Reggio Calab.	-3,181	1,834	-397	-1,744	-81	3,763	59	3,741
Avellino	-2,364	1,792	3,073	2,501	1,539	6,372	3,615	11,526
Napoli	24,162	13,983	1,883	40,028	29,788	12,373	-83,391	-41,230
Salerno	-3,132	5,936	116,695	119,499	11,023	6,741	19,438	37,202
Cagliari	-	-	15,146	15,146	-	-	8,292	8,292
Nuoro	-	-	332	332	-	-	-	-
Sassari	-	-	17,362	17,362	-	-	-	-
Total	-7,631	25,760	144,752	169,861	58,182	38,212	-50,484	45,910
	(16 Provinces)				(15 Provinces)			

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

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

Appendix D,
page 6.

Table 10.

Banco d'Italia Balance Sheet
as of 31 December, 1939, and 31 December 1945
(in millions of lire)

	31 Dec. 1939	31 Dec. 1945 (+)
Gold, due by State	3,132	2,237
	1,773	1,773
	801	625
	4,833	5,668
	24	7
	2,291	7,242
	773	899
	88	69
	1,000	1,000
	6,000	72,000
	-	40,129
		4,788
		59,450
		102
	4,728	202,825
	1,376	273,226
	114	476,250
	29,917	107
	47,701	476,356
	77,318	==========
	205	
	77,524	
	==========	
	24,432	152,736
	1,218	7,403
	1,263	15,282
	26,913	176,421
	300	300
	119	307
	66	223
	491	19,185
	475	-
	12	9
	143	352
	974	5,766
	117	42
	1,737	6,109
	==========	==========

Assets

Total Reserve
Gold deposited abroad,
Cash in hand
Italian bills
Bills for collection
Sundry accounts
Investments (Government
Securities)
Current accounts and deposits
Advances secured by stocks and bonds
Current accounts with Treasury
Advances to Treasury
Special Account Treasury
Buildings (+)

Liabilities

Capital
Statutory Reserve
Special Reserve
Current accounts and deposits
Sundry accounts
Dividends unclaimed
Profit and loss account
Net profit for the year

2125

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

APPENDIX E.

THE COST OF LIVING

A. The charts and tables below reproduce all the data currently available on the cost of living in liberated Italy. They include, for the capital cities of 24 provinces,

(1) the black market prices of

bread,
potatoes,
olive oil,
meat,
cheese,
milk, and
sugar;

(2) A calculation of the cost of purchasing the following budget of foods, at legal prices ti the extent to which such foods were distributed under rationing programs, and at black market prices for the remainder:

		Quantity per person per month
Bread	Kg.	8.0
Pasta	"	.6
Potatoes	"	6.0
Meat	"	.4
Fish	"	.2
Cheese	"	.2
Olive oil	litre	1.0
Sugar	Kg.	.2
Milk	litre	.4

This budget, based upon a survey of working class food consumption in Naples last winter, is thought to be roughly representative of working class food purchases. It is not based upon calculation of an adequate diet, and it provides only about 1,500 calories per day.

(3) An index made from the calculations of the cost of buying the budget on the base: January 1914 = 100.

B. These calculations are substantially the same as those carried in earlier numbers of the Monthly Report for Naples only. The differences are as follows:

(1) Monthly instead of weekly averages have been used so that the figures represent the cost of living per person per month;

2200

(2) Fruits and vegetables, in large quantities by the entire population of [illegible] calculations because of the high degree of

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

		Quantity per person per month
Bread	Kg.	8.0
Pasta	"	.6
Potatoes	"	6.0
Meat	"	.4
Fish	"	.2
Cheese	"	.2
Olive oil	litre	1.0
Sugar	Kg.	.2
Milk	litre	.4

This budget, based upon a survey of working class food consumption in Naples last winter, is thought to be roughly representative of working class food purchases. It is not based upon calculation of an adequate diet, and it provides only about 1,500 calories per day.

(3) An index made from the calculations of the cost of buying the budget on the base: January 1944 = 100.

B. These calculations are substantially the same as those carried in earlier numbers of the Monthly Report for Naples only. The differences are as follows:

(1) Monthly instead of weekly averages have been used so that the figures represent the cost of living per person per month;

2200

(2) Fruits and vegetables, in large quantities by the entire population of liberated Italy, have been dropped from the calculations because of the high degree of unreliability in the price data available for these items. Because of this omission, the expenditure figures do not represent typical food expenditure. In general, about 100 lire per month would have to be added to these figures in the large cities to obtain figures on typical food expenditure.

(3) The budgeted amounts of meat, cheese, and sugar have been increased somewhat, largely because official rations of such items now frequently exceed the amounts previously budgeted.

Calculated on this basis, the Naples figures compare as follows with those previously published:

./..

759

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

	Expenditure per person per month	
	new figures	old figures
1943		
January	129	172
February	145	184
March	139	188
April	163	196
May	171	208
June	145	192
July	170	192
August	226	252
September	464	496
October	737	808
November	858	972
December	?	1,200

	Expenditure per person per month	
	new figures	old figures
1944		
January	1,478	1,400
February	1,253	1,352
March	1,202	1,440
April	1,240	1,320
May	1,406	1,560
June	1,368	1,352
July	793	

C. The data demonstrate that:

(1) The cost of living in Naples (the principal city of liberated Italy prior to the liberation of Rome) has been at least twice as high as that in any of the smaller provincial capitals outside the orbit of Naples, and that, at present, the cost of living in either Rome or Naples is about twice as high as in any of the other provincial capitals.

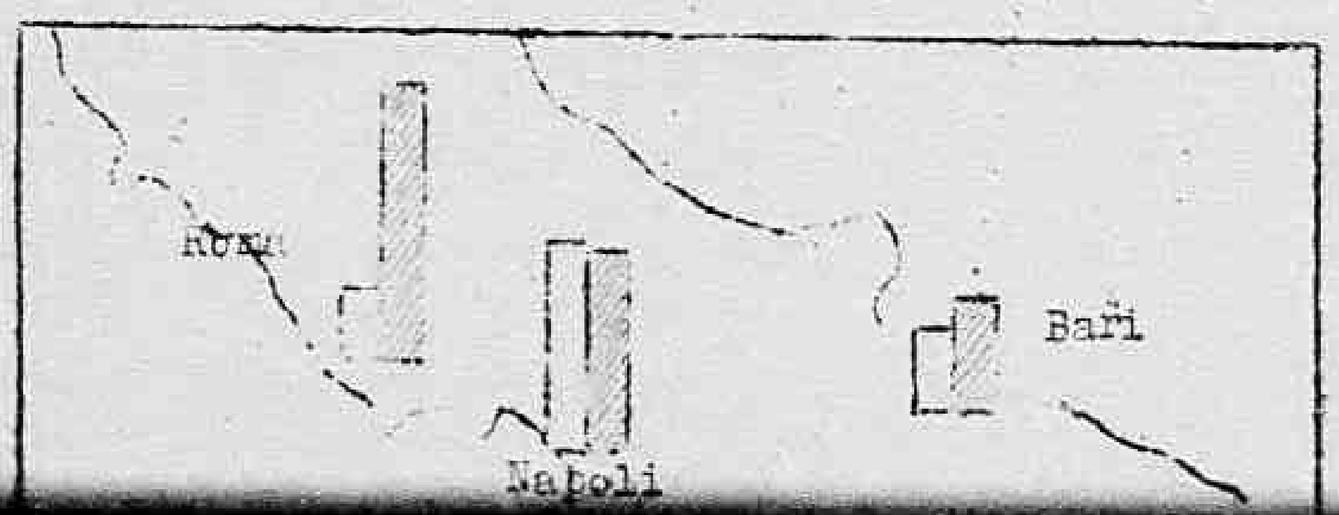
(2) Rome, like Naples, suffered its greatest price rise in the months immediately preceeding Allied occupation. In the 6 months preceeding Allied occupation of Rome, the cost of living in that city rose 6 fold, and in the 6 months preceeding Allied occupation of Naples, the cost of living there rose over 4 fold. In both cases the increases in these 6-month periods accounted for the overwhelming portion of the total increase.

(3) For all cities for which July data is available, a substantial fall occurred in that month, the result of the increase in the bread ration and of the availability of food from the current harvest.

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

Expenditure per Person per Month for Purchase of Budgeted Foods (in Lire)

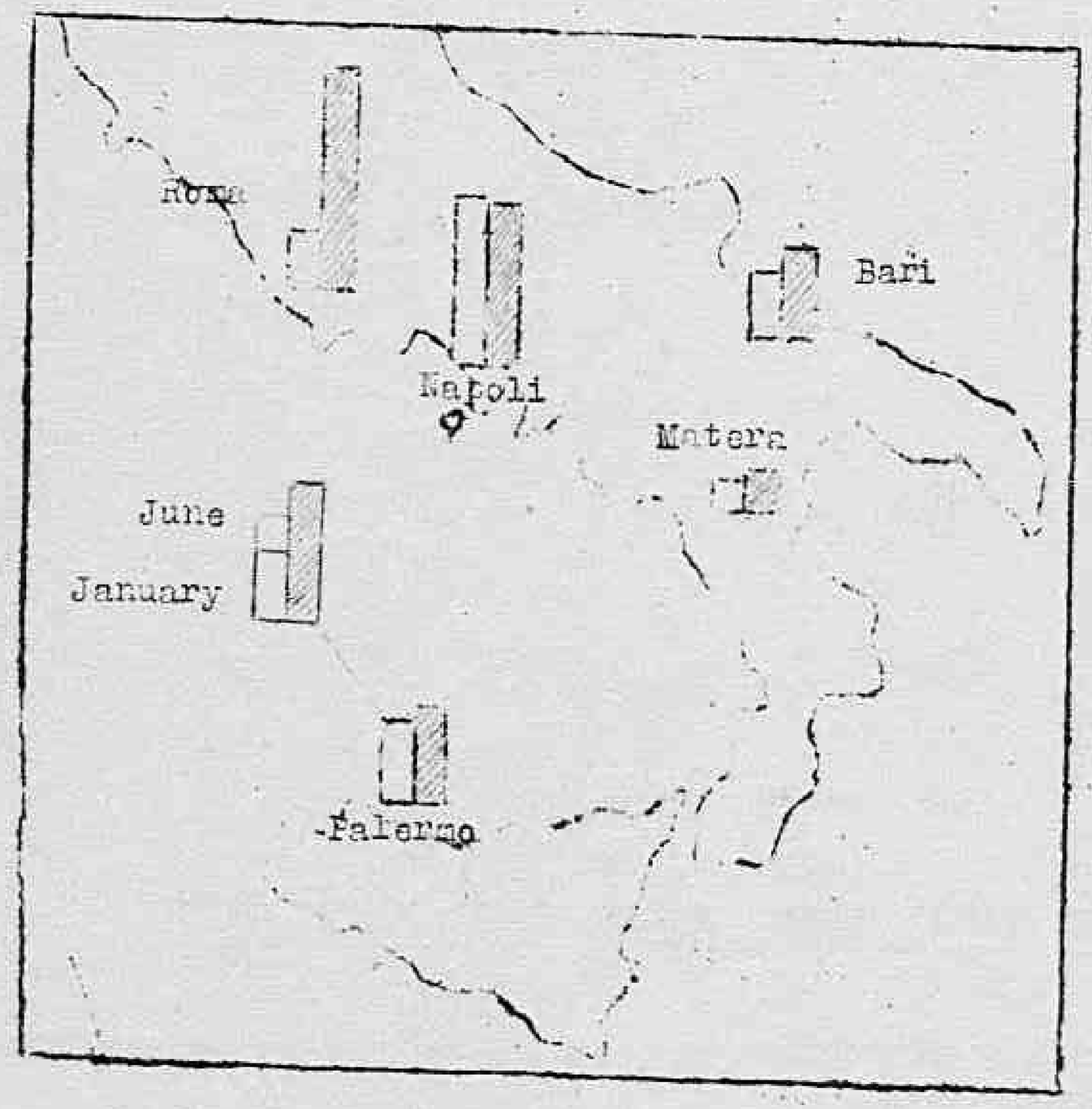
	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	376	479	582	983	1286	2218	1724	1310
Napoli	-	1478	1253	1202	1240	1406	1368	793
Salerno	1099	-	-	-	-	-	-	-
Bari	348	569	531	689	694	736	742	-
Brindisi	327	456	-	-	-	-	-	-
Lecce	363	549	-	-	-	-	-	-
Taranto	352	662	-	-	-	-	-	-
Matera	162	240	-	273	316	361	309	191
Potenza	339	-	-	625	595	608	675	429
Catanzaro	413	-	-	-	659	603	632	-
Cosenza	-	-	-	-	-	-	-	-
Reggio Calabria	670	693	-	-	490	565	-	-
Agrigento	-	467	467	500	531	541	444	-
Caltanissetta	-	412	441	490	555	560	525	-
Catania	-	612	567	558	752	894	900	-
Enna	-	560	565	506	596	678	670	-
Messina	-	750	677	748	763	752	981	-
Palermo	-	680	550	578	685	740	777	-
Ragusa	-	559	521	600	753	824	710	-
Siracusa	-	573	609	641	759	802	786	-
Trapani	-	711	632	630	857	916	843	-
Cagliari	199	237	371	480	451	-	-	-
Nuoro	275	371	542	410	512	-	-	-
Sassari	246	369	461	436	578	-	-	-



2193

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

Agrigento	-	467	467	500	531	541	444	-
Caltanissetta	-	412	441	490	555	560	525	-
Catania	-	612	567	558	752	894	900	-
Enna	-	560	565	506	596	678	670	-
Messina	-	750	677	748	763	752	981	-
Palermo	-	680	550	578	685	740	777	-
Ragusa	-	559	521	600	753	824	710	-
Siracusa	-	573	609	641	759	802	786	-
Trapani	-	711	632	630	857	916	843	-
Cagliari	199	237	371	480	451	-	-	-
Nuoro	275	371	542	410	512	-	-	-
Sassari	246	369	461	436	578	-	-	-



2193

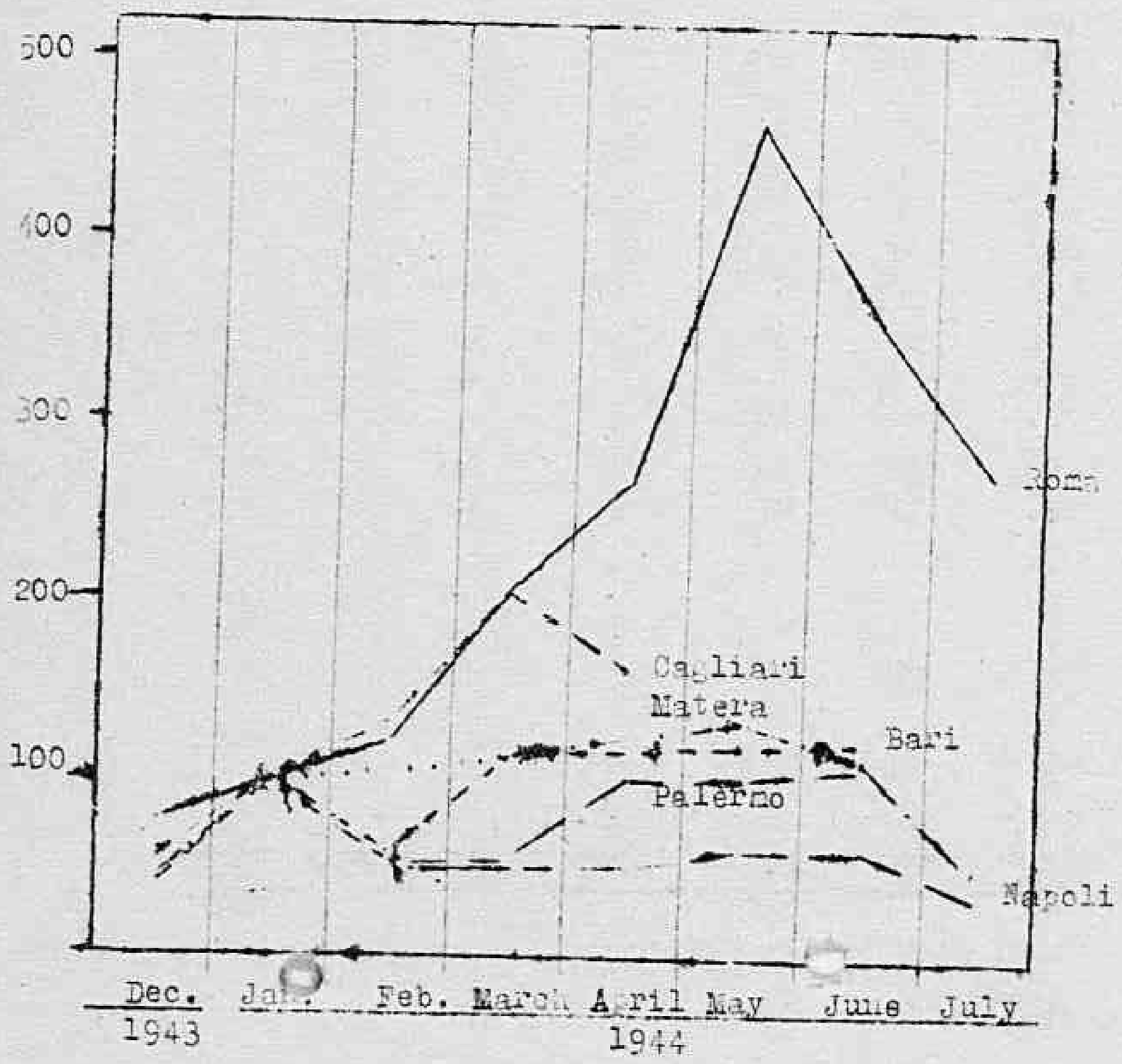
Declassified E.O. 12356 Section 3.3/NND No. 785016

Expenditure per Person per Month for Purchase of Budgeted Foods
(Index: January 1944 = 100)

	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	78.5	100.-	121.5	205.2	268.5	463.0	359.9	273.5
Napoli	-	100.-	85.4	81.9	84.5	95.8	93.2	54.0
Salerno	-	-	-	-	-	-	-	-
Bari	61.2	100.-	93.3	121.1	122.9	129.3	130.4	-
Brindisi	71.7	100.-	-	-	-	-	-	-
Lecce	66.1	100.-	-	-	-	-	-	-
Taranto	53.2	100.-	-	-	-	-	-	-
Matera	67.5	100.-	-	113.8	121.7	150.4	128.8	79.6
Potenza	-	-	-	-	-	-	-	-
Catanzaro	-	-	-	-	-	-	-	-
Cosenza	-	-	-	-	-	-	-	-
Reggio Calab.	96.7	100.-	-	-	70.7	81.5	-	-
Agrigento	-	100.-	100.-	-				95.0
Caltanissetta	-	100.-	107.0	116.9	134.7	135.9	127.4	-
Catania	-	100.-	92.6	91.2	122.9	146.1	147.1	-
Enna	-	100.-	83.0	90.4	106.4	121.1	119.6	-
Messina	-	100.-	90.3	99.7	101.7	100.3	130.8	-
Palermo	-	100.-	80.9	85.0	100.7	108.8	114.3	-
Ragusa	-	100.-	93.2	107.3	134.7	147.4	127.0	-
Siracusa	-	100.-	106.3	111.9	132.5	140.0	137.2	-
Trapani	-	100.-	88.9	80.6	120.5	128.8	118.6	-
Cagliari	64.0	100.-	156.5	282.5	190.3	-	-	-
Nuoro	74.1	100.-	146.1	110.5	138.0	-	-	-
Sassari	66.7	100.-	124.9	118.2	156.6	-	-	-

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

Agrigento	-	100.-	100.-	-	-	-	-	95.0
Caltanissetta	-	100.-	107.0	118.9	134.7	135.9	127.4	-
Catania	-	100.-	92.6	91.2	122.9	146.1	147.1	-
Enna	-	100.-	83.0	90.4	106.4	121.1	119.6	-
Messina	-	100.-	90.3	99.7	101.7	100.3	130.8	-
Palermo	-	100.-	80.9	85.0	100.7	108.8	114.3	-
Ragusa	-	100.-	93.2	107.3	134.7	147.4	127.0	-
Siracusa	-	100.-	106.3	111.9	132.5	140.0	137.2	-
Trapani	-	100.-	88.9	88.6	120.5	128.8	118.6	-
Cagliari	84.0	100.-	156.5	262.5	190.3	-	-	-
Nuoro	74.1	100.-	146.1	110.5	138.0	-	-	-
Sassari	66.7	100.-	124.9	118.2	156.6	-	-	-



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

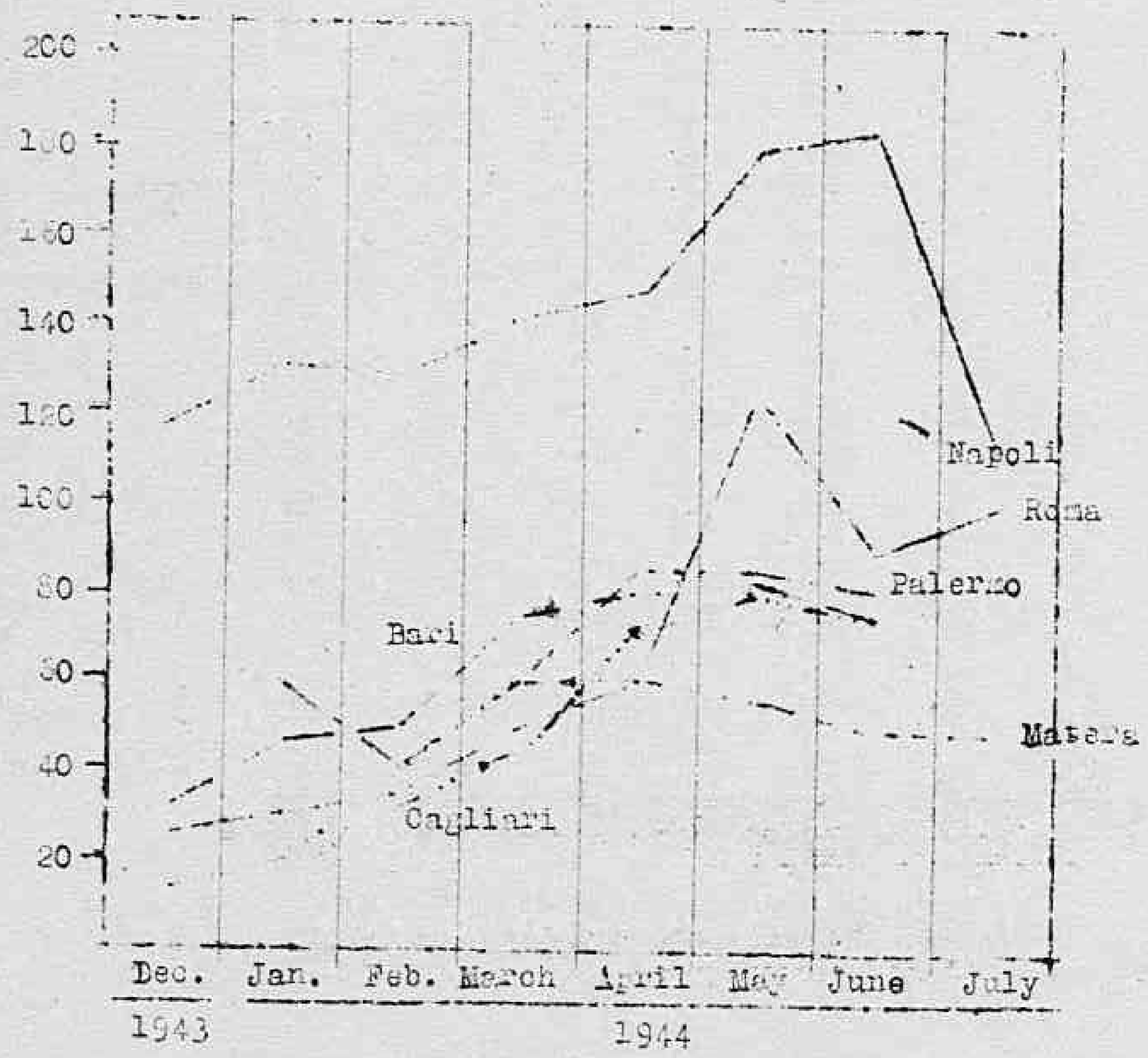
Bread, Retail Black Market Prices
(Monthly averages, Lire per kilogram)

	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	25	30	35	50	60	125	90	100
Napoli	117	130	128	141	147	179	183	114
Salerno	117	-	-	-	-	-	-	-
Bari	31	46	50	75	80	83	75	-
Brindisi	28	38	-	-	50	-	-	-
Lecce	28	43	-	-	35	38	-	-
Taranto	23	35	-	-	-	-	-	-
Matera	13	20	-	60	61	55	50	50
Potenza	21	-	-	35	40	43	45	-
Catanzaro	21	-	-	-	80	80	85	-
Cosenza	20	35	48	50	68	100	70	70
Reggio Calabria	64	78	-	-	-	75	-	-
Agrigento	-	35	37	51	75	60	36	-
Caltanissetta	-	30	38	48	58	44	45	-
Catania	68	60	50	69	99	96	90	-
Enna	56	60	45	60	78	84	78	-
Messina	-	80	63	90	90	84	120	-
Palermo	-	59	41	60	85	85	81	-
Ragusa	-	58	60	83	116	118	83	-
Siracusa	-	67	68	77	103	113	82	-
Trapani	73	71	65	70	119	135	102	-
Cagliari	20	-	33	45	71	80	75	-
Nuoro	18	-	40	20	23	24	23	-
Sassari	18	-	35	28	28	38	62	-



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

Agrigento	-	35	37	51	75	60	36	-
Caltanissetta	-	30	38	48	58	44	45	-
Catania	68	60	50	69	99	96	90	-
Enna	56	60	45	60	78	84	78	-
Messina	-	60	63	90	90	84	120	-
Palermo	-	59	41	60	85	85	81	-
Ragusa	-	58	60	83	116	118	83	-
Siracusa	-	67	68	77	103	113	82	-
Trapani	73	71	65	70	119	135	102	-
Cagliari	20	-	33	45	71	80	75	-
Nuoro	18	-	40	20	23	24	23	-
Sassari	18	-	35	28	28	38	62	-



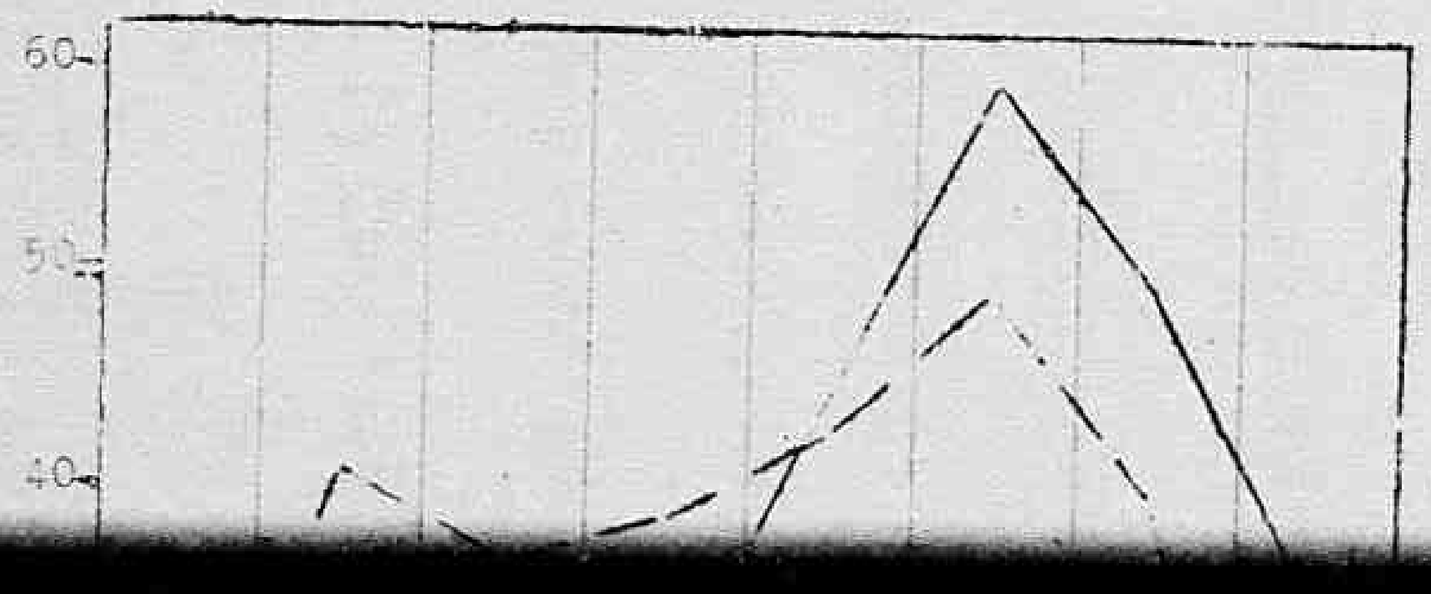
2198

753

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

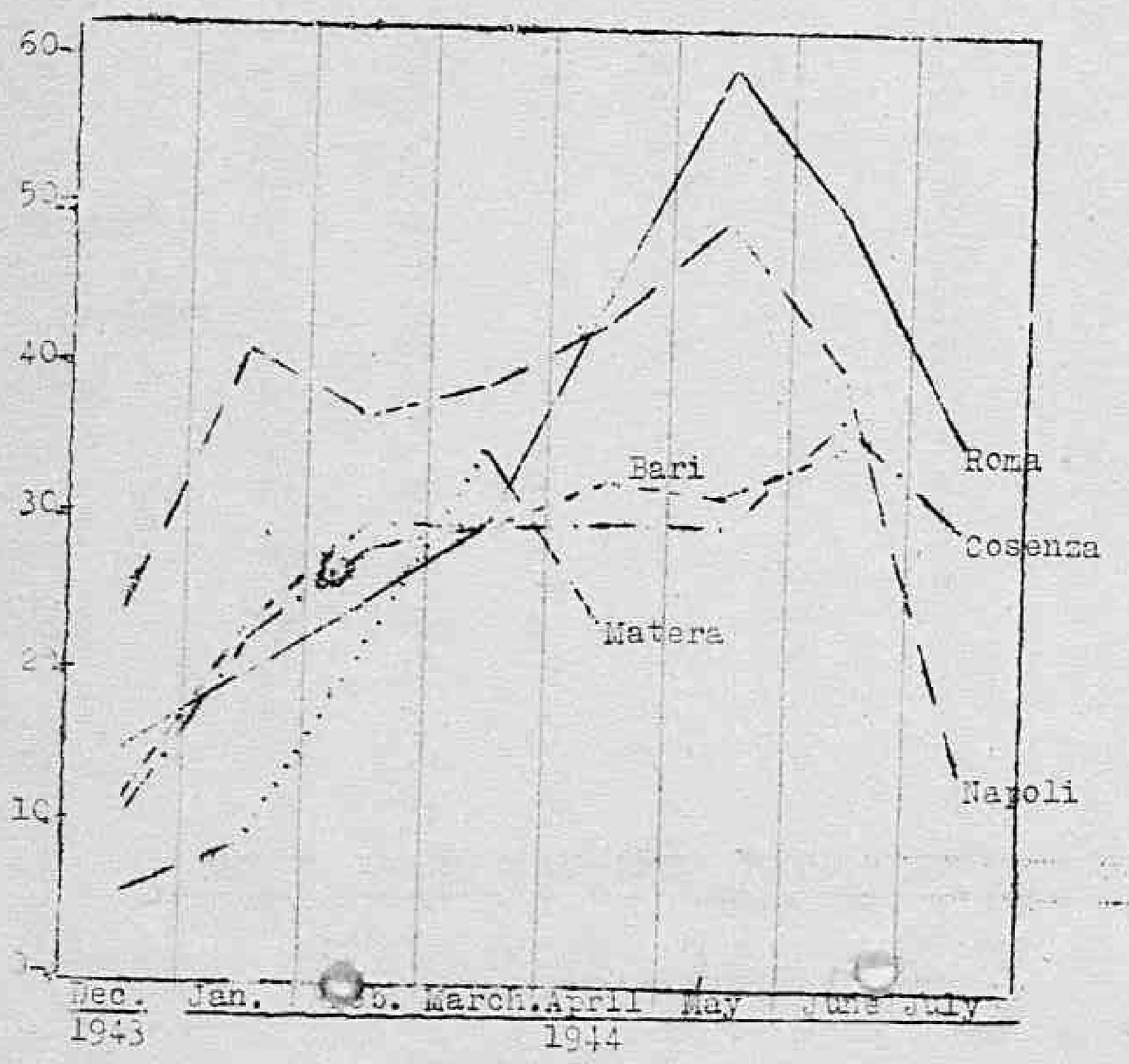
Potatoes, Retail Black Market Prices
(Monthly averages, Lire per kilogram)

	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	Juone	July
Roma	15	20	25	30	45	60	50	35
Napoli	24	41	37	39	43	50	26	-
Salerno	-	-	-	-	-	-	-	-
Bari	12	23	30	30	33	32	35	-
Brindisi	12	19	-	-	35	-	-	-
Lecce	23	-	-	-	-	-	-	-
Taranto	15	41	-	-	-	-	-	-
Matera	6	9	-	35	23	-	-	-
Potenza	12	-	-	30	26	25	30	-
Catanzaro	20	-	-	-	40	45	37	-
Cosenza	11	22	28	30	30	30	37	30
Reggio Calabria	31	30	-	-	-	-	-	-
Agrigento	-	-	-	-	-	-	-	-
Caltanissetta	-	-	-	-	-	-	-	-
Catania	-	-	-	-	-	-	-	-
Enna	-	-	-	-	-	-	-	-
Messina	-	-	-	-	-	-	-	-
Palermo	-	-	-	-	-	-	-	-
Ragusa	-	-	-	-	-	-	-	-
Siracusa	-	-	-	-	-	-	-	-
Trapani	-	-	-	-	-	-	-	-
Cagliari	-	-	-	-	-	-	-	-
Nuoro	18	-	55	25	35	35	-	-
Sassari	-	-	15	20	38	36	30	-



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

Potenza	12	–	–	30	26	25	30	–
Catanzaro	20	–	–	–	40	46	37	–
Cosenza	11	22	28	30	30	30	37	30
Reggio Calabria	31	30	–	–	–	–	–	–
Agrigento	–	–	–	–	–	–	–	–
Caltanissetta	–	–	–	–	–	–	–	–
Catania	–	–	–	–	–	–	–	–
Enna	–	–	–	–	–	–	–	–
Messina	–	–	–	–	–	–	–	–
Palermo	–	–	–	–	–	–	–	–
Ragusa	–	–	–	–	–	–	–	–
Siracusa	–	–	–	–	–	–	–	–
Trapani	–	–	–	–	–	–	–	–
Cagliari	–	–	–	–	–	–	–	–
Nuoro	18	–	55	25	35	35	–	–
Sassari	–	–	15	20	38	36	33	–



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

Olive oil, Retail Black Market Prices App. 1
(Monthly averages, lire per kg.) p. 7

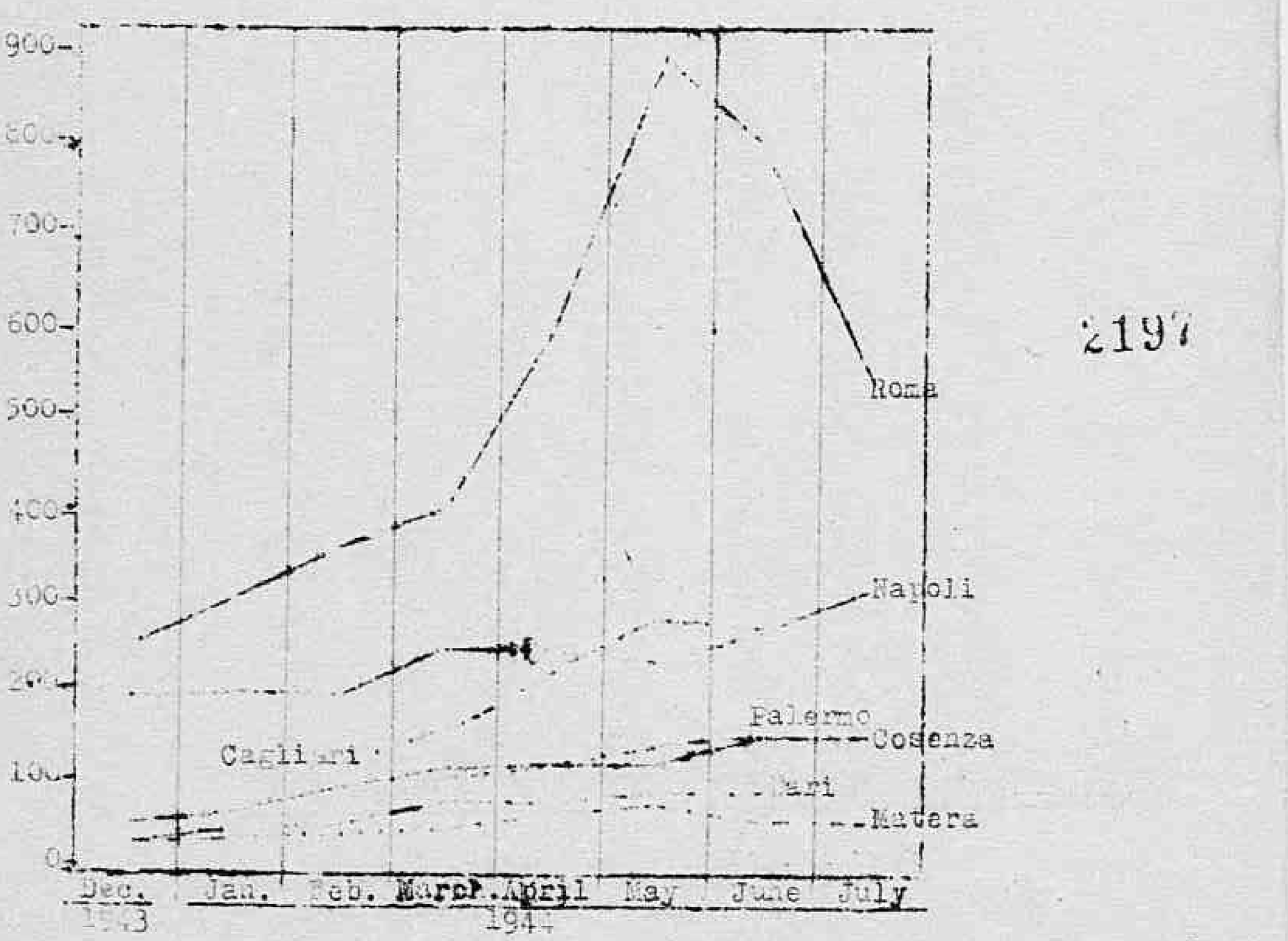
	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	250	300	350	400	600	950	800	750
Napoli	196	200	197	248	244	233	269	310
Salerno	177	-	-	-	-	-	-	-
Bari	33	50	50	60	79	90	90	-
Brindisi	31	43	-	-	65	-	-	-
Lecce	35	46	-	-	70	70	-	-
Taranto	37	55	-	-	-	-	-	-
Matera	33	42	-	50	66	73	80	85
Potenza	90	-	-	120	121	135	135	-
Catanzaro	33	-	-	-	60	60	92	-
Cosenza	57	68	95	113	120	120	150	150
Reggio Calabria	40	48	-	65	-	73	80	-
Agrigento	-	94	-	101	125	-	140	-
Caltanissetta	-	93	-	90	100	130	110	-
Catania	90	95	-	83	110	-	125	-
Enna	100	150	-	80	100	-	143	-
Messina	-	73	-	79	90	-	106	-
Palermo	-	135	-	103	118	140	159	-
Ragusa	-	95	-	78	103	-	124	-
Siracusa	-	70	-	93	114	120	120	-
Trapani	105	120	113	100	145	135	156	-
Cagliari	150	-	120	166	220	281	275	-
Nuoro	75	-	190	170	188	248	329	-
Sassari	99	-	130	148	157	209	310	-



2197

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

Reggio Calabria	40	78	-	65	-	73	80	-
Agrigento	-	94	-	101	125	-	140	-
Caltanissetta	-	93	-	90	100	130	110	-
Catania	90	95	-	83	110	-	125	-
Enna	100	130	-	80	100	-	143	-
Messina	-	73	-	79	90	-	100	-
Palermo	-	135	-	103	118	140	159	-
Ragusa	-	95	-	78	103	-	124	-
Siracusa	-	70	-	93	114	120	120	-
Trapani	108	120	113	100	145	135	156	-
Cagliari	150	-	120	160	220	281	275	-
Nuoro	75	-	150	170	188	248	325	-
Sassari	55	-	130	148	197	209	310	-



2197

453

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

2139

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

Meat Retail Market Prices App. 48
(Not Ufficiali Averages, Lira per kilogram) p. 8.

| | 1944 | | | 1944 | | |

2140

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

| | | |

Cheese, Retail Black Market Prices (Monthly averages, lire per kilogram) Appx. B,

	1942 Dec.	1943 Jan.	Feb.	March	April	May	June	July
Roma	180	200	225	300	480	500	600	450
Napoli	172	275	350	350	411	-	397	285
Salerno	-	-	-	-	-	-	-	-
Bari	203	250	230	258	338	333	240	-
Brindisi	145	160	-	-	350	-	-	-
Lecce	160	288	-	-	200	150	-	-
Taranto	150	250	-	-	-	-	-	-
Matera	95	150	-	250	280	275	275	275
Potenza	153	-	-	250	201	298	305	-
Catanzaro	125	120	-	-	200	200	-	-
Cosenza	110	165	160	170	180	190	220	180
Reggio Calabria	144	161	-	-	-	-	-	-
Agrigento	-	115	-	110	110	-	135	-
Caltanissetta	-	140	-	126	-	160	101	-
Catania	190	151	-	150	172	-	175	-
Enna	164	130	-	103	-	-	113	-
Messina	-	142	-	140	130	130	130	-
Palermo	-	124	-	137	123	150	107	-
Ragusa	-	105	-	95	-	-	117	-
Siracusa	-	120	-	129	-	200	132	-
Trapani	68	100	100	108	110	110	153	-
Cagliari	50	-	95	80	105	108	90	-
Nuoro	38	-	70	60	73	78	78	-
Sassari	45	-	70	58	80	-	70	-



2196

Declassified E.O. 12356 Section 3.3/NND No. 785014

2142

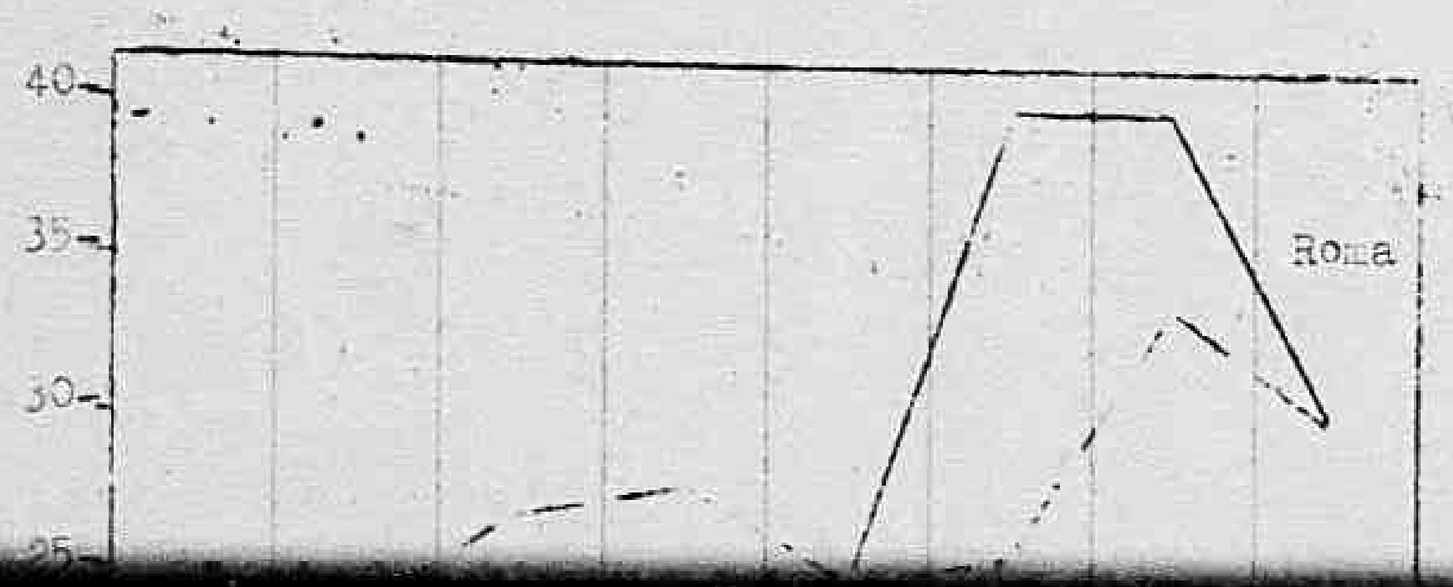
Declassified E.O. 12356 Section 3.3/NND No. 785016

2196

Milk, Retail Black Market Prices
(Monthly averages, Lire per liter)

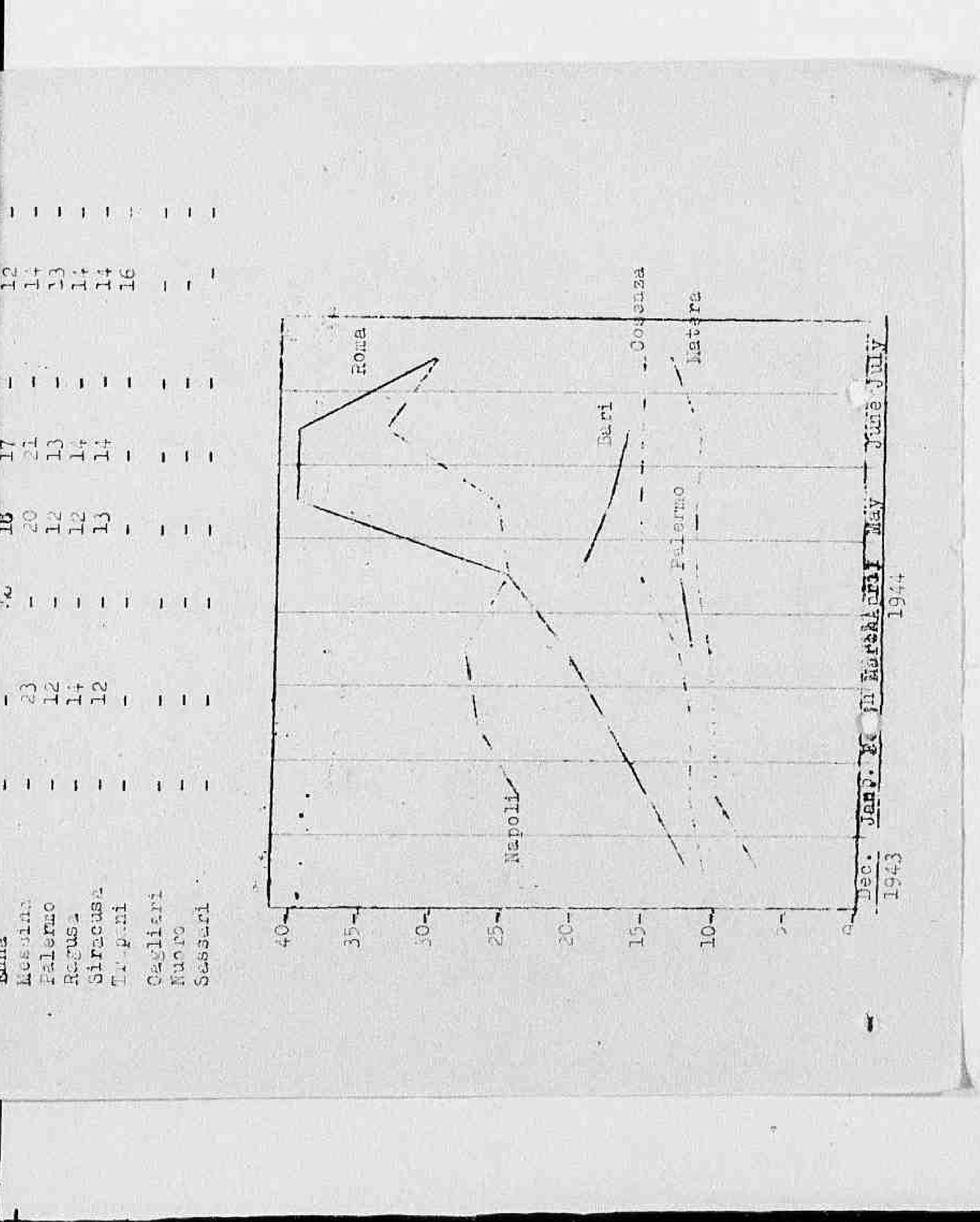
P. 10.

	1943 Dec.	1944 Jan.	Feb.	Marh.	April	May	June	July
Roma	12	15	16	21	25	40	40	30
Napoli	-	24	27	28	25	26	34	30
Salerno	-	-	-	-	-	-	-	-
Bari	-	12	-	-	20	18	17	-
Brindisi	13	16	-	-	20	-	-	-
Lecce	15	22	-	-	-	-	-	-
Taranto	17	25	-	-	-	-	-	-
Matera	7	10	-	11	12	12	12	14
Potenza	16	-	-	9	12	15	15	-
Catanzaro	14	-	-	-	15	15	15	-
Cosenza	11	14	12	13	16	16	16	16
Reggio Calabria	14	14	-	-	16	16	-	-
Agrigento	-	14	-	15	15	-	16	-
Caltanissetta	-	16	-	20	20	-	18	-
Catania	25	20	-	20	20	-	22	-
Enna	-	-	-	16	17	-	12	-
Messina	-	23	-	20	21	-	14	-
Palermo	-	12	-	12	13	-	13	-
Ragusa	-	14	-	12	14	-	14	-
Siracusa	-	12	-	13	14	-	14	-
Trapani	-	-	-	-	-	-	16	-
Cagliari	-	-	-	-	-	-	-	-
Nuoro	-	-	-	-	-	-	-	-
Sassari	-	-	-	-	-	-	-	-



Declassified E.O. 12356 Section 3.3/NND No. 785014

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



Declassified E.O. 12356 Section 3.3/NND No. 785014

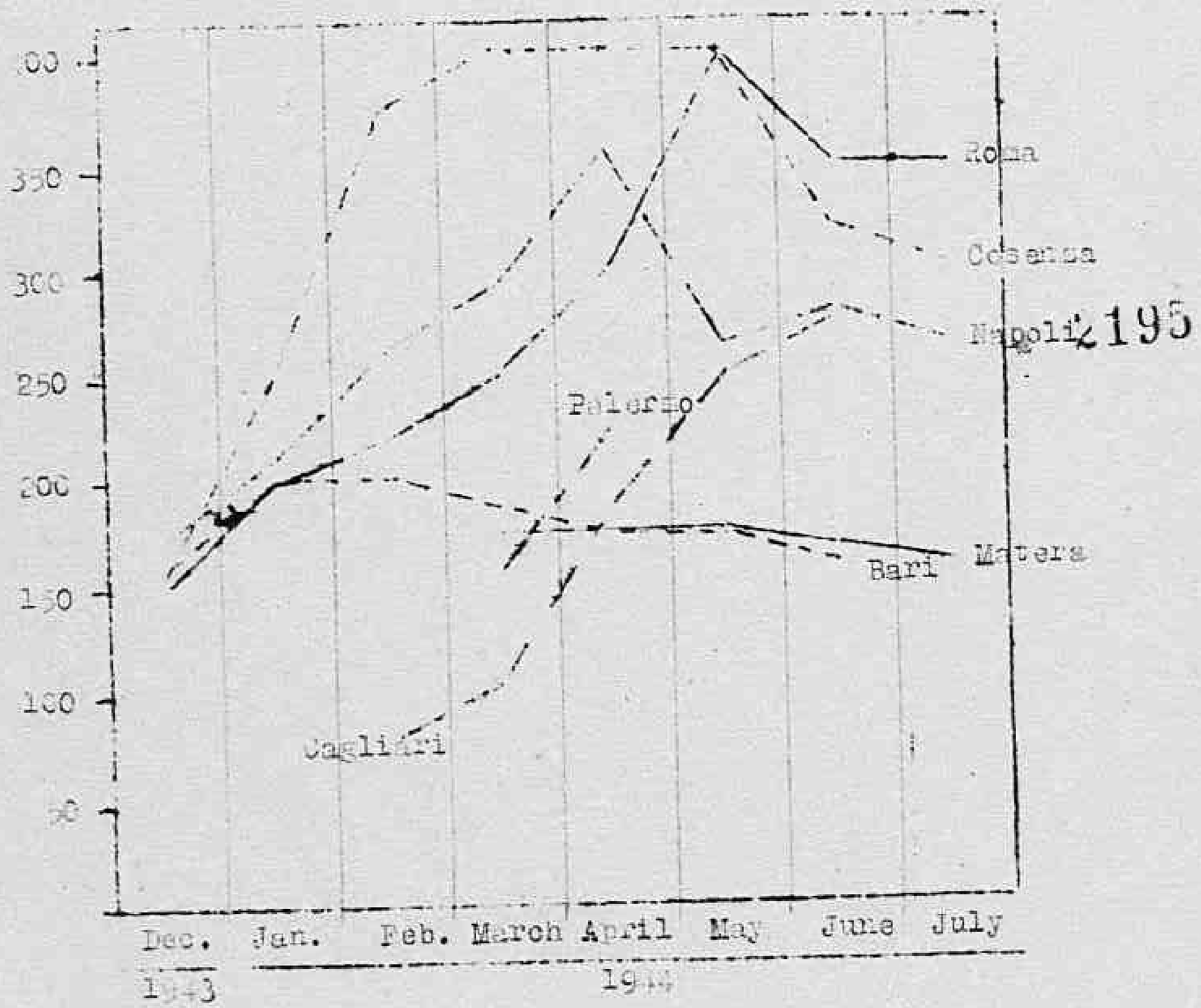
Sugar, Retail Black Market Prices
(Monthly averages, Lire per kilogram)

App. B,
p. 11.

	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	150	200	220	250	300	400	350	350
Napoli	173	210	264	291	353	264	279	295
Salerno	-	-	-	-	-	-	-	-
Bari	158	200	200	188	173	173	160	-
Brindisi	103	135	-	-	180	-	-	-
Lecce	128	158	-	-	70	50	-	-
Taranto	137	138	-	-	-	-	-	-
Matera	-	-	-	175	175	175	168	160
Potenza	147	-	-	250	241	214	220	-
Catanzaro	143	-	-	-	150	150	183	-
Cosenza	153	250	375	400	400	400	320	300
Reggio Calabria	143	182	-	400	122	272	-	-
Agrigento	-	-	-	168	186	-	200	-
Caltanissetta	-	-	-	215	236	-	263	-
Catania	165	-	-	192	185	-	-	-
Enna	150	170	-	145	180	200	170	-
Messina	-	195	-	200	200	-	280	-
Palermo	-	150	-	158	222	-	238	-
Ragusa	-	-	-	163	214	-	275	-
Siracusa	-	-	-	180	198	-	200	-
Trapani	-	-	-	188	206	200	202	-
Cagliari	80	-	80	103	187	250	275	-
Nuoro	38	-	130	125	195	245	275	-
Sassari	40	-	150	181	233	283	230	-



Catania	165	-	-	192	185	-		
Enna	150	170	-	145	180	200	170	-
Messina	-	195	-	200	200	-	280	-
Palermo	-	150	-	158	222	-	238	-
Ragusa	-	-	-	163	214	-	275	-
Siracusa	-	-	-	180	198	-	200	-
Trapani	-	-	-	188	206	200	202	-
Cagliari	80	-	80	103	187	250	275	-
Nuoro	38	-	130	125	195	245	275	-
Sassari	40	-	150	181	233	283	230	-



195

453

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

ISTITUTO NAZIONALE DELLE ASSICURAZIONI

A. General

1. The history of the foundation of the Istituto Nazionale delle Assicurazioni in 1912 as a State monopoly of all Italian life insurance has been summarized in previous Finance Sub-Commission Reports. Although the monopoly ceased in 1923, the Institute retains records of every life insurance policy in Italy by means of the "cessioni legali", or compulsory reinsurance quotas ceded to it by all companies writing life business in Italy. The present quota is 10% from five companies, 20% from three, and 30% from seven companies.

B. Capital and Directorate

1. Being a Government - guaranteed institution owned by the State, there is no capital and no shareholders. As of the date of Allied occupation of Rome the Directorate was declared to be composed as follows:

President : Gaetano Scavonetti (Senator of the Kingdom)

Consiglieri: Giuseppe Ranieri Babboni
Leonida Bergamini
Emanuele Filiberto Carnevali
Michele Castelli (Senator of the Kingdom)
Salvatore Donturini (Senator of the Kingdom)
Antonio Galvagni
Domenico Galanto
Ignazio Giordani
Arnaldo Petretti (Senator of the Kingdom)
Bonifacio Pignatti Morano di Custoza
Vittorio Solaro del Borgo

Direttore Generale: Ignazio Giordani
Vice Direttori Generali: Marino Marinelli
Gino Cipriani

2. All are in Rome, with the exception of the Morano di Custoza who is in Verona, appointees (see below).

C. Recent changes, and removal to North Italy

1. The following description of the various changes in the Administration of the Institute was given by Senator Gaetano Scavonetti, who was occupying the post President up to the end of June.

2. Following the fall of the Mussolini Government in July 1943, Marshal Badoglio's Government made some changes in the Administration without, according to Scavonetti, entirely eliminating Fascist elements. Scavonetti [illegible]

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

Emanuele Filiberto Carnevali
Michele Castelli (Senator of the Kingdom)
Salvatore Contarini (Senator of the Kingdom)
Antonio Galamini
Domenico Galanto
Ignazio Giordani
Arnaldo Petretti (Senator of the Kingdom)
Bonifacio Pignatti Morano di Custoza
Vittorio Solaro del Borgo

Direttore Generale: Ignazio Giordani
Vice Direttori Generali: Marino Mrvinelli
Gino Cipriani

2. All are in Rome, with the exception of the names underlined being recent appointees (see below).

C. Recent changes, and removal to North Italy

1. The following description of the various changes in the Administration of the Istituto was given by Senator Gaetano Scavonetti, who was occupying the post of President up to the end of June.

2. Following the fall of the Mussolini Government in July 1943, Marshal Badoglio's Government made some changes in the Administration without, according to Scavonetti, entirely eliminating Fascist elements. Scavonetti himself was appointed President in place of Giuseppe Bevione, others missing from the new administration being Italo Brescianni (national counsellor), Michele D'Addesio, Mario Ezio Gray (Vice President of the "Camera dei Fasci e delle Corporazioni"), Ferruccio Lantini (national counsellor) and Marco Arturo Vicini (Senator of the Kingdom).

3. Because of his doubts regarding the political soundness of the new Administration, Scavonetti, (when the Security Branch reported as being "suspected as an anti-fascist, but nothing proved") never convened a meeting, so that this latter Administration never acted as such.

4. On the accession of the Republican Fascist Government, Scavonetti tendered his resignation as President, but without result until October, when he was displaced by Alberto Ercole Troilo and Emilio Olleni, appointed by the Republican Government. (Troilo had held several Corporative offices under the Fascist Government). Under Troilo's orders, preparations were put in hand to send a large proportion of the Head Office to the North. In the event, although Troilo departed to set himself up as a "Commissario" in Venice, only a small proportion of personnel and records were evacuated. An analysis of the assets moved follows.

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

5. On arrival of the Allied troops in Rome, riots broke out among the staff, directed at, inter alia, Ignazio Giordani, the Direttore Generale, who had survived these various changes, but who, from his association with Fascist policy towards the Institute since 1929, had become suspect in certain quarters. On the issue of General Bencivenga's proclamation calling back all executives who had been dismissed under the Republican regime, Scavonetti returned to the Presidency of the Institute and insisted upon Giordani's return as well. This was the situation on 30 June, when Alfredo de Liguoro arrived to take over as Commissioner from any management found to be existing. Events leading to Giordani's being warned off starting a rival administration were reported last month. His record is in the process of being investigated, as the facts (a) that he is not an actuary, and (b) that he has only been in the insurance profession since 1929, prior to that having been in the Ministry of Agriculture, contrast significantly with his outstanding position in Italian insurance generally, and his membership of the Italian Institute of Actuaries.

6. The Italian Government intends to appoint a completely new Council of Administration at the earliest possible date, and in the meantime Dr. De Liguoro is carrying on with the assistance of the senior officials, among whom are the Vice-Direttori Generali, Marino Marinelli and Gino Cipriani.

7. The following lists show assets transferred north, assets available to the Rome office, and also assets abroad up to the last accounts received.

8. Assets Moved North

(a) Ordinary branch

			book value
Government Securities			
Nominative	Lire	690,340,542	
Bearer	"	110,641,900	Lire 800,982,442
Bonds of real estate			
Nominative	"	122,199,500	
Bearer	"	29,000	Lire 122,228,500
Various Bonds			
Nominative	"	72,241,900	
Bearer		120,120	Lire 72,362,020
			Lire 995,572,962

Securities representing share capital of various insurance companies and other concerns domiciled in the north, are normally kept in the north. These are valued at L. 382 million, while the Institute possesses real estate in North Italy valued at L. 420 million (December 1942).

(b) Dismissal Indemnity Fund (held on trust by the Institute):

book value

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

Rome office, and also assets abroad up to the last accounts received.

8. Assets Moved North

(a) Ordinary branch

			book value
Government Securities			
Nominative	Lire	690,340,542	
Bearer	"	110,641,900	Lire 800,982,442
Bonds of real estate			
Nominative	"	122,199,500	
Bearer	"	29,000	Lire 122,228,500
Various Bonds			
Nominative	"	72,241,900	
Bearer		120,120	Lire 72,362,020
			Lire 995,572,962

Securities representing share capital of various insurance companies and other concerns domiciled in the north, are normally kept in the north. These are valued at L. 382 million, while the Institute possesses real estate in North Italy valued at L. 420 million (December 1942).

(b) Dismissal Indemnity Fund (held on trust by the Institute):

			book value
Government Securities			
Nominative	Lire	543,320,800	
Bearer		25,719,800	Lire 569,040,600

(out of a total of about L. 2000 millions).

(c) Export Credits fund (a side of the Institute's activities now dormant)

	Book value
Government Securities	
Bearer	Lire 23,420,000

(out of a total of L. 32 millions).

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

9. Assets at Disposition of Rome Offices

	book value
Real estate (valued to 31 Dec. 42)	541,013,000
Government securities	958,432,000
Mortgage and other loans	1,015,552,000
Government Annuities	670,941,000
Bank	155,939,000
Cash	7,937,000
Total Lire	3,349,814,000

(excludes some L. 50/60 millions representing collections in south Italy prior to liberation of Rome).

10. Assets Abroad

(a) Real Estate (own buildings)

	book value (Dec. 1942)
Tirana (under construction)	16,000
Cairo	4,645,000
Tunis	3,698,000
Tripoli	7,715,000
Benghasi	3,854,000
Addis Ababa and Harrar	2,602,000
Lire	22,631,000

(b) Other

	Bank Accounts	Investments, deposits & credits
£ sterling	326	53
" gold	255	-
U.S. Dollars	13	
£ Turkish	223,696	5,459
£ Egypt	9,168	-
" gold	228	
£ Palestine	1,197	
Francs, France	570,844	297,325
" Swiss	-	2,279
Marks, German		21,109
Crowns, Czechoslovak		22,273
Crowns, Denmark		278
Crowns, Norway		2,086
Escudos		10,531
Marks, Finland		3,716
Pengo		572,379
[illegible] Belgian		38,910

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

Cairo	4,145,000
Tunis	3,698,000
Tripoli	7,715,000
Benghasi	3,854,000
Addis Ababa and Harrar	2,602,000
Lire	22,631,000

(b) Other

	Bank Accounts	Investments, deposits & credits
£ sterling	326	53
" gold	255	-
U.S. Dollars	13	
£ Turkish	223,696	5,459
£ Egypt	9,168	-
" gold	228	
£ Palestine	1,197	
Francs, France	570,644	297,325
" Swiss	-	2,279
Marks, German		21,109
Crowns, Czechoslovak		22,275
Crowns, Denmark		278
Crowns, Norway		2,086
Escudos		10,531
Marks, Finland		3,716
Pengo		572,379
Francs, Belgian	-	38,910
Lei	94,280	-
Leva	359,830	-
Pesetas	38,614	3,738
Pesos M/n Argentine	-	153,212
Drachma	22,038,989	35,631,613
Milreis	-	177,788
Kune	-	1,234,663
Sols (Peru)	-	137,949
Italian Lire	9,262	2,852,034

Reasons for the above holdings are:

(a) business of own branch offices in Egypt, Croatia, France, Greece, Turkey, and ex-Italian Africa;

(b) life reinsurances ceded by foreign companies, of which the chief are

(i) Italo-Argentina, of Argentine
(ii) Italo-Brasileo, of Brazil

./..

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

(iii) "Daria" and "Nordisk" of Denmark
(iv) Reassurances Generales, of France
(v) Kolnische, Muenchener, Vereinigung Frankfurther, and Weiner, of Germany
(vi) Dalmatian business of former Jugo-Slav companies "Jugo-Slavia" and "Serbia"
(vii) Italia-Lima, of Peru
(viii) La Suisse, of Switzerland
(ix) Astra of Hungary

Other foreign reinsurances are ceded to the Institute through the Unione Italiana di Riassicurazione. Some reserves for such policies are held in the country of origin.

11. Foreign holdings

The Istituto owns shares in the following insurance companies:

Assicurazioni d'Italia, Rome:	27,117 out of 30,000 shares, L. 500 each.
Fiume Company, Fiume	118,486 out of 120,000 shares, L. 100 each.
Praevidentia, Rome	all 30,000 shares, L. 500 each.
Astra, Budapest	8,000 out of 10,000 shares, pengo 50 each.
Unione Italiana di Riassicurazioni, Rome	10,450 out of 30,000 shares, L. 700 each.
Compagnia di Roma, Rome	60,250 out of 200,000 shares, L. 1,000 each.
Societa' Italiana di Assicurazione Credito	(not yet ascertained)

D. Reinsurance Connection

As has been stated, the Institute receives a compulsory reinsurance quota from all companies writing life insurance in Italy. In addition, it receives reinsurances from other companies of foreign risks. The Institute both cedes to and accepts from the Unione Italiana di Riassicurazione.

E. Summary

1. The Head Offices are in a fit state to resume control of branche offices,

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

Fiume Company, Fiume	118,486 out of 120,000 shares, L. 100 each.
Praevidentia, Rome	all 30,000 shares, L. 500 each.
Astra, Budapest	8,000 out of 10,000 shares, pengo 50 each.
Unione Italiana di Riassicurazioni, Rome	10,450 out of 30,000 shares, L. 700 each.
Compagnia di Roma, Rome	60,250 out of 200,000 shares, L. 1,000 each.
Societa' Italiana di Assicurazione Credito	(not yet ascertained)

D. Reinsurance Connection

As has been stated, the Institute receives a compulsory reinsurance quota from all companies writing life insurance in Italy. In addition, it receives reinsurances from other companies of foreign risks. The Institute both cedes to and accepts from the Unione Italiana di Riassicurazione.

E. Summary

1. The Head Offices are in a fit state to resume control of branche offices, but active control of all but local offices has not yet been reestablished, mainly because of lack of postal services for heavy commercial documents. Endeavours are being made to establish a courier service.

2. Considerable difficulty is being met in reestablishing electric power for the tabulating machinery located in a building seperate from the main offices, but it is hoped to remedy this early in August.

3. The transfer of funds to the north is not of great immediate importance. They were sent there with the specific purpose of covering liabilities located in the north, and it is hence unlikely that they will be intentionally disposed of unlawfully. With the exception of the bearer bonds, a small proportion of the whole, difficulties are likely to be met in any attempted negotiation. Officials of the Institute consider that even if a substantial proportion of the assets removed were disposed of, a conservative revaluation of the Institute's buildings so far known to be intact, would cover the loss. A more serious factor is the loss of investment income from sources in the north. This is a wider question upon which no information can yet be given.

Declassified E.O. 12356 Section 3.3/NND No. 785012

SECRET.

2/3.6

ALLIED MILITARY GOVERNMENT.

E L B A .

TO:- R.C. & M.G. Section, Civil Affairs Branch, Hqrs. A.C.C.

SUBJECT :- Second monthly report on ELBA.

DATE:- August Ist. 1944.

(A) POLITICAL REACTIONS AND POPULAR OPINION.

Little to report. Conditions much as described in last month's report. Coloured troops have now left the Island, and have been replaced by Algerians who appear better disciplined.

Everything is calm. During the month three minor disturbances of political origin occurred, but were handled expeditiously by the Carabinieri directed by Major Goodacre. A murder was committed at Porto Longone, and three arrests have been made. The persons arrested will be tried in the immediate future.

Relations with the French.

It is abundantly clear that Elba is regarded as a place to be denuded in favour of Corsica. Under cover of organised searches for military stores, discreet pillage takes place either with or without the blessing of the French Command.

Whereas the foregoing could be considerably enlarged upon, it is nevertheless a fact that some measure of co-operation is experienced when formal protest is made. The local Deputy Military Governor, Col. Petit, appears to share the view that only urgent military necessity warrants the adoption of military collection methods. If this is true it suggests pressure from above.

A ruling is now formally asked for on the following :-

(I) That the term "urgent military necessity" should only be properly applied to the needs of the occupying troops. In the alternative, that any goods or materials shipped out of the Island to Corsica should be held for the Allies, or specifically authorised by the Allies. The removal of even captured stores, unless held at the disposition of the Allies, appears to be based on nothing more than the slender right following military conquest.

(2) That the property of civilians should be left severely alone.

(3) The French have already had a comfortable picking out of Elba; and it is suggested that an embargo should now be placed on the shipping of any goods whether military or otherwise to Corsica ; with the possible

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

Goodacre. A murder was committed [illegible] three arrests have been made. The persons arrested will be tried in the immediate future.

Relations with the French.

It is abundantly clear that Elba is regarded as a place to be denuded in favour of Corsica. Under cover of organised searches for military stores, discreet pillage takes place either with or without the blessing of the French Command.

Whereas the foregoing could be considerably enlarged upon, it is nevertheless a fact that some measure of co-operation is experienced when formal protest is made. The local Deputy Military Governor, Col. Petit, appears to share the view that only urgent military necessity warrants the adoption of military collection methods. If this is true it suggests pressure from above.

A ruling is now formally asked for on the following :-

(I) That the term "urgent military necessity" should only be properly applied to the needs of the occupying troops. In the alternative, that any goods or materials shipped out of the Island to Corsica should be held for the Allies, or specifically authorised by the Allies. The removal of even captured stores, unless held at the disposition of the Allies, appears to be based on nothing more than the slender right following military conquest.

(2) That the property of civilians should be left severely alone.

(3) The French have already had a comfortable picking out of Elba; and it is suggested that an embargo should now be placed on the shipping of any goods whether military or otherwise to Corsica ; with the possible exception of stocks of ammunition which in themselves constitute a danger to the civil population.

Successful protest has occasionally been made on the lines indicated above. What appears to be required however is a word to the French Higher Command.

(B) LOCAL GOVERNMENT - PROVINCIAL.

Functioning smoothly in each of the 8 Communes.
Some changes have been made, notably in Rio Marina and Capoliveri, where unsuitable Sindacos appointed originally by the French have been replaced by more suitable men.
A similar change will be made shortly in Rio Elba.
Conditions generally have shown steady improvement, and it is anticipated that this will be maintained.

Admin Sec

675.

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

(C) ECONOMIC RESOURCES AND SUPPLY - WITH SPECIAL REFERENCE TO THE FOOD SITUATION .

Finance. (See separate report to Finance Sub-Commission)
A number of 1,000 and 500 franc notes , drawn on the Banque de France, have made their appearance in the Island. Circulation has been stopped. These notes were distributed by both the Germans and the French. It is impossible to apportion blame, as even statements made by the civilians are not without bias. It is generally assumed that notes emanating from the French may possibly be honoured; but that notes of German origin constitute a complete loss to the holder, and statements are to some extent based on this assumption.
Exact figures cannot yet be submitted, but will be available shortly after August 10th.
Banks have now been re-opened, and restricted facilities are now available to the public.
Separate statements have been sent into the Finance Officer simultaneously with this report, together with all relevant documents.
Iron Mines. (See separate report to Economics and Supplies)
It is pointed out that mining, on a reduced scale, has been resumed, the present output being 250 tons per day. This figure could easily be increased to 1,000 tons per day. There are already 90,000 tons of screened high-grade 50% ore awaiting shipment; and loading facilities in deep water are in working order , and jetties are undamaged.
Pratically the whole economic life of Elba revolves round the mines, and it is strongly urged that early use be made of the accumulated stocks. Apart from other considerations this would substantially relieve unemployment.
Fisch Canning.
The previsious report was inaccurate, in that one factory, situated at Cavo, could be brought into service at 24 hours notice. tins are in stock, sufficient for output.
Salt in the absence of oil, could be used; and would be required in the followingquantities :-

unable to complete Report at this time.

Heavy Diesel Oil.
Between 2000 and 3000 tons are available in storage tanks situated underground at Portoferraio. These tanks formed a part of the German submarine base, but will be difficult to tap as the output to the waterside has been damaged. The premises have been searched for mines and booby-traps, with a negative result. Nevertheless a further search would be advisable before attempting

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

Officer simultaneously with this report, together with all relevant documents.

Iron Mines. (See separate report to Economics and Supplies)
It is pointed out that mining, on a reduced scale, has been resumed, the present output being 250 tons per day. This figure could easily be increased to 1,000 tons per day. There are already 90,000 tons of screened high-grade 50% ore awaiting shipment; and loading facilities in deep water are in working order , and jetties are undamaged.
Pratically the whole economic life of Elba revolves round the mines, and it is strongly urged that early use be made of the accumulated stocks. Apart from other considerations this would substantially relieve unemployment.

Unable to complete Report Hours Can

Fisch Canning.
The previsious report was inaccurate, in that one factory, situated at Cavo, could be brought into service at 24 hours notice. tins are in stock, sufficient for output.
Salt in the absence of oil, could be used; and would be required in the followingquantities :-

Heavy Diesel Oil.
Between 2000 and 3000 tons are available in storage tanks situated underground at Portoferraio. These tanks formed a part of the German submarine base, but will be difficult to tap as the output to the waterside has been damaged. The premises have been searched for mines and booby-traps, with a negative result. Nevertheless a further search would be advisable before attempting to draw off the oil. It is again emphasised that the oil is of the heavy variety.

Distilleries.
One of these, situated at San Giovanni, has in stock approx 7,000 litres of 78 degree alcohol (Grappa), now 2 years old. This stock was hidden successfully from the Germans but disclosed freely to to A.M.G. . This fact gives some indication of the reactions of the people of Elba generally.
Production could be resumed at short notice. Output would be at rate of 600 litres per 24 hours.

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

FOOD SITUATION.
Plans have been made for supplies to be sent via PIOMBINO. The warehouse and AMG offices have been removed to RIO Marina in which place the schoorers will be able to berth within 50 yds. of the warehouse. This arrangement when operative should effect asaving in both time and handling.
Prices of food in Elba. (See separate report from Supplies Officer to Economics & Supplies)
There has so far been no marked increase in the cost of living in Elba; and no particular importance appears to have been attached to the published rate of exchange. In the absence of any instructions to the contrary it was therefore decided to base to sale price of imported food on the prices ruling in Sardinia. Notice was also taken of the prices in Elba prior to occupation, and of the local wage rates.
It now appears that these prices are substantially below those obtaining in Rome, but, as stated above , a detailed report has been submitted under separate cover.
Flour.
The Island output this year will be lamentably small and will not materially affect the quantities required from Italy. The poor crop will be due to drought conditions and to the effect of a heavy tropical hail-storm. It should be noted however that the full normal harvest is only equal to one month's consumption based on 300 gramms per day.
Olive Oil.
Nil. Urgently required. Even a small quantity - for example one ton - would be of inestimable value for issue to invalids.
Salt.
Should be included in monthly consignment. Island stocks nil.
Meat.
Daily ration of 55 grammes now being distributed. For the time being it will not be practicable to consider reducing the meat ration ; though later, when full unrestricted fishing is allowed, it should be possible to effect a substantial reduction.
Milck.
Island milk is insufficient to cater for invalids and children. A suitable supply, (based on a population of 32,000, and not 30,000 as originally estimated) should be included in daily ration.
Soap.
Will always be an urgent necessity.

(D) AGRICULTURE * FORESTRY * FISHERIES .
Agriculture.
A full report has been sent under separate cover to the Agricultural Section.

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

those obtaining [illegible]
report has been submitted under separate cover.

Flour.
The Island output this year will be lamentably small and will not materially affect the quantities required from Italy. The poor crop will be due to drought conditions and to the effect of a heavy tropical hail-storm. It should be noted however that the full normal harvest is only equal to one month's consumption based on 300 gramms per day.

Olive Oil.
Nil. Urgently required. Even a small quantity - for example one ton - would be of inestimable value for issue to invalids.

Salt.
Should be included in monthly consignment. Island stocks nil.

Meat.
Daily ration of 55 grammes now being distributed. For the time being it will not be practicable to consider reducing the meat ration ; though later, when full unrestricted fishing is allowed, it should be possible to effect a substantial reduction.

Milck.
Island milk is insufficient to cater for invalids and children. A suitable supply, (based on a population of 32,000, and not 30,000 as originally estimated) should be included in daily ration.

Soap.
Will always be an urgent necessity.

2130

(D) AGRICULTURE * FORESTRY * FISHERIES .

Agriculture.
A full report has been sent under separate cover to the Agricultural Section.
Briefly the position is that the chief crops grown are :- Fruit- Vegetables (potatoes practically non-existent) - Wheat (referred to under "Flour"- above)-and Vines. Grapes.
The production of fruit is sufficient for the Island needs. The grape crop this year will be poor; damage having been caused by the heavy hail-storm referred to, and due also to the shortage of certain chemicals details of which appear in a separate report. Vegetables with the exception of potatoes are in adequate supply.

Fisheries.
Daytime fishing was re-opened for the first two weeks in July. Catches were small and were largely bought bu the occupying troops despite instructions issued to the contrary. The Island received little benefit. For the past two weeks however it has been necessary to suspend all fishing,

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

fishing/
as the result of representations made by C.C.C. officials from Piombino which aimed at the complete isolation of Elba for the time being.
Fishing is being reopened in a very restricted form on August 6th. under rigid control ; and one week later if the results of the control system are satisfactory unrestricted daytime fishing will be allowed.
Night fishing involving the use of sunken lights is the method normally employed , and prodigious catches are the rule, both of sardines and of other kinds of fish. It is however unlikely that permission to fish at night will be accorded for some months. When granted it will have the immediate effect of reducing the daily meat ration by at least 50%.

(E) LABOUR. (See separate report addressed to Labour Section)

Unemployment constitutes a problem which can only be solved by resumption of the mining industry. Some 2,000 men were out of work , but 240 are now employed on surface mining, and this number could easily be materially increased. Before this increase can be effected a decision is required as to the disposition of the Iron Ore which is steadily accumulating.

(F) PUBLIC WORKS AND UTILITIES.
(See separate report to Public Utilities, A.C.C.)
Electricity.
Now functioning normally throughout the Island for lighting. Some power is also available to a limited extent.
Water Supply:-
Normal.
Sanitation:-
Satisfactory. Mains being repaired in Portoferraio.
Transportation:-
A motor coach service is now in operation and covers the whole Island. In addition to passengers, internal mail is carried.
Sea traffic now operates from Rio Marina instead of from Marino di Campo as formerly.
Roads have detiorated still further during the month under review, but with certain notable exceptions are still in reasonable condition.

(G) PUBLIC SAFETY AND FUNCTIONING OF :-
(I) ALLIED COURTS.
(2) ITALIAN COURTS.
(See separate report by Major Goodacre to Public Safety Div. A.C.C.)

2185

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

out of work , but 240 are now employed on surface mining, and this number could easily be materially increased. Before this increase can be effected a decision is required as to the disposition of the Iron Ore which is steadily accumulating.

(F) PUBLIC WORKS AND UTILITIES.
(See separate report to Public Utilities, A.C.C.)

Electricity.
Now functioning normally throughout the Island for lighting. Some power is also available to a limited extent.

Water Supply:-
Normal.

Sanitation:-
Satisfactory. Mains being repaired in Portoferraio.

Transportation:-
A motor coach service is now in operation and covers the whole Island. In addition to passengers, internal mail is carried.
Sea traffic now operates from Rio Marina instead of from Marino di Campo as formerly.
Roads have detiorated still further during the month under review, but with certain notable exceptions are still in reasonable condition.

(G) PUBLIC SAFETY AND FUNCTIONING OF :-
(I) ALLIED COURTS.
(2) ITALIAN COURTS.
(See separate report by Major Goodacre to Public Safety Div. A.C.C.)

2159

The work of the Police generally is handicapped to some extent by a shortage of uniforms and arms. Nevertheless results have been satisfactory, and all departments have carried out their duties in a co-operative spirit.
Some difficulty has been encountered by Major Goodacre during the month where relations with the French Security Police are concerned. This was to a large extent due to the many changes of Officer personnel which took place, resulting in temporary loss of contact. Every endeavour was made from this end, but despite repeated assurances to the contrary , the French appeared to have difficulty in co-ordinating their activities with those of A.M.G.
Constant pressure will in due course have the effect of rectifying this state of affairs.
One murder was committed in Capoliveri, and three persons are in consequence under arrest. No other serious crimes were reported.

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

(I) Allied Court -
None yet convened.
(2) Italian courts:-
The first court will be held on August I2th I944

(H) PUBLIC HEALTH.
The number of patients now in hospital at Poggio is down to 80.
At Rio Elba there are some cases of fever having the symptoms of paratyphoid; but local doctors combine to agree that the outbreak is not serious and is quite usual at this time of the year. Nothing remembling an epidemic is anticipated. Apart from the above the condition of the civil population is good.
The question of relief for the poorer elements is under consideration at the moment; and a scheme is being prepared, under control of local committees formed in each Commune, which will be put into operation in the very near future.

(I) EDUCATION.
Schools are still closed. Children of from I2 to I5 years are however catered for to a limited extent, and in a casual manner, by young teachers giving private lessons.

(J) REFUGEES.
Civil:- The situation is still much as described in last month's report; except that roughly 1,000 refugees have drifted back to Portoferraio.
Military:-
In this connection a problem has arisen which is being studied in relation with the French Military and Security Police. There are stated to be approx. I,000 men who are known to be on the Island, and who evaded military service under the Germans. This figure includes about 6 Officers and a larger number of N.C.O. s; but should not be confused with Italian troops who fought against the French.
A this moment a census is being prepared, but no further steps will be taken until a ruling has been received.
It is suggested that this ruling should be sought without delay from the Army Sub-Commission. No separate report has been submitted in this instance.

(H) COMMUNICATIONS.
Telephone:- Still restricted to use by the military. Civil lines are undergoing repair, but there is a serious shortage of instruments and batteries. The cable to Piombino is now in operation, and it is possible to telephone to A.M.G. in Elba by ringing VALUE - Advance II6- ring two.
Postal arrangements:- Internal mail now being carried by

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

casual manner, by young teachers giving private [illegible]

(J) REFUGEES.
Civil:- The situation is still much as described in last month's report; except that roughly I,000 refugees have drifted back to Portoferraio.
Military:-
In this connection a problem has arisen which is being studied in relation with the French Military and Security Police. There are stated to be approx. I,000 men who are known to be on the Island, and who evaded military service under the Germans. This figure includes about 6 Officers and a larger number of N.C.O. s; but should not be confused with Italian troops who fought against the French.
A this moment a census is being prepared, but no further steps will be taken until a ruling has been received. It is suggested that this ruling should be sought without delay from the Army Sub-Commission. No separate report has been submitted in this instance.

(H) COMMUNICATIONS.
Telephone:- Still restricted to use by the military. Civil lines are undergoing repair, but there is a serious shortage of instruments and batteries. The cable to Piombino is now in operation, and it is possible to telephone to A.M.G. in Elba by ringing VALUE - Advance II6- ring two.
Postal arrangements:- Internal mail now being carried by bus service. Separate report have been submitted to P.O. Admin. A. C. C.

(L) PROPERTY CONTROL.
A separate report has been submitted to Property Control AC.C.

(C.P.MURCHIE , Major.
Senior Civil Affairs Officer)

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

Declassified E.O. 12356 Section 3.3/NND No. 785014

ALLIED CONTROL COMMISSION
SICILY REGION HEADQUARTERS
APO 394

21/3-6

MONTHLY REPORT - JULY 44

REGION I

A. GENERAL.

1. During July the Grain Campaign has overshadowed all other forms of activity in SICILY, absorbing not only A.C.C. but also Italian Army, Carabinieri and government officials, as well as affecting politics, separatism and crime. Prospective changes of High Commissioner or Prefect, of Chief Justice or Sindaci, are all measured in terms of their effect on the grain collection; and even the Black Market has reacted to the new conditions. To the officials of A.C.C. the campaign has brought back memories of first efforts to feed SICILY just a year ago, and today much of the work of A.M.G./A.C.C. over the last twelve months is now assessable. To some extent therefore this report is in the form of a stock taking over a year and to that degree may exceed in principle the usual monthly record of events.

B. LOCAL GOVERNMENT.

2. High commissioner - "To be or not to be" ALDISIO has been a question dominating much of party and provincial politics. For the first week of JULY MUSOTTO was in SALERNO and ROME visiting BONOMI and other government officials and returned to throw all his efforts into the grain campaign, feeling that his position was strengthened. From 6-13 JULY ORLANDO made a successful visit to SICILY during which he made a public address at PALERMO which was later broadcast. He returned to ROME after authorising the Regional Commissioner to cable A.C.C. that he felt any change in High Commissioner at the present time was most undesirable. Consistent political pressure for the appointment of ALDISIO continued, and at the end of the month notice appeared in the ROME press of the change in High Commissioner for SICILY. NO official notice, however, reached MUSOTTO who determined to remain at his post and do what he could to enforce grain collection while ALDISIO remained away in ROME. Finally, on the last day of the month, a telegram was despatched by the Secretary to the Cabinet but not to the High Commissariat. It was characteristically addressed direct to Prefect PALERMO instructing him to inform all Prefects and newspapers of the island of the replacement of MUSOTTO by ALDISIO! With this final political and administrative discourtesy MUSOTTO disappeared from his office: to a man who had [illegible] for a year since the invasion it was an ungracious

2185

first efforts to feed SICILY just a year ago, and [illegible] the work of A.M.G./A.C.C. over the last twelve months is now assessable. To some extent therefore this report is in the form of a stock taking over a year and to that degree may exceed in principle the usual monthly record of events.

B. LOCAL GOVERNMENT.

2. High Commissioner - "To be or not to be" ALDISIO has been a question dominating much of party and provincial politics. For the first week of JULY MUSOTTO was in PALERMO and ROME visiting BONOMI and other government officials and returned to throw all his efforts into the grain campaign, feeling that his position was strengthened. From 6-13 JULY ORLANDO made a successful visit to SICILY during which he made a public address at PALERMO which was later broadcast. He returned to ROME after authorising the Regional Commissioner to cable A.C.C. that he felt any change in High Commissioner at the present time was most undesirable. Consistent political pressure for the appointment of ALDISIO continued, and at the end of the month notice appeared in the ROME press of the change in High Commissioner for SICILY. NO official notice, however, reached MUSOTTO who determined to remain at his post and do what he could to enforce grain collection while ALDISIO remained away in ROME. Finally, on the last day of the month, a telegram was despatched by the Secretary to the Cabinet but not to the High Commissariat. It was characteristically addressed direct to Prefect PALERMO instructing him to inform all Prefects and newspapers of the island of the replacement of MUSOTTO by ALDISIO. With this final political and administrative discourtesy MUSOTTO disappeared from his office; to a man who had served SICILY well for a year since the invasion it was an ungracious and unworthy parting salute from his government.

3. Regional - Needless to say, the uncertainty and rumours concerning the position of High Commissioner did nothing to enhance the powers of his office, and Prefects are still disinclined to accept Regional decisions. The grain campaign has however been energetically coordinated by the Italian Regional officials - administrative and agricultural, even if much of the drive has had to come from A.C.C. Regional Headquarters.

4. Provincial - Whatever success to date has been achieved in grain collection has been more due to Regional Inspectorate and drive backed up by all the efforts of the Carabinieri Reali rather than to ability on a Provincial level. The responses of the different Provinces have been largely correlated with the presence or absence of Prefects, and their relative abilities. RAGUSA, with Prefect Reggente di Carriera CIPRIANI, has been

Adrian 727

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

outstanding due to his prompt and untiring effort. PALERMO under Prefect D'ANTONI - a political appointment made by ALDISIO - has conversely shown most discreditable figures to date for grain collection. CALTANISSETTA and SIRACUSA have suffered due to continued failure - now over a period of more than 4 months - of the government to appoint Prefects. The elderly Prefect PANCAMO of AGRIGENTO has viewed the grain laws with disfavour and his early replacement by a Career Prefect is essential. To deal with a race such as the SICILIAN, with very strong political leanings, the advantage of a career over a political Prefect is beyond question. During early A.M.G. days courageous political Prefects did invaluable work, but now that the political field is open to party strife and counter-move, career men are needed to maintain honesty of purpose and equanimity in administration.

5. Communal - The grain campaign has had a very satisfactory effect on communal administration in enforcing a communal responsibility to collect an assessed quota in each district. In many cases weak mayors have been shown up and replaced by Prefects or High Commissioner, and in general communal agrarian committees are functioning - though mainly only under the eyes and drive of the Carabinieri. It is difficult to acclaim this campaign as a democratic victory, for it is only thanks to complete mobilisation of the Carabinieri for this one purpose that communes are making the required response.

6. A.C.C. - With new summons for Provincial Commissioners to go to the Mainland, further amalgamations are now planned. MESSINA, with a small sub-office, is to become part of A.C.C. EASTERN SICILY administration under Lt Colonel A.S. GILES O.B.E., M.C., who from CATANIA will also overlook the provinces of RAGUSA and SIRACUSA. All A.C.C. personnel are to vacate ENNA and CALTANISSETTA, which provinces will be supervised for the time being, together with PALERMO and TRAPANI, by the Regional Executive Officer from Regional Headquarters. Further reductions in personnel are in view which will leave A.C.C. SICILY functioning mainly from the two offices in the two rival cities of PALERMO and CATANIA. 'The coat must be cut according to the cloth' - and today the essential work of the Allied Control Commission appears mainly to advise the High Commissioner and Prefects from an entirely disinterested, non-political standpoint, and otherwise to act as a form of economic mission.

C. POLITICAL.

7. Separatism - This movement has proceeded under more orderly direction during the month, in a belated attempt to appease the Authorities and probably in prospect of the appointment of ALDISIO who is credited with the intention of crushing Separatism. [illegible] to resist the grain collection law has been dropped,

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

the Carabinieri. It is difficult to acclaim this campaign as a democratic victory, for it is only thanks to complete mobilisation of the Carabinieri for this one purpose that communes are making the required response.

6. A.C.C. - With new summons for Provincial Commissioners to go to the Mainland, further amalgamations are now planned. MESSINA, with a small sub-office, is to become part of A.C.C. EASTERN SICILY administration under Lt Colonel A.S. GILES C.B.E., R.C., who from CATANIA will also overlook the provinces of RAGUSA and SIRACUSA. All A.C.C. personnel are to vacate ENNA and CALTANISSETTA, which provinces will be supervised for the time being, together with PALERMO and TRAPANI, by the Regional Executive officer from Regional Headquarters. Further reductions in personnel are in view which will leave A.C.C. SICILY functioning mainly from the two offices in the two rival cities of PALERMO and CATANIA. 'The coat must be cut according to the cloth' - and today the essential work of the Allied Control Commission appears mainly to advise the High Commissioner and Prefects from an entirely disinterested, non-political standpoint, and otherwise to act as a form of economic mission.

C. POLITICAL.

7. Separatism - This movement has proceded under more orderly direction during the month, in a belated attempt to appease the Authorities and probably in prospect of the appointment of ALDISIO who is credited with the intention of crushing Separatism. Incitement to resist the grain collection law has been dropped, though it still continued underground. There is much talk of close contact being maintained with the United States, and the most recent button-hole emblem of a Separatist group is the "TRINACRIA" super-imposed on the centre of "OLD GLORY" as a "49th State". There is some suspicion of attempts at political reorganisation of the Mafia, and in some districts it is understood that Sindaci have received unpleasant warnings regarding certain of their legimate actions which have not been viewed favorably by Mafia groups. It may be that some alliance could exist between Separatism and the old form of Mafia.

8. Sicily's opportunity - After a year as the first liberated part of ITALY and EUROPE it seems that SICILY is likely to miss the greatest opportunity she has had in her history of becoming an important part of ITALY, with perhaps influence in the Mediterranean and southern Europe. As "l'enfant terrible" of ITALY her pride and arrogance force on her a longing for a hypothetical form of political independence, while courting economic dependence on some other power. Many of her difficulties

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

appear of her own making. Internally disunited an ultra-political, her relations with the Mainland are viewed by Italians with a reserve founded on suspicions of her sincerity. Given a firm High Commissioner able to unite the administration of the island, and a readiness to share with Italy in the common burdens of after-war and the legacies of fascism, SICILY could still do much to steer herself and assist ITALY towards a brighter future. Much depends on the High Commissioner's influence over the next six months.

D. ITALIAN ARMED FORCES.

9. Close liaison has continued with XII Corps d'Armata for the necessary adjustments to guards for A.C.C. warehouses, following on the removal of I.S.S. The corps commander, Generale MARIOTTI, has attended a number of conferences in connection with the grain campaign, and has redistributed the limited number of troops at his disposal in order to strengthen the action of the Carabinieri in the principal grain areas. Sections have been attached to a number of CC.RR. Stations weak in numbers, and combined patrols and road blocks by Carabinieri and Italian troops are operating successfully.

10. A visit to A.C.C. Regional Headquarters was paid by Ammiraglio BOBBIESE - Italian Naval Commander in Chief SICILY waters. Explanatory discussions were entered upon in regard to strengthening control on schooners and prevention of contraband and the illegal passage of the MESSINA straits. In addition, the arrest by the Italian Naval Mobilisation Authorities of naval personnel working in Allied Dockyards and charged with desertion following the occupation has been clarified and rendered satisfactory for both N.O.B. Palermo and British Naval Authorities EASTERN SICILY.

11. P.A.D. - Satisfactory arrangements have been made for the operation by the Italian civil authorities of limited P.A.D. schemes in CATANIA and PALERMO.

E. LIAISON ALLIED MILITARY AUTHORITIES.

12. 56 Area has assumed command of the island on departure of 1 DISTRICT and close liaison has been maintained with Brigadier CRIPPS who has shown particular interest in the problems and progress of the grain campaign. Advice has been given by 56 [illegible] on the preparation of P.A.D. schemes in CATANIA and PALERMO.

13. On the departure of I.B.D., A.C.C. has assumed certain additional responsibilities, mainly administrative. In conjunction with Garrison Commander PALERMO and U.S. NAVAL OPERATING BASE, A.C.C. has agreed to offer certain facilities at [illegible] hotel

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

21-185

and road blocks by Carabinieri and [illegible]
successfully.

10. A visit to A.C.C. Regional Headquarters was paid by Ammiraglio BOBBIESE - Italian Naval commander in Chief SICILY waters. Explanatory discussions were entered upon in regard to strengthening control on schooners and prevention of contraband and the illegal passage of the MESSINA straits. In addition, the arrest by the Italian Naval Mobilisation Authorities of naval personnel working in Allied Dockyards and charged with desertion following the occupation has been clarified and rendered satisfactory for both N.O.B. Palermo and British Naval Authorities EASTERN SICILY.

11. P.A.D. - Satisfactory arrangements have been made for the operation by the Italian civil authorities of limited P.A.D. schemes in CATANIA and PALERMO.

E. LIAISON ALLIED MILITARY AUTHORITIES.

12. 56 Area has assumed command of the island on departure of 1 DISTRICT and close liaison has been maintained with Brigadier CRIPPS who has shown particular interest in the problems and progress of the grain campaign. Advice has been given by 56. [illegible] on the preparation of P.A.D. schemes in CATANIA and PALERMO.

13. On the departure of I.B.S., A.C.C. has assumed certain additional responsibilities, mainly administrative. In conjunction with Garrison Commander PALERMO and U.S. NAVAL OPERATING BASE, A.C.C. was agreed to offer certain facilities at EXCELSIOR hotel for officers in transit.

14. On 4 JULY, Independance Day, A.C.C. British officers entertained at dinner the U.S. officers of A.C.C., Mr. Nester, U.S. Consul-General, Mr. Peck, U.S. Consul PALERMO, Comd 56 Area, Comd I.B.S., representatives U.S. N.O.B., and P.W.B. The occasion was most successful and enhanced Allied inter-relations.

F. VISITORS.

15. Italian official visitors have included Vittorio Emanuele ORLANDO, President of the Italian Chamber of Deputies, Fausto GULLO, Minister for AGRICULTURE, MATTARELLA (Sicilian) under-secretary for Education, Generale PALADINO inspecting the Italian Red Cross, Generale TRAINA, presiding over Italian Military Tribunals, MIRABILE, to take office as President of the Supreme Court, and, to a Socialist Conference at CATANIA - the ministers SARAGAT, CAMEVARI and MANCINI.

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

16. Allied visitors included first and foremost Colonel Young with Maggiore ANCHINO in connection with the Grain Campaign. The Chief Paymaster Lt Colonel MAYS-SMITH visited PALERMO to arrange pay questions for officers and other ranks on the removal of the greater part of the British Military Garrison from SICILY. Major Marreri - C.S.O.2 Intelligence III DISTRICT - also came to coordinate P.S.S. and Public Safety problems in the Island.
From A.C.C. came also Major Franklin accompanying Generale TRAINA, Lt Colonel BROWN of Transportation, and Majors Ellis and Keyes representing G-5 on reduction of personnel.

G. ECONOMICS and SUPPLY.

17. The Grain Campaign.

a. Control of the High Commissioner's efforts throughout all Provinces on behalf of the Grain collection has been the main theme of the work of A.C.C. and has involved the Executive, Economics & Supply, including Agriculture and Food, Public Safety, Legal and Transportation Sections of this Region.

b. Additional officers have been provided through Headquarters A.C.C. as follows: -

i.	to supervise systems of Grain collection:	Lt Col H.J. Walker
ii.	assistant - assigned Eastern SICILY :	Maj J.W. Clark
iii.	lent from A.A.I for one month :	
	assigned CALTANISSETTA	Lt R. Sheridan
	ENNA	Lt G Sparling
	AGRIGENTO	Lt D.J. Symington
	PALERMO	Lt T.A. O'Connor
iv.	to coordinate Public Safety and Military requirements :	Col Young Maggiore Anchino
v.	to coordinate Propaganda :	Captain Howard Owen

c. Immediately following the Regional Commissioner's return on 3 JUL from conference at NAPLES on the Grain situation, a final full coordinating conference was held with the Italian authorities to ensure maximum pressure throughout the island to enforce grain collection. Thereafter daily contact was maintained with the High Commissioner, Carabinieri and Legal officials, and A.C.C. officers have concentrated upon field-work in provinces and communes.

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

the Executive, Economics & Supply, including Agriculture and Food, Public Safety, Legal and Transportation sections of this Region.

b. Additional officers have been provided through Headquarters A.C.C. as follows: -

i. to supervise system of grain collection: Lt Col W.J. Walker

ii. assistant - assigned Eastern SICILY : Maj J.W. Clark

iii. lent from A.A.I for one month :

assigned CALTANISSETTA — Lt R. Sheridan
ENNA — Lt C Sparling
AGRIGENTO — Lt D.J. Symington
PALERMO — Lt T.A. o'Connor

iv. to coordinate Public Safety and Military requirements : Col Young
Maggiore Zanchino

v. to coordinate Propaganda : Captain Howard Owen

c. Immediately following the Regional Commissioner's return on 3 JUL from conference at NAPLES on the Grain situation, a final full coordinating conference was held with the Italian authorities to ensure maximum pressure throughout the island to enforce grain collection. Thereafter daily contact has been maintained with the High Commissariat, Carabinieri and Legal officials, and A.C.C. officers have concentrated upon field-work in provinces and communes.

d. Propaganda has been extensively used, and much credit is due to Mr Bernard BEVAN of P.W.B. for the magnificent hand extended to help this campaign. The film of the "Grandi del Popolo" has arrived together with a sound-film-van: both these are being directed by Captain Howard OWEN of A.C.C. Public Relations.

e. Minimum quotas have been fixed for each province by the High Commissioner's Inspectorate of Agriculture, and these broken down by Provincial Inspectors so as to provide a target figure for each commune. The total minimum quota for the island was fixed at 3,100,000 quintals which is sufficient to feed the rationed part of the four million plus population of SICILY for one year - the daily figure required being approximately 9,000 quintals.

f. On 30 JUN 6,802 quintals had been collected; on 01 JULY 234,251 quintals. The provincial quotas and total figures collected to date are as follows:

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

PROVINCE	MINIMUM QUOTA TO BE CONFERRED	GRAIN CONFERRED 27 JUN - 3 AUG 44 QUINTALS	PERCENTAGE OF MINIMUM QUOTA
AGRIGENTO	500.000	65.000	13 %
CALTANISSETTA	600.000	72.100	12
CATANIA	400.000	44.800	11
ENNA	300.000	30.000	10
MESSINA	50.000	.700	1.4
PALERMO	600,000	7.900	1.3
RAGUSA	90.000	23.350	26
SIRACUSA	260.000	24.500	9
TRAPANI	300.000	23.900	8
TOTAL	3,100.000	293.250	9.4 %

g. Denunciation and confiscation continue as a result of maximum effort of Carabinieri throughout the island. The following figures show seizures to date:

i. Totals of confiscations since start of campaign:

	(Grain)	(Barley)	(Flour)	(Pasta)	(Other cereals)	
Carabinieri	6508	313	163	59	305	quintals
Guard.Finanza	384	75	20	14	18	
Agenti P.S.	1790	79	152	46	170	
Railway Police	160	-	76	19	12	
TOTALS	8902	467	411	138	505	

ii. Total denunciations and arrests are:

Illegal detention	Illegal transport	Illegal Purchase	Illegal sale	Stolen

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

TRAPANI	[illegible]	[illegible]	[illegible]
TOTAL	3,100.000	292.250	9.4 %

g. Denunciation and confiscation continue as a result of maximum effort of Carabinieri throughout the island. The following figures show seizures to date:

i. Totals of confiscations since start of campaign:

	(Grain)	(Barley)	(Flour)	(Pasta)	(Other cereals)	
Carabinieri	6568	313	163	59	305	quintals
Guard.Finanza	384	75	20	14	18	
Agenti P.S.	1730	79	152	46	170	
Railway Police	160	-	76	19	12	
TOTALS	8902	467	411	138	505	

ii. Total denunciations and arrests are:

	Illegal detention	Illegal transport	Illegal Purchase	Illegal sale	Stolen
CARABINIERI	311	2382	154	108	5
Guard Finanza	53	129	45	19	-
Agenti P.S.	136	809	231	174	7
Railway Police	-	273	145	-	-
TOTALS	500	3593	575	301	12

h. Legal Division report the following number of persons denounced and arrested for grain contraventions up to 29 JUL - the larger proportion being from AGRIGENTO and CATANIA:

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

Illegal detention	500
Illegal transport	1891
Illegal purchase	575
Illegal sale	361
Stolen	12
Total	4979

In CATANIA sentences of three to four years and over have been passed on 21 persons with fines ranging from L. 1,000 - L. 30,000. Also two in CALTANISSETTA, one of 6 years imprisonment and L. 50,000 fine and the other 4½ years imprisonment and a fine of L. 275,000. Although all judicial results are not entirely satisfactory a marked improvement is shown.

18. Food - The tense situation, referred to in the JULY report owing to the exhaustion of the imported rations before the new wheat crop was ready for milling, was averted by the arrival of the "GIULIO C. FITCH" at CATANIA with 9,000 tons of wheat, 7,000 of which were loose and required sacking. For the first time the Civil Authorities took over the goods at ship-side and, with the indefatigable assistance of Major HELM, the work was done to timetable, and the grain despatched by rail, road or schooner to the anxious provinces. The 400 tons of flour borrowed from 55 AMSA was also repaid. At the end of JULY the harvest collections showed some improvement, but only approximately one week's supply remained collected and unconsumed in the island. It was therefore necessary throughout JULY to advise the High Commissioner to suspend the issue of pasta and to limit the ration temporarily to 200 grs of bread. Stocks of sugar are still low, and no issues have been made to the population since MAY 44.

19. Transfer of canned foods to Civil Authorities - Delay in handing over supplies has continued as Commandatore Andreoli has still received no orders from his government concerning payment. The hand-over of 40 more warehouses is therefore delayed, and serious depreciation of stocks is taking place.

20. Balance of Trade - As at ANNEX A to this report is included the list of commodities imported for civilian use from date of occupation to 31 JUL 44. ANNEXE B shows the goods exported giving a value of lire 243,661,110 to U.S.A. lire 21,625,700 to

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

2182

was ready for sailing, was averted by the arrival of the "[illegible] FIRE" at CATANIA with 5,000 tons of wheat, 7,000 of which were loose and required sacking. For the first time the Civil Authorities took over the goods at ship-side and, with the indefatigable assistance of Major DELIO, the work was done to timetable, and 400 grain despatched by rail, road or schooner to the anxious provinces. The 400 tons of flour borrowed from 55 AMGA was also repaid. At the end of JULY the harvest collections showed some improvement, but only approximately one week's supply remained collected and unconsumed in the island. It was therefore necessary throughout JULY to advise the High Commissioner to suspend the issue of pasta and to limit the ration temporarily to 200 grs of bread. Stocks of sugar are still looking, and no issues have been made to the population since MAY 44.

19. Transfer of seized foods to Civil Authorities - Delay in handing over supplies has continued as Commandatore [illegible] has still received no orders from his government concerning payment. The hand-over of 10 more warehouses is therefore still good, and serious depreciation of stocks is taking place.

20. Balance of Trade - As APPENDIX A to this report is included the list of commodities imported for civilian use from date of occupation to 31 JUL 44. APPENDIX B shows the goods exported giving a value of lire 143,663,440 to U.K.: lire 21,366,000 to US,: lire 242,614,280 to MALTA.

21. Exports - The greater part of the month has been spent in surveying and organising the supply of chucks for lemon cases for the considerable export programme envisaged for the winter. Major STEPHENS and Mr. PADILLA have been on tour in CALABRIA to consolidate these arrangements.

22. P.O.L. - The following amounts of P/C.L. have been issued for essential civilian use in SICILY during JULY:

PETROL	252,162	U.S. Gallons
NAFTA	432,310	" "
PETROLIO	235,980	" "
Lubricating OIL	24,948	" "
GREASE	9,755	" "

Total civilian issues since 1 NOV 43 are shewn in APPENDIX A. Generally speaking the POL allocation worked out well and with

729

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

of this division has been devoted to the Grain Campaign. The figures for potatoes delivered to the Consorzio up to 29 JUL are below expectations at 16,660 quintals. Army requirements appear to be lessening: Black Market prices are 30 - 35 lire per KG.

H. LABOR.

24. No strike has occurred during the month, though action has been threatening among sulphur miners in CALTANISSETTA who are still awaiting action on the agreement between owners and miners which was submitted to A.C.C. and Italian Government at the beginning of the month. Agreements with Tramway workers are also pending decisions at ROME.

25. The reduction to the S.A.I.A. bus services from PALERMO owing to fuel cuts resulted in a discharge of 200 employees, with consequent unrest. It has been possible to arrange for a temporary resumption on a reduced basis.

26. Difficulty is experienced in obtaining unskilled labourers for the Armed Forces at lire 50 per 8 hr day. For a recent operational priority contract it was necessary to authorise payment at a higher rate in order to obtain completion on schedule.

27. A PALERMO Port Executive Committee has been formed by M.W.T. with a view to coordinating the Allied problems encountered during use of port facilities. The following personnel attend:

Garrison Commander PALERMO
rep U.S.N.O.B.
M.W.T. officials
rep F.B.S.
reps R.A.S.C. (Fuel)
S.F.O. (R.N.)
A.C.C. Labor officer
A.C.C. Fuel officer

I. PUBLIC WORKS.

28. The past month has seen the regularisation including preparation of decrees and payment of contracts for many jobs carried out under A.M.G.

29. Work in the city of MESSINA is progressing and from OCT 43 to JUN 44 about lire 100 M. have been spent there and much value obtained for this outlay.

30. Two BAILEY Bridges have been successfully delaunched for C.R.E. during the month and traffic maintained by temporary or other means.

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

26. Difficulty is experienced in obtaining unskilled labourers for the Armed Forces at lire 50 per 8 hr day. For a recent operational priority contract it was necessary to authorise payment at a higher rate in order to obtain completion on schedule.

27. A PALERMO Port Executive Committee has been formed by M.W.T. with a view to coordinating the Allied problems encountered during use of port facilities. The following personnel attend:

Garrison Commander PALERMO
rep U.S.N.C.B.
M.W.T. officials
rep F.S.S.
reps R.A.S.C. (Fuel)
S.T.O. (R.N.)
A.C.C. Labor officer
A.C.C. Fuel officer

I. PUBLIC WORKS.

28. The past month has seen the regularisation including preparation of decrees and payment of contracts for many jobs carried out under A.M.G.

29. Work in the city of MESSINA is progressing and from OCT 43 to JUN 44 about lire 100 M. have been spent there and much value obtained for this outlay.

30. Two BAILEY Bridges have been successfully delaunched for C.R.R. during the month and traffic maintained by temporary or other means.

31. Efforts are being made to accelerate all bridge programmes before the arrival of winter rains. The PALERMO cement works is operating to assist these works for a period of 6 - 8 weeks.

32. Prisons - Work is starting to enlarge accommodation facilities at CALTANISSETTA, and plans are being prepared for RAVICHANA and AUGUSTA.

33. Up to 30 APR 44 the total expenses for PUBLIC WORKS and UTILITIES amounted to lire 733,813,850. A break-down is shown as APPENDIX C.

J. UTILITIES.

34. The gas works at PALERMO closed 31 JUL owing to decision of A.F.L.R.S. (SICILY) to cease further coal allotments. The works had been in action since the middle of MAY, but had proved unsatisfactory owing to low strength of gas-arrival due to general dislocation of pipes caused from bombings. The closing of these works

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

will increase the demand for charcoal for cooking.

35. The electric system has been improved during the month with the re-introduction of the PORT EMPEDOCLE plant of which the motor has been repaired by U.S.N.C.B. and though designed for 5,000 K.W. is now capable of running at 2,000.

K. PUBLIC SAFETY.

36. The grain campaign has been the principal occupation of the police forces during the month, and to this work the police have been committed to a maximum degree.
Nevertheless crime has held its own: one large armed band in CALTANISSETTA province, and another in AGRIGENTO province have been successfully attacked and dissipated, and some of the ring-leaders killed or arrested, but there has been an increase in armed hold-ups in TRAPANI province, and a large armed band is suspected in CATANIA province.

37. The rate of serious crimes is still high, but is on the decrease as compared with last year.

	Dec 43	Feb 44	Jul 44
Voluntary murders	36	28	35
Attempted murders	34	50	14
Robberies	313	139	108
Extortions	21	9	6
Swindles	19	19	11
Damages	36	41	32
Aggravated thefts	2139	1106	868
Simple thefts		646	430

The general average of crimes brought home by police is 80%. About 600 dangerous criminals are known to be at large, and firearms including hand-grenades are plentiful.

38. There has been an appreciable increase in convictions and sequestrations for black market offences, as follows:

MONTH	Value of sequestrations	Arrests
MAY	845,680 lire	187
JUN	1,115,562 lire	201
JUL	4,351,279 lire	930

39. The visit of Colonel Young, Deputy Director of A.C.C. Public Safety Division, coincided with the completion of "battle plans" for the grain campaign in conjunction with the army and all po[illegible]

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

Voluntary murders	56	28	28
Attempted murders	34	30	14
Robberies	213	129	108
Extortions	21	9	6
Swindles	19	19	11
Damages	36	41	22
Aggravated thefts	2125	1106	863
Simple thefts		646	450

The general average of crimes brought home by police is 50%. About 600 dangerous criminals are known to be at large, and firearms including hand-grenades are plentiful.

38. There has been an appreciable increase in convictions and sequestrations for Black Market offences, as follows:

MONTH	Value of sequestrations	Arrests
MAY	845,680 lire	187
JUN	1,115,562 lire	201
JUL	4,851,279 lire	930

39. The visit of Colonel Young, Deputy Director of A.C.C. Public Safety Division, coincided with the completion of "battle plans" for the grain campaign in conjunction with the army and all police forces. Generals BRANCA of 6th Legion Carabinieri has insisted on the utmost devotion to the grain collection and has had thereby much influence on the communal committees. The grain results shown by sequestrations and arrests are given in paras G. 17. g. i. and ii. above.

40. The issue of passes for travel between SICILY and the Mainland is confused and requires constant attention. A number of persons are permitted to cross from the Mainland to SICILY without proper passes and on occasions with a car.

41. The announcement from the Italian Government which appeared in the Press stating the dissolution of "tutte le forze della polizia" had an adverse affect on the police morale during a critical period when their utmost endeavours were being demanded for the grain campaign.

42. AXIS DIPLOMATS. A number of diplomats formerly representing enemy powers at the VATICAN arrived in CATANIA by air 12 JUL for enforced seclusion at HOTEL MIRAMARE, TAORMINA. They are in good conditions there under guard but are anxious to proceed on their way. Major PEARSON of the Political Section was sent to supervise

Declassified E.O. 12356 Section 3.3/NND No. 785014

their stay.

L. LEGAL.

42. No cases have been tried in Allied military courts during the month, and none are pending.

43. Accumulations of pending cases still persist, but efforts have been made to urge early action. The normal vacation will not be observed as normally, but Italian tribunals and procura will continue to function with a reduced personnel. Courts of Assise will close 1 Aug to 29 Sep.

44. All the Italian military courts in Sicily were visited during the month by Generals Thorne and Major Templer.

45. At Appendix D is given a return of cases affecting Allied interests. In view of the abnormally large figures shown an early investigation is to be made.

M. PUBLIC HEALTH.

46. The health of the Island continues generally satisfactory.

47. 56 persons were bitten by dogs suspected of having rabies; 50 of them in the province of CATANIA.

48. Civilian stockholding at the General Medical Depot continues has delayed the distribution of medical supplies to provinces.

49. The campaign against V.D. in Sicily continues vigorously despite departure of many troops from the Island.

N. REFUGEES.

50. No further organised parties of refugees have arrived, but considerable numbers of REFUGEES have made their way back from the Italian mainland zone unofficial. At the same time, certain evacuees attempted to organise premature repatriation of refugees to ITALY on instructions received direct from the ITALIAN Government. These movements have been prohibited.

51. Plans have been completed at Palermo, to check refugees entering the Island by all means, and Guardia di Finanza, Carabinieri, and Italian Navy are cooperating.

52. Agricultural refugees are unable to return to their districts.

O. CIVIL AFFAIRS.

2179

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

47. The health of the inland corridor remains satisfactory.

48. 56 persons were killed by Iraqi suspected of civil, sixteen 39 of them in the province of CAGLIARI.

49. Civilian stockpiling at the central medical depot continues and has delayed the distribution of medical supplies to provinces.

50. The campaign against T.B. in cattle continues vigorously despite departure of many troops from the island.

7. MOVEMENT.

51. No further organised parties of refugees have arrived, but considerable numbers of refugees have made their way down from the mainland causing some confusion. At two ports, Bari in Apulia attempted to organise precise registration of refugees to assist in instructions received direct from the ITALIAN Government. These movements have been prohibited.

52. Plans have been completed as present, to check civilian traffic inland by all means, and Guardia di Finanza, Carabinieri, and Italian Navy are cooperating.

53. Agricultural refugees are unable to return to their districts.

8. COMMUNICATIONS.

54. Communications of A.C.C. have increased with the closing of 2 DEPOTS and I.B.C.

55. The cable ship MONARCH has been active repairing submarine cables between islands of the SICILY group.

56. The location of A.C.C. 2 suggests that the CAGLIARI-BIZERTE cable may not be used for security reasons owing difficulties in maintaining contact with this island under A.M.G. control.

9. TRANSPORTATION.

57. Adequate transportation has been provided for the "grand deplacement", but shortages of tyres and particularly tubes are severely felt. About 150 otherwise serviceable I.W.T. lorries are off the road for this cause. In July I.W.T. spent like 2 M. on tyres in the "open market".

58. The inland railway system has continued to progress towards normality. Many works have been speeded up and the NORTH-CAGLIARI

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

line is 75% finished expecting completion by 15 SEP. The PALERMO-MESSINA line and the MESTO bridge should also be in running order within the month of AUGUST.

59. Arrangements have been made for a number of vehicles to be made available for the Mainland:

3 Diesel coaches, 400 railcars including 75 tanks, and 35 (best) engines. Sufficient will be left to maintain a restricted service.

Q. PROPERTY CONTROL.

60. All former Fascist properties have now been handed over to the Italian authorities, with the exception of the "CORRIERE DI SICILIA" at CATANIA which is awaiting conveyance.

R. POSTAL.

61. Civil censorship is now in PALERMO and SYRACUSE only.

62. Civil mails for ITALY have been despatched to NAPLES satisfactorily in the past through the NAVY. In future it is intended to despatch direct from provincial centres.

63. Telegraphic services are working and Army Mail has been speeded up.

S. FINANCE.

64. Prices and cost of living continue to increase. Taking January 44 index figure as 100, February was 101.3 and June 129.95.

65. Transfer of foodstuffs to Italian authorities was held up by Comm. BRUSCHI of U.R.D. as from 31 JUL because of high prices fixed for sale, and since BRUSCHI had received no instructions on subsidies permissible to bridge the gap between the official price and that which the public can afford.

66. 800 million A.M. lire notes have been moved to Headquarters ROME during the month.

67. The accounts section withdrew to ROME early in JULY together with Major BRAY of A.F.A.

68. The Banca d'Italia has been instructed by its Head Office to transfer metropolitan lire 500 million to CATANZARO via MESSINA. In view of the need for currency on the island in connection with the grain campaign, the Banca considered only lire 100 Million could be spared.

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

62. Civil mails for ITALY have been despatched to NAPLES satisfactorily in the past through the NAVY. In future it is intended to despatch direct from Provincial centres.

63. Telegraphic services are working and Army Mail has been speeded up.

8. FINANCE.

64. Prices and cost of living continue to increase. Taking January 44 index figure as 100, February was 101.2 and June 129.95.

65. Transfer of foodstuffs to Italian authorities was held up by Comm. BRUSCHI of U.N.R.R. as from 31 JUL because of high prices fixed for sale, and since BRUSCHI had received no instructions on subsidies permissible to bridge the gap between the official price and that which the public can afford.

66. 600 million A.M. lire notes have been moved to Headquarters ROME during the month.

67. The accounts section withdrew to ROME early in JUNE together with Major BRAY of A.F.A.

68. The Banca d'Italia has been instructed by its Head Office to transfer metropolitan lire 500 million to CATANZARO via MESSINA. In view of the need for currency on the island in connection with the grain campaign, the Banca considered only lire 100 million could be spared.

69. Normal commercial banking operations are still practically at a standstill, and deposit accounts in general are on the increase. Some business in Real Estate is evident. Postal savings deposits are increasing.

70. Revenue collection continued satisfactory. June figures show lire 206,246,718 as compared with 160,756,778 of June 1943.

71. The following are the four main present day problems requiring attention of Regional Finance Division:

a. Method of payment for exports to U.K., U.S.A., North Africa and MALTA.
b. Method of payment for imports from U.K., U.S.A.
c. Final channelling of responsibility in relation to blocked accounts.
d. Advances to Ready Nationals.

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

T. PERSONNEL.

72. Strength of Region I on 1 JULY was

	Assigned		Attached	
	BR	U.S.	BR	U.S.
Officers	34	24	3	6
EM/OR	30	38	10	4

73. During the month the following numbers left for fresh assignments.

	British	U.S.
Officers	5	7
EM/OR	12	9

A number are alerted for August.

74. "A" Coy 2675 Regt U.S. - Administration has become increasingly difficult on the departure of I.B.S. and is not aided by the phone difficulties between PALERMO and ROME. NO pay-rolls had arrived from H.Q. by 7th of next month.

75. Major ELLIS and Major KEYES of G-5 examined staff problems of SICILY Region I during JULY with a view to the "civilisation" at some later date of A.C.C. personnel, or perhaps of its substitution by an economic mission.

U. CONCLUSION.

76. SICILY has now been under A.M.G. or A.C.C. counsel for just over one year. Perhaps the greatest fault - or is it praise - that can be found in Region I is a too rapid return to a state of normal peace-like economic activity together with local politics and slow administration. As for over three thousand years, SICILY still suffers from internal disunion and too great a spirit of selfish independence and local patriotism. The grain campaign - which is being run under the High Commissioner even if greatly aided by A.C.C. pressure - will be the touchstone of SICILY's ability or failure to administer herself. For the future, the prosperity or poverty of SICILY is a matter for SICILY herself to make - there is little more A.C.C. can do for her.

2177

A. M. HANCOCK Col

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

phone difficulties between PALERMO and ROME. No pay-rolls [illegible] from H.Q. by 7th of next month.

75. Major ELLIS and Major KEYES of G-5 examined staff problems of SICILY Region I during JULY with a view to the "civilisation" at some later date of A.C.C. personnel, or perhaps of its substitution by an economic mission.

U. CONCLUSION.

76. SICILY has now been under A.M.G. or A.C.C. counsel for just over one year. Perhaps the greatest fault - or is it praise - that can be found in Region I is a too rapid return to a state of normal peace-like economic activity together with local politics and slow administration. As for over three thousand years, SICILY still suffers from internal disunion and too great a spirit of selfish independence and local patriotism. The grain campaign - which is being run under the High Commissioner even if greatly aided by A.C.C. pressure - will be the touchstone of SICILY's ability or failure to administer herself. For the future, the prosperity or poverty of SICILY is a matter for SICILY herself to make - there is little more A.C.C. can do for her.

A.N. HANCOCK
Colonel
Regional Commissioner

MF
17 AUG 44

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

APPENDIX "A" to July Report

IMPORTS TO DATE OF COMMODITIES FOR CIVILIAN USE FROM DATE OF OCCUPATION TO 31 JUL 44

Flour	721;168	Qtls
Wheat	493,104	"
Pasta	12,851	"
Pasta....from Malta	2,718	"
Sugar	65,630	"
Potatoes..(Seed)	45,744	"
Coffee	1,123	"
M. & V. Stew	65,633	"
Milk Condensed Sweetened	1,041	"
Milk Powdered	4,075	"
Milk Tinned	19,050	"
Soya Flour	223	"
Dehydrated Soups	65,048	"
Bouillon Cubes	332	"
Biscuit British Army	9,285	"
Vegetables Dried	54,871	"
Rations...(Tinned foods)	11,234	"
Corned Beef Hash	13,094	"
Corned Beef	3,519	"
Vegetable Puree	342	Cases.
Chili Con Carne	1,563	Qtls
Vienna Sausage	337	"
Hash M. & V.	1,938	"
Luncheon Meat	1,769	"
Soap Laundry	3,373	"
Medical Supplies	8,292	Cases
Newsprint	3,765	Qtls
Paper	732	"
Matches	126	"
Insect Spray	36	(5 Gall cans)
Insect Powder	2,691	Cases
Calcium Hudrochloride	169	Qtls
Nitrate	11,622	"
Potash	10,536	"
Rock Phosphate	23,751	"
Calcium Carbide	1,267	"
Calcium Chloride	225	"
Sodium Carbonate	180	"
	1,533	Cases

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

2176

Vegetables Dried	54,871	"
Rations...(Tinned foods)	11,234	"
Corned Beef Hash	13,094	"
Corned Beef	3,519	"
Vegetable Puree	342	Cases.
Chili Con Carne	1,563	Qtls
Vienna Sausage	337	"
Hash M. & V.	1,938	"
Luncheon Meat	1,769	"
Soap Laundry	3,373	"
Medical Supplies	8,292	Cases
Newsprint	3,765	Qtls
Paper	732	"
Matches	126	"
Insect Spray	36	(5 Gall cans)
Insect Powder	2,691	Cases
Calcium Hydrochlorides	169	Qtls
Nitrate	11,622	"
Potash	10,636	"
Rock Phosphate	23,751	"
Calcium Carbide	1,267	"
Calcium Chloride	225	"
Sodium Carbonate	180	"
Clothing	1,533	Cases
Cloth	807	"
Roofing Paper	40,347	Rolls
Caustic Soda	9	Qtls
Hemp for Binder Twine	728	"
Copper Sulphate	2,347	"
Sprayers Knapsack Type	140	Units
Paper Safety Green	896	Qtls
Hides Sheep from Sardinia	400	Units
Coal....to 31 May 44	1,133,550	Qtls
Coal...Sardinian..to 31 May 44.....	225,820	"
Nafta.....1 Nov 43 to 31 Jul 44...	10,500,000	Litres.
Benzina...1 Nov 43 to 31 Jul 44...	7,500,000	"
Petrolio..1 Nov 43 to 31 Jul 44...	3,200,000	"

2176

429

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

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

EXPORTS FROM SICILY.

APPENDIX "B"

1. Goods exported from Sicily to U.K. to 31 Jul 44.

Total Value Lire	Commodity		Sicily total	Palermo	Catania	Messina	
81.993.395	Lemons	cases	525,892	253,299	167,166	80,643	
10.649.175	Bitter Oranges	"	60,663	6,966	387		
8.581.700	Ovali Sweet Orang.	"	24,049				
42.041.156	Lemon Oil	Kilos	133,044.16	38,729	89,506.36	4,808.80	
7.[illegible]4.388	Orange Oil	"	17,519.32	3,000	14,591.92		
1.6o1.077	Tangerine Oil	"	2,582.54		2,582.54		
30.190.000	Bergamot Oil	"	48,000			48,000	
2.393.719	Lemon Juice	gals	77,215		68,530	8,685	
102.950	" "	Kilos	2,059			2,059	
158.080	Orange Juice	"	1,976			1,976	
35.295.740	Filberts	Qtls	15,515.79	2,757.64	4,444.45	8,313.70	
12.906.240	Almonds, shelled	"	4,302.08	4,302.08			
40.276.427	Almonds, unshelled	"	38,534.60	3,705.60			
8.450.187	Argols	"	3,875.32		2,375.32	1,500	
5.234.000	Wines	"	900	900			
4.008.000	Sumac ground	"	4,175	4,175			
230.184	Pumice stone	"	2,433	2,433			
486.000	Mustard seed	"	486	486			
30.[illegible]0.300	Sulphur	tons	13,167	44	1,831		
671.392	Dried Figs	Qtls	119.04				
20.402.000	Citric Acid	"	2,750	2,500			
343.666.110							

2. Goods exported from Sicily to United States to 31 Jul 44.

7.552.000	Wines	Qtls	1,250	1,250		
14.074.000	Lemon Oil	Kilos	45,400		45,000	
21.626.000						

3. Value of goods exported from Syracuse to Malta to 31 Jul 44

Oct 43...1,599,230	Jan 44...19,295,894	Apr.44...35,817,844
Nov 43...9,961,470	Feb 44...48,961,965	May 44...50,622,610
Dec 43..15,498,005	Mar 44...34,893,720	Jun 44...11,575,899
		Jul 44...14,387,588

21900

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

FROM SICILY. APPENDIX "B" to July Report.

. to 31 Jul 44.

Sicily total	Palermo	Catania	Messina	Syracuse	Licata	P.to Emped
525,892	253,299	167,166	80,643	24,786		
60,663	6,966	387		53,310		
24,049				24,049		
133,044.16	38,729	89,506.36	4,808.80			
17,519.32	3,000	14,591.92				
2,582.54		2,582.54				
48,000			48000			
77,215		68,530	8,685			
2,059			2,059			
1,976			1,976			
15,515.79	2,757.64	4,444.45	8,313.70			
4,302.08	4,302.08					
38,534.60	3,705.60			34,829		
3,875.32		2,375.32	1,500			
900	900					
4,175	4,175					
2,433	2,433					
486	486					
13,167	44	1,881			1,030	10,206
119.04				119.04		
2,750	2,500					250

ited States to 31 Jul 44.

1,250	1,250					
45,400		45,000				

acuse to Malta to 31 Jul 44

4...19,295,894	Apr.44...35,317,844	
4...48,961,965	May 44...50,622,610	
4...34,893,720	Jun 44...11,375,899	
	Jul 44...14,387,588	Total...242,614,225

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

PUBLIC WORKS and UTILITIES

EXHIBIT C
to JCLL Report

Type of work	Expenses from occupation until April 30 1946
Bridges	
Road Repair.	
Road Maint.	$43,948,007
Aqueducts and water supply.	20,515,864
Malaria Control.	5,468,907
Sewers.	41,417,026
Demolition and Removal of Debris.	64,363,367
Schools.	46,515,623
Hospitals.	2,852,159
Prisons and Courts.	10,548,000
Buildings.	97,215,020
Buildings occupied by Allies.	17,068,361
Harbors and Light Houses.	1,363,459
Arts and Monuments.	34,925,985
Gas Plant Repairs	3,000,000
Electric Co.	10,700,000
Total	735,615,650

217

2182

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

APPENDIX D
to JULY Report

RETURN OF CASES AFFECTING ALLIED INTERESTS.

Province	No. of acc. awaiting trial in custody.	Awaiting trial not in custody.	Average prison period awaiting trial.
PALERMO	403	153	2 - 3 months
CATANIA	706*	9430*	3 - 4 "
MESSINA	386*	475*	3 - 5 "
ENNA	1	-	1 - 2 "
AGRIGENTO	1	17	1 - 2 "
RAGUSA	(included in Catania)		
SIRACUSA	-do-		
CALTANISSETTA	6	33	1 - 2 "
TRAPANI	29	62	1 - 2 "

* It is felt these figures must include cases other than those affecting Allied interests.

2/2.6

YOUR REFERENCE: 497/44/GA.

R5/502/10/1
5 AUGUST 1944.

TO	INIT	DATE
Public Safety	Ian	14/8
Public Health	Ian	16/8
Interior	V Aug 17	
Legal	VAH Aug 25	
Education	RBG Aug 28	
Attachments	GARR Aug 8	
Property Cont.	MC 29/8	
Admin Sec.		

PLEASE PASS QUICKLY

10 AUG 1944

13 AUG 1944

REGION V.

MONTHLY REPORT

FOR

JULY 1944.

2172

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

11 AUG 1944

REGION V.

MONTHLY REPORT

FOR

JULY 1944.

2172

July 44
Admin
Sec

1400

413

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

REGION V

MONTHLY REPORT
FOR
JULY 1944.

YOUR
REF: 497/44/CA.

R5/502/10/1
5 August 44.

A. POLITICAL REACTION AND POPULAR OPINION.

1. There has been no notable reaction in consequence of the liberation of the northern provinces of Region V. The Liberation Committees were seemingly tinged with Communism, but later observation indicates that the Communism is more apparent than real.

The Patriot bands, made up of many shades of political opinion, were handled considerately but firmly and are now generally dispersed. The people were not particularly impressed by the bands and welcomed their disarmament.

Generally, after the first wild enthusiasm had subsided, the population is very favourable to the Allies and appreciates the problems which AMG faces in the new provinces.

The prospect of a splendid harvest has in no small measure contributed to the general content.

B. LOCAL GOVERNMENT - PROVINCIAL.

2. Foggia and Campobasso Provinces reverted to the Italian Government on July 20, while Macerata and Ancona remain under AMG Eighth Army, operationally.

On the whole, the Italian provincial government has been able to take over administration to a reasonably satisfying extent. Some changes of prefects and heads of departments have been necessary and others may be anticipated from time to time.

C. ECONOMICS AND SUPPLY.

3. The newly occupied provinces presented grave problems of supply, but it was possible to distribute commodities in fair quantity. These supplies were either railed from BARI to ORTONA (the present RHQ) or drawn from former Eighth Army AMG stockpiles.

ASCOLI-PICENO, MACERATA and TERAMO proved self-sufficient in grain; the other provinces had to import, but will, with the exception of AQUILA, be self-sufficient after the harvest is completed.

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

were not particularly impressed by the bands and welcomed their disappearance.

Generally, after the first wild enthusiasm had subsided, the population is very favourable to the Allies and appreciates the problems which AMG faces in the new provinces.

The prospect of a splendid harvest has in no small measure contributed to the general content.

B. LOCAL GOVERNMENT - PROVINCIAL.

2. Foggia and Campobasso Provinces reverted to the Italian Government on July 20, while Macerata and Ancona remain under AMG Eighth Army, operationally.

On the whole, the Italian provincial government has been able to take over administration to a reasonably satisfying extent. Some changes of Prefetti and heads of departments have been necessary and others may be anticipated from time to time.

C. ECONOMICS AND SUPPLY.

3. The newly occupied provinces presented grave problems of supply, but it was possible to distribute commodities in fair quantity. These supplies were either railed from BARI to ORTONA (the present Rhd) or drawn from former Eighth Army AMG stockpiles.

ASCOLI-PICENO, MACERATA and TERAMO proved self-sufficient in grain; the other provinces had to import, but will, with the exception of AQUILA, be self-sufficient after the harvest is completed.

Salt and Olive Oil are commodities which the population has long been without; provision of salt has been arranged, but there seems to be little hope of any Olive Oil supplies until after the next crop. The lack is of great importance, and unfavourable repercussions may be anticipated until a reasonable amount is made available.

2171

4. The physical handling of AMG supplies has been committed to the Consorzio Agrario in most provinces, and distribution in accordance with Food Sub-Commission ration scales is handled by the S.P. Alimentazio, under the supervision of P.S.Os.

It is felt that the rationing system is more rigid than is necessary or practical. CAMPOBASSO is on a higher cereal ration than the other provinces, which are all grain producers, and this discrimination is likely to affect the collection of grain and to render cereal rationing more difficult in the other provinces.

...../ 2

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

5. The POL situation continues to be unsatisfactory, partly through failure of supplies and partly through lack of transport. A substantial portion of the supplies obtained were either begged from Army or salvaged from captured enemy stocks.

It is expected that the rationing scheme will be ready to be put into operation in all provinces by 1st Sept 44.

6. The extending of L of C ahead of the Rhd at ORTONA creates a big transport problem which is gradually being solved by the creation of additional Transport Pools and by the provision of schooner traffic along the Adriatic Coast.

Inadequacy of communications entails a very considerable time lag between the issue of important instructions and their receipt. This condition has added considerably to the feeding problem, but is expected to ease as work now in progress on roads and telecommunications approaches completion.

D. AGRICULTURE, FORESTRY AND FISHERIES.

7. Despite gloomy prophecies by farmers and officials alike, the harvest proceeded quite satisfactorily in spite of irregular and inadequate supplies of POL from Allied sources. Threshing operations were hampered by lack of POL, but it is expected that the availability of the new grain will only be delayed, and that the total will not be greatly below the potential.

8. Lack of transport for Italian officials is still seriously hampering plans for making those officials fully responsible and is also a contributing factor to the slow progress in instituting the new Communal Committees scheme which is thereby in danger of lapsing into the usual Italian state of apathy.

9. The reopening of fishing is hampered by the presence of mines and by demolitions at Adriatic ports, but limited supplies are being landed.

E. LABOUR.

10. Except in Aquila City area, there exists no appreciable unemployment problem. On the L of C and at ports there is inclined to be a scarcity of labour for services purposes.

Harvest labour has been ample, but recent wage increases were not applied in all cases.

The liquidation of Fascist labour institutions is complete and the reformed bodies are getting under way.

F. PUBLIC WORKS AND UTILITIES.

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

D. AGRICULTURE, FORESTRY AND FISHERIES.

7. Despite gloomy prophecies by farmers and officials alike, the harvest proceeded quite satisfactorily in spite of irregular and inadequate supplies of POL from Allied sources. Threshing operations were hampered by lack of POL, but it is expected that the availability of the new grain will only be delayed, and that the total will not be greatly below the potential.

8. Lack of transport for Italian officials is still seriously hampering plans for making those officials fully responsible and is also a contributing factor to the slow progress in instituting the new Communal Committees scheme which is thereby in danger of lapsing into the usual Italian state of apathy.

9. The reopening of fishing is hampered by the presence of mines and by demolitions at Adriatic ports, but limited supplies are being landed.

E. LABOUR.

10. Except in Aquila City area, there exists no appreciable unemployment problem. On the L of C and at ports there is inclined to be a scarcity of labour for services purposes.

Harvest labour has been ample, but recent wage increases were not applied in all cases.

The liquidation of Fascist labour institutions is complete and the reformed bodies are getting under way.

F. PUBLIC WORKS AND UTILITIES.

11. The water supply is generally satisfactory, despite enemy destruction of reservoirs, etc. The restoration of a supply to Pescara City presented a big problem owing to the wholesale destruction and to the presence of mines, etc. Meanwhile, makeshift measures have been adopted in Ancona City and elsewhere.

In those cases where extensive repairs are necessary, it is imperative that these shall be completed before winter sets in. Repairs to sanitary services are proceeding satisfactorily.

12. Limited electricity facilities have been restored in the larger centers for urgent needs only. The demands for grain milling are being met as quickly as possible. No restoration of gas supply services has been undertaken or contemplated.

..... / 3

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

2170

G. PUBLIC SAFETY.

13. The CC.RR had in some cases become demoralized through action of so-disent patriots, but this was speedily put right, and conditions are now satisfactory throughout the Force. Lack of communications and transport hampered greater efficiency, and these aspects required immediate attention.

Apart from two murders and minor freebooting by so-called patriot bands, there was no serious crime. Black Market activities continue on a reduced scale, but give no serious cause for present anxiety.

With the onward sweep of the zone of operations, the Italians are clamouring for unrestricted travel. Control imposes a heavy strain on police officers.

14. Fire services were almost universally without workable equipment, but the personnel was generally efficient. The absence of equipment in many cases was due to lack of tires for the vehicles.

15. AMG courts are being reduced to a minimum, and up to date in the forward provinces it has been unnecessary to assemble courts on more than a few occasions.

CHIETI has been responsible for over 80 per cent of the occasions upon which courts had to be assembled.

The only General Court was held in CAMPOBASSO, and it resulted in the conviction of the three accused persons on a charge of espionage. The respective sentences were death, life imprisonment and 15 years imprisonment.

16. The Italian courts are functioning in most Regional territory, but there is a general lack of sufficient Pretori and Cancellieri. This lack may become more pronounced in the new provinces when screening has been carried out.

The Court of Appeal sat in CAMPOBASSO and will sit in AQUILA during August.

Damage to courts has in some instances delayed the opening of Tribunali, but the Pretura courts have nevertheless functioned in the Tribunali.

H. PUBLIC HEALTH.

17. The general health of the population is very satisfactory, and there is no appreciable deterioration due to the ravages of war or from lack of foodstuffs.

The hospitals in practically all the main centers are functioning satisfactorily; where a small hospital in a commune has been damaged every endeavour is made to find a building suitable for resuming work as quickly as possible.

No drugs have been available in the warehouse during the month. A new Regional warehouse has been established in the G.I.L., AQUILA, and 12 tons of

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

occasions.

CHIETI has been responsible for over 80 per cent of the occasions upon which courts had to be assembled.

The only General Court was held in CAMPOBASSO, and it resulted in the conviction of the three accused persons on a charge of espionage. The respective sentences were death, life imprisonment and 15 years imprisonment.

16. The Italian courts are functioning in most Regional territory, but there is a general lack of sufficient Pretori and Cancellieri. This lack may become more pronounced in the new provinces when screening has been carried out.

The Court of Appeal sat in CAMPOBASSO and will sit in AQUILA during August.

Damage to courts has in some instances delayed the opening of Tribunali, but the Pretura courts have nevertheless functioned in the Tribunali.

H. PUBLIC HEALTH.

17. The general health of the population is very satisfactory, and there is no appreciable deterioration due to the ravages of war or from lack of foodstuffs.

The hospitals in practically all the main centers are functioning satisfadorily; where a small hospital in a commune has been damaged every endeavour is made to find a building suitable for resuming work as quickly as possible.

No drugs have been available in the warehouse during the month. A new Regional warehouse has been established in the G.I.L., AQUILA, and 12 tons of supplies are expected to arrive in the first week of August.

18. Reports received from new provinces as to the incidence of V.D. are as yet too inconclusive to form a basis for competent judgment. Special Treatment Centers are available and PHOs have been instructed to see that the Public Health Sub-Commission's instructions are carried out re examination and treatment. Prostitution has been brought under control by the police authorities.

19. No extensive area of mosquito infestation. An Italian malariologist has been appointed to the Region and is expected to arrive at an early date.

20. A very satisfactory position in regard to Welfare is reported in all provinces. The old Italian organizations have been revived and are generally functioning in a satisfactory manner. The Regional Welfare Officer is touring the Region and dealing with details.

2169

..... / 4

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

I. EDUCATION.

21. It is planned to reopen schools generally on 1 September. Shortage of approved textbooks may limit such opening for the present to central locations.

J. REFUGEES.

22. To care for the increasing number of refugees passing through, refugee camps under Region V were opened during the month at Ascoli, Teramo and Chieti. Two Army camps, 3 and 13, were also operating at San Giorgio and San Vito respectively. On 22 Jul 44 the combined camps 14 and 15 were moved forward from Venafro and Campobasso to Ortona to establish a railhead camp in a building, which on previous reconnaissance was considered suitable and opened on 30 July for reception.

23. The problem of refugees in the Region has been somewhat serious; they appear to be moving without authority from all directions. Orders from AAG Army and IRB appear to be conflicting and do not help solve the problem. A plan for billetting in the communes, which, when functioning, should help to relieve the movement south, is approaching completion.

It is strongly recommended that, at the present time, no movement from south to north for repatriation should be allowed.

K. COMMUNICATIONS.

24. In Foggia and Campobasso routine maintennance of roads and reconstruction of bridges proceeded.

In the newly occupied provinces, despite the ravages of war, practically all roads are open to traffic, limited however in some instances. The Italian civil engineering organization is being reorganized, and priorities of work are being indicated and controlled.

25. The only railway repairs being undertaken are from Ancona northwards, and the Termoli - Campobasso line.

Telegraph lines generally were found substantially damaged or non-existent; post-offices and exchanges were damaged at three provincial centers. Limited local telephone communications have been restored in many cases, but long-distance telephone and telegraph communications cannot be completely restored for many months to come.

26. Postal services of a limited nature are operating or in readiness in five provinces; lack of suitable transportation restricts operation in two provinces.

L. PROPERTY CONTROL.

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

plan for billetting in the communes, which, [illegible] relieve the movement south, is approaching completion.

It is strongly recommended that, at the present time, no movement from south to north for repatriation should be allowed.

K. COMMUNICATIONS.

24. In Foggia and Campobasso routine maintenance of roads and reconstruction of bridges proceeded.

In the newly occupied provinces, despite the ravages of war, practically all roads are open to traffic, limited however in some instances. The Italian civil engineering organization is being reorganized, and priorities of work are being indicated and controlled.

25. The only railway repairs being undertaken are from Ancona northwards, and the Termoli - Campobasso line.

Telegraph lines generally were found substantially damaged or non-existent; post-offices and exchanges were damaged at three provincial centers. Limited local telephone communications have been restored in many cases, but long-distance telephone and telegraph communications cannot be completely restored for many months to come.

26. Postal services of a limited nature are operating or in readiness in five provinces; lack of suitable transportation restricts operation in two provinces.

L. PROPERTY CONTROL.

27 Church properties belonging to the Wesleyan Methodist Missionary Society of London were brought under control. Similarly, certain properties of American citizens were controlled and others are being dealt with as quickly as possible. 2165

Nine cases of blocked bank accounts were reported as were a number of cases of securities of Allied nationals held by the Italian government. Italian State property is being satisfactorily cared for by the Italian authorities.

M. FINANCE.

28. The majority of the banks have been reopened and are functioning. Communes have been advanced funds, steps have been taken to bring social insurance benefits to the level of the rates obtaining in King's Italy, and post-offices are slowly returning to normal functioning.

Substantial payments have been made to A Force, but no advances of A.F.A. funds have been made in AMG territory.

..... / 5.

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

The position regarding revenue in Campobasso has improved.

Aquila is being dealt with now, and each province will be covered in turn. Apathy and inefficiency is too generally prevalent among Italian officials, but with the establishment of a pool in Rome it is to be hoped that more suitable officials may be found.

Robert P. Marshall

ROBERT P. MARSHALL,
Colonel, FA,
Regional Commissioner,
Region V.

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

2204

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

2167

HEADQUARTERS REGION VII

ALLIED CONTROL COMMISSION

Adm Sec 7/136

File Ref: RVII/R/71/51

Date: 9 Aug 44.

SUBJECT: Monthly Report, Region VII, July 44.

TO: Headquarters,
Allied Control Commission,
R.C. & M.G. Section (Civil Affairs Branch).

Herewith monthly report, in quintuplicate, for the month of July 44.

A. Political Reactions and Popular Opinion.

1. The political situation is complex and there is considerable activity which extends to the smallest communes; but it is not considered that there is any cause for great anxiety on this account. Even in the event of a withdrawal of A.C.C. personnel from the Region leading to an outbreak of strife among the various parties it is considered that the CC.RR, existing police agencies and the Italian Army would be adequate to deal with it. The old principle of safety in numbers - in this case of the number of political parties - would seem to apply here. The increased bread ration should also be a stabilising factor.

2. No importance is attributed to fascism as a political factor. The fact that here and there arrests have been made, or are under consideration, of people working for fascist ends does not invalidate this statement. Many old fascists have transferred their allegiance to the Communist and Christian Democratic parties, and there is no evidence that their membership of these parties is being used as a cloak for fascist activity, or is in fact dictated by any motive other than opportunism and self interest.

3. The following political parties are now established and operating in this Region. All leaders are known to, and recorded at this H.Q. -

Communist Party, Christian Democratic Party, Socialist Party, Action Party, Democratic Labour Party, Democratic Liberal Party, Independent Democratic Party, Free Italy Movement, Italian Republican Party. 2100

B. Local Government - Provincial.

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

A. Political Reactions and Popular Opinion.

1. The political situation is complex and there is considerable activity which extends to the smallest communes; but it is not considered that there is any cause for great anxiety on this account. Even in the event of a withdrawal of A.C.C. personnel from the Region leading to an outbreak of strife among the various parties it is considered that the CC.RR, existing police agencies and the Italian Army would be adequate to deal with it. The old principle of safety in numbers - in this case of the number of political parties - would seem to apply here. The increased bread ration should also be a stabilising factor.

2. No importance is attributed to fascism as a political factor. The fact that here and there arrests have been made, or are under consideration, of people working for fascist ends does not invalidate this statement. Many old fascists have transferred their allegiance to the Communist and Christian Democratic parties, and there is no evidence that their membership of these parties is being used as a cloak for fascist activity, or is in fact dictated by any motive other than opportunism and self interest.

3. The following political parties are now established and operating in this Region. All leaders are known to, and recorded at this H.Q. -

Communist Party, Christian Democratic Party, Socialist Party, Action Party, Democratic Labour Party, Democratic Liberal Party, Independent Democratic Party, Free Italy Movement, Italian Republican Party. 2168

B. Local Government - Provincial.

4. Reggio is still the only Province which has a Deputazione Provinciale. In Catanzaro it is in process of formation and members are expected to be nominated shortly. Nothing has been done in this direction at Cosenza.

5. Reggio now joins with Catanzaro in boasting a Giunta Provinciale, the members of this body being elected at a meeting of the Deputazione Provinciale on 18 July. Giunta Municipales have been formed so far only for the municipalities of Reggio and Catanzaro. The work of forming the Giuntas in the communes is however proceeding apace.

There is nothing to report from Cosenza where progress in local government is held up pending the appointment of a new Prefect.

6. The Prefect of Catanzaro continues to be dilatory in enforcing defascistization, raising first one pretext and then another.

(23)

Declassified E.O. 12356 Section 3.3/NND No. 785014

C. Economic Resources and Supply.

7. Grain/flour supplies: As a result of the cessation of sea borne supplies the stock position has deteriorated to a low level and the Region is at present being maintained from the local harvest and imports from Regions II and V. However so long as imports on present scale continue, no difficulties are anticipated in maintaining existing ration until end of Sept. Owing to difficult supply position in July it was not possible to distribute the increase of 550 grams per week. However as from 1 Aug. 350 grams of pasta or flour per week will be distributed to those communes which have made a satisfactory return of ration cards withdrawn. It is hoped that by Aug. 15 stock position will be such as to permit the introduction of the full scale of 550 grams flour or pasta per week.

8. Ration Cards: These are being withdrawn as fast as possible as the harvest progresses, and so far 100,000 have been withdrawn. This progress is not however considered satisfactory and a blitz is being carried out which will it is hoped produce improved results. It is not however expected to arrive at the total of 500,000 ration cards withdrawn which would represent the 30% of the population assessed previously to have retentions and therefore not entitled to ration cards. This assessment was made rather hurriedly and it is now considered that 17% would be a considered assessment.

9. Transportation: This region is now maintained entirely by rail borne supplies, and this has proved reasonably satisfactory although there have been anxious moments. The withdrawal from this Region of 34 load carrying vehicles.during July coming together with the increased grain to be transported to implement the increased ration led to a situation which at one time appeared critical and the fact that there was no breakdown in the bread ration now seems miraculous.

10. Dehydrated soup, meats, and stews: Partly because of the price being too high, and partly because of differences in national diet, these do not go well, and the Consorzio Agrario are left holding large stocks. The Black Market price of tinned meat is lower than the official one! It is recommended that these items be not sent in future. Credit notes totalling 25,000,000 lire being difference between old and new prices have been issued to Consorzio to enable them to liquidate their stocks bought in June without heavy losses.

11. Olive Oil: The collection of olive oil has been proceeding slowly under the direction of Major Duncan detached from the Food Sub-Commission. Up to 31 July 23,600 quintals of oil had been shipped to Naples from Reggio and Catanzaro provinces. There is still considerable traffic in Black Market oil to Naples by various means, particularly by train, and occasional raids carried out on trains by Police have yielded rich hauls of oil.

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

will it is hoped produce ... arrive at the total of 500,000 ration cards withdrawn which ... the 30% of the population assessed previously to have retentions and therefore not entitled to ration cards. This assessment was made rather hurriedly and it is now considered that 17% would be a considered assessment.

9. Transportation: This region is now maintained entirely by rail borne supplies, and this has proved reasonably satisfactory although there have been anxious moments. The withdrawal from this Region of 34 load carrying vehicles during July coming together with the increased grain to be transported to implement the increased ration led to a situation which at one time appeared critical and the fact that there was no breakdown in the bread ration now seems miraculous.

10. Dehydrated soup, meats, and stews: Partly because of the price being too high, and partly because of differences in national diet, these do not go well, and the Consorzio Agrario are left holding large stocks. The Black Market price of tinned meat is lower than the official one! It is recommended that these items be not sent in future. Credit notes totalling 25,000,000 lire being difference between old and new prices have been issued to Consorzio to enable them to liquidate their stocks bought in June without heavy losses.

11. Olive Oil: The collection of olive oil has been proceeding slowly under the direction of Major Duncan detached from the Food Sub-Commission. Up to 31 July 23,600 quintals of oil had been shipped to Naples from Reggio and Catanzaro provinces. There is still considerable traffic in Black Market oil to Naples by various means, particularly by train, and occasional raids carried out on trains by Police have yielded rich hauls of oil.

12. Local Resources: Tanning Extract has now entered the list of commodities produced in this Region with the starting up of two factories, one at Cosenza, the other at Catanzaro Marina. All production will be at the disposal of the Special Commissioner for Hides.

Production of charcoal has been actively carried on in all three provinces and it is estimated that at present 18,000 tons are available for export. Stocks continue to accumulate owing to lack of transport. Timber, Silk, Bergamot Oil, and Briarwood continue to be produced and call for no particular comment here.

13. Price tendencies: There has been a gradual decline in Black Market prices which after all are the only satisfactory barometer of economic conditions. The reasons are several; first the increased price to grain growers and the consequent greater attraction of the granai del popolo scheme; secondly the increased ration scale, and thirdly the greater availability of seasonal vegetables and fruits in the market. At one time bread fell as low as Lire 30 per kilo, but rose again to Lire 50 when the increased ration was not forthcoming on 1 July.

2165

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

D. Agriculture, Forestry and Fisheries.

14. From a farmer's point of view the harvest is satisfactory both as to yield and quality, and harvesting is proceeding under ideal weather conditions. Collection, however, is another story. So far this Region has collected 83,000 quintals. The target figure is 290,000 quintals but it will not be possible to say whether this will be reached or not until the end of this month.

15. It is not considered that Black Market operations are at present very large, but it is feared that quite a considerable quantity of grain is being withheld by producers for sale at a later date. Family and seed retentions make this difficult to control, and it is probable that the only real cure will be a house to house search after sowing is completed. CC.RR have not been entirely inactive and in some cases have brought prosecutions and obtained convictions.

16. Provincial and Communal Agricultural Committees. The Provincial Committees are much improved both as to their methods and their activities, but the Communal Committees which are very much out of touch and lack supervision are in many cases far from what they should be. Closer liaison and intensive visiting is the remedy here.

17. Fertiliser Situation: Principal source of fertilisers for the Region is the Montecatini Factory at Crotone. This is ready to start production as soon as supplies of phosphate, due from North Africa early August arrive. Stocks of raw pyrites (obtained within the Region) are at a satisfactory level despite transport difficulties.

18. Collection of Silk Cocoons: Owing to mortality among silk worms, and evasion on the part of producers and spinners, this has not been satisfactory, and is proceeding only with great difficulty.

19. Grape and Wine production: Owing to lack of transport stocks of wine are already very high, and storage of the new vintage will be difficult unless these stocks can be moved. This is an important industry here and much economic hardship among the considerable proportion of the population connected with the industry is likely to result.

E. Labour.

20. Unemployment is not a major problem. Owing to incomplete registration statistics are very approximate and difficult to obtain. Unemployment exists mainly in the Provincial Capitals amongst the construction and building trades.

21. Italian Labour Offices: The Italian Government has now established a Regional Labour Office which during the month of July was in charge of

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

16. Provincial and Communal Agricultural Committees. The Provincial Committees are much improved both as to their methods and their activities, but the Communal Committees which are very much out of touch and lack supervision are in many cases far from what they should be. Closer liaison and intensive visiting is the remedy here.

17. Fertiliser Situation: Principal source of fertilisers for the Region is the Montecatini Factory at Crotone. This is ready to start production as soon as supplies of phosphate, due from North Africa early August arrive. Stocks of raw pyrites (obtained within the Region) are at a satisfactory level despite transport difficulties.

18. Collection of Silk Cocoons: Owing to mortality among silk worms, and evasion on the part of producers and spinners, this has not been satisfactory, and is proceeding only with great difficulty.

19. Grape and Wine production: Owing to lack of transport stocks of wine are already very high, and storage of the new vintage will be difficult unless these stocks can be moved. This is an important industry here and much economic hardship among the considerable proportion of the population connected with the industry is likely to result.

E. Labour.

20. Unemployment is not a major problem. Owing to incomplete registration statistics are very approximate and difficult to obtain. Unemployment exists mainly in the Provincial Capitals amongst the construction and building trades.

2164

21. Italian Labour Offices: The Italian Government has now established a Regional Labour Office which during the month of July was in charge of AVV. Alessandro Bruni, of Matera, and serves both Regions II and VII. This official is responsible for supervising the Provincial Labour Offices. The organisation suffers from absence of transport and is greatly handicapped thereby.

22. Labour Disputes: During the month of July the Regional Labour Officer was able to settle 4 major disputes where the Provincial Labour Office had been unable to reach any agreement. There is only one now pending, that involving the Societa Elettrica delle Calabrie, and the Regional Labour Officer has made appropriate recommendations in this case.

23. Labour Legislation: The Provincial Labour Offices report a large number of labour controversies which do not involve wage increases, but rather violation of the provisions of existing collective labour contracts. The Directors have urged that legislation by the Italian Government is essential to clarify the judicial powers of their offices with respect to mediation, conciliation, and arbitration.

533

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

F. Public Works and Utilities.

24. Military Highways: There are no changes of program to record here and normal maintenance and reconstruction continues. Total value of work done on these at end of July amounted to L. 36,679,000 of which L. 9,379,000 has been expended.

Other Highways: Approval was recommended for L.767,000 worth of work in this month, and for L. 2,055,000 worth of work to be carried out.

25. Public Works: Approval has been recommended for 16 projects amounting to L. 3,402,000.

26. Anti-malarial campaign: This is progressing with excellent results, and the supplies of Paris Green and Gas-oil are adequate for the next month. Use is also being made in streams of larva eating minnows. 125 pairs of shoes for malarial workers have been distributed.

27. Electricity: Very drastic cuts have had to be made all round in order to stay within the reduced allotment.

G. Public Safety and Italian Courts.

28. Crime: The incident at S. Eufemia d'Aspromonte was reported in my Confidential RVII/90/1 of 11 July, and the two leaders not apprehended then have since been arrested. This is a part of Reggio Province which 15 years ago before the existing roads were built up into the Aspromonte, was completely dominated by bandits.

29. Allied Deserters: This is assuming serious proportions. Deserters are aware of the lack of military police in this Region - it is understood that there are only 7 MP's covering the whole of Southern Italy - and information is received daily as to the whereabouts and conduct of deserters or suspected deserters, but with the limited personnel available very little can be done.

30. Italian Courts: Italian courts generally are operating satisfactorily but complaints have been received to the effect that in many cases of Black Market offences, and offences against the grain laws, the sentences have been much too lenient. This matter has been taken up with the legal division and proper approach has been made to the Italian Legal Authorities.

H. Public Health.

31. There is now no Regional Public Health Officer at this H.Q.

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

shoes for malarial workers have been distributed.

27. Electricity: Very drastic cuts have had to be made all round in order to stay within the reduced allotment.

G. Public Safety and Italian Courts.

28. Crime: The incident at S. Eufemia d'Aspromonte was reported in my Confidential RVII/90/1 of 11 July, and the two leaders not apprehended then have since been arrested. This is a part of Reggio Province which 15 years ago before the existing roads were built up into the Aspromonte, was completely dominated by bandits.

29. Allied Deserters: This is assuming serious proportions. Deserters are aware of the lack of military police in this Region - it is understood that there are only 7 MP's covering the whole of Southern Italy - and information is received daily as to the whereabouts and conduct of deserters or suspected deserters, but with the limited personnel available very little can be done.

30. Italian Courts: Italian courts generally are operating satisfactorily but complaints have been received to the effect that in many cases of Black Market offences, and offences against the grain laws, the sentences have been much too lenient. This matter has been taken up with the legal division and proper approach has been made to the Italian Legal Authorities.

H. Public Health.

31. There is now no Regional Public Health Officer at this H.Q. 165
There have been 5 cases of small pox at Micastro, limited to patients in the hospital there, where the original case contracted in Naples was treated. The Medico Provinciale has tightened quarantine measures.

I. Education.

32. Nothing to report.

J. Refugees.

33. There has been no movement of Refugees into the Region during the month. The lot of those already settled in communes in the Region remains unenviable, and many are trying to return to their homes despite instructions issued by Prefects to the Sindaci that they are not to move without permission of the Italian Government.

K. Communications.

34. There is nothing to add to last month's report under this heading.

(22)

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

L. Property Control.

35. As stated in last month's report, this officer has now left.

M. Finance.

36. Funds for the financing of Provincial budgets are not forthcoming from the Ministry of Finance when due, and Provinces are accordingly embarrassed and unable to meet their commitments for Provincial and communal relief and other items. The same situation obtains with regard to the various ministries.

37. The Bank of Italy in Calabria is faced with a scarcity of loans. While continuing to increase their interest bearing deposits the banks are unable to employ this money advantageously in the form of loans and discounts which have reached a new low. This makes the refusal of the Bank of Naples to accommodate the Consorzii with seasonable loans at a lesser rate than 7½% all the more inexplicable in the light of limited earnings and excessive unemployed deposits. The Bank contends that it cannot deviate from published rates.

38. Emigrants Remittances: The Bank of Naples in Calabria reports an appreciable increase in emigrants remittances during July. Up to and including 25 July 6419 separate remittances had been received totalling Lire 29,746,447 or 297,464 dollars.

G.G. FEASEY,
LT. COL. R.A.,
REGIONAL COMMISSIONER.

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

unemployed deportes. The Bank contends that it cannot deviate from published rates.

38. Emigrants Remittances: The Bank of Naples in Calabria reports an appreciable increase in emigrants remittances during July. Up to and including 25 July 6419 separate remittances had been received totalling Lire 29,746,447 or 297,464 dollars.

G.G. FEASEY,
LT. COL. R.A.,
REGIONAL COMMISSIONER.

2162

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

Brig. G.R. Mkpohn
Vice President
Admin Section

13071/F

22 August 1944

SUBJECT : Correction in Monthly Report of Finance Sub-Commission for July.

TO : Regional Commissioner
Region I
" II
" III
" IV
" V
" VI
" VII
" VIII
" IX
Senior Civil Affairs Officer
AMG Five Army
" Eight "
R.C., Region "Z"
R.C. & MG Section
Administrative Section
Political Section
All Sub-Commissions, HQ ACC

Regional Finance Officer
Region I
" II
" III
" IV
" V
" VI
" VII
" VIII
" IX
Senior Finance Officer
AMG Five Army
" Eight "

---

1. Reference is made to Finance Sub-Commission's letter I3071/F of 21 August 1944.

2. It will be appreciated if the following correction is made in the copy of the Report sent to you. The underlined words are the only part of the text which have been altered.

3. On page 5, section II, A I(b) the text should read as follows:-

"The entire deficit was covered by an increase in the floating debt, which rose from 170 billion lire on 30 June 1943, to an estimated 350 billion lire on 30 June, 1944 (this does not include any contingent liability for AM lire paid out by the Allied Financial Agency).

2161

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

AMG Five Army
" Eight "
R.C., Region "Z"
R.C. & MG Section
Administrative Section
Political Section
All Sub-Commissions, HQ ACC

AMG Five Army
" Eight "

---

1. Reference is made to Finance Sub-Commission's letter I3071/F of 21 August 1944.

2. It will be appreciated if the following correction is made in the copy of the Report sent to you. The underlined words are the only part of the text which have been altered.

3. On page 5, section II, A I(b) the text should read as follows:-

"The entire deficit was covered by an increase in the floating debt, which rose from 170 billion lire on 30 June 1943, to an estimated 350 billion lire on 30 June, 1944 (this does not include any contingent liability for AM lire paid out by the Allied Financial Agency).

2161

A.P. Greenhalgh

Joint Director,
Finance Sub-Commission.

Report corrected. 28/Nov. Hale 5/Sep.

874

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

2217

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

2/3.6

V.P. Admin. Section.

Please see Naples City report for the month of July. Professore Lugrosso has not been appointed President of the Court. His appointment has however, been proposed and will be referred to A.C.C.

Italian Goverrmert cannot appoint a successor so long as the present incumbent is in office and moreover this is the Prefect's duty with AMG (Naples City) approval. These are the facts.

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

19th August, 1944.

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

adv Int

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

9 August 1944

SUBJECT: Report for the Month of July 1944, Region 3, ACC.

TO : Executive Commissioner, Allied Control Commission.

1. Political Reactions and Popular Opinion.

a. The various political parties remain active and continue in their attempts to control public offices, but no party has a definite program or policy and therefore party membership tends to reduce rather than to increase. The general public continues to be more interested in food than in politics. The change to Italian Government and the withdrawal of ACC officers have caused general uneasiness which in some cases amounts to actual fear.

b. The following is quoted from the monthly report of the Provincial Commissioner of the Province of Salerno. "The big event of the month has been the departure of ACC Rear and the Italian Government, the general feeling being one of relief. Salerno town was much too small a community to compete with so many Government officials....."

c. During the month a number of political meetings were held for the announced purpose of celebrating the first anniversary of the fall of Fascism. However, these meetings were organized for the primary purpose of bringing public attention to the attractions of one or another of the political parties. In this respect the Communist Party was by far the most active. All meetings were orderly and well conducted.

2. Local Government.

a. Regional. Throughout Region 3, the change on 20 July 1944 from Allied Military Government to Italian Government (with the exception of the Comune of Naples), was viewed as premature, and I cannot help but join in this feeling. Numerous local Italian officials expressed great relief when they realized that ACC officers would still remain in the area. Local government suffers immeasurably from lack of Central Government direction. Despite the fact that ACC is now entirely advisory, local administration lingeringly hangs on to ACC for decision or direction. Local officials have not accustomed themselves to deal with the Prefettura and their conduct of affairs still tends to become retrogressive until Prefect's powers and their authority are better known and more energetically exercised. On the other hand, Prefects are handicapped by the absence of real directives from Rome. Local Italian officials exploit fully the handicaps under which it is recognized they must work.

b. City of Naples. Many people expressed satisfaction that Allied Military

to actual fear.

b. The following is quoted from the monthly report of the Provincial Commissioner of the Province of Salerno. "The big event of the month has been the departure of ACC Rear and the Italian Government, the general feeling being one of relief. Salerno town was much too small a community to compete with so many Government officials....."

c. During the month a number of political meetings were held for the announced purpose of celebrating the first anniversary of the fall of Fascism. However, these meetings were organized for the primary purpose of bringing public attention to the attractions of one or another of the political parties. In this respect the Communist Party was by far the most active. All meetings were orderly and well conducted.

2. Local Government.

a. Regional. Throughout Region 3, the change on 20 July 1944 from Allied Military Government to Italian Government (with the exception of the Comune of Naples), was viewed as premature, and I cannot help but join in this feeling. Numerous local Italian officials expressed great relief when they realized that ACC officers would still remain in the area. Local government suffers immeasurably from lack of Central Government direction. Despite the fact that ACC is now entirely advisory, local administration lingeringly hangs on to ACC for decision or direction. Local officials have not accustomed themselves to deal with the Prefettura and their conduct of affairs still tends to become retrogressive until Prefect's powers and their authority are better known and more energetically exercised. On the other hand, Prefects are handicapped by the absence of real directives from Rome. Local Italian officials exploit fully the handicaps under which it is recognized they must work.

b. City of Naples. Many people expressed satisfaction that Allied Military Government had retained control of the City. Professore Ingrosso, Sindaco of the City, was appointed President of the Court of Accounts at Rome. As a result, because of the expectation that with the appointment of a new Sindaco there would also be a new Giunta Comunale, it became almost impossible to get any active cooperation from either the Sindaco or the Giunta. Prompt appointment of a successor to Prof. Ingrosso is essential. In the meantime, all the political parties are indulging in a mad scramble to nominate the new Sindaco. The food situation was good until the latter part of the month, when purchases for Rome caused shortages and higher prices. At the end of June the population of the City was estimated to be 932,919 and the number of persons having a right to bread and pasta 835,847. On 30 July 1944 the total number of ration cards issued was 886,353. Employment was at an all time high, with some military units reporting that they were unable to get sufficient labor to meet their requirements. 98,000,000 lire was advanced to the Comune during the month. Expenditures by the City are not approved unless they are an actual necessity. However, a large part of the monies advanced have been for the repair of streets and highways required by Army authorities.

c. Province of Naples (less Comune of Naples). Sindaci and Giunte Comunali have been appointed in all communes. Apart from the City of Naples and other cities to its south, there appeared to be quite considerable quantities of food throughout the Province. The work of checking up on the ration cards and the classified holders thereof was found to be progressing rather casually, the Prefect's excuse being that the communes were not furnishing the desired information. The Provincial Commissioner

Declassified E.O. 12356 Section 3.3/NND No. 785011

"advised" the Prefect as to just what was wanted and prompt compilation of the desired statistics was expected to be forthcoming promptly. For the Province outside of the City of Naples, advances chargeable to the State amounted to 577,000,000 lire, compared with 566,000,000 lire for the month of June when the Comune of Naples was included.

d. Province of Avellino. The Giunte Comunali functioned very satisfactorily and Sindaci appeared to be making full use of these councils. To further the grain collection program, meetings at central points, of the Provincial Commissioner, of an Agricultural Officer, Sindaci and local Agricultural Committees, were arranged for. There was a very considerable increase in the number of troops in the Province, including French Colonial troops, resulting in complaints coming in respecting their behaviour.

e. Province of Benevento. Province and comune local government functioned well with no indication that the change to Italian Government had lessened the authority of the various bodies. During the month, the Provincial Commissioner visited eight central points in the Province, meeting in each case with the Sindaci and Giunte Comunali from surrounding communes, together with representatives of the church and the general public. In this way 65 of the 90 communes of the Province were covered. The food situation was satisfactory, assisted by importation of potatoes from the Province of Naples and pasta from Caserta.

f. Province of Salerno. At the beginning of the month, the Deputazione Provinciale was formed, consisting of a president, six members and two alternates. Four members and two alternates were selected to constitute the Giunta Provinciale Amministrativa, but were not yet confirmed. Thirty-five Giunte Comunali were formed, bringing the total to 43 out of 145 communes. Fourteen Sindaci were replaced. No payment was made to communes, for lack of instructions following the telegram received by the Prefect from the Ministry on 26 June 1944 to the effect that all payments were suspended pending further instructions.

3. Economic Resources and Supply.

a. Food Supply. The flour ration was increased from 150 grams to 240 grams per day, consisting of 200 grams of bread and 75 grams of pasta. The issue of olive oil was reduced and it was issued only in the City of Naples. Dried vegetables, canned meat and soup were not issued. Consumer prices were substantially reduced, but nevertheless the demand for soup and for meat and vegetable stew was almost negligible. On 1 July, Sezione Provinciale dell'Alimentazione, Naples, took over all stocks of wheat, flour, bran, pasta and groceries in mills and warehouses, thereby assuming control and responsibility.

b. Industries. There was continued activity on the rehabilitation of industrial plants and an additional 79 firms completed situation reports. Arrangements were made to produce within two months 500 tons of candles, of which 200 tons are to go to Region 4. A leather belting plant in Salerno and coke production of the Naples installations gas works were placed under the control of Region 3. At the Montecatini plant at Portici, production of sulphuric acid at the rate of 200 tons per month was started on

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

and pasta from Caserta.

f. Province of Salerno. At the beginning of the month, the Deputazione Provinciale was formed, consisting of a president, six members and two alternates. Four members and two alternates were selected to constitute the Giunta Provinciale Amministrativa, but were not yet confirmed. Thirty-five Giunte Comunali were formed, bringing the total to 48 out of 145 communes. Fourteen Sindaci were replaced. No payment was made to communes, for lack of instructions following the telegram received by the Prefect from the Ministry on 26 June 1944 to the effect that all payments were suspended pending further instructions.

3. Economic Resources and Supply.

a. Food Supply. The flour ration was increased from 160 grams to 240 grams per day, consisting of 200 grams of bread and 70 grams of pasta. The issue of olive oil was reduced and it was issued only in the City of Naples. Dried vegetables, canned meat and soup were not issued. Consumer prices were substantially reduced, but nevertheless the demand for soup and for meat and vegetable stew was almost negligible. On 1 July, Sezione Provinciale dell'Alimentazione, Naples, took over all stocks of wheat, flour, bran, pasta and groceries in mills and warehouses, thereby increasing control and responsibility.

b. Industries. There was continued activity on the rehabilitation of industrial plants and an additional 79 firms completed situation reports. Arrangements were made to produce within two months 540 tons of candles, of which 200 tons are to go to Region 4. A leather belting plant in Salerno and coke production of the Naples Portalli-amware gas works were placed under the control of Region 3. At the Montecatini plant at Portici, production of sulphuric acid at the rate of 900 tons per month was started on 3 July. Shortage of nails was a great problem. Output of shoes and of shoemaker's twine was greatly increased. A warehouse was requisitioned in connection with dyed salvaged uniforms for civilian distribution.

c. Commerce. Warehouse space continued to be a problem, one difficulty being 783 tons of caustic soda in warehouses, with 280 tons more in port. 2,368 tons of goods were handled in and out of warehouses during the month, including 1,105 tons of hemp and hemp products and 5½ tons of silk shipped to the United Kingdom.

d. Hemp. Production of rope, yarns and threads continued at about the average for the previous four months and production of canvas was approximately doubled. The provision of electric power in the Vesuvius and Maglano areas only at night, not only slowed down production, but caused social problems because of the large numbers of women workers. The processing of hemp reeds in retting ponds was difficult, because of the inability of carts to use military highways, and because of military establishments, including piles of ammunition, about the ponds. The orderly flow of hemp products into military channels was disrupted and congestion was caused in warehouses by the failure of units to withdraw 100 tons of rope covered by July release orders.

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

c. Prices. Studies and analyses of various commodities were made, including a comprehensive study of baking conditions. The cost of living in the City of Naples showed a downward trend.

4. Agriculture, Forestry and Fisheries.

a. Wheat. Harvesting continued and the following are the latest returns:

Avellino	7	tons
Benevento	634	"
Naples	670	"
Salerno	1145	"

The harvest in the Province of Avellino does not commence until August. Prospects for the People's Granary appeared good at first, but as farmers began to realize the likelihood of increasing prices for agricultural products, difficulties were encountered in collection of wheat.

b. Potatoes. The potato situation was upset by unauthorized purchasing from Rome. Trucks flocked into the Region from many provinces and in a very short time potatoes rose to 30 lire a kilo on the Naples Market. 500 tons of potatoes were released from warehouses for the Naples Market. The Prefect issued a decree prohibiting the export of potatoes except under licence. Finally the price of potatoes in Naples fell to 16 lire per kilo.

c. Fruit and Vegetables. The Rome Market affected fruit and vegetable prices to a marked degree. In spite of abundant supplies it was very difficult to keep prices down.

d. Meat. An outbreak of swine fever occurred and, in the belief that farmers were slaughtering infected animals and selling them on the market, the situation was brought to the attention of the appropriate authorities. Hog cholera was also prevalent, but there were 50,000 doses of preventive serum at Portici. An outbreak of foot and mouth disease was reported throughout the Region, but no preventive vaccine was available.

e. Olive Oil. The olive crop is extremely good. It is hoped that mine clearance will be covered in the northern part of the Region in time to assist in the harvesting.

f. Timber. Fruit boxes for exporting fruit were found to be too high in price and exporters stated that unless the cost could be lowered, it would prohibit export, because non-competitive prices would have to be charged.

g. Fisheries. Total receipts of fish in the Province of Naples were less, with market prices remaining unchanged. It was decided to abolish the Central Fishing Agency.

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

were released from warehouses for the [illegible] prohibiting the export of potatoes except under license. Finally the price of potatoes in Naples fell to 16 lire per kilo.

c. Fruit and Vegetables. The Rome Market affected fruit and vegetable prices to a marked degree. In spite of abundant supplies it was very difficult to keep prices down.

d. Meat. An outbreak of swine fever occurred and, in the belief that farmers were slaughtering infected animals and selling them on the market, the situation was brought to the attention of the appropriate authorities. Hog cholera was also prevalent, but there were 50,000 doses of preventive serum at Portici. An outbreak of foot and mouth disease was reported throughout the Region, but no preventive vaccine was available.

e. Olive Oil. The olive crop is extremely good. It is hoped that mine clearance will be covered in the northern part of the Region in time to assist in the harvesting.

f. Timber. Fruit boxes for exporting fruit were found to be too high in price and exporters stated that unless the cost could be lowered, it would prohibit export, because non-competitive prices would have to be charged.

g. Fisheries. Total receipts of fish in the Province of Naples were less, with market prices remaining unchanged. It was decided to abolish the Central Fishing Agency.

h. General. A citrus disease broke out in the Sorrento area. Horses and draft animals were very scarce in the northern part of the Region and the only [illegible] seems to be to get animals from further north to avoid great difficulty in plowing for winter wheat. At a main pumping station for land drainage, French Army Goums attacked the personnel of the station, with the result that they fled the station and pumping operations ceased.

2157

5. Labor. The Regional Labor Office continued to function in a creditable manner. The Conciliation and Arbitration Section of the Provincial Labor Office of the Province of Naples disposed of 103 labor controversies during the month. An employment office was opened at Bagnoli to serve the re-established heavy industries in that area. Considerable labor unrest developed following the publication of an order of the Regional Commissioner on 2 July 1944, concerning strikes and demonstrations. On 15 July, the Regional Commissioner addressed a large group of public utilities employees, with the result that workers now more clearly understand their rights, duties and obligations, and their cooperation was thereby assured. Eleven labor confederations were formed in the Province of Naples. The month showed decreased demand for workers by the Armed Forces. 10,680 workers were supplied to Allied organizations during July. 25,310 registered as unemployed. 13,788 unemployment certificates were issued. There was continued agitation in the Region concerning Cassa Integrazione, inasmuch as employees are required to contribute 5% of their pay to the Cassa, with no benefit to workers. It is hoped that a final decision on this matter may soon be reached by Headquarters. ACC.

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

Declassified E.O. 12356 Section 3.3/NND No. 785014

6. Public Works and Utilities.

a. Electricity. The allocation of electricity to the Region for July was 11,000,000 KWH. Because of consumption being less than the allocation in June, the Region was informed that the allocation for August would be 11,600,000 KWH. However, such decreases cannot be continued if essential industries are to be put back into operation and if allowance is to be made for the days growing shorter as we advance into the autumn. The five thousand KVA transformer installed in June at Torre Annunziata broke down and it is not yet known whether or not the damage can be repaired.

b. Water. The water system for the City of Naples continued to operate satisfactorily and under excellent sanitary conditions from the source of the water through the pumping stations. Chlorination of the entire water supply has been considered advisable, but has been found to be impracticable because of the lack of chlorine and chlorinating equipment. The water supply of the City of Avellino was adequate, but tests showed some of the water to be polluted and control measures were undertaken. Work was commenced to line with cement the tufo stone reservoir at Capodimonte, Naples, which will increase water pressure on high ground in the City of Naples and, for the first time, will give Chiaiano a direct water supply.

c. Gas. Coal for the gas works in the City of Naples came in quite regularly and two months' supply of coal was on hand at the end of July. The Salerno gas works commenced supplying gas for heating and cooking.

d. Roads, Bridges and Sewers. At the end of the month 48 road repair or maintenance contracts and 20 bridge repair or reconstruction projects were in progress. The Regional Communications and Utilities Officer during the month made inspection tours of roads in Avellino, Benevento and Salerno Provinces and found the roads to be generally in good condition. Within the City of Naples, work was completed on the Carra jail and a number of schools, public toilets and street and sewer repair projects. In Via Stella Polare, Naples, the various public utility repair projects were from 50% to 75% completed and the entire job was expected to be finished within a month. In the City of Avellino, work on the sewers was 75% completed. For repair of sewers in the City of Benevento, allocation of 180,000 bricks was made by Headquarters ACC.

7. Public Safety and Legal.

a. Civil Police. Reduction in strength of Civil Police organizations continued to be a problem. Every effort was made to reduce the numbers employed on special duty with the Allies, but it was found impossible to withdraw such Civil Police entirely, because of the Comune of Naples still being an important military zone remaining under Allied Military Government. All Civil Police agencies were as efficient as could reasonably be expected under abnormal conditions and they cooperated most satisfactorily. Despite some small improvement, the supply of arms, clothing, equipment and footwear remained unsatisfactory. However, morale continued fairly good.

b. Crime Conditions. The state of crime remained normal, with a slight

c. Gas. Coal for the gas works in the City of Naples came in quite regularly and two months' supply of coal was on hand at the end of July. The Salerno gas works commenced supplying gas for heating and cooking.

d. Roads, Bridges and Sewers. At the end of the month 18 road repair or maintenance contracts and 29 bridge repair or reconstruction projects were in progress. The Regional Communications and Utilities Officer during the month made inspection tours of roads in Avellino, Benevento and Salerno Provinces and found the roads to be generally in good condition. Within the City of Naples, work was completed on the Berra jail and a number of schools, public toilets and street and sewer repair projects. In Via Stella Polare, Naples, the various public utility repair projects were from 50% to 75% completed and the entire job was expected to be finished within a month. In the City of Avellino, work on the sewers was 75% completed. For repair of sewers in the City of Benevento, allocation of 150,000 bricks was made by Headquarters ACC.

7. Public Safety and Legal.

a. Civil Police. Reduction in strength of Civil Police organizations continued to be a problem. Every effort was made to reduce the numbers employed on special duty with the Allies, but it was found impossible to withdraw such Civil Police entirely, because of the Comune of Naples still being an important military zone remaining under Allied Military Government. All Civil Police agencies were as efficient as could reasonably be expected under abnormal conditions and they cooperated most satisfactorily. Despite some small improvement, the supply of arms, clothing, equipment and footwear remained unsatisfactory. However, morale continued fairly good.

b. Crime Conditions. The state of crime remained normal, with a slight lessening of civilian crime. Fewer crimes of violence were reported and black market offences decreased. There were 21 cases of forgery of Allied currency. There were no traces of the Mafia anywhere in the Region.

c. Conduct of Allied Troops. Relations with Military Police were good, apart from the French, who are not a bit cooperative and even neglect to answer letters and inquiries. Conduct of Allied troops did not show any marked improvement. There was too much drunkenness on the part of soldiers and sailors. Many reports of crimes of violence committed by soldiers and sailors were received. American Negro troops and French Colonial troops were concerned in a number of these cases, and the conduct of Canadian troops in Avellino leaves much to be desired. The increase of French troops in the Avellino area caused alarm among the civilian population, so that toward the end of the month civilians were unwilling to go out after dark and there was in fact a voluntary curfew. In the Frattamaggiore-Mola-Gaeta area, Italian troops and American Negro troops joined efforts in stealing and disposing of Allied property.

2156

Declassified E.O. 12356 Section 3.3/NND No. 785216

d. Fire and Civil Defense. The fire brigades continued to function satisfactorily and their position improved as to transport, although there is still shortage of equipment. Civil defense matters, taken over by the fire brigades, were satisfactorily handled.

e. Licensing and Registration. The control of civilian motor vehicles was effected by both mobile and stationary check posts established and worked by Military Police and Civil Police.

f. Prisons. The prison population decreased and the position became more satisfactory, although it was found not yet to be possible to close any of the small Mandamentali prisons. 250 long-term prisoners were sent to Sardinia. At the end of the month, prison population was 8,600, of whom 2,900 were awaiting trial.

g. Naples Society for the Protection of Animals. This organization was reactivated with two full-time and 31 part-time agents. The organization was found to have a deficit of 50,000 lire, which was partially offset by a donation of 20,000 lire from Headquarters 9th Sub-Area.

h. Black Market Control Section. This section of Region Headquarters was discontinued because of the impossibility of finding personnel for it and difficulty in obtaining proper cooperation from other authorities attempting the same work.

i. Allied Military Courts. Because of reduction in personnel, Provincial Legal Officers were withdrawn and the entire legal staff was set up to operate from Region Headquarters. 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	1436	80	1	1517
Not Guilty	30	4		34
Total	1466	84	1	1551

j. Italian Courts. In general Italian courts functioned satisfactorily. In the City of Naples they tried 5,782 cases, resulting in 4,740 convictions and 1,042 acquittals.

k. Regional Orders. Two Regional Orders and six Administrative Orders were issued during July. From and after 20 July 1944, such orders became applicable only to the Comune of Naples.

l. Security. The Regional Security Officer conducted 200 investigations of individual cases, including political appointments, and made 8 other investigations in connection with British soldiers desiring to marry Italian women.

8. Public Health and Welfare.

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

i. Allied Military Courts. Because of reduction in personnel, Provincial Legal Officers were withdrawn and the entire legal staff was set up to operate from Region Headquarters. 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	1436	80	1	1517
Not Guilty	30	4		34
Total	1466	84	1	1551

j. Italian Courts. In general Italian courts functioned satisfactorily. In the City of Naples they tried 5,782 cases, resulting in 4,740 convictions and 1,042 acquittals.

k. Regional Orders. Two Regional Orders and six Administrative Orders were issued during July. From and after 20 July 1944, such orders became applicable only to the Comune of Naples.

l. Security. The Regional Security Officer conducted 200 investigations of individual cases, including political appointments, and made 3 other investigations in connection with British soldiers desiring to marry Italian women.

2155

8. Public Health and Welfare.

a. Prevailing Diseases. Smallpox showed an unseasonable incidence in the Province of Naples and Benevento, approaching epidemic proportions in the cities of Afragola and Frattamaggiore. 416 cases of smallpox were reported in the Province of Naples and 106,913 vaccinations were administered in the Province. The Italian Medical Department of the Province of Naples reported that results with Italian produced vaccine have been lower than with American vaccine. Typhoid fever has persisted in all Provinces, but has not been unseasonable. 296 cases of malaria, all recurrent, were reported from the Province of Naples.

b. Sanitation. In most communes there was progressive improvement in the removal of rubble and garbage, but in the larger cities indiscriminate defecation on the streets and in other public places during black-out hours persisted. See paragraph 6 b above in regard to water supply.

c. Malaria Control. The month showed progressive improvement in drainage and in maintenance of irrigation systems. The Province of Salerno showed the best results. In the Province of Naples, flood water was practically all in the main canals. As a larvacide Paris green was substituted for petroleum, relieving to some extent the problem of transportation.

(523)

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

d. Welfare. The situation in the Riuniti Hospital in the City of Salerno was deplorable and the Provincial Commissioner made every effort to get the situation remedied by the Italian authorities. The standard of nursing service throughout the Region has been found to be very low, because nursing has not been considered as a profession, but rather on an inferior domestic level, and the pay has been ridiculously low. There was found to be a serious need of a public health nursing service and of nurses' training schools in the Region.

9. Education and Fine Arts.

a. Education. The schools of the Region were closed on 15 July for the school year, followed by final examinations conducted by examining commissions. Transfer of teachers, normally a large problem, but under current conditions greatly augmented, received careful attention. Removal of the Education Sub-Commission from Naples shifted to the Regional Educational Officer certain functions relative to the University of Naples and the printing of text-books. Estimates for repair of damaged school buildings and priority ratings thereon, were submitted. A Boy Scout Council for the Naples area was appointed and a leadership training course was instituted under Allied leadership to train Boy Scouts in the fundamentals of scouting.

b. Fine Arts. During the month ten trips were made in connection with projects of a protective nature, including Pompei to check on the progress of repairs of war damage and to furnish "Off Limits" signs for certain sections not feasible for visits by Allied Forces, and also including checking on the progress of the Benevento Cathedral project. Requisition and occupation by Coastal Base Section of several rooms in the Archivio di Stato, Naples, necessitated a protest to get the premises vacated again. A strong protest was lodged with American and British Military Headquarters, because troops at target practice were found to be firing into the area of the historical monuments at Cuma.

10. Refugees. Instructions were received that, within Region 3, refugee problems would be a matter for the Italian Government and that supervision would be from Headquarters ACC rather than from Regional level. There remained large numbers of refugees within the Region and one problem was found to be to try to prevent unauthorized movement of individual refugees back north toward their homes. Authorities to the south of the Region appeared to think nothing of permitting refugees to come to the City of Naples with no coordination of movement. The feeding and housing of refugees thus dumped in Naples was covered and was finally placed entirely in the hands of the Italian officials.

11. Communications.

a. Road Transportation. Since the inception of Region 3, there has been a constant problem of providing sufficient transportation for the Region's activities and during the month of July the problem continued to receive careful attention, both as to Government vehicles and requisitioned vehicles. Per instructions from Headquarters ACC, the Regional Transportation Officer turned over 20 British three ton trucks to

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

b. Fine Arts. During the month ten trips were made in connection with projects of a protective nature, including Pompei to check on the progress of repairs of war damage and to furnish "Off Limits" signs for certain sections not feasible for visits by Allied Forces, and also including checking on the progress of the Benevento Cathedral project. Requisition and occupation by Coastal Base Section of several rooms in the Archivio di Stato, Naples, necessitated a protest to get the premises vacated again. A strong protest was lodged with American and British Military Headquarters, because troops at target practice were found to be firing into the area of the historical monuments at Cuma.

10. Refugees. Instructions were received that, within Region 3, refugee problems would be a matter for the Italian Government and that supervision would be from Headquarters ACC rather than from Regional level. There remained large numbers of refugees within the Region and one problem was found to be to try to prevent unauthorized movement of individual refugees back north toward their homes. Authorities to the south of the Region appeared to think nothing of permitting refugees to come to the City of Naples with no coordination of movement. The feeding and housing of refugees thus dumped in Naples was covered and was finally placed entirely in the hands of the Italian officials.

11. Communications.

a. Road Transportation. Since the inception of Region 3, there has been a constant problem of providing sufficient transportation for the Region's activities and during the month of July the problem continued to receive careful attention, both as to Government vehicles and requisitioned vehicles. Per instructions from Headquarters ACC, the Regional Transportation Officer turned over 20 British three ton trucks to Region 6. A truck depot was opened at Salerno, with temporary depots at Scafati and Calvi Risorta, to meet the heavy rail program. On 17 July a passenger bus service between Naples and Rome was started, with a capacity of 50 daily each way.

b. Rail. ACC traffic bids amounted to 28,872 tons. A large number of civilian bids were received, but these had to be reduced because of other heavy movements by rail.

c. Shipping. Authority was received to transport empty wine casks by sea. A number of ACC shipping bids were handled for coastal movements.

d. Telecommunications. Telephone service from Naples to ten other cities was established for Italian Government use. Direct telegraph circuits were established from Naples to other cities, bringing the total of such lines to 13. At the end of the month, telegrams could be sent to all parts of southern Italy, with an average delivery time of two hours. No long distance telephone service was given to the public.

e. Postal. Delivery of letters and postcards was established on 1 July to the City of Rome and Vatican City, on 17 July to the Provinces of Campobasso and Rome, and on 24 July to the Provinces of Frosinone and Littoria.

(592)

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

Possession was obtained of Naples Station Sorting Office previously occupied by the Military Railway Service. Arrangements were made to send mail on the Naples-Bari military train daily instead of only twice a week. Foreign mail consisted of 158 bags of incoming civilian and prisoner of war mail weighing 2,313 kilos, and outgoing mail of 60 bags weighing 554 kilos for civilians and 113 bags weighing 743 kilos for prisoners of war.

12. Property Control. The Regional Controller of Property at the end of July had under control 396 pieces of real property, 44 business concerns, and 3,227 other items of which 2,987 were bank accounts and 173 were securities. Properties of twelve Allied subjects who are in the area have been restored to them.

13. Finance.

a. Banks. Cash holdings and deposits increased. Borrowings from Banca d'Italia by other banks were reduced. 300,000,000 lire in cash was sent to Rome. Banks as a whole appeared to be operating very smoothly, but the situation of the bank employees was extremely bad, many having sold their personal belongings to obtain food. Allied Financial Agency at Naples received Allied military currency in the amount of 3,938,000 lire. Remittances from the United States to Italian residents reached a total in excess of $1,000,000. In addition $500,000 has been remitted through this system for account of the American Red Cross. No direct remittances have been made from England.

b. Monopolies. There was a large distribution of cigarettes and plans were made to increase the weekly ration in August from two packs to three packs per male smoker. Production of cigars and fine-cut tobacco was sufficient to place these items on an unrationed basis. Distribution of the salt ration was delayed until the end of July because of the lack of transportation. It is planned that the next monthly distribution of 300 grams of salt per person will commence on 15 August. Tax collections on sale of alcohol increased.

c. Revenue. Direct and indirect tax collections for the Provinces of Naples and Benevento showed a good increase.

d. Italian Government Bonds. Sales and exchanges for the month exceeded redemptions by 260,000,000 lire. Unofficial meetings of the Naples Borsa were inaugurated to stop clandestine dealings. Prices were slightly lower, with the unofficial prices quoted in Naples about two points higher than the daily newspaper quotations in Rome, a disparity which no one could explain.

e. Relief for Allied Subjects. Advances totalling 465,200 lire were made to ninety United States and British subjects. 700 other persons were referred to Ente Communale Assistenza for relief.

John W. Chapman

2154

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

residents reached a total in excess of ₤1,000,000. In addition ₤500,000 has been remitted through this system for account of the American Red Cross. No direct remittances have been made from England.

b. Monopolies. There was a large distribution of cigarettes and plans were made to increase the weekly ration in August from two packs to three packs per male smoker. Production of cigars and fine-cut tobacco was sufficient to place these items on an unrationed basis. Distribution of the salt ration was delayed until the end of July because of the lack of transportation. It is planned that the next monthly distribution of 300 grams of salt per person will commence on 15 August. Tax collections on sale of alcohol increased.

c. Revenue. Direct and indirect tax collections for the Provinces of Naples and Benevento showed a good increase.

d. Italian Government Bonds. Sales and exchanges for the month exceeded redemptions by 260,000,000 lire. Unofficial meetings of the Naples Borsa were inaugurated to stop clandestine dealings. Prices were slightly lower, with the unofficial prices quoted in Naples about two points higher than the daily newspaper quotations in Rome, a disparity which no one could explain.

e. Relief for Allied Subjects. Advances totalling 165,200 lire were made to ninety United States and British subjects. 700 other persons were referred to Ente Communale Assistenza for relief.

John W. Chapman 2154

JOHN W. CHAPMAN,
Colonel, J.A.G.D.,
Acting Regional Commissioner.

(132)

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

Adm Sect.

SECRET

6139

HEADQUARTERS
ALLIED CONTROL COMMISSION
REGION 6

12 AUG Recd
9 August 1944.

HEADQUARTERS
11 AUG 1944
A. C. C.

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

Reference : HQ/1052

REGION 6
REPORT FOR JULY 1944

1. POLITICAL REACTIONS AND POPULAR OPINION

(a) The military events of the month coupled with the internal strife in Germany and the resignation of Tojo from the Japanese Cabinet have given rise to strong speculation concerning the ending of the war. Enthusiasm is noted among people belonging to every class. Many express the opinion that the war in Europe will end before the year is out and an atmosphere of confidence and hope prevails.
As against this the confusion over the introduction of the increased bread ration had a very unsettling effect.

(b) Recent incidents have revealed a tendency towards reprisals against ex-Fascists. Of particular note is the formation of "Action Squads" during the strike at Nuoro. These "Action Squads" are somewhat reminiscent of the "Enforcers" of the Fascist regime.

(c) The many appearances of Emilio LUSSU throughout the Island have been a dominant phase in the political scene. In his talks LUSSU expressed anti-Monarchist views. Because of his passage to the Italian Action Party LUSSU has lost a number of followers within the Sard Action Party. His attempt to bring about a merger of the two parties has failed. LUSSU, however, continues to enjoy a large following in Sardinia and will no doubt continue to be a prominent figure in the political life of the Island.
LUSSU at an interview at Regional Headquarters before leaving the Island appeared to exaggerate greatly the hardships of the people which he stated were infinitely worse that those being experienced on the Mainland; It may be that he had some particular reason for his exaggeration.

(d) The Communist Party continues to be very active especially in the IGLESIAS and SULCIS industrial sections. At GUSPINI in Cagliari Province (in addition to NUORO) the party is accused of having organised "Action Squads" whose prime purpose is to intimidate the masses into joining the Party.

(e) The Sard Action Party has passed through a state of crisis due to the passing of its most influential member, Emilio LUSSU, to the Italian Action Party. A number of prominent Sardinians feel that a strong

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

As against this the confusion over the [illegible] bread ration had a very unsettling effect.

(b) Recent incidents have revealed a tendency towards reprisals against ex-Fascists. Of particular note is the formation of "Action Squads" during the strike at Nuoro. These "Action Squads" are somewhat reminiscent of the "Enforcers" of the Fascist regime.

(c) The many appearances of Emilio LUSSU throughout the Island have been a dominant phase in the political scene. In his talks LUSSU expressed anti-Monarchist views. Because of his passage to the Italian Action Party LUSSU has lost a number of followers within the Sard Action Party. His attempt to bring about a merger of the two parties has failed. LUSSU, however, continues to enjoy a large following in Sardinia and will no doubt continue to be a prominent figure in the political life of the Island.
LUSSU at an interview at Regional Headquarters before leaving the Island appeared to exaggerate greatly the hardships of the people which he stated were infinitely worse that those being experienced on the Mainland; It may be that he had some particular reason for his exaggeration.

(d) The Communist Party continues to be very active especially in the IGLESIAS and SULCIS industrial sections. At GUSPINI in Cagliari Province (in addition to NUORO) the party is accused of having organised "Action Squads" whose prime purpose is to intimidate the masses into joining the Party.

(e) The Sard Action Party has passed through a state of crisis due to the passing of its most influential member, Emilio LUSSU, to the Italian Action Party. A number of prominent Sardinians feel that a strong Sardinian Party is essential if the Island is to obtain any benefits from the central Government.

(f) The Christian Democratic Party continues to make constant progress. The Party is most active in fighting Communism and is strongly supported by the Clergy of the Island.

(g) The Socialist Party's propaganda activities are rather limited. In spite of this, the Party has succeeded in steadily gaining members.

(h) The Liberal Party is composed of a large number of professionals and intellectuals but does not have a great numerical following.

(i) The Republican and Sard Agricultural Parties are practically non-existent.

/ (j) .....

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

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

(j) A new clandestine Fascist sheet has appeared in the latter part of the month. It is entitled "Repubblica Sociale" and is believed to be printed in CAGLIARI. The initial issue attempts to belittle the progress of the Allied armies by stating that the invasion of Normandy has been a failure and that Allied claims in the Pacific are largely exaggerated. It also speaks of a new "secret weapon" which the Germans will soon bring to bear and which will change the entire course of the war.

(k) Strikes took place at NUORO, CAGLIARI, IGLESIAS and CARBONIA. The CARBONIA strike involved over 8,000 workers. The cause of the strike was :

(i) Protest against the black market and demands for authoritative control of prices.

(ii) Demands for increases in pasta and bread rations.

(iii) Demands for wage increases.

In addition to the above strikes, food demonstrations none of them serious took place at CARBONIA, SORRESA, MONTEPONI, BACU ABIS, S. BENEDETTO PORTO TORRES, OZIERI, OSILO, FLORINAS and MINIERA DELL'ARGENTIERA. This is a marked increase in food demonstrations over the two previous months. It is significant that all these strikes and demonstrations took place in the month during which the minds of the population were in a state of confusion over the increase of the bread ration which had been announced but had not materialised.

Giuseppe FRONGIA, Communist and Prefect Commissioner of the Sindacati dell' Industria of CAGLIARI has been removed from office. He is replaced by the Socialist Carlo MELONI of IGLESIAS. FRONGIA was probably the prime mover in the organisation of the strikes in CAGLIARI Province (where the Mining Districts are) and it is thought that his removal will do much to restore peace in the mining industry.

2. LOCAL GOVERNMENT - PROVINCIAL

Since last months Report important changes in the local Government situation have taken place. The Prefects of CAGLIARI and SASSARI Provinces have been transferred and have actually vacated their appointments and A.C.C. approval has been given to the nomination of their successors. A.C.C. approval has also been given to the nomination of a new Prefect of NUORO Province in succession to the present acting Prefect. None of the new Prefects has yet arrived on the Island.

A.C.C. approval has been given to the nomination of the Secretary General to the High Commissioner and consideration is being given to the names suggested by the High Commissioner for the composition of his Giunta Consultiva. No objections to these have been raised by this Headquarters

(iii) Demands for wage increases.

In addition to the above strikes, food demonstrations none of them serious took place at CARBONIA, GONNESA, MONTEPONI, BACU ABIS, S. BENEDETTO PORTO TORRES, OZIERI, OSILO, FLORINAS and MINIERA DELL'ARGENTIERA. This is a marked increase in food demonstrations over the two previous months. It is significant that all these strikes and demonstrations took place in the month during which the minds of the population were in a state of confusion over the increase of the bread ration which had been announced but had not materialised.

Giuseppe FRONGIA, Communist and Prefect Commissioner of the Sindacati dell' Industria of CAGLIARI has been removed from office. He is replaced by the Socialist Carlo MELONI of IGLESIAS. FRONGIA was probably the prime mover in the organisation of the strikes in CAGLIARI Province (where the Mining Districts are) and it is thought that his removal will do much to restore peace in the mining industry.

2. LOCAL GOVERNMENT - PROVINCIAL

Since last months Report important changes in the local Government situation have taken place. The Prefects of CAGLIARI and SASSARI Provinces have been transferred and have actually vacated their appointments and A.C.C. approval has been given to the nomination of their successors. A.C.C. approval has also been given to the nomination of a new Prefect of NUORO Province in succession to the present acting Prefect. None of the new Prefects has yet arrived on the Island.

A.C.C. approval has been given to the nomination of the Secretary General to the High Commissioner and consideration is being given to the names suggested by the High Commissioner for the composition of his Giunta Consultiva. No objections to these have been raised by this Headquarters. Concurrently with the above changes the High Commissioner has lost or is losing many important members of his staff due to the withdrawal of Service personnel.
The above changes cannot but exercise a profound influence on the Civil Administration of Sardinia and it is expected that the period immediately ahead will be one of re-adjustment and transition which will impose burdens on the already reduced staff of this Region.
At the same time it is felt that the new regime for that is what it will amount to will be presented with great opportunities to work beneficial changes in the administration of the island many of which are long overdue.

As regards Provincial Local Government the situation as to the constitution and functioning of local Government bodies is shown in the following table:

/Over .....

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

INT

PROVINCE	Giunte Provinciali Amministrativa	Deputazione Provinciale	Giunte Communale	REMARKS
CAGLIARI	Now constituted. Meetings held on 7th, 14th and 28th of July. One of which was attended by a Member of ACC.	Meetings held on 7th, 14th, 21st and 29th of July. Provincial Commissioner is of opinion that this is a very live body.	One or two of the smaller Giunte remain to be formed. 2 Sindaci replaced since last Report. Only the functioning of the larger Giunte has been observed. Cagliari and Iglesias are good Oristano is doubtful. Carbonia is meantime without a Sindaco.	The Provincial Commissioner reports himself as very satisfied with the cooperation received from officials of the Prefecture. His attitude as regards the value of the new local Government bodies is meantime one of suspension of judgement.
NUORO	Meetings held on 10th July and 27th July one of which was attended by a Member of A.C.C. Original 4 citizen members have proved unsatisfactory and 4 more are being selected.	Only one meeting held so far. It is too early to speak of the effectiveness of this body.	The Giunte of the Commune of Nuoro appears to be functioning normally but it is too early to speak of its effectiveness. All the other Communes of this Province are small ones. No Sindaci replaced since last Report.	The Provincial Commissioner is of opinion that the general administration of the Province is fairly good. He considers it too early as yet to pass an opinion as to the effectiveness of the new local Government bodies especially the smaller ones.
SASSARI	Now constituted. 3 out of the 4 citizen members nominated on 1	Only one meeting held so far, on 20th July. This meeting was	For various reasons there are still 10 Giunte.	When operating the new local Government bodies

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

			Oristano is doubtful. Carbonia is meantime without a Sindaco.	Government bodies is meantime one of suspension of judgement.
NUORO	Meetings held on 10th July and 27th July one of which was attended by a Member of A.C.C. Original 4 citizen members have proved unsatisfactory and 4 more are being selected.	Only one meeting held so far. It is too early to speak of the effectiveness of this body.	The Giunta of the Commune of Nuoro appears to be functioning normally but it is too early to speak of its effectiveness. All the other Communes of this Province are small ones. No Sindaci replaced since last Report.	The Provincial Commissioner is of opinion that the general administration of the Province is fairly good. He considers it too early as yet to pass an opinion as to the effectiveness of the new local Government bodies especially the smaller ones.
SASSARI	Low constituted. 3 out of the 4 citizen members nominated on 1 April 44 were confirmed in office.	Only one meeting held so far, on 20th July. This meeting was attended by a member of A.C.C. Future meetings are to be held fortnightly. Provincial Commissioner reports this to be a very business-like body.	For various reasons there are still 10 Giunte, including 3 of the 4 large Communal Giunte which though nominated are not functioning. The Giunta of Sassari Commune meets weekly and is efficient. Since last Report 9 Sindaci nominated have been replaced by Commissari Pofettizi owing to failure of the Giunte to co-cy-	When operating the new local Government bodies are in the opinion of the Provincial Commissioner working well.

Declassified E.O. 12356 Section 3.3/NND No. 785016
2152

There have been no important developments as regards De-Fascistization during the month. The work of the Provincial Commissions continues but, as stated in last months report, this concerns mainly the smaller officials.

3. ECONOMIC RESOURCES AND SUPPLY

The announcement on June 15th of the increase in the bread ration when there was no prospect of the distribution being commenced on the effective date of July 1st so far as this Region was concerned and the subsequent failure to fulfil undertakings caused much feeling and dissatisfaction among the population. The direct or indirect result was the wave of strikes over the Island, all of them orderly which occurred during the month. Imported and local supplies did not permit distribution of any increased bread and pasta ration during the month of July. Distribution of the increased bread ration commenced on 1st August and it is hoped that the increased pasta ration will commence shortly afterwards. If undertakings are to be fulfilled arrears representing the difference between the old and new bread and pasta ration are due to the population for the month of July in respect of bread and pasta, and for an additional week in respect of pasta.

Apart from the above the food situation remains fairly satisfactory but the poor suffer considerably from the high prices of foodstuffs in the markets. The normal difficulties in regard to the supply of fresh produce to the population in the more densely populated areas obtained, due mainly to the lack of transportation and inadequate refrigeration facilities. Considerable supplies of fresh fish were available but distribution to the populated areas presented difficulties for the reasons just stated. The shortage of sugar and complete lack of Olive Oil is very much felt. A small consignment of olive oil is expected shortly from the Mainland.

Arrangements are in hand under which the Italian authorities will purchase and take control of all imported supplies at ships' side and will take over the warehouse formerly run by Regional Headquarters.

Thirty tons of Soap has arrived for distribution to hospitals and other institutions. Two tons of caustic soda has also been imported and are being distributed to a soap factory in each of the three Provinces. This should make available a supply of soap to the general public for a period estimated at one month.
Orders have been received from Allied Military Authorities for 2,250 tons of various metal products from the metal mines in the IGLESIAS area. There is an exportable surplus of breathing and welding oxygen of between 300,000 and 400,000 cubic feet per month but caustic soda and cylinders would be needed if this oxygen was required outside Sardinia.
288,300 fire bricks and 101 tons of refractory cement was shipped to the mainland for the Allied Forces and further supplies of the above are awaiting shipment.

The schooner sailing ban which still persists prevents any inter-island trade. If such trade is ever permissible a rigid control would appear to

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

the poor suffer [illegible] from the [illegible] prices of foodstuffs [illegible] markets. The normal difficulties in regard to the supply of fresh produce to the population in the more densely populated areas obtained, due mainly to the lack of transportation and inadequate refrigeration facilities. Considerable supplies of fresh fish were available but distribution to the populated areas presented difficulties for the reasons just stated. The shortage of sugar and complete lack of Olive Oil is very much felt. A small consignment of olive oil is expected shortly from the Mainland.

Arrangements are in hand under which the Italian authorities will purchase and take control of all imported supplies at ships' side and will take over the warehouse formerly run by Regional Headquarters.

Thirty tons of Soap has arrived for distribution to hospitals and other institutions. Two tons of caustic soda has also been imported and are being distributed to a soap factory in each of the three Provinces. This should make available a supply of soap to the general public for a period estimated at one month.
Orders have been received from Allied Military Authorities for 2,250 tons of various metal products from the metal mines in the IGLESIAS area. There is an exportable surplus of breathing and welding oxygen of between 300,000 and 400,000 cubic feet per month but caustic soda and cylinders would be needed if this oxygen was required outside Sardinia.
288,300 fire bricks and 101 tons of refractory cement was shipped to the mainland for the Allied Forces and further supplies of the above are awaiting shipment.

The schooner sailing ban which still persists prevents any inter-island trade. If such trade is ever permissible a rigid control would appear to be necessary. Irregular consignments come to light on coastal vessels or small vessels sailing under Allied control. Recent discoveries include such Black Market items as olive oil and sulphur far in excess of the normal requirements for the vessel, considerable consignment of aspirin, and welding bars to the value of 500,000 Lire.

/ 4. AGRICULTURE.....

Declassified E.O. 12356 Section 3.3/NND No. 785014

4. AGRICULTURE, FORESTRY AND FISHERIES

The harvest has progressed normally though somewhat retarded by lack of supplies and materials. Practically no grain will be lost through failure to harvest. Crop yields are only about average due principally to lack of fertilizer.
Prospects for the olive harvest are good and should yield enough oil to meet Regional needs if there are adequate processing facilities.

As regards the Granai del Popolo the warehousing of grain began early in July at a slow rate increasing to about 4,000 qtls per day by the end of the month. Provincial Committees have proved valuable in planning but the Communal Committees vary from very good to poor. Some Sindaci who are farm owners or operators do not enforce committee action as vigorously as Sindaci who have farm interests.
Control is somewhat below a desirable standard due mainly to shortage of Carabinieri and guards and to scarcity of transport.
Threshing has proceeded well but owing to lack of spare machinery parts more than the usual amount of animal threshing was necessary with consequently reduced control. All grain was harvested without binder twine because the twine did not arrive in time. This, with the shortage of mechanical threshers and difficulty of transporting grain has accounted for relatively slow rate of grain collection.

The expected consignment of 5,000 pairs of part worn Army shoes for farm labourers has not yet arrived. A small number was secured from the Allied Garrison and distributed to the farmers on the basis of willing and effective warehousing of grain.

Binder twine, sulphur and copper sulphate all arrived too late to be of real use. The twine came after all grain was cut and bound by hand at increased cost; the copper sulphate and sulphur arrived after 30% damage had already been done to the grape crop. The sulphur was, however, very welcome as a preventive to stop further damage.

Arrangements have been completed for about 350 Italian Army horses and mules which are either over age or unfit for further military service to be distributed to farmers without payment.

Having regard to the lack of facilities, fishing remains satisfactory. The nigh fishing areas were extended for a further 30 miles along the North East coast thus extending the area to include the Gulfs of OLBIA and ARANCI where there are good night fishing grounds. In general, night fishing is now permitted all round the Island with the exception of the areas of the Naval Base at LA MADDALENA and the Port of CAGLIARI.

5. PUBLIC WORKS AND UTILITIES

The condition of roads remains satisfactory although secondary and inter-

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

for relatively slow rate of grain collection.

The expected consignment of 5,000 pairs of part worn Army shoes for farm labourers has not yet arrived. A small number was secured from the Allied Garrison and distributed to the farmers on the basis of willing and effective warehousing of grain.

Binder twine, sulphur and copper sulphate all arrived too late to be of real use. The twine came after all grain was cut and bound by hand at increased cost; the copper sulphate and sulphur arrived after 30% damage had already been done to the grape crop. The sulphur was, however, very welcome as a preventive to stop further damage.

Arrangements have been completed for about 350 Italian Army horses and mules which are either over age or unfit for further military service to be distributed to farmers without payment.

Having regard to the lack of facilities, fishing remains satisfactory. The nigh fishing areas were extended for a further 30 miles along the North East coast thus extending the area to include the Gulfs of OLBIA and ARANCI where there are good night fishing grounds. In general, night fishing is now permitted all round the Island with the exception of the areas of the Naval Base at LA MADDALENA and the Port of CAGLIARI.

5. PUBLIC WORKS AND UTILITIES

The condition of roads remains satisfactory although secondary and inter-Communal highways are becoming increasingly worn to the extent of slowing up bus traffic, food distribution and mail deliveries. 2131
The transfer of the work and maintenance formerly performed by the AA.SS to the Genio Civile is taking place.

The water situation generally continues satisfactory except that for CAGLIARI City which threatens to become critical about October next. The position is being closely watched particularly as this matter is of vital concern to the Allied Garrison. All the aerdromes are, however, based on another water supply which continues to be satisfactory.

/ 6. PUBLIC SAFETY.....

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

6. PUBLIC SAFETY AND FUNCTIONING OF ITALIAN COURTS

Public order generally continues to be satisfactory. The decrease in thefts and robberies has continued though the fall during the month was only slight. The percentage of undetected crime is high, due chiefly to the lack of mobility of the Carabinieri and police agencies. Valuable service is being given by mounted Carabinieri but forage is in short supply. Endeavours are being made to obtain more forage.

During the month three enemy agents were dropped in Sardinia from an enemy plane. They were quickly rounded up. Of the three one proved to be a Sardinian Priest and another a Sardinian radio operator. 1,500 dollars and a radio transmitter were seized. Their mission was to obtain political, economic and military information for the Axis.

As reported in Para 1 above there was a large number of strikes during the month but no incidents were reported. There was also a marked increase in food demonstrations compared with the two previous months.

Some major thefts of commodities belonging to the Allies have been brought to light. A prominent firm of food distributors in CAGLIARI, Messrs. GRAUSO Bros., are being charged with the theft of large quantities of Allied food stuffs from a warehouse operated by A.C.C. In connection with this crime a further large quantity of imported food was found in the possession of another firm and confiscated. The Director of the S.C.I.A. Motor Transport Co. has been arrested in SASSARI on charges of theft of 3,000 litres of gasoline alleged to have been stolen from an Allied aerdrome. The entire amount has been recovered. Charges have also been filed against another transport firm (of NUORO) in connection with the discovery of a quantity of Allied rations in one of the firm's vehicles. As regards crimes against the Allied Forces approximately 33% of cases against known persons arising since September 1943 have been disposed of. The majority of the disposals took place during the month of July, more than twice as many cases being dealt with in July as compared with June. There has therefore been considerable acceleration and it is hoped that this will be maintained or improved.
The number of undetected crimes is a comparatively small percentage of the total.
Practically every crime brought to light has been of theft, attempted theft or improper possession. The majority of cases have been comparatively trivial and there has only been one case of crime against the person.

As regards other criminal cases the figures over the Island as a whole show an improvement so far as the Tribunal (Penal Section) and the Preture are concerned but a retrograde movement is apparent in the Offices of Instruction. The Courts are holding their own and further arrears are not being accumulated.

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

in food demonstrations compared with the two previous months.

Some major thefts of commodities belonging to the Allies have been brought to light. A prominent firm of food distributors in CAGLIARI, Messrs. GRAUSO Bros., are being charged with the theft of large quantities of Allied food stuffs from a warehouse operated by A.C.C. In connection with this crime a further large quantity of imported food was found in the possession of another firm and confiscated. The Director of the S.C.I.A. Motor Transport Co. has been arrested in SASSARI on charges of theft of 3,000 litres of gasoline alleged to have been stolen from an Allied aerdrome. The entire amount has been recovered. Charges have also been filed against another transport firm (of NUORO) in connection with the discovery of a quantity of Allied rations in one of the firm's vehicles. As regards crimes against the Allied Forces approximately 35% of cases against known persons awaiting since September 1943 have been disposed of. The majority of the disposals took place during the month of July, more than twice as many cases being dealt with in July as compared with June. There has therefore been considerable acceleration and it is hoped that this will be maintained or improved.
The number of undetected crimes is a comparatively small percentage of the total.
Practically every case brought to light has been of theft, attempted theft or improper possession. The majority of cases have been comparatively trivial and there has only been one case of crime against the person.

As regards other criminal cases the figures over the Island as a whole showed improvement so far as the Tribunal (Penal Section) and the Preture are concerned but a retrograde movement is apparent in the Offices of Instruction. The Courts are holding their own and further arrears are not being accumulated.
Detailed statistics disclose the startling fact that during the two months of May and June, of a total of 6,410 cases "denounced" to the six Procure 2,750 are against unknown persons. This is attributed by the Procuratore Generale to lack of adequate transport facilities for the Police and Carabinieri. The situation is obviously serious and the Italian authorities are determined to take all possible steps to remedy it. Particulars of all cases of persons detained awaiting trial for more than one year have now been collated and it is hoped that the informal Board for the purpose of reviewing these cases will commence to function shortly.

As regards civil courts the situation appears to be improving slowly. As stated before the Military Tribunal has made good progress in dealing with crimes against Allied Forces. This Tribunal is also to try the case against the firm of Messrs. GRAUSO Bros.

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

in food demonstrations compared with the two previous months.

Some major thefts of commodities belonging to the Allies have been brought to light. A prominent firm of food distributors in CAGLIARI, Messrs. GRAUSO Bros., are being charged with the theft of large quantities of Allied food stuffs from a warehouse operated by A.C.C. In connection with this crime a further large quantity of imported food was found in the possession of another firm and confiscated. The Director of the S.C.I.A. Motor Transport Co. has been arrested in SASSARI on charges of theft of 3,600 litres of gasoline alleged to have been stolen from an Allied aerdrome. The entire amount has been recovered. Charges have also been filed against another transport firm (of NUORO) in connection with the discovery of a quantity of Allied rations in one of the firm's vehicles. As regards crimes against the Allied Forces approximately 33% of cases against known persons arising since September 1943 have been disposed of. The majority of the disposals took place during the month of July, more than twice as many cases being dealt with in July as compared with June. There has therefore been considerable acceleration and it is hoped that this will be maintained or improved.
The number of unfortunate crimes is a comparatively small percentage of the total.
Practically every case brought to light has been of theft, attempted theft or improper possession. The majority of cases have been comparatively trivial and there has only been one case of crime against the person.

As regards other criminal cases the figures over the Island as a whole showed improvement so far as the Tribunal (Penal Section) and the Preture are concerned but a retrograde movement is apparent in the Offices of Instruction. The Courts are holding their own and further arrears are not being accumulated.
Detailed statistics disclose the startling fact that during the two months of May and June, of a total of 6,410 cases "denounced" to the six Procure 2,750 are against unknown persons. This is attributed by the Procuratore Generale to lack of adequate transport facilities for the Police and Carabinieri. The situation is obviously serious and the Italian authorities are being urged to take all possible steps to remedy it. Particulars of all cases of persons detained awaiting trial for more than one year have now been collated and it is hoped that the informal Board for the purpose of reviewing these cases will commence to function shortly.

As regards civil courts the situation appears to be improving slowly. As stated before the Military Tribunal has made good progress in dealing with crimes against Allied Forces. This Tribunal is also to try the case against the firm of Messrs. GRAUSO Bros.

/ 7. PUBLIC HEALTH .....

Declassified E.O. 12356 Section 3.3/NND No. 785019

4. AGRICULTURE, FORESTRY AND FISHERIES

The harvest has progressed normally though somewhat retarded by lack of supplies and materials. Practically no grain will be lost through failure to harvest. Crop yields are only about average due principally to lack of fertilizer.
Prospects for the olive harvest are good and should yield enough oil to meet Regional needs if there are adequate processing facilities.

As regards the Granai del Popolo the warehousing of grain began early in July at a slow rate increasing to about 4,000 qtls per day by the end of the month. Provincial Committees have proved valuable in planning but the Communal Committees vary from very good to poor. Some Sindaci who are farm owners or operators do not enforce committee action as vigorously as Sindaci who have farm interests.
Control is somewhat below a desirable standard due mainly to shortage of Carabinieri and guards and to scarcity of transport.
Threshing has proceeded well but owing to lack of spare machinery parts more than the usual amount of animal threshing was necessary with consequently reduced control. All grain was harvested without binder twine because the twine did not arrive in time. This, with the shortage of mechanical threshers and difficulty of transporting grain has accounted for relatively slow rate of grain collection.

The expected consignment of 5,000 pairs of part worn Army shoes for farm labourers has not yet arrived. A small number was secured from the Allied Garrison and distributed to the farmers on the basis of willing and effective warehousing of grain.

Binder twine, sulphur and copper sulphate all arrived too late to be of real use. The twine came after all grain was cut and bound by hand at increased cost; the copper sulphate and sulphur arrived after 30% damage had already been done to the grape crop. The sulphur was, however, very welcome as a preventive to stop further damage.

Arrangements have been completed for about 350 Italian Army horses and mules which are either over age or unfit for further military service to be distributed to farmers without payment.

Having regard to the lack of facilities, fishing remains satisfactory. The nigh fishing areas were extended for a further 30 miles along the North East coast thus extending the area to include the Gulfs of OLBIA and ARANCI where there are good night fishing grounds. In general, night fishing is now permitted all round the Island with the exception of the areas of the Naval Base at LA MADDALENA and the Port of CAGLIARI.

5. PUBLIC WORKS AND UTILITIES

The condition of roads remains satisfactory although secondary and inter-Communal highways are becoming increasingly worn to the extent of slowing

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

mechanical threshers and difficulty of transporting grain has accounted for relatively slow rate of grain collection.

The expected consignment of 5,000 pairs of part worn Army shoes for farm labourers has not yet arrived. A small number was secured from the Allied Garrison and distributed to the farmers on the basis of willing and effective warehousing of grain.

Binder twine, sulphur and copper sulphate all arrived too late to be of real use. The twine came after all grain was cut and bound by hand at increased cost; the copper sulphate and sulphur arrived after 30% damage had already been done to the grape crop. The sulphur was, however, very welcome as a preventive to stop further damage.

Arrangements have been completed for about 350 Italian Army horses and mules which are either over age or unfit for further military service to be distributed to farmers without payment.

Having regard to the lack of facilities, fishing remains satisfactory. The nigh fishing areas were extended for a further 30 miles along the North East coast thus extending the area to include the Gulfs of OLBIA and ARANCI where there are good night fishing grounds. In general, night fishing is now permitted all round the Island with the exception of the areas of the Naval Base at LA MADDALENA and the Port of CAGLIARI.

5. PUBLIC WORKS AND UTILITIES

The condition of roads remains satisfactory although secondary and inter-Communal highwave are becoming increasingly worn to the extent of slowing up bus traffic, food distribution and mail deliveries. 2131
The transfer of the work and maintenance formerly performed by the AA.SS to the Genio Civile is taking place.

The water situation generally continues satisfactory except that for CAGLIARI City which threatens to become critical about October next. The position is being closely watched particularly as this matter is of vital concern to the Allied Garrison. All the aerdromes are, however, based on another water supply which continues to be satisfactory.

/ 6. PUBLIC SAFETY.....

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

7. PUBLIC HEALTH AND WELFARE

The general health situation in Sardinia is quite satisfactory.

No medical supplies were received in Sardinia during the month but as existing supplies had not been exhausted the delay has so far caused no inconvenience. The distribution of medical supplies to the pharmacists has, in general, been satisfactory. To control equitable distribution the Sindacati di Farmacisti were appointed as advisors to the respective Medici Provinciali. This, it is hoped, will solve many of the contraversial issues that have existed.

As regards malaria the primary morbidity rate with the exception of a few isolated areas is still well below last year's figures for the corresponding period. Information obtained from the Allied Military authorities indicate that the rate among troops is considerably below the anticipated figures. This is satisfactory in view of the average or rather higher than average temperature and humidity levels during the month which favoured the propagation of the vector.
Larvicidal work has been mainly confined to dusting rather than oiling. Local officials have greater familiarity with the use of Paris Green. The viscosity of the oil provided is greater than it should be and does not spread satisfactorily and consequently is less effective and less economical. Moreover the very high Black Market value of the oil militates against its use.

The drive for improved sanitation has met with fair results having regard to normal Italian standards.

As regards Venereal Disease the rate among Allied Troops has maintained itself at an even and low level. It is understood that the V.D. rate among Allied Troops in SARDINIA is very considerably lower than that obtaining on the mainland and in some units it runs as low as 37 per 1,000 per year. CO-operation between the Garrison surgeon, the Provost Marshall and the Regional Public Health Division is excellent and the case finding, and segregation of affected women are carried out very effectively.

The status of the general hospitals can be considered as satisfactory. Physical facilities and equipment are not inadequate but there is a shortage of surgical instruments and bed linen. There is a considerable amount of internal dissension within the various organisations.

There are still reports of sporadic cases of typhoid fever which all seemed to derive from decentralised sources. The rate is not on the increase and does not exceed the usual seasonal figures. Scabies is very widespread and there is a considerable shortage of medicaments. An ample supply of sulphur is now available but other ingredients of the ointment are not yet to hand. New cases of tuberculosis show no increase during the month. Work on the newly established isolation hospital for CAGLIARI

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

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

[illegible] work has been mainly confined to dusting rather than oiling. Local officials have greater familiarity with the use of Paris Green. The viscosity of the oil provided is greater than it should be and does not spread satisfactorily and consequently is less effective and less economical. Moreover the very high Black Market value of the oil militates against its use.

The drive for improved sanitation has met with fair results having regard to normal Italian standards.

As regards Venereal Disease the rate among Allied Troops has maintained itself at an even and low level. It is understood that the V.D. rate among Allied Troops in SARDINIA is very considerably lower than that obtaining on the mainland and in some units it runs as low as 37 per 1,000 per year. Co-operation between the Garrison surgeon, the Provost Marshall and the Regional Public Health Division is excellent and the case finding, and segregation of affected women are carried out very effectively.

The status of the general hospitals can be considered as satisfactory. Physical facilities and equipment are not inadequate but there is a shortage of surgical instruments and bed linen. There is a considerable amount of internal dissension within the various organisations.

There are still reports of sporadic cases of typhoid fever which all seemed to derive from decentralised sources. The rate is not on the increase and does not exceed the usual seasonal figures. Scabies is very widespread and there is a considerable shortage of medicaments. An ample supply of sulphur is now available but other ingredients of the ointment are not yet to hand. New cases of tuberculosis show no increase during the month. Work on the newly established isolation hospital for CAGLIARI has now commenced and is progressing satisfactorily. Two motor ambulances were put into service in CAGLIARI during the month.

The Welfare Board appointed by the High Commissioner in conjunction with Regional Headquarters to control the distribution of Red Cross clothing has started work. Thirty percent of the available 23 tons of clothing has been released to the Board for distribution and if such distribution proves satisfactory the balance will be released in due course in two further consignments.

As regards vital statistics no particular changes are reported. Birth rate is at about 27 per 1,000. Infant mortality is not excessive.

/ 8. EDUCATION .....

8. EDUCATION

The school accommodation situation has improved with continuing transfers of Italian Armed Forces to the Mainland. The chief difficulties still are shortage of text books and their price, dwindling resources of scholastic materials and lack of shoes and clothing for children.

9. COMMUNICATIONS

Road Transportation continues to be hampered by lack of efficient vehicles and spare parts. It is considered however, that Italian officials are not organising existing resources to the best advantage. As regards the rationing of petroleum products, at the end of June 1,742 circulating permits for all types of motor vehicles had been issued as against 2,356 in 1943. During the month of July the number of circulating permits has been reduced to 1,723. At the instigation of A.C.C. considerable improvement has been made in the distribution of petroleum products to farmers thus effecting quicker handling and reduction in cost to the farmer.
As regards railroads which are under the control of the Allied Military authorities there have been no important changes during the month.

10. FINANCE AND PROPERTY CONTROL

Inflation is still a burning question but relatively the situation is calmer at the moment, probably due to more food being available. Money is still being deposited with the banks to a satisfactory degree. Revenue returns are increasing. Shortages of staff and inadequate postal service are the chief difficulties. No progress has been made as regards the re-establishment of the Lottery as there is considerable difficulty in finding suitable promises.
Customs receipts continue to be negligible as there is little traffic. There have been no developments in Property Control.

M Carr Brigadier

M. CARR.
Brigadier.
Regional Commissioner.

MC/ajs.

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

C O N F I D E N T I A L

HEADQUARTERS
ALLIED CONTROL COMMISSION
REGION 2.

REF : A/51 31 July 1944

SUBJECT: Report on Situation in Region II for month of JULY, 1944.

TO : Executive Commissioner, Headquarters, Allied Control Commission.

A. Political reaction and popular opinion.

The Communist party has continued its ascendency to the point where it now is provocative. This is most marked in Potenza and Brindisi Provinces. Previous uneasiness has grown to fear among the intelligent classes of Italians, that some violence will occur if the Allies do not stand immediately near.

Responsible Italians are now realizing that they and their countrymen have failed so far in most respects to take advantage of the good will extended by Allied Military Government.

Timidity and apathy have passed to the stage of fear.

B. Local Government - Provincial.

Provincial governments not yet fully organized. They still lack teamwork and initiative as they do not feel the staunch backing of the present Italian Government. They have become more suspicious lately that the Allies will leave them "on their own" entirely, despite assurances to the contrary.

On the Communal level not much improvement shown in the functioning of these local bodies, largely due to reasons stated above and the fact that "jockeying" for political positions is very evident in most communities.

Defascistization remains on the "holding back" and wait, policy. It is still hesitant and impotent toward real thorough action.

C. Economic resources and supply, with special reference to food.

Attached, marked Appendix "A", is a revised estimate of produ[illegible] 21 [illegible]

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

where it now is [illegible]. Previous uneasiness has [illegible]
Brindisi Provinces. Previous uneasiness has grown to the point that many intelligent classes of Italians, that some violence will occur if the Allies do not stand immediately near.

Responsible Italians are now realizing that they and their countrymen have failed so far in most respects to take advantage of the good will extended by Allied Military Government.

Timidity and apathy have passed to the stage of fear.

B. Local Government - Provincial.

Provincial governments not yet fully organized. They still lack teamwork and initiative as they do not feel the staunch backing of the present Italian Government. They have become more suspicious lately that the Allies will leave them "on their own" entirely, despite assurances to the contrary.

On the Communal level not much improvement shown in the functioning of these local bodies, largely due to reasons stated above and the fact that "jockeying" for political positions is very evident in most communities.

Defascistization remains on the "holding back" and wait, policy. It is still hesitant and impotent toward real thorough action.

C. Economic resources and supply, with special reference to food.

Attached, marked Appendix "A", is a revised estimate of production and collection goals, wheat and barley, with amounts collected to 31st of July 1944. It will be noted from this that in a majority of the provinces the collection of wheat is well ahead of normal. (Matera province has already exceeded it's total collection in 1943). Barley collection is somewhat behind. This for the reason that producers are holding back in barley "turn in", awaiting a decision of Italian Government on their appeal that barley should be considered as food for live stock in many localities.

Otherwise, in the grain collection campaign, almost all the problems have been solved with satisfaction except transportation and vigilance. The transportation problem, rail and motor, with continued shortage of gasoline, tyres and spare parts has become more

. / .

C O N F I D E N T I A L

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

acute than before, since during the month, heavy movements of Allied troops and supplies have curtailed the already meager amount of rail transport for movement of civilian supplies. This shortage has now reached the point that the successful collection and distribution of grain is dependent largely upon how quickly and in what quantity rail transport and or motor transport can be made available. We are now on a "hand to mouth" basis and in a somewhat perilous situation, since no reserve has been accumulated in deficient consumer areas.

The thrashing of the grain is somewhat slow since a majority is now "a mano", or "a sangue". Comparatively few thrashing machines are in operation for lack of belting and a desire of many producers to save thrashing costs by using household labor for this task.

Aside from the grain distribution factor discussed above, the food situation in this Region remains satisfactory.

The supply of leafy vegetables has lessened, but tomatoes, squash and melons are fairly plentiful. Fruits remain satisfactory.

The wine surplus in Apulian provinces remains unchanged or in a worse position. Producers are now beginning to pour it out to make room for the new crop. There is still an excess of 300,000 tons remaining in Region II.

As yet no plan has been set for the collection and distribution of the coming olive oil crop, which is normal at this time. We are anxious to proceed on this as time is fleeting. We eagerly await the approved plan of procedure on this matter.

The blocking of legumes by the Italian Government has seriously interferred with normal feeding of the population throughout the Region.

D. Agriculture, forrestry and fisheries.

Food crops continue to be better than usual. Irrigation is in use as rainfall has been almost nil during the month.

The new crop of grapes, almonds and tobacco continues normal in condition. Preparation of soil has dropped behind normal since many farmers are using animals and manpower for thrashing grain and transporting it to the graineries.

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

Aside from the grain distribution factor discussed above, the food situation in this Region remains satisfactory.

The supply of leafy vegetables has lessened, but tomatoes, squash and melons are fairly plentiful. Fruits remain satisfactory.

The wine surplus in Apulian provinces remains unchanged or in a worse position. Producers are now beginning to pour it out to make room for the new crop. There is still an excess of 300,000 tons remaining in Region II.

As yet no plan has been set for the collection and distribution of the coming olive oil crop, which is normal at this time. We are anxious to proceed on this as time is fleeting. We eagerly await the approved plan of procedure on this matter.

The blocking of legumes by the Italian Government has seriously interferred with normal feeding of the population throughout the Region.

D. Agriculture, forrestry and fisheries.

Food crops continue to be better than usual. Irrigation is in use as rainfall has been almost nil during the month.

The new crop of grapes, almonds and tobacco continues normal in condition. Preparation of soil has dropped behind normal since many farmers are using animals and manpower for thrashing grain and transporting it to the graineries.

Some small increase in quantity and variety of fish has been made in markets of costal towns and cities.

E. Labor. 2148

The labor situation remains unchanged. As yet the proposed decree dissolving the Fascist Labor Sindacatori in Apulian provinces has not been consumated by the Italian Government.

The Allies still employ many thousands of Italian civilians on labor projects, a serious problem in employment of these laborers will appear as Allied supplies in vicinity of ports are moved forward.

The usual labor unrest prevails in Taranto province. Otherwise, no serious labor disputes have occurred.

. / .

C O N F I D E N T I A L

(507)

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

CONFIDENTIAL

F. Public works and utilities.

During the latter part of the month, Foggia Province passed to Region II, for Public Works and Utility matters.

The Allies released some quarries during the month. There is still a lack of road construction machinery and tools, although some material of this nature was made available by the Allies recently.

Maintenance patching on all military highways continues to progress satisfactorily.

Permanent bridge repair continues slowly. This work will be speeded up as, and when, cement is released for this purpose.

The Genio Civile are improving daily and now have the responsibility of all provincial and communal highways. They are still receiving Allied aid in transportation, supplies and supervision.

Plans for reduction in electric power users are complete. Sufficient electric power for immediate needs has been available to date.

G. Public safety and functioning of Allied and Italian courts.

The Carabinieri and Questure have proved fairly effective in providing vigilance for the grain campaign. Road blocks are in operation throughout the Region. Many arrests for grain violations have been made and more than 1,000 quintals of grain has been confiscated by these road block groups.

A few small embroglios occurred among troop units. Chiefly between Italian soldiers and French Colonial troops in Brindisi and Taranto provinces. In each instance local commanders and ACC officers handled the situation and managed to prevent serious disorders on a large scale.

The civilian population as a whole remains orderly. Small theft cases continue to abate except in Bari province.

Allied courts: Two murder cases were tried in Taranto province during the month. Sentences of death in one case and thirteen years imprisonment in the other, were imposed. Two cases are awaiting trial in Bari province. One murder - one sabotage.

Civilian courts: Civilian courts continue to move in their very slow manner. Procedure in most grain cases is in motion. As a result

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

lity of all provincial and communal highways. They are [illegible] ing Allied aid in transportation, supplies and supervision.

Plans for reduction in electric power users are complete. Sufficient electric power for immediate needs has been available to date.

G. Public safety and functioning of Allied and Italian courts.

The Carabinieri and Questura have proved fairly effective in providing vigilance for the grain campaign. Road blocks are in operation throughout the Region. Many arrests for grain violations have been made and more than 1,000 quintals of grain has been confiscated by these road block groups.

A few small embroglios occurred among troop units. Chiefly between Italian soldiers and French Colonial troops in Brindisi and Taranto provinces. In each instance local commanders and ACC officers handled the situation and managed to prevent serious disorders on a large scale.

The civilian population as a whole remains orderly. Small theft cases continue to abate except in Bari province.

Allied courts: Two murder cases were tried in Taranto province during the month. Sentences of death in one case and thirteen years imprisonment in the other, were imposed. Two cases are awaiting trial in Bari province. One murder - one sabotage.

Civilian courts: Civilian courts continue to move in their very slow manner. Procedure in most grain cases is in motion. As a result of habit, it is difficult to impress legal bodies of their duty in imposing heavy penalities on small grain violators, since these constitute a majority of black market sources.

H. Public health - Welfare and general condition of the people.

The general health of the people continues to be very good. For the third successive month there has been no outbreak of an appreciable nature of any communicable disease.

The small epidemic outbreaks of foot and mouth disease in Taranto, Matera and Potenza provinces appear to now be stabalized.

There has been some increase in malaria but in no way excessive.

. / .

C O N F I D E N T I A L

= 3 =

(607)

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

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

The sanitary situation, according to Italian standards remains satisfactory, except in Bari. Here the terriffic flow of civilian and military traffic has made this problem more difficult.

The V. D. hospital situation has improved slightly.

I. Education.

Conditions remain as satisfactory as can be expected under present conditions, except in Bari and Taranto provinces. During the month practically all school buildings in Matera and Potenza provinces are released by the Allied Military. Approximately six each in Brindisi and Lecce were derequisitioned.

J. Refugees and Displaced Italians.

During the month the Italian Provincial Committees have handled practically all the Italian refugee problems in this Region. Due to the slowing down of the number allowed to come in from the war fronts, the problems have lessened to some extent. However, large number of Italian families have been surging into the Region, especially into Bari, trying to return to their homes in other parts of Italy, especially to Naples. Over 2,000 of this type of people were officially sent in or allowed to travel from the Northern regions. Most of them came to Bari, as it is the central railroad city of the Eastern coast in Region 2. This at a time when rail transport was very critical caused some distress as the Allied Military refused to allow any further shipment in large groups. So for a few days Bari station was flooded for three or four days with stranded Italian families.

Although there has been an inflow of over 2,300 Italian Refugees during July, there has also been an outflow into those parts of Italy where travel is allowed. Therefore, the total Refugee population in this Region has probably remained static at around 30,000.

Bari province is overflowing with people. Bari city has had a great number of people pour into it from southeastern Europe, causing a heavy tax on all the transportation facilities. These appear to have the money to travel and so do not come to the official notice of the Provincial Refugee Committee.

Allied Nationals are still receiving but 20 lire per day, instead of 25 lire which they used to receive, as the Italian Government has never resinded its order cutting their allowance 20%. This has caused unnecessary hardship to our Allied Nationals and the ex-inter-

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

practically all the Italian refugee problems in this Region. Since the slowing down of the number allowed to come in from the war fronts, the problems have lessened to some extent. However, large number of Italian families have been surging into the Region, especially into Bari, trying to return to their homes in other parts of Italy, especially to Naples. Over 2,000 of this type of people were officially sent in or allowed to travel from the Northern regions. Most of them came to Bari, as it is the central railroad city of the Eastern coast in Region 2. This at a time when rail transport was very critical caused some distress as the Allied Military refused to allow any further shipment in large groups. So for a few days Bari station was flooded for three or four days with stranded Italian families.

Although there has been an inflow of over 2,300 Italian Refugees during July, there has also been an outflow into those parts of Italy where travel is allowed. Therefore, the total Refugee population in this Region has probably remained static at around 30,000.

Bari province is overflowing with people. Bari city has had a great number of people pour into it from southeastern Europe, causing a heavy tax on all the transportation facilities. These appear to have the money to travel and so do not come to the official notice of the Provincial Refugee Committee.

Allied Nationals are still receiving but 20 lire per day, instead of 25 lire which they used to receive, as the Italian Government has never rescinded its order cutting their allowance 20%. This has caused unnecessary hardship to our Allied Nationals and the ex-internees. The Italian Government has shown no interest in assisting these people, whose welfare is of such vital importance to the Allies.

K. Communications.

Roads. Condition and maintenance have reached the point of excellence. Still a few unrepaired bridges on secondary roads. Work continues on these in a satisfactory manners.

Rail. The unannounced "freezing" of rolling stock for movement of military supplies during the middle of the month was almost fatal to the distribution of civilian supplies and to the grain campaign. Only by superhuman efforts have we been able to move sufficient grain for bread only. We are now in a somewhat precarious position in Bari and Lecce provinces since they are living daily from "hand to mouth."

insofar as bread and pasta are concerned.

Telecommunications. Remains fairly satisfactory, practically no change during the month.

Posts. Only slight improvement. Can and will improve as the transportation situation improves.

L. Property control.

No change. Situation remains in hand and satisfactory.

M. Finance.

Responsible businessmen and government officials have finally realized the gravity of Italy's post war financial position and the feeling of preferential treatment or "spoon feeding" by the Allied is rapidly receding.

There are some healthful signs of competition in trade since ordinary consumer goods formerly hidden are beginning to show in some quantity on the open market. However, transportation difficulties, scarcity of raw materials, and machine spare parts still tend to restrict revival of trade.

Prices of ordinary goods remain high and beyond the reach of the ordinary housewife. Bank savings and deposits continue to increase and surplus funds continue to flow into the central bank.

Black market dealings in sterling and Blue Seal dollars increased some during the month. Sources appear to be :

(1) Seamen arriving with foreign currency.
(2) Remittances in small amounts by post from England to British soldiers.
(3) Air Force personnel bringing in small amounts.
(4) Refugees, Yugoslavs - mainly Jewish.

N. Displaced persons.

During the month approximately 1500 Yugoslav orphan children arrived in area. These were well handled and are now in good comfortable billets.

Displaced Persons camps in this Region are well managed and operated.

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

There are some healthful signs of competition in trade since ordinary consumer goods formerly hidden are beginning to show in some quantity on the open market. However, transportation difficulties, scarcity of raw materials, and machine spare parts still tend to restrict revival of trade.

Prices of ordinary goods remain high and beyond the reach of the ordinary housewife. Bank savings and deposits continue to increase and surplus funds continue to flow into the central bank.

Black market dealings in sterling and Blue Seal dollars increased some during the month. Sources appear to be :

(1) Seamen arriving with foreign currency.
(2) Remittances in small amounts by post from England to British soldiers.
(3) Air Force personnel bringing in small amounts.
(4) Refugees, Yugoslavs - mainly Jewish.

N. Displaced persons.

During the month approximately 1500 Yugoslav orphan children arrived in area. These were well handled and are now in good comfortable billets.

Displaced Persons camps in this Region are well managed and operated.

2145

JOHN T. ZELLARS,
Col. Inf.,
Regional Commissioner

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

CONFIDENTIAL

(507)

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

2260

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

Appendix "A"
Ref. No 4/62

REVISED PRODUCTION ESTIMATES & COLLECTION GOALS-WHEAT & BARLEY
REGION II, AGG. 30 JULY 44.

(Basis of Computation: Current estimates of Italian Officials adjusted to pre affecting yield and collection in each Province)

Province	Estimated yield in Quintals			Collection Goals in Quintals		
	Wheat	Barley		Wheat	Barley	
Bari	300,000	85,000		250,000	50,000	
Brindisi	240,000	30,000		60,000	15,000	
Taranto	325,000	50,000		130,000	30,000	
Lecco	210,000	90,000		40,000	40,000	
Matera	360,000	65,000		570,000	45,000	
Potenza	880,000	54,000		100,000	25,000	

Field
25 July 44

JOHN T. [illegible]
Regional Com[illegible]

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

ESTIMATES & COLLECTION GOALS-WHEAT & BARLEY

REGION II, ACC. 30 JULY 44.

(Estimates of Italian Officials adjusted to present conditions in each Province)

		Collection Goals in Quintals		Actual Connection to 31 July 44.	
		Wheat	Barley	Wheat	Barley
		350,000	50,000	38,113	7,626
		60,000	15,000	6,000	1,000
		130,000	30,000	22,500	1,000
		40,000	40,000	4,080	560
		570,000	45,000	151,000	10,000
		400,000	25,000	100,000	1,300

JOHN T. [illegible], Col. Inf.,
Regional Commissioner

2262



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

ACC 10000/105/179

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

10000/105/179

MONTHLY REPORTS
MAY - AUG. 1944
(2 OF 2)

2265

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

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/F

21 August 1944

SUBJECT: Monthly Report of Finance Sub-Commission.

TO : Regional Commissioner
Region I
" II
" III
" IV
" V
" VI
" VII
" VIII
" IX
Senior Civil Affairs Officer
AMG Five Army
" Eight "
R.C., Region "Z"
NC & MG Section
Administrative Section
Political Section
All Sub-Commissions, HQ ACC

Regional Finance Officer
Region I
II
III
IV
V
VI
VII
VIII
IX
Senior Finance Officer
AMG Five Army
" Eight "

Forwarded herewith for your information (and guidance in the case of RFOs and SFOs) is/are _____ copy/copies of the monthly operations report for July 1944 of the Finance Sub-Commission, Headquarters Allied Control Commission.

For Captain ELLERY W. STONE, USNR:

Colonel,
Joint Director,
Finance Sub-Commission.

2143

758

SECRET

HEAD QUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

1307-1/F

12 August 1944

REPORT OF THE FINANCE SUB-COMMISSION

HQ ACC FOR JUNE 1944

Colonel E.H. Foley, Jr. } Joint
Colonel A.P. Craftley-Smith } Directors

Lieut. G.H. Willis, (USNR) }
Major D.E.L. Timsons, Cav. } Joint
Lieut. J.E. Hicks, (USCGR) } Editors
Capt. Andrew Kamarck, F.A. }

TABLE OF CONTENTS

		Page No.
I	Defascistization of Italian Financial Institutions	1
II	Government Finance	5
III	Operations of Allied Financial Agency and Currency and Exchange Problems	15
IV	Banking, Postal Savings, and Other Financial Developments	19
V	Prices and the Cost of Living	21
VI	Insurance	22
VII	Accounting	28

APPENDICES

A. Italian Government Decree on Defascistization
B. Revenue Instruction
C. AFA Report
D. Banking Statistics
E. Cost of Living Data
F. Istituto Nazionale Delle Assicurazioni

I. DEFASCISTIZATION

A. General Program

1. The Finance Sub-Commission has undertaken a comprehensive program to defascistize Italian financial institutions. Personnel have been removed from the following financial institutions:-

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

		Page No.
I	Defascistization of Italian Financial Institutions	1
II	Government Finance	5
III	Operations of Allied Financial Agency and Currency and Exchange Problems	15
IV	Banking, Postal Savings, and Other Financial Developments	19
V	Prices and the Cost of Living	21
VI	Insurance	22
VII	Accounting	28

APPENDICES

A. Italian Government Decree on Defascistization
B. Revenue Instruction
C. AFA Report
D. Banking Statistics
E. Cost of Living Data
F. Istituto Nazionale delle Assicurazioni

I. DEFASCISTIZATION

A. General Program

1. The Finance Sub-Commission has undertaken a comprehensive program to defascistize Italian financial institutions. Personnel have been removed from the following financial institutions:-

Banca d'Italia
Istituto Nazionale per i Cambi con l'Estero
(National Foreign Exchange Control Institution)
Regia Zecca (Royal Mint)
Banco di Roma
Credito Italiano
Banca Commerciale Italiana
Banca Nazionale del Lavoro
Cassa di Risparmio
Istituto di Credito Agrario per l'Italia Centrale
Banco Nazionale dell'Agricoltura
I.M.I.
I.R.I.
I.C.E.
Scambi e Valute

2142

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

2. The program of the Finance Sub-Commission involves suspension from office of persons subject to defascistization. Definitive judgement will be passed by the Italian Government under the Defascistization Decree of 27th July 1944. Close collaboration has been established between the Italian Government and the Allied Control Commission. The Italian Government is determined to carry out a far-reaching program of defascistization and is wholeheartedly co-operating with the Finance Sub-Commission.

B. Procedure

1. When the vanguard of the Finance Sub-Commission arrived in Rome, it found that the heads of nearly all governmental financial institutions had gone North. General Bencivenga, leader of all the Rome underground forces, had made elaborate preparations to preserve all records and to prepare dossiers on the activities of leading Fascists in each institution. This was achieved through the secret appointment of committees for each institution composed of representatives of the six parties. They had been given full instructions as to their duties during the inter regnum period between the German loss of control and the full establishment of Allied control. The same procedure has been followed in other areas subsequently liberated from the Nazis. When the Allied Military Authorities assumed control of the city, the internal committees continued to function.

2. General Bencivenga, through Order No. 3, replaced in office all persons removed since November 1943 by the Nazis and the Fascist Republicans. This was an ad hoc measure which was intended to be of a temporary duration, since it was understood that it would include numerous persons obviously undesirable.

3. The Regional Commissioner issued a sweeping Order early in July which removed automatically from office a large number of Italians who could be considered ideological Fascists. However, a review procedure was established which made reinstatement possible after investigation. A Commission was organized for this purpose by the terms of the Order. The provisions of this Order were restricted to local institutions only. Owing to the importance attached to the problem, and the particularly sensitive position of financial institutions as such, the Allied Control Commission removed local financial institutions from the scope of the regional Order and concentrated all powers of defascistization in respect thereof in the Finance Sub-Commission.

4. Working under supervision of Finance Sub-Commission officers is a specially trained group of Guardie di Finanze. These officers have proceeded as follows: Printed forms containing a lengthy series of pointed questions are distributed to all personnel. When completed these are turned over to the internal committees of liberation representing the six parties (elected by the personnel). The personnel of these committees study and investigate the records and activities of each person on the rolls of the institutions. A written report is attached to each form and signed by all members. The documentation is then sent to the Finance Sub-Commission. A preliminary examination is made by the Guardie di Finanze. The latter report on the documentation submitted by the internal committees. Their recommendations are reviewed. The cases of all officials subject to defascistization occupying high positions in financial institutions are carefully scrutinized and given the personal attention of the Allied officers

Declassified E.O. 12356 Section 3.3/NND No. 785014

has been followed in other areas subsequently liberated from the Nazis. When the Allied Military Authorities assumed control of the city, the internal committees continued to function.

2. General Bencivenga, through Order No. 3, replaced in office all persons removed since November 1943 by the Nazis and the Fascist Republicans. This was an ad hoc measure which was intended to be of a temporary duration, since it was understood that it would include numerous persons obviously undesirable.

3. The Regional Commissioner issued a sweeping Order early in July which removed automatically from office a large number of Italians who could be considered ideological Fascists. However, a review procedure was established which made reinstatement possible after investigation. A Commission was organized for this purpose by the terms of the Order. The provisions of this Order were restricted to local institutions only. Owing to the importance attached to the problem, and the particularly sensitive position of financial institutions as such, the Allied Control Commission removed local financial institutions from the scope of the regional Order and concentrated all powers of defascistization in respect thereof in the Finance Sub-Commission.

4. Working under supervision of Finance Sub-Commission officers is a specially trained group of Guardie di Finanze. These officers have proceeded as follows: Printed forms containing a lengthy series of pointed questions are distributed to all personnel. When completed these are turned over to the internal committees of liberation representing the six parties (elected by the personnel). The personnel of these committees study and investigate the records and activities of each person on the rolls of the institutions. A written report is attached to each form and signed by all members. The documentation is then sent to the Finance Sub-Commission. A preliminary examination is made by the Guardie di Finanze. The latter report on the documentation submitted by the internal committees. Their recommendations are reviewed. The cases of all officials subject to defascistization occupying high positions in financial institutions are carefully scrutinized and given the personal attention of the Allied officers in question.

5. A series of meetings takes place with the Liberation Committee designed to thrash out all doubtful questions. The committees explain their recommendations. Meetings are also held with senior officials of the institutions. Suspected officials are requested to submit defensive memoranda. As soon as a definitive decision is reached regarding personnel to be removed, conferences are held with the interested ministries, and the Bank of Italy in those instances in which it is concerned. The Government is promptly informed of all decisions taken, and is requested to consider candidates for the position of Commissioners, where such appointments are necessary.

6. During the investigations of particular persons, liaison is maintained with CIC and FSS (American and British Military security organizations) to obtain whatever data they may have. Data, interesting from the point of view of security, is turned over to these organizations.

Declassified E.O. 12356 Section 3.3/NND No. 785014

7. Decisions are referred, with documentation, to the Italian Government organizations concerned with definitive defascistization. A financial committee, composed of representatives of the Ministry of the Treasury and of the Bank of Italy, has been set up for this purpose. Liaison is maintained with this committee, as well as the Italian High Commissioners for "Epurazione". Thus, there is a useful division of labor. The Finance Sub-Commission suspends undesirable persons from office, whereas the Italian Government passes definitive judgment. Ex-Governor Azzolini of the Bank of Italy is at present in the second stage of this process and will shortly come up for that before a special High Court of Justice established by the Italian Government. On the other hand, the Chairman of the Board of the Banco di Roma, Vercl, remains for the time being in the first stage.

8. Persons suspended from office by the Finance Sub-Commission are informed by letter, and are requested not to leave Rome. This request is made in order to facilitate any future steps which the Italian organizations of defascistization may wish to take. In certain instances, this has also provided the military security agencies (CIC and FFS) with an opportunity to complete their investigations regarding the persons involved. Suspended officials have been encouraged to submit any data or information regarding their position under the Fascist Regime.

9. The criteria of defascistization used are substantially those incorporated in a Royal Decree, issued on 27th July 1944, which established the basis for defascistization in all Italy. A copy of the Decree is attached to this report as Appendix A. The Criteria set up in this excellently conceived Decree have been highly useful to the Finance Sub-Commission. Particular attention is given to persons who were politically active Fascists, or who took advantage of the Fascist system to promote their own personal position. It has not proved difficult in practice to determine which officials fall into these categories.

10. The Finance Sub-Commission has concentrated its attention on the financial institutions of the Central Government as well as the head offices of the various banks. However, the smaller banks and financial institutions have not been neglected. The list given below of institutions and officials defascistized should not be taken as a complete list but as an indication of the progress which is being made by the Finance Sub-Commission. Much remains to be done, particularly in areas outside of Rome, such as north Italy, the financial heart of the country.

C. Results of Defascistization to Date

1. The following persons have been removed from office in the institutions indicated:

Organization	Name	Office
(a) Banca d'Italia	Azzolini Vincenzo	Governatore
	Cisconelli Gaetano	Ispettore Generale
	Guidi Carlo Fausto	Capo Servizio

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

their position under the Fascist Regime.

9. The criteria of defascistization used are substantially those incorporated in a Royal Decree, issued on 27th July 1944, which established the basis for defascistization in all Italy. A copy of the Decree is attached to this report as Appendix A. The Criteria set up in this excellently conceived Decree have been highly useful to the Finance Sub-Commission. Particular attention is given to persons who were politically active Fascists, or who took advantage of the Fascist system to promote their own personal position. It has not proved difficult in practice to determine which officials fall into these categories.

10.. The Finance Sub-Commission has concentrated its attention on the financial institutions of the Central Government as well as the head offices of the various banks. However, the smaller banks and financial institutions have not been neglected. The list given below of institutions and officials defascistized should not be taken as a complete list but as an indication of the progress which is being made by the Finance Sub-Commission. Much remains to be done, particularly in areas outside of Rome, such as north Italy, the financial heart of the country.

C. Results of Defascistization to Date

1. The following persons have been removed from office in the institutions indicated:

	Organization	Name	Office
(a)	Banca d'Italia	Azzolini Vincenzo	Governatore
		Giacomelli Gaetano	Ispettore Generale
		Guidi Carlo Fausto	Capo Servizio
		and 14 other officials	
(b)	R. Zecca	Maltesi Giuseppe	Direttore Generale
		De Bac Procopio	Controllore Capo
		and one other official	
(c)	Istituto Nazionale per i Cambi con l'Estero	Lion Giusto	Direttore Generale
		Viali Ugo	Condirettore
		and 27 other officials	
(d)	Banco di Roma	Veroi Giuseppe Pietro	Direttore Generale ed Amministratore Delegato
		Cavanna Filippo	Consigliere d'Amministrazione
		Thaon di Revel Conte Ignazio	Consigliere d'Amministrazione
		Vaselli Conte Romolo	Consigliere d'Amministrazione

21:1

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

(e)	Credito Italiano	Berardi Riccurio	Procuratore
		and two other officials	
(f)	Banca Commerciale Italiana.	Colleoni Gualdino	Procuratore
		Trolanzi Corrado	Vice Direttore
		Testi Giovanni	Vice Direttore
		Meier G. Battista	Vice Direttore
		and two other officials	
(g)	Banca Nazionale del Lavoro	7 officials	
(h)	Cassa di Risparmio	Battocchio Luigi	Direttore Generale
		Garofali Corrado	Vice Direttore Generale
		and 5 other officials	
(i)	Istituto Credito Agrario per l'Italia Centrale	Principe Chigi	Presidente
		Principe di Napoli	Vice Presidente
		Nestore Carosi Martinozzi	Direttore Generale
		and 2 other officials	
(j)	Istituto Commercio Estero	Schipani Filippo	Direttore Generale
		Romano Carlo Rondina	Primo Segretario
		and 4 other officials	
(k)	Istituto Mobiliare Italiano	Azzolini Vincenzo	Presidente
		Guido Carlo Fausto	Direttore Generale
		Cao Giovanni	Consigliere d'Amministrazione
		and one other official	
(l)	Banca Nazionale Agricoltura	Armenise Giovanni	Presidente
		Borghese Rodolfo	Amministratore
		Aghemo Antonio	Amministratore
		and 6 other officials	
(m)	Istituto Recostruzione Industriale	Paronetto Sergio	Vice Direttore Generale
		and 3 other officials	
(n)	Banco di Santo Spirito	Rossi Passavante Elia	Ispettore
		and 7 other officials	
(o)	Ministero Finanze	Fornetti Giuseppe	Ispettore Generale

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

		Nestore Carosi [illegible]	Direttore [illegible]

and 2 other officials

(j)	Istituto Commercio Estero	Schirani Filippo	Direttore Generale
		Romano Carlo Rondina	Primo Segretario

and 4 other officials

(k)	Istituto Mobiliare Italiano	Azzolini Vincenzo	Presidente
		Guido Carlo Fausto	Direttore Generale
		Cao Giovanni	Consigliere d'Amministrazione

and one other official

(l)	Banca Nazionale Agricoltura	Armenise Giovanni	Presidente
		Borghese Rodolfo	Amministratore
		Aghemo Antonio	Amministratore

and 6 other officials

(m)	Istituto Ricostruzione Industriale	Paronetto Sergio	Vice Direttore Generale

and 3 other officials

(n)	Banco di Santo Spirito	Rossi Passavante Elia	Ispettore

and 7 other officials

(o)	Ministero Scambi e Valute	Ferretti Giuseppe	Ispettore Generale
		Ballerini Elisio	Consigliere Comm. II' Classe
		Rossi Aristide	Capo Sezione
		Telch Mario	Capo Sezione
		Pastore Enrico	Capo Sezione

and 15 other officials

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

II. GOVERNMENT FINANCE

A. The Italian Government Deficit

1. Italian State account

(a) As nearly as can be estimated at this time, the Italian governmental deficit for all Italy for the year ending 30 June 1944, amounted to approximately 180 billion lire. This figure includes German occupation expenses but does not include 30 billion lire of Allied occupation expenses. Thus the total excess of disbursements over income on "government account" is well over 200 billion lire for the year, or about 2½ times the enormous deficit of the preceding fiscal year.

(b) The entire deficit was covered by an increase in the floating debt, which rose from 170 billion lire on 30 June, 1943, to an estimated 390 billion lire on 30 June, 1944 (this does not include any contingent liability for AM lire paid out by the Allied Financial Agency).

(c) At the present time, over 60 per cent of the Italian public debt of almost 600 billion lire (excluding any liability in respect of AM lire) consists of liabilities with maturities of one year or under. (A table showing the growth of the debt since 1930 is presented in the Statistical Appendix together with a table on the composition of the debt in 30 June 1943).

2. Current Statistics for the liberated territory

(a) Due to the move of the Italian Government from Salerno to Rome, the addition of new territories to be covered, and the general transport and communication difficulties, the old statistical reporting system built up laboriously at Salerno has been disrupted. Once the organization of the central government offices at Rome and the reactivation of the Government contacts with the field is accomplished, full and detailed financial information will be available. In the meantime, complete current information on the territories of liberated Italy is not available.

(b) For the area south of the 11 May, 1944, line, the excess of government disbursements over receipts for the month of June amounted to 3.4 billion lire. For the fiscal year ending 30 June 1944, these southern territories, which made up liberated Italy for the bulk of the year, had a deficit of around 34 billion lire for the entire year. (See Appendix D).

(c) Net investment in Government bills (Buoni del Tesoro Ordinarii) in southern Italy during June remained at about the same level as the preceding month (a net investment of 362 million lire). The total net investment for the year in these territories amounted to around 2.5 billion lire, that is, less than 10 per cent of the deficit. The bulk of the deficit of 34 billion lire was covered by funds supplied by the Banca d'Italia.

3. Government bond market

Declassified E.O. 12356 Section 3.3/NND No. 785011

600 billion lire (...) with maturities of one year or under. (A table showing the growth ... 1930 is presented in the Statistical Appendix together with a table on the composition of the debt in 30 June 1943).

2. Current Statistics for the liberated territory

(a) Due to the move of the Italian Government from Salerno to Rome, the addition of new territories to be covered, and the general transport and communication difficulties, the old statistical reporting system built up laboriously at Salerno has been disrupted. Once the organization of the central government offices at Rome and the reactivation of the Government contacts with the field is accomplished, full and detailed financial information will be available. In the meantime, complete current information on the territories of liberated Italy is not available.

(b) For the area south of the 11 May, 1944, line, the excess of government disbursements over receipts for the month of June amounted to 3.4 billion lire. For the fiscal year ending 30 June 1944, these southern territories, which made up liberated Italy for the bulk of the year, had a deficit of around 34 billion lire for the entire year. (See Appendix D).

(c) Net investment in Government bills (Buoni del Tesoro Ordinarii) in southern Italy during June remained at about the same level as the preceding month (a net investment of 362 million lire). The total net investment for the year in these territories amounted to around 2.5 billion lire, that is, less than 10 per cent of the deficit. The bulk of the deficit of 34 billion lire was covered by funds supplied by the Banca d'Italia.

3. Government bond market

(a) Prices of outstanding Government securities reached high levels in Rome just prior to the liberation of the city, with most securities on a 5% basis selling at around 96 and the 3½%, 1906 rente selling at 118. The principal reasons for these high levels reached just prior to liberation appear to have been:

i. Expectations as to what liberation would mean, coupled with exaggerated reports that Government bond prices in liberated Italy were at very high levels;

ii. Refusal of the banks and other investors to invest in new Government bills (Buoni del Tesoro Ordinarii) and, therefore, purchases being concentrated in existing bonds, particularly in bonds issued before the Fascist regime (3½ Rente of 1906);

iii. A general condition of large quantities of liquid purchasing power in existence.

(b) Since the liberation of Rome bond prices have declined somewhat and are now more in line with those in the South. Furthermore, there is now no longer any general inhibition felt as regards the purchase of new Government securities.

758

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

In contrast to the period before liberation, when the total outstanding of the Buoni del Tesoro ordinari (bills with maturities of 1-12 months) was decreasing, a substantial net investment is now taking place in these securities. During July, there was a net investment of over 500 million lire in these securities in the Rome area. This switch to purchase of new securities has reduced part of the upward pressure on bond prices.

(c) The Rome bourse was closed from 3 June to the end of July. On 1 August both the Rome and Naples bourses were reopened, but trading is limited to cash transactions in fixed income securities. The prices registered at the Rome bourse on 1 August show a general decline of around 5 per cent from the 2 June prices, undoubtedly due to the operation of the factors outlined above. Detailed figures on the prices on 2 June and 1 August are given in Appendix D.

(d) The yield on government securities has correspondingly increased from the beginning of June to the beginning of August. Government bond yields have changed as follows:

	1 June 1944	1 August 1944
3½% Rente 1906	2.77	3.29
3½% Redeemable 1934	3.86	4.21
5% Rente	5.33	5.50

One of the most important reasons for the variation in prices and in yields between securities is the expectation that there may be different treatment by the government as between securities.

(e) The Council of Ministers authorized the payment of the 1 September 1944 government bond maturity (5%, Special series, 9 year bonds). These bonds were compulsorily exchanged for the foreign exchange holdings of private Italian individuals and firms in 1935. There is a total of 2,445,[illegible]2,700 lire outstanding of this series.

4. Government financing of the Granai del Popolo

(a) Until this year the Consorzii, on receiving wheat, have issued paper accepted by the provincial group of participating banks. After sale of the flour to the millers at a much lower price, the Consorzii repaid the participating banks to the extent of the proceeds of sales. The balance, representing the subsidy and the operating costs of the amassing system, were guaranteed by the Government and bore interest ranging from 6 to 7½% until they were liquidated at the end of the fiscal year. Actually these balances have not been liquidated since 1940, so that the financing of the last four crop years has been drawing a high rate of interest.

(b) After conferences with the Ministries of Agriculture and Treasury, the Banca d'Italia and the Corte dei Conti, this system has been changed. The Consorzii have been instructed to submit budgets for operating expenses and will obtain funds as do other governmental agencies, without payment of interest. All participating banks have been instructed to present claims for the outstanding balances of past years for immediate payment, thus [illegible] this interest burden. All participating banks have been instructed to present all balances of the current crop year for payment at a [illegible] thirty day period, thus cutting

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

3½% Redeemable 1934	5.33	5.50
5% Rente		

One of the most important reasons for the variation in prices and in yields between securities is the expectation that there may be different treatment by the government as between securities.

(c) The Council of Ministers authorized the payment of the 1 September 1944 government bond maturity (5%, Special series, 9 year bonds). These bonds were compulsorily exchanged for the foreign exchange holdings of private Italian individuals and firms in 1935. There is a total of 2,443,112,700 lire outstanding of this series.

4. Government financing of the Granai del Popolo

(a) Until this year the Consorzii, on receiving wheat, have issued paper accepted by the provincial group of participating banks. After sale of the flour to the millers at a much lower price, the Consorzii repaid the participating banks to the extent of the proceeds of sales. The balance, representing the subsidy and the operating costs of the amassing system, were guaranteed by the Government and bore interest ranging from 6 to 7½% until they were liquidated at the end of the fiscal year. Actually these balances have not been liquidated since 1940, so that the financing of the last four crop years has been drawing a high rate of interest.

(b) After conferences with the Ministries of Agriculture and Treasury, the Banca d'Italia and the Corte dei Conti, this system has been changed. The Consorzii have been instructed to submit budgets for operating expenses and will obtain funds as do other governmental agencies, without payment of interest. All participating banks have been instructed to present claims for the outstanding balances of past years for immediate payment, thus ending this interest burden. All participating banks have been instructed to present all balances of the current crop year for payment at a reduced interest rate of 6 per cent, at the end of each thirty day period, thus cutting the effective interest rate on this year's crop to one-half of one per cent.

B. Revenue

1. Tax revision

(a) Tax revision work was delayed during July owing to the necessity of moving the Ministry from Salerno to Rome. However, on 21 July the Minister appointed the following committee to meet at least once a week to study state and local taxation laws:

Declassified E.O. 12356 Section 3.3/NND No. 785014

Chairman	:	The Minister of Finance	
Vice Chairman:		The Under Secretary of Finance	
Members	:	Prof. Cesare Casciani	(Labor Party)
		Avv. Antonio Paladini	(Action Party)
		Prof. Achille Giannini	(Liberal Party)
		Prof. Mariano Giannini	(Socialist Party)
		Sig. Luciano Mancini	(Communist Party)
		Prof. Antonio Pavolini	(Member of the permanent civil service)
		Prof. Ezio Vanoni	(Christian Democrat Party)
		Dott. Bruno Visentini	(Action Party)
Secretary	:	Dott. Salvatore Vitsaro	

The Committee is empowered to invite any citizen or any civil servant of grade V or higher to attend its meetings, and the Minister has agreed that there should be a representative of this Sub-Commission at all meetings.

(b) The Cabinet approved a decree for War Profits taxation on 28 July. Inasmuch as this Sub-Commission had not seen the draft, we have requested that its registration be suspended until the Sub-Commission has had an opportunity to discuss the draft with the Ministry. The proposed decree amends existing law in the following particulars:

(1) Coverage: Income derived from land leases and income derived from black market activities are included amongst the types of income liable for the tax. Also, the sections of existing law that permitted companies to evade the tax on contracts made prior to 1938 are repealed.

(2) rates and exemptions: The 1938 income figures, in comparison with which excess profits are calculated, are increased 50 per cent, thus reducing all calculations of excess profits. In addition, the exemption limit for years beginning 1943 is increased. War profits not exceeding 20,000 lire and all war profits made by those whose total income does not exceed 30,000 lire are exempted. Finally, the former requirement that all excess profits not paid to the State in taxation must be invested in 5 per cent government bonds is changed to a requirement that all such income must be placed in special blocked accounts. The accounts are to earn 5 per cent interest, payable semi-annually, but disposition of the capital amounts of the accounts is to be determined at a later date. (The drafters of the decree intended that the provision for later determination of the disposition of the blocked accounts should refer also to the bonds already issued under the older law, but the sentence in the draft is unclear.)

(3) penalties: Penalties are provided for incorrect declarations. The penalties may be reduced, however, if the amendment of the income declaration is the result of a "concordato". Disputes already in existence will continue to be heard by the Provincial Commissions, but new disputes will be heard by the District Commissions.

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

(b) The cabinet approved a decree for war profits taxation on 20 July. Inasmuch as this Sub-Commission had not seen the draft, we have requested that its registration be suspended until the Sub-Commission has had an opportunity to discuss the draft with the Ministry. The proposed decree amends existing law in the following particulars:

(1) Coverage: Income derived from land losses and income derived from black market activities are included amongst the types of income liable for the tax. Also, the sections of existing law that permitted companies to evade the tax on contracts made prior to 1936 are repealed.

(2) rates and exemptions: The 1938 income figures, in comparison with which excess profits are calculated, are increased 50 per cent, thus reducing all calculations of excess profits. In addition, the exemption limit for years beginning 1943 is increased. War profits not exceeding 20,000 lire and all war profits made by whose total income does not exceed 30,000 lire are exempted. Finally, the former requirement that all excess profits not paid to the State in taxation must be invested in 5 per cent government bonds is changed to a requirement that all such income must be placed in special blocked accounts. The accounts are to earn 5 per cent interest, payable semi-annually, but disposition of the capital amounts of the accounts is to be determined at a later date. (The drafters of the decree intended that the provision for later determination of the disposition of the blocked accounts should refer also to the bonds already issued under the older law, but the sentence in the draft is unclear.)

(3) penalties: Penalties are provided for incorrect declarations. The penalties may be reduced, however, if the amendment of the income declaration is the result of a "concordat". Disputes already in existence will continue to be heard by the Provincial Commissions, but new disputes will be heard by the District Commissions.

(4) assessment time: Power is granted to increase assessments at any time up to 31 December of the year following that in which war profits taxation ceases.

The Sub-Commission's objections to the draft are:

(1) coverage: Profits from the sale of grain are exempted, although at the time the price of wheat was raised to 1,000 lire the then Minister of Finance assured us that undue enrichment would be recaptured through taxation. Moreover, the inclusion of black market earnings in income liable to the tax is fundamentally wrong. If sufficient evidence is available to assess illegal income for tax purposes, it should be possible to bring the offenders to justice.

(2) rates and exemptions: No increase in rates is provided.

(3) penalties: No provision is made for the confirmation of declarations by the submission of accounts.

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

(4) assessment time; The time during which assessments may be increased is too short.

2. Ministry of Finance

(a) Up to 31 July a total of 1,660 employees of the Ministries of Finance and Treasury had been screened and issued passes. Of the total personnel employed on 8 September 1943 (4,023), 200 had fled to the north with the Fascist Government and 800 were dismissed. There are, therefore, about 1,300 on the active list who have not as yet been called back to service.

(b) The Directore General of personnel is studying the staff problem and forming pools of employees available for specific assignments. The list of those suitable for Intendenze and Vice-Intendenze posts has been completed. 42 such employees are available.

(c) The Libreria dello Stato was reopened on 10 July for the sale of publications to the public. Control of Poligrafico, the State printing office, was turned over to the newly-appointed Commissioner, Sig. Mongliano, on 31 July. Questions of priority on printing work done for AOC, however, will continue to be referred to Finance Sub-Commission. It is proposed to turn over responsibility for the security of the Ministries' buildings to the Ministers early in August.

3. Revenue collections

(a) Owing to the interruption of the activities of the Ministry caused by the move to Rome, complete revenue statistics have not yet been received for the month of June. By the end of July complete figures for the fiscal year which ended 30 June will be available for most liberated provinces, and the Monthly Report for July will show the figures in detail.

At this time June figures are available for 20 of the provinces liberated prior to the offensive of 11 May and for 4 provinces, including Rome, liberated after 11 May. These figures indicate a continued improvement in revenue collections in the old liberated provinces, and, as would be expected, collections considerably below normal for the recently liberated provinces:

	State Revenue Receipts less Cepo X			
	June 1944	May 1944	April 1944	12 months ending June 1944
	(In millions of lire)			
20 provinces liberated prior to 11 May	460	246	418	2,633
4 provinces liberated after 11 May	237			3,613

(b) To insure prompt and correct collection of State revenue reports a letter of instruction has been prepared and sent to all Finance Officers. A copy of this letter

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

3. Revenue collections

(a) Owing to the interruption of the activities of the Ministry caused by the move to Rome, complete revenue statistics have not yet been received for the month of June. By the end of July complete figures for the fiscal year which ended 30 June will be available for most liberated provinces, and the Monthly Report for July will show the figures in detail.

At this time June figures are available for 20 of the provinces liberated prior to the offensive of 11 May and for 4 provinces, including Rome, liberated after 11 May. These figures indicate a continued improvement in revenue collections in the old liberated provinces, and, as would be expected, collections considerably below normal for the recently liberated provinces:

	State Revenue Receipts less Capo X			
	June 1944	May 1944	April 1944	12 months ending June 1944
	(In millions of lire)			
20 provinces liberated prior to 11 May	480	246	418	2,633
4 provinces liberated after 11 May	237			3,613

(b) To insure prompt and correct collection of State revenue reports a letter of instruction has been prepared and sent to all Finance Officers. A copy of this letter is attached as appendix B.

4. Monopoly and lottery problems

(a) Retail tobacco prices, doubled on 1 January 1944 by the Salerno Government, were extended to newly liberated territory on 17 July. The advisability of extending to the new area the increase of 70 per cent in tobacco prices paid to farmers for their 1943 crops is still under consideration. The increase granted by the Fascist Government was only 25 per cent. Most of the 1943 crop is still in curing and packing warehouses. Sale to the State usually begins about one year after harvesting.

Owing to the shortage of electric power, the Rome tobacco factory is working at only 50 per cent of capacity.

(b) Salt is very scarce in the newly liberated territories. The normal ration was 300 grams per person per month, which amount was distributed through February 1944. In March the Germans distributed 200 grams, in April 150 grams, and in May 100 grams. The Allies distributed 50 grams in June and 35 grams in July. Arrangements have been made to issue 100 grams in August.

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

(c) Over 4,000 kilos of quinine have been found at Volte[illegible]. The stock has been blocked pending decision as to its disposition.

(d) Postal difficulties prevent full operation of the lottery throughout liberated Italy. The Finance Sub-Commission has suggested a plan for advance sale of tickets to overcome this difficulty, but no decision on the proposal has yet been taken.

C. Government expenditures

1. Problems of expenditure control

(a) Expenditure authorizations in Rome. When Rome was liberated a Special Account was established with a credit of 562 million lire to permit the payment of government salaries and current expenses in the city of Rome for the month of June. At first it was not clear whether authorizations to use the funds of the account were to be made by MG ACC, by Region IV, or by Rome Region. To remove this confusion the following division of authority was established:

(1) all State expenditures of the central administration will be controlled by MG ACC;

(2) all State expenditures on the provincial level will be controlled by Region IV;

(3) all other public expenditures (principally communal expenditures) will be controlled by Rome Region.

It was found to be impossible to substitute approved State budgets for expenditures from the special account for the month of July because the Ministries did not have sufficient staff to control their salary payments. Ordinarily lists of payments to be made are prepared by each Division of each Ministry and sent via the Ministers to the Corte dei Conti and hence to the Directore General of the Treasury. For this work each Ministry formerly had 50 to 100 employees in its registry/now range from 0 to 35 in the Ministry of War. Accordingly, it has been necessary to continue use of the special account during July.

The Intendente was ordered to provide a statement of the account and a list of all payment orders issued in June. To force the Intendente to provide the list it was necessary to suspend payments from the account on 21 July. The information was then provided and the account was reopened on 23 July. The statement showed that from 1 June to 20 July 537 payment orders had been issued authorizing expenditure of 239 million lire; and that 95 million lire had been disbursed. Almost half the disbursements were for the account of the Ministry of War.

It is desirable to close the special account as soon as possible and institute orthodox control. To make this possible the registrars of each Ministry have been instructed to prepare budgets for the Rome administration of each section. These have now been received for all Ministries other than Railways. With these budgets it will be possible to revise the formerly approved budgets of the Salerno Government. In the [illegible] ordered to provide the Sub-Commission with a copy of

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

(1) all State expenditures of the central administration will be controlled by SC ACC;

(2) all State expenditures on the provincial level will be controlled by Region IV;

(3) all other public expenditures (principally communal expenditures) will be controlled by Rome Region.

It was found to be impossible to substitute approved State budgets for expenditures from the special account for the month of July because the Ministries did not have sufficient staff to control their salary payments. Ordinarily lists of payments to be made are prepared by each Division of each Ministry and sent via the Ministers to the Corte dei Conti and hence to the Directory General of the Treasury. For this work each Ministry formerly had 30 to 100 employees in its ragioneria/[illegible] Now it has 0 to 35 in the Ministry of War. Accordingly, it has been necessary to continue use of the special account during July.

The Intendente was ordered to provide a statement of the account and a list of all payment orders issued in June. To force the Intendente to provide the list it was necessary to suspend payments from the account on 21 July. The information was then provided and the account was reopened on 23 July. The statement showed that from 1 June to 20 July 557 payment orders had been issued authorizing the expenditure of 239 million lire, and that 93 million lire had been disbursed. Almost half the disbursements were for the account of the Ministry of War.

It is desirable to close the special account as soon as possible and institute orthodox control. To make this possible the ragioniere of each Ministry have been instructed to prepare budgets for the Rome administration of each section. These have now been received for all Ministries other than Railways. With these budgets it will be possible to revise the formerly approved budgets of the Salerno Government. In the meantime the Intendente has been ordered to provide the Sub-Commission with a copy of each payment order issued. A complete statement of the account is now being made, and ultimately it will be audited by the Corte dei Conti.

(b) The Corte dei Conti. Professor Ingrosso, now sindaco of Naples, has been named President of the Corte dei Conti by the Council of Ministers, but this appointment has been approved by ACC.

The Corte continued its work without interruption when the government moved from Salerno to Rome and has accomplished a considerable volume of work.

(c) New budget forms. Use of the new budget forms (28) began in AMG territory at the beginning of the new fiscal year. The procedure under which the forms are processed through the Intendente offices is working well. The 3-month budget approved for the province of Benevento illustrates the economies that have been made by using the procedure. Interestingly, the largest economy (proportionally) was effected in the budget for the Intendente's office:

./..

458

2139

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

Ministry	Credit Requested	Credit Authorized	Economies Effected
	(in millions of lire)		
Finance	84.9	50.5	34.4
Interior	57.8	45.2	12.6
Public Works	91.7	60.3	31.4
Justice	5.1	3.7	1.4
Public Instruction	18.8	14.1	4.7
Agriculture and Forests	3.2	2.5	.7
Industry, Commerce & Labor	2.1	1.6	.5
Communications	3.1	3.1	-
	265.7	181.0	85.7
Less: entrate disponibili	1.7	1.7	-
Total	265.0	179.3	85.7

When the new procedure went into effect, all previous authorizations to spend were cancelled and all cash balances were blocked. Such balances belonging to legitimate parastatal enti, which could not practically be transferred to the State Treasury, have been considered as "entrate disponibili", and requests for funds have been reduced accordingly. All PAO's have been notified of this arrangement.

A system of 3 monthly budgets is also being set up on the following plan:

(1) offices of the central administration in Rome and provincial state expenditures in Rome province;

(2) State provincial offices for the 27 provinces in Italian Government territory;

(3) the fighting services (Army, Navy, and Air Force).

Inasmuch as the S.B. forms for AMG territory give all the information required for Italian Government territory, the transfer of provinces to the government should be facilitated.

The operation of these budgets will solve the principal difficulty that has in the past prevented accurate estimates of disbursements being made on the basis of authorized expenditures, since the expenditure authorization provided by "ordini di accreditamenti", which under normal Italian procedure last for an indefinite period, will, under the new procedure, be valid for the 3-month period only.

(d) Transfer of provinces. The new budget forms will facilitate the assumption of expenditure control by the Italian government when provinces are returned to it since they will provide an approved budget already in operation. At the request of the government, AMG finance officers will continue to exercise financial control until 31 August in the five provinces recently returned to the Italian government.

(e) Issuance of unauthorized circulars. Instances have arisen of administrative [illegible] should have been approved in advance by ACC, being issued without

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

Accordingly, all forms have been modified to this arrangement.

A system of 3 monthly budgets is also being set up on the following plan:

(1) offices of the central administration in Rome and provincial state expenditures in Rome province;

(2) State provincial offices for the 27 provinces in Italian Government territory;

(3) the fighting services (Army, Navy, and Air Force).

Inasmuch as the S.B. forms for AMG territory give all the information required for Italian Government territory, the transfer of provinces to the government should be facilitated.

The operation of these budgets will solve the principal difficulty that has in the past prevented accurate estimates of disbursements being made on the basis of authorized expenditures, since the expenditure authorization provided by "ordini di accreditamenti", which under normal Italian procedure last for an indefinite period, will, under the new procedure, be valid for the 3-month period only.

(d) Transfer of provinces. The new budget forms will facilitate the assumption of expenditure control by the Italian government when provinces are returned to it since they will provide an approved budget already in operation. At the request of the government, AMG finance officers will continue to exercise financial control until 31 August in the five provinces recently returned to the Italian government.

(e) Issuance of unauthorized circulars. Instances have arisen of administrative instructions, that should have been approved in advance by AMG, being issued without our knowledge. The attention of the Minister has been called to this irregularity and he has been requested to make adequate arrangements to prevent its repitition.

(f) Communal and provincial budgets. The move to Rome has seriously interrupted the project on communal and provincial budgets whose inception was reported last month. It has been learned that the Fascist Government did not complete the approval of all communal and provincial budgets for 1943. It will be necessary to revise the unapproved budgets before future grants can be determined.

Declassified E.O. 12356 Section 3.3/NND No. 785.014

To date 358 budgets for the current year have been received, about ½ of which have been reviewed by the Ministry of Interior. An analysis of communal expenditures in the provinces of Salerno, Matera, Potenza, Cosenza, and Reggio Calabria shows the following approximate breakdown:

	Per cent of total expenditures
Ordinary expenditures	
General	25
Police, sanitation, & hygiene	20
Other	25
Extraordinary expenditures	30
	100

This breakdown may be of use to finance officers in the field. All requests for communal funds should be treated with extreme caution and granted only to meet legitimate needs.

2. Expenditure policy decisions

(a) Past due bills. The Minister of the Treasury has issued two circulars giving effect to the policy on past due bills described in last month's report. An Executive Memorandum is now being published to implement the policy in AMG territory.

(b) Fascist pensions and salaries. A decree has been issued clarifying the status of Fascist pensions in the following manner:

(1) All strictly Fascist pensions are abrogated;

(2) All members of the Black Shirts, all who volunteered for the war in Spain are denied pension rights for such activities;

(3) The pensions of all others holding a rank of grade 6 (Major) or higher are suspended until a board created for the purpose can decide their cases individually;

(4) The pensions of all others below grade 6 will be paid in full.

The result of the decree should be to deny pension rights to all those who attained more than very minor recognition from the Fascist Party.

Concerning Fascist salaries, Intendents were notified prior to the June payment period that no payments should be made to former Squadristi, Marcia su Roma, or Sciarpe Littorie, and that payment of "premio di operosita'" was to be limited to State employees actively at work. There was some criticism of this policy on the grounds that it was not uniformly applied. Investigation determined, however, that only 96 prescribed employees were paid for June and 956 were not paid, which, when the confusion of the time is taken into consideration, must be regarded as reasonable. However, it has been decided that "premi e Gratifiche semestrali" could fairly be withheld on the grounds that employees were not actively at work, and accordingly, permission to make these

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

(a) Past due bills. The Ministry of the Treasury has issued [illegible] giving effect to the policy on past due bills described in last month's report. An Executive Memorandum is now being published to implement the policy in AMG territory.

(b) Fascist pensions and salaries. A decree has been issued clarifying the status of Fascist pensions in the following manner:

(1) All strictly Fascist pensions are abrogated;

(2) All members of the Black Shirts, all who volunteered for the war in Spain are denied pension rights for such activities;

(3) The pensions of all others holding a rank of grade 6 (Major) or higher are suspended until a board created for the purpose can decide their cases individually;

(4) The pensions of all others below grade 6 will be paid in full.

The result of the decree should be to deny pension rights to all those who attained more than very minor recognition from the Fascist Party.

Concerning Fascist salaries, Intendents were notified prior to the June payment period that no payments should be made to former Squadristi, Marcia su Roma, or Sciarpe Littorie, and that payment of "premio di operosita' " was to limited to State employees actively at work. There was some criticism of this policy on the grounds that it was not uniformly applied. Investigation determined, however, that only 96 proscribed employees were paid for June and 956 were not paid, which, when the confusion of the time is taken into consideration, must be regarded as reasonable. However, it has been decided that "premi e Gratifiche semestrali" could fairly be withheld on the grounds that employees were not actively at work, and accordingly, permission to make these payments was given on 2 August.

(c) Subsidization of sale of imported supplies. Delay has been encountered in implementing the directive laid down in MG 44. This document states that local subsidies shall be provided to finance the sale of imported supplies wherever such supplies cannot otherwise be sold at not more than a 25 per cent increase over the wholesale prices listed in the directive. The delay was caused by the objection of the Ministry of the Treasury to the principle involved. However, the Minister of the Treasury has now instructed the Minister of the Interior to authorize the provincial officials to provide the subsidies required. A decree has been prepared providing 400 million lire for this purpose.

458

2138

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

(4) Treasury Bonds due 1 September. The following table shows the Italian Government's estimate of the amounts of this issue held in each province. Almost three-fourths of the issue is held in Rome province.

5 per cent Treasury Bonds of 1944
Holdings by Provinces
(in millions of lire)

Arezzo	2.2	Bari	2.6
Grosseto	.2	Brindisi	.2
Livorno	10.7	Foggia	.7
Pisa	7.0	Taranto	.4
Siena	23.6	Lecce	.7
Tuscany	43.7	Puglia	4.6
Ancona	2.8	Matera	.2
Ascoli Piceno	16.0	Potenza	2.7
Macerata	1.1	Lucania	2.9
Pesaro e Urbino	1.5		
Marche	21.4	Catanzaro	1.4
		Cosenza	1.4
Perugia	9.5	Reggio di Calabria	.5
Terni	1.3	Calabria	2.5
Umbria	10.8		
Frosinone	2.9	Agrigento	1.5
Littoria	.1	Caltanissetta	1.7
Rieti	.1	Catania	1.7
Roma	610.8	Enna	.1
Viterbo	1.2	Messina	2.6
Lazio	623.1	Palermo	4.9
		Ragusa	.1
Aquila	66.0	Siracusa	.2
Campobasso	1.6	Trapani	.1
Chieti	.6	Sicilia	15.3
Pescara	1.5		
Teramo	.2	Cagliari	2.1
Abruzzi & Molise	69.9	Nuoro	-
		Sassari	.3
Avellino	.9	Sardegna	2.4
Benevento	.5		
Napoli	43.7	Total	843.5
Salerno	4.1		
Campania	49.2		

Declassified E.O. 12356 Section 3.3/NND No. 785014

2. Figures on cash disbursements and expenditures

(a) Owing to the closing of the Ufficio di Collegamento (Liaison Office) in the Bank of Italy at Salerno, no current data on cash disbursements is available. This office has now been re-established in Rome and will in future furnish each month,

2289

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

2200

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

21 37

2791

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

21 37

Personnel Issued by the United States Government
(In millions of items)

Agency	June 1944	June 1945
Interior	45.5	46.5
Bur. of Outlying Areas	6.0	7.3
Public Roads	2.8	12.3
Reclamation	1.4	3.4
Agriculture	29.1	1.1
State Forests	225.5	12.3
Industry & Commerce	16.2	272.5
Bur. of Census	74.4	1.0
Bur. of Foreign & Domestic Commerce	150.3	81.3
Bur. of Civil Aeronautics	2.1	5.7
Labor:	0.4	1.1
Bur. of Labor Statistics	2.1	
Public Roads	54.8	140.2
Social Security	=======	=======
State Relations	837.2	
Bur. of Employment Security	367.5	
Treasury	82.3	
Internal Revenue	11.1	
Bur. of Accounts	1,280.3	
Bur. of Customs	-------	
Bur. of Mint	1,677.3	
Bur. of Printing & Engraving	=======	
Secret Service		
War:		
Army		
Navy		
Air Force		
Total		

(b) Figures on disbursements in Rome of the fascist [illegible] the liberation of Rome provide an interesting comparison with the expenditures of the government in liberated Italy. The figures shown below are comparable figures covering expenditures within the budget only.

Comparison of Budget Disbursements of R. Governo of King's Italy with Rome Territory for the period 1 July 1943 to 31 June 1944. (Millions of lire)

Ministry	Disbursements in Italian Government Territory	Disbursements in Rome
Finance	1,115.3	4,093.2
Justice	180.7	93.1
Foreign Affairs	4.6	14.2
Italian Africa	8.3	103.6
Education	572.4	594.3
Interior	1,236.3	1,428.3
Public Works	190.2	249.3
Communications	637.1	186.9
Army	6,405.4	11,319.1
Navy	2,041.7	5,215.3
Air Force	716.8	2,051.8
Agriculture	79.6	774.9
Industry & Commerce	15.3	348.6
Popular Culture	1.8	40.2
Foreign Exchange		17.2
War Production		419.2
A.M.G. Cabins	58.0	
Total	13,577.9	27,751.6

(c) Other figures obtained in Rome show the expenditures of the War Ministries in Rome, and reflect the creation of the Fascist Republican Army, the increased rates of Army pay, and, probably German military expenses for fortifications. The figures drop sharply in April, reflecting the transfer of the Ministry to Brescia.

Disbursements of the Ministries in Rome Province 1 July 1943 to 31 May 1944 (in millions of lire)

	Army	Navy	Air Force
1943 July	960	85	93

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

2293

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

Education	1,925.5
Interior	190.2
Public works	577.1
Communications	6,025.4
Army	2,341.7
Navy	716.8
Air Corps	72.8
Agriculture	15.3
Industry & Commerce	1.8
Foodstuffs Control	
Economic Warfare	
Foreign Exchange	
Air Defense	58.0
Total	12,377.2

(a) Other figures obtained in Rome although the exact relationship of the various items to the fiscal year is not clear.

(b) Probably German military expenses for Italy, especially the occupation forces.

(c) Including 2,000 for Italy.

(d) Including 1,000 for Italy.

(e) In addition, credits were granted to Italy for the purchase of supplies in the United States.

Disbursements of the United States in Italy
1 July 1943 to 31 Dec 1944
(In millions of Lire)

	Civil	Army	Total
1943			
July	96	85	181
August	32	124	156
September	926	119	1,045
October	1,453	568	2,021
November	1,727	1,539	3,266
December	2,519	1,369	3,888
1944			
January	1,722	1,335	3,057
February	195	57	252
March	1,632	11	1,643
April	22	9	31
May	212	29	241
	11,319	5,245	16,564

III. OPERATIONS OF ALLIED FINANCIAL AGENCY AND CURRENCY AND PROPERTY CONTROL

A. Supply of AM lire currency

1. As indicated in the accounts of the Allied Financial Agency, disbursements of lire to the paymasters of the Allied military forces in June were much larger than in any previous month, and were about twice the monthly rate of disbursements in the early months of 1944. Only a part of this sum was added to the floating reserve of the paymasters, indicating that the payments made to individual troops and to civilians also substantially exceeded the corresponding expenditure in any previous month.

2. As a result of these transactions, the total amount of AM lire available in Italy, in the United States, and in transit, was reduced to 31,806 million lire at the end of June. This is equivalent to 5.8 monthly disbursements at the June rate. However, only 4 months' supply of 1000-lire and 100-lire notes was available, as these denominations have been drawn most heavily, relative to our stocks.

3. The reserves in Italy were reduced to 12,292 million lire at the end of June, which sum was distributed for the most part at the branches of AFA in Rome, Naples and Bari. A small amounts remains at Palermo.

4. However, during the month of July, CCS agreed to begin deliveries on a new order for 30 billion AM lire shortly, the first shipment to be received on 1 September 1944.

B. Production of new currency for Italy

1. Preliminary

(a) Sometime ago the CCS was duly authorized to explore, on behalf of the Italian Government, the production of non-military lire currency by the fastest possible means, since currency conversion, which is an integral part of the Italian Stabilization and Inflation Control Program, is considered essential to the economic rehabilitation and political resurgence of Italy. Plans for such production are proceeding and in view of all the obstacles, considerable progress may be said to have been made.

(b) The Bank of Italy has given the following as its estimates of new currency required for the stabilization and inflation control program:

Quantity		Denomination	Lire Amount	
75,000,000	(12.5%)	1,000	L. 75,000,000,000	(50%)
75,000,000	(12.5%)	500	" 37,500,000,000	(25%)
300,000,000	(50%)	100	" 30,000,000,000	(20%)
150,000,000	(25%)			

Declassified E.O. 12356 Section 3.3/NND No. 785014

3. The reserves in Italy were [illegible] which sum was distributed for the most part at the branches of the Bank of Italy, [illegible] Bari. A small amounts remains at Palermo.

4. However, during the month of July, CCS agreed to begin deliveries on a new order for 30 billion AM lire shortly, the first shipment to be received on 1 September 1944.

B. Production of new currency for Italy

1. Preliminary

(a) Sometime ago the CCS was duly authorised to explore, on behalf of the Italian Government, the production of non-military lire currency by the fastest possible means, since currency conversion, which is an integral part of the Italian Stabilization and Inflation Control Program, is considered essential to the economic rehabilitation and political resurgence of Italy. Plans for such production are proceeding and in view of all the obstacles, considerable progress may be said to have been made.

(b) The Bank of Italy has given the following as its estimates of new currency required for the stabilization and inflation control program:

Quantity		Denomination	Lire Amount	
75,000,000	(12.5%)	1,000	L. 75,000,000,000	(50%)
75,000,000	(12.5%)	500	" 37,500,000,000	(25%)
300,000,000	(50%)	100	" 30,000,000,000	(20%)
150,000,000	(25%)	50	" 7,500,000,000	(5%)
600,000,000			L.150,000,000,000	

2136

2. Facilities available for printing bank-notes in Italy

(a) A thorough investigation of the facilities for manufacturing and printing bank notes in Italy has been made and very careful consideration has been given to the utilization of these facilities to the maximum. The production of bank notes in Italy is governed chiefly by two factors,

(i) Capacity to manufacture bank note paper, and
(ii) capacity to print or lithograph the notes.

751

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

Meanwhile, the Banca d'Italia used the following plants for the production of bank notes:

Name & Address	Used for	Present Condition
1. Banca d'Italia plant, l'Aquila, Italy	Manufacture of bank note paper and for printing	Completely destroyed
2. Cartiere Banca d'Italia, (Officina Carta Valori) 55 Via dei Serpenti, Rome.	Manufacture of bank note paper	Under construction. Paper making machinery salvaged from the l'Aquila plant is being installed here
3. Cartiere A. Sordini & Sons. Pale di Foligno, Italy	Manufacturing of paper	50% destroyed
4. Stabilimento Stadorini, 45 Via Baccina, Rome	Printing	In good condition but with limited capacity
5. Istituto Poligrafico dello Stato. Piazza G. Verdi, Rome	Printing	In good condition but with limited capacity

(b) A representative of the Finance Sub-Commission was sent to l'Aquila (Aquila province) to examine and report on the condition of the Banca d'Italia paper and printing plant there. This large plant, normally employing 600 workers, was completely wrecked by Allied bombing and by German demolition squads. Arrangements have been made through the Transportation Sub-Commission to move whatever paper manufacturing and printing machinery is undamaged, to Rome. The difficulties to be overcome are considerable. There is no power of any kind available in l'Aquila, almost all of the bridges and culverts between Rome and l'Aquila (about 60 miles) are out, requiring detours which the autumn rains may make impassable, and there is an acute shortage of gasoline and transportation. The Bank of Italy sent about 30 workmen to l'Aquila to disassemble the machinery and already several disassembled paper making machines have been moved to Rome. The Transportation Sub-Commission estimates that the moving of the machinery, barring bad weather and other factors beyond their control, will be completed by about September 15, 1944. It is estimated that the conversion of the building where it is to be installed and the installation itself will be completed by about November 1, 1944.

(c) A representative of the Finance Sub-Commission was also sent to Foligno (Perugia province, about 80 miles from Rome) to examine and report on the condition of the paper mill of A. Sordini & Sons. This is a small privately owned paper mill normally employing about 50 workmen which makes paper under contract for the Banca d'Italia. It was about 50% destroyed by German demolition squads. The part of this mill which is left is in relatively good condition and the owners state that only lack of raw materials and a few minor repairs prevent them from resuming operations. As an example of the difficulties encountered, the electric generating equipment at the paper mill was requisitioned by the provincial authorities and with no power, the machinery which is undamaged cannot be operated. Every assistance has been given to get the Sordini paper mill back into operation again.

(d) The Industry Sub-Commission has estimated that the Sordini mill will be

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

(b) A representative of the Finance Sub-Commission visited l'Aquila (Aquila province) to examine and report on the condition of the Banca d'Italia paper and printing plant there. This large plant, normally employing 600 workers, was completely wrecked by Allied bombing and by German demolition squads. Arrangements have been made through the Transportation Sub-Commission to move whatever paper manufacturing and printing machinery is undamaged, to Rome. The difficulties to be overcome are considerable. There is no power of any kind available in l'Aquila, almost all of the bridges and culverts between Rome and l'Aquila (about 60 miles) are out, requiring detours which the autumn rains may make impassable, and there is an acute shortage of gasoline and transportation. The Bank of Italy sent about 30 workmen to l'Aquila to disassemble the machinery and already several disassembled paper making machines have been moved to Rome. The Transportation Sub-Commission estimates that the moving of the machinery, barring bad weather and other factors beyond their control, will be completed by about September 15, 1944. It is estimated that the conversion of the building where it is to be installed and the installation itself will be completed by about November 1, 1944.

(c) A representative of the Finance Sub-Commission was also sent to Foligno (Perugia province, about 80 miles from Rome) to examine and report on the condition of the paper mill of A. Sordini & Sons. This is a small privately owned paper mill normally employing about 50 workmen which makes paper under contract for the Banca d'Italia. It was about 50% destroyed by German demolition squads. The part of this mill which is left is in relatively good condition and the owners state that only lack of raw materials and a few minor repairs prevent them from resuming operations. As an example of the difficulties encountered, the electric generating equipment at the paper mill was requisitioned by the provincial authorities and with no power, the machinery which is undamaged cannot be operated. Every assistance has been given to get the Sordini paper mill back into operation again.

(d) The Industry Sub-Commission has estimated that the Sordini mill will be able to start production of bank-note paper by 1 October 1944, and that the Cartiera Banca d'Italia, Rome, will start production of bank note paper by 1 November 1944.

(e) Careful consideration has been given to other sources of bank note paper in Italy such as the Cartiera Miliani, Fabriano, Province of Ancona, paper mills (about 100 miles from Rome), and to any existing stocks of paper. At present, reports on the condition of the mills at Fabriano, which has been liberated only a few weeks, are quite vague. A representative of the Finance Sub-Commission, together with a representative from the Industry and Commerce Sub-Commissions expect to proceed to Fabriano shortly and to report on conditions there for the production of paper. Judged by the amount of destruction at l'Aquila and Foligno, it is unlikely that the Cartiera Miliani, Fabriano will be undamaged.

(f) In northern Italy plants exist, or did exist, for the production of bank-note paper or for printing in Milan, Bergamo and Novara. This is still enemy-occupied territory and little or no information is available on the present condition of these plants. It is most unlikely, however, in view of our experience with the l'Aquila and Foligno establishments that these plants will not have been damaged, either by Allied bombing or by German demolition squads. Sig. Staderini stated that the only reason his printing plant in Rome had not been damaged or looted by the Germans was that he had been engaged in printing work for the Vatican.

Declassified E.O. 12356 Section 3.3/NND No. 785014

(c) The Finance Sub-Commission is working very closely with the Industry and Commerce Sub-Commissions in obtaining and co-ordinating to the extent all available Italian labor, production facilities, raw materials and other resources.

(h) If the recommendations in the currency stabilization and inflation control program are to be carried out, the new currency should be available within 6 to 7 months. It is physically impossible, under present conditions, to produce 600 million bank notes in Italy within that period of time. It is problematical under existing conditions whether this amount could be produced in Italy within 5 years.

(i) With our assistance, the Italians expect to be able to produce sufficient paper for the 1,000 lire and 500 lire denomination notes (75,000,000 of each in quantity), representing 25% of the total number of notes required for the program.

(j) They expect to be able to print in the Stabilimi and Poligrafico plants, working 2 shifts of 10 hrs each, all of the 1,000 and 500 denomination notes within 3½ months after receipt of the paper stock. This is assuming, of course, that the necessary power, raw materials, fuel, transportation, etc. can be obtained and that the facilities of these firms for producing currency will not be requisitioned for some other purpose.

(k) Discussions are under way for the production in the United States of the 50 and 100 denomination notes representing 75% of the total quantity of the new currency contemplated. Thus it is hoped that with production of the large denomination notes (500's and 1000's) in Italy and the small denomination notes (50's and 100's) in the U.S., the total amount of currency required will be produced within 6 to 7 months. Lengthy discussions have been held with officials of the Italian Ministry of the Treasury and of the Banca d'Italia on this matter and every effort is being made to produce the required amount of currency by February 15, 1945.

G. Review of reserve position of Banca d'Italia

1. The total currency holdings of the Banca d'Italia in liberated Italy amounted to 6,330 million lire on 16 July, on the basis of preliminary reports, as compared with 6,331 million lire held on 31 May in the smaller area of Italy which existed at that date under Allied control. That is to say, the extension of territory has resulted in a decrease in the currency reserve of the Banca d'Italia, despite the much larger flow of new lire into circulation which took place in May and June and in spite of the discovery of some currency in Rome and in other cities recently liberated.

2. This decrease of 305 million in total currency reserve was almost equal to the decline of 306 millions in "free" reserve, after deducting 42% balances with the Banca d'Italia, which rose from 3,355 million lire on 31 May to 3,355 million lire on 30 June.

2135

I. Remittances from the U.S. and the U.K.

1. Since the inauguration of the remittance system to the end of July 1944, lists

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

50 and 100 denomination notes representing 75% of the total quantity of the new currency contemplated. Thus it is hoped that with production of the large denomination notes (500's and 100's) in Italy and the small denomination notes (50's and 100's) in the U.S., the total amount of currency required will be produced within 6 to 7 months. Monthly discussions have been held with officials of the Italian Ministry of the Treasury and of the Banca d'Italia on this matter and every effort is being made to produce the required amount of currency by February 15, 1945.

C. Review of reserve position of Banca d'Italia

1. The total currency holdings of the Banca d'Italia in liberated Italy amounted to 6,336 million lire on 10 July, on the basis of preliminary reports, as compared with 6,631 million lire held on 31 May in the smaller area of Italy which was at that date under Allied control. That is to say, the extension of territory has resulted in a decrease in the currency reserve of the Banca d'Italia, despite the much larger flow of new lire into circulation which took place in May and June and in spite of the discovery of some currency in Rome and in other cities recently liberated.

2. This decrease of 304 million in total currency reserve was almost equal to the decline of 306 millions in "free" reserve, after deducting 42% balances with the Banca d'Italia, which rose from 3,355 million lire on 31 May to 3,359 million lire on 30 June.

D. Remittances from the U.S. and the U.K.

2135

1. Since the inauguration of the remittance system to the end of July 1944, lists totalling £ 2,095,926.95, and $ 41,575-10-0, covering 70,363 individual remittances, have been handed to the Banco di Sicilia and the Banco di Napoli for payment. (These data include lists totalling £ 256,459.18 and $ 14,389-2-0, covering 12,575 remittances, which were received at the end of July, but not recorded on AFL's books until 1 August.)

2. The Banca d'Italia has expressed its desire to handle remittances in the remaining territory of Italy. However, as the appointment of a commissario did not take place until the end of July, AFL requested early in July that the Banco di Napoli be authorized to make payments to beneficiaries resident in the provinces of Bari, Littoria, Frosinone and Campobasso. The British and U.S. Treasuries have presumably issued licenses to open the service to these provinces, but official notice thereof has not yet reached AFL.

3. In the near future, the limit for a personal remittance from the United States, without a specific license, will be raised from £ 50 per month per Italian household to £ 500 per month per individual or household, and the same maximum figure will apply to U.S. nationals. The U.K. Treasury will also relax its restrictions on the amount which may be remitted through the Bank of England on behalf of remitters who are not residents of the "sterling area". This apparently will permit free transfer of funds from Latin American countries to liberated Italy, via sterling, subject to such restriction as may

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

be imposed by such Latin American countries themselves. The existing limitations will remain effective so far as remittances from residents of the sterling area to Italy are concerned.

4. When the Banca d'Italia opens accounts with the U.S. and U.K. commercial banks for the purpose of carrying out remittances, it has been recommended that the existing procedure be modified to require that no offsetting AF dollar and sterling accounts with the Banca d'Italia be established by AFA, but merely that the Banca d'Italia agree to make such payments of foreign exchange from these accounts as are requested or ordered by the Finance Sub-Commission, ACC. An official ruling from OGS will be required on this point before the correspondents of the Banca d'Italia can be chosen. This change in procedure would relieve these transactions entirely from AFA's accounts, and Banca d'Italia, rather than AFA, would provide the lire with which payments would be effected in Italy.

E. Advances to Allied Military Forces

1. During the month of July the first advances of lire were made to the Brazilian Expeditionary Force, in the approximate amount of 14 million lire. A suspense account in Brazilian Cruzeiros will be set up in the Bank of Brazil as an offset to these advances, at the rate of 5 lire to one cruzeiro.

F. AFA Accounting

1. Centralization at Headquarters

Pursuant to Executive Memorandum No. 64, dated 21 June, 1944, all bookkeeping and preparation of accounts for Allied Financial Agency (with the exception of certain bookkeeping records maintained for AFA by the Regional Accountants of Regions IV and V which will be taken over in August) were centralized at Headquarters. The new ledgers were opened with the 30 June 1944 balances as shown in the Allied Financial Consolidated Statements of Receipts and Disbursements, and thereafter the posting of entries arising from AFA branch transactions and transactions of Sub-Accounts in the Field was begun. The new centralized records are being posted by means of bookkeeping machines requisitioned for this purpose.

2. June Statement of Receipts and Disbursements

The AFA branch statements for the month of June were consolidated in the usual way, and the consolidated Statement was prepared for distribution.

3. Advances to Other Allied Forces

A new form, W/P 13 (c), was printed for use in connection with making adjustments with the British Command Paymaster in respect of AF lire advanced by him to British Dominion, and other Allied forces (specified in TMC Airgram No. 152). A supply of this form has been sent to the AFA branches concerned, who in turn have advised the Paymaster that as soon as he has furnished the necessary data and collective receipts adjustments will be made, in order that such advances will be properly reflected in

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

F. AFA Accounting

1. Centralization at Headquarters

Pursuant to Executive Memorandum No. 64, dated 21 June, 1944, all bookkeeping and preparation of accounts for Allied Financial Agency (with the exception of certain bookkeeping records maintained for AFA by the Regional Accountants of Regions IV and V which will be taken over in August) were centralized at Headquarters. The new ledgers were opened with the 30 June 1944 balances as shown in the Allied Financial Consolidated Statements of Receipts and Disbursements, and thereafter the posting of entries arising from AFA branch transactions and transactions of Sub-Accounts in the Field was begun. The new centralized records are being posted by means of bookkeeping machines requisitioned for this purpose.

2. June Statement of Receipts and Disbursements

The AFA branch statements for the month of June were consolidated in the usual way, and the consolidated Statement was prepared for distribution.

3. Advances to Other Allied Forces

A new form, F/F 13 (c), was printed for use in connection with making adjustments with the British Command Paymaster in respect of AFA lire advanced by him to British Dominion, and other Allied forces (specified in TAC Airgram No. 152). A supply of this form has been sent to the AFA branches concerned, who in turn have advised the Paymaster that as soon as he has furnished the necessary data and relative receipts adjustments will be made, in order that such advances will be properly reflected in AFA's accounts.

4. Supplies stockpiled for export

Instructions regarding the accounting treatment of disbursements for supplies purchased for stockpiling pending export were prepared and sent to all AFA branches.

5. Funds for United Nations Representatives in Italy

A new form, F/F 12 (a), was prepared for the use of AFA branches in connection with the making of temporary advances to duly accredited representatives of United Nations for the purpose of meeting the personal and office expenses of such representatives in Italy. In accordance with TAC 216 this new form provides that such advances will be repaid to AFA as promptly as possible by means of funds transferred through the remittance plan by the United Nations' governments concerned.

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

4. Recent of U.S. Financial Aspects to AFHQ

The points of criticism relating to financial accounting (as distinct from supply or commodity accounting) has been met prior to the receipt of the Report, with the exception of the suggestion that Collectors of Revenue report their receipts direct to AFA HQ, so that these could be checked independently of the reports of Sub-Accountants, with whom the collections are deposited. During the month, instructions covering this matter were prepared for distribution to Collectors of Revenue, and hereafter the verification suggested by the Mission will be incorporated in the examination procedure.

C. Measures against counterfeiting of Allied lire

1. In response to a request from Finance Sub-Commission to CMH, the U.S. Treasury Department prepared and forwarded a list of persons convicted in the United States on counterfeiting charges and deported to Italy. As these counterfeiters were involved in "plant" cases (production of completely forged notes), and as this is the type of counterfeiting which may reasonably be expected to increase in Italy in the future, the names, records, and photographs of the listed individuals were sent to Public Safety Sub-Commission for an investigation into their present whereabouts and activities.

IV. BANKING, POSTAL SAVINGS, AND OTHER FINANCIAL DEVELOPMENTS

A. Central Banking Developments

1. The Central Administration of the Banco d'Italia is in process of systematising its relations with its branches which were cut off from it prior to the liberation of Rome. During the period of separation, the branches in southern Italy had been directed by the then Commissioner of the Banco d'Italia, Arturo Azzi, to continue to prepare the usual statements for forwarding to the Central Administration. With the change in management of the Banco d'Italia, occurring through removal of the Governor, Azzolini, and the assumption of the active direction by the Vice-Director General, Introna, (now Commissioner), the Central Administration has been encouraged to re-assume its directive position in relation to the branches. The accumulated accounting statements of the branches are now, therefore, being despatched to Rome.

2. On 29 July, Nicola Introna, Deputy Director General, was named by the Council of Ministers as Commissioner of the Banco d'Italia, and Alberto Pettinari, Director of the Bari and Naples branches, as Vice-Commissioner. Arturo Azzi, the Commissioner named last winter for southern Italy, died during July. Introna, the new Commissioner, is a career man, having been with the Banco d'Italia from its foundation. Pettinari was the Vice-Commissioner in southern Italy and continues in the same post. Vincenzo Azzolini, the former Governor , has now been imprisoned by the Italian Government.

3. For the purpose of showing the great changes in the position of the Banco d'Italia during the course of the war, the balance sheets for 31 December, 1939, and 31 December, 1945, are reproduced in the Statistical Appendix. The balance sheet for the latter date is completely dominated by the financial needs of the Government,

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

IV. BANKING, FISCAL, SAVINGS, AND OTHER FINANCIAL DEVELOPMENTS

A. Central Banking Developments

1. The Central Administration of the Banco d'Italia is in process of systematizing its relations with its branches which were cut off from it prior to the liberation of Rome. During the period of suppression, the branches in southern Italy had been directed by the then Commissioner of the Banco d'Italia, Arturo Attoi, to continue to prepare the usual statements for forwarding to the Central Administration. With the change in management of the Banco d'Italia, occurring through removal of the Governor, Azzolini, and the assumption of the active direction by the Vice-Director General, Introna, (now Commissioner), the Central Administration has been encouraged to re-assume its directive position in relation to the branches. The accumulated accounting statements of the branches are now, therefore, being despatched to Rome.

2. On 29 July, Niccolo Introna, Deputy Director General, was named by the Council of Ministers as Commissioner of the Banco d'Italia, and Adalto Pettinari, Director of the Bari and Naples branches, as Vice-Commissioner. Arturo Attoi, the Commissioner named last winter for southern Italy, died during July. Introna, the new Commissioner, is a career man, having been with the Banco d'Italia from its foundation. Pettinari was the Vice-Commissioner in southern Italy and continues in the same post. Vincenzo Azzolini, the former Governor , has now been imprisoned by the Italian Government.

3. For the purpose of showing the great changes in the position of the Banco d'Italia during the course of the war, the balance sheets for 31 December, 1939, and 31 December, 1943, are reproduced in the Statistical Appendix. The balance sheet for the latter date is completely dominated by the financial needs of the Government. Total funds made available to the State and State agencies totaled 14 billion lire on 31 December, 1939, and 184 billion lire on 31 December, 1943. (If advances on Government bonds are included, those figures become 18 billion and 191 billion lire respectively.) In essence, the Banco d'Italia met the demands of the Government during these years by increasing its bank notes in circulation from 24 to 155 billion, by funneling 35 billion lire of funds deposited with it to the Treasury, and by increasing its demand drafts outstanding to 7 billion.

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

B. Italian Government Financial Institutions

1. During July, 1944, a decision was taken by the Council of Ministers to place the supervision of banking institutions under the Ministry of the Treasury. In accordance with this decision, the Inspectorate (Ispettorato per la Difesa del Risparmio e l'esercizio del credito) which is charged with credit control has been assigned to the Treasury. At the same time, the industrial financing organization of the government, I.M.I. (Istituto Mobiliare Italiano) was also put under the Treasury.

2. As a result of the banking reform law of 1936, which changed Italian banks from the German type (mixed commercial and industrial financing) to the Anglo-American commercial type of bank, long-term financing of industry has been largely taken away from the banks and is now a function of I.M.I. As the Ispettorato is charged, among other duties, with the control of security issues, the Treasury with its control over the Ispettorato and I.M.I. should have the opportunity of guiding the flow of investment funds in accordance with national policy.

3. The Treasury has also made strenuous attempts to secure control of I.R.I. (Istituto per la Ricostruzione Industriale), the financial holding company of the government. I.R.I. owns the three biggest commercial banks in the country and the largest part of the key heavy and armament industries of Italy. Were the control of I.R.I. to pass to the Treasury, this Ministry would literally be able to decide the economic future of Italy. The Finance Sub-Commission's advisor to I.R.I. has made arrangements to re-activate the organization. A team consisting of a representative each from the Ministry of Finance, Onofrio Pompucci, and the Ministry of the Treasury, Sergio Fortis, who are technically competent and work well together, have been put in as temporary heads until the government can come to a final decision as to the control of I.R.I. The most probable outcome is that the Board of Directors of I.R.I. will consist of a sufficient number of Ministers or their representatives to give representation to the major national economic and political interests. The actual operation of I.R.I. would be conducted by a technician as managing director within the lines of general policy laid down by the Board.

C. Commercial Banking

1. As of the end of June 1944, total deposits in banks in all Italy are estimated to total around 170 billion lire. The latest definite figures supplied by the Ispettorato, for September 1943, give a total of 143 billion lire. The nine banks included in the categories of "institutions of public law" and "banks of national interest"(i.e. banks without stockholders or owned by I.R.I. such Banco di Napoli and Banca Commerciale Italiana) hold not quite half of all the deposits.

2. The latest figures on Government securities owned by the banks show that they hold, as of 30 September 1943, 64 billion lire of securities; that is, considerably less than half of total banking assets were invested in Government securities. It is particularly to be noted that whereas the nine leading banks hold almost half of the total deposits, they hold only about a third of the total amount of Government bonds owned by the banks. As the nine leading banks were all theoretically subject to direct Government control, the foregoing figures are a good indication of the lack of efficiency

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

ment. I.R.I. [illegible]
part of the key heavy and armament industries of Italy. [illegible]
to pass to the Treasury, this Ministry would literally be able to decide the economic
future of Italy. The Finance Sub-Commission's advisor to I.R.I. has made arrangements
to re-activate the organization. A team consisting of a representative each from the
Ministry of Finance, Onofrio Pasquocci, and the Ministry of the Treasury, Bay to Fortis,
who are technically competent and work well together, have been put in as temporary
heads until the government can come to a final decision as to the control of I.R.I.
The most probable outcome is that the Board of Directors of I.R.I. will consist of a
sufficient number of Ministers or their representatives to give representation to the
major national economic and political interests. The actual operation of I.R.I. would
be conducted by a technician as managing director within the lines of general policy
laid down by the Board.

C. Commercial Banking

1. As of the end of June 1944, total deposits in banks in all Italy are estimated to total around 170 billion lire. The latest definite figures supplied by the Ispettorato, for September 1943, give a total of 145 billion lire. The nine banks included in the categories of "institutions of public law" and "banks of national interest" (i.e. banks without stockholders or owned by I.R.I. such Banco di Napoli and Banco Commerciale Italiano) held not quite half of all the deposits.

2. The latest figures on Government securities owned by the banks show that they held, as of 30 September 1943, 64 billion lire of securities; that is, considerably less than half of total banking assets were invested in Government securities. It is particularly to be noted that whereas the nine leading banks held almost half of the total deposits, they held only about a third of the total amount of Government bonds owned by the banks. As the nine leading banks were all theoretically subject to direct Government control, the foregoing figures are a good indication of the lack of efficiency of Fascist banking and credit controls. This indication is well substantiated by other experience in this field. (The Statistical Tables on deposits and Government bonds holdings are given in Statistical Appendix, Appendix D.)

D. Postal Savings

(a) For the first month in any period for which we have information there appears to have been a decisive shift in postal savings bond investment from a net outflow of funds to a net inflow.

(b) As the principal mechanism of saving used by small savers in Italy, the status of investment in these bonds is highly important. The shift in June was probably caused by the availability of new postal savings bonds certificates and by investment of the first harvest proceeds in agricultural districts.

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

E. Other Financial Developments

1. Financing of ocean transport

(a) Two related problems arose during July in connection with the financing of cargoes transported by water for ACC account. The Mediterranean Shipping Board has requested payment for freight carried for ACC account, and a new method of financing the operations of COGENA (an association of Italian schooner owners) was adopted. Previously, COGENA had been financed by the Shipping Sub-Commission with funds drawn by the British Command Pay Office from the Allied Financial Agency. Inasmuch as this financial problem is clearly an internal one and therefore a matter for the Italian Government, arrangements were made for the Government to provide COGENA with the necessary funds. No payments will be made to COGENA for cargoes carried on behalf of the Allied forces or ACC. In accordance with the terms of the Armistice and AFHQ Administrative Memoranda Nos. 95 and 31, those charges will be borne by the Italian Government when it finances COGENA's operating deficit.

(b) With respect to MEDBO's request, Finance Sub-Commission replied that the movement of cargoes for ACC is in reality a service rendered to the Italian civilian economy (food supplies, etc.). In view of this, such charges should be treated in the same way as, for example, food imported for civilian consumption, for which no immediate payment is made. MEDBO is itself applying the same principle, in that Italian ocean-going vessels are chartered to MEDBO, but the question of remuneration to Italy for the services of these vessels has been deferred. All such elements - the value of services provided by Italy and rendered to Italy must be considered in an ultimate financial settlement. It was therefore suggested to MEDBO that vessels under charter to it continue to carry cargoes for ACC without any immediate payments. Careful records should of course be kept, in order that this service may be taken into consideration in the future.

2. Savings Bank Officials

As new territory is liberated in the north several savings banks have been found from which all officers have fled. Prior to Fascism there were various methods of selecting these officers, giving due weight to different elements in the community. Under Fascism all of these officers were appointed by the Ministry of Finance. It has been agreed by the Minister of the Treasury that as officers are removed or places are found vacant no permanent appointments shall be made but Commissionerii will be appointed to hold office only until the pre-Fascist system can be reinstituted.

3. Revision of Proclamations and General Orders

In conjunction with the Legal Sub-Commission, Finance Sub-Commission reconsidered the various policy statements embodied in the outstanding Proclamations and General Orders. Extensive revisions were made and drafts thereof submitted to the Legal Sub-Commission.

2133

V. PRICES AND THE COST OF LIVING

Appendix E to this Report reproduces all the data currently available on the cost of

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

economy (food supplies, etc.). In view of this, [illegible] same way as, for example, food imported for civilian consumption, for which no immediate payment is made. MEDBO is itself applying the same principle, in that Italian ocean-going vessels are chartered to MEDBO, but the question of remuneration to Italy for the services of these vessels has been deferred. All such elements - the value of services provided by Italy and rendered to Italy must be considered in an ultimate financial settlement. It was therefore suggested to MEDBO that vessels under charter to it continue to carry cargoes for ACC without any immediate payments. Careful records should of course be kept, in order that this service may be taken into consideration in the future.

2. Savings Bank Officials

As new territory is liberated in the north several savings banks have been found from which all officers have fled. Prior to Fascism there were various methods of selecting these officers, giving due weight to different elements in the community. Under Fascism all of these officers were appointed by the Ministry of Finance. It has been agreed by the Minister of the Treasury that as officers are removed or places are found vacant no permanent appointments shall be made but Commissionerii will be appointed to hold office only until the pre-Fascist system can be reinstituted.

3. Revision of Proclamations and General Orders

In conjunction with the Legal Sub-Commission, Finance Sub-Commission reconsidered the various policy statements embodied in the outstanding Proclamations and General Orders. Extensive revisions were made and drafts thereof submitted to the Legal Sub-Commission.

2133

V. PRICES AND THE COST OF LIVING

A. Appendix E to this Report reproduces all the data currently available on the cost of living in the capital cities of 24 provinces of liberated Italy. Previously, this Report has contained cost of living figures for Naples. The data in Appendix E are calculated for all 24 provinces on approximately the same basis as that previously used for Naples, the differences being fully explained in the appendix.

For all provinces for which July data are available, the cost of living dropped sharply in that month, a result of the increase in the bread ration which took effect on 1 July, of the current wheat harvest which is now available, and of the current harvest of other important food crops.

B. The price of bread in liberated Italy, a subject that has been extensively discussed in ACC, and reported in detail in previous numbers of the Monthly Report, was fixed during July at 5 lire per kilogram. The decision to fix the price at that point was taken after it became obvious that agreement between ACC and the Government was impossible as the Government consistently advocated an "economic"(i.e. full cost) price for bread.

751

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

VI. INSURANCE

A. Commercial Insurance

1. Italian Government

Dott. Beniamino Vigoriti, of the Commercial Insurance Section of the Ministry of Industry, Commerce and Labor, has been charged with re-forming the former Servizio dell'Assicurazione of the Ministry of Corporations as a Section of the Ministry of Industry, Commerce and Labor, using the most technically qualified men available in Rome. It has been emphasized that this is a matter of pressing importance. Occupation of Rome, where there are a number of insurance offices authorized to take charge in liberated Italy, is bringing insurance problems which are of a highly technical nature and require examination not so much from the point of view of companies individually, but on a national basis. While a reorganized Advisory Committee will go some way towards meeting this problem, it is obvious that the representatives on it of the Ministry of Industry, Commerce and Labor must be men highly qualified in insurance problems. There are a number of such men in Rome from whom the Government can make a selection, subject to satisfactory political backgrounds.

2. Existing condition of Rome offices

All insurance offices in Rome had been closed (except for premium collections and expenses) by order of Rome Region on 24 June, and the earliest efforts were directed to obtaining sufficient data from them to decide upon reopening. Several distinct categories were immediately apparent:

(a) The group comprising the Istituto Nazionale delle Assicurazioni, Preavidenza, and Assicurazioni d'Italia, where the Boards of Administration had been replaced by the Commissioner, Dr. Alfredo de Liguoro, appointed by decree in May, and sent to Rome on Italian Government orders and with ACC approval, to take charge of these parastatal concerns.

(b) Other companies with Head Offices in Rome, of which both the Compagnia di Roma and the Unione Italiana di Riassicurazione required special consideration.

(c) Companies whose Head Offices were in the north, which had arranged for specially staffed and equipped offices in Rome, to act as Head Offices for liberated territory. The two most important of this group were Assicurazioni Generali di Venezia, and Riunione Adriatica di Sicurta'.

(d) Foreign Companies, comprising five French companies in the same categories as (b) or (c) above, two German companies, and agencies of three British companies.

There were in Naples Commissioners appointed for several companies by the Government, with powers extended to AMG territory. While it had originally been intended to bring all such Commissioners to Rome to take charge of their companies' affairs, it became apparent that in some instances of Companies in group (c) above, the officials in Rome were not only better qualified men holding specific authority from their Head Offices, but were also the superiors of their own Commissioners, who, although selected [illegible] at the time of their appointment, did not possess all the

Declassified E.O. 12356 Section 3.3/NND No. 785014

All insurance offices in Rome had been closed (except for premium collections and expenses) by order of Rome Region on 24 June, and the earliest efforts were directed to obtaining sufficient data from them to decide upon reopening. Several distinct categories were immediately apparent:

(a) The group comprising the Istituto Nazionale delle Assicurazioni, Praevidentia, and Assicurazioni d'Italia, where the Boards of Administration had been replaced by the Commissioner, Dr. Alfredo de Liguoro, appointed by decree in May, and sent to Rome on Italian Government orders and with AGC approval, to take charge of these parastatal concerns.

(b) Other companies with Head Offices in Rome, of which both the Compagnia di Roma and the Unione Italiana di Riassicurazione required special consideration.

(c) Companies whose Head Offices were in the north, which had arranged for specially staffed and equipped offices in Rome, to act as Head Offices for liberated territory. The two most important of this group were Assicurazioni Generali di Venezia, and Riunione Adriatica di Sicurta'.

(d) Foreign Companies, comprising five French companies in the same categories as (b) or (c) above, two German companies, and agencies of three British companies.

There were in Naples Commissioners appointed for several companies by the Government, with powers extended to AMG territory. While it had originally been intended to bring all such Commissioners to Rome to take charge of their companies' affairs, it became apparent that in some instances of Companies in group (c) above, the officials in Rome were not only better qualified men holding specific authority from their Head Offices, but were also the superiors of their own Commissioners, who, although selected from the best men available at the time of their appointment, did not possess all the qualifications strictly desirable.

At a meeting with the Minister of Industry, Commerce and Labor it was decided that the appointment of Commissioner should be cancelled by the Government in cases where it was agreed that the Rome management was of a superior grade to the Commissioner.

5. Conditions of reopening

In the meeting attention was given to the formulation of restrictions it might be desirable to impose, and the following were agreed with the Italian Government representatives:

(a) Operations on quotas of reinsurance given to, or accepted from, companies remaining closed, to be suspended;

(b) Operations on any part of the portfolio referring to foreign countries, or to foreign companies not opened for liberated territory, to be suspended;

./..

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

(c) No payment to be made to any person, corporation or other concern whose bank account is blocked under ACC/AMG orders, without approval of the Finance Sub-Commission;

(d) The obligation of "cessioni legali" to the Istituto Nazionale dello Assicurazioni to remain in force for life insurances;

(e) New risks in other branches to be limited to those the Rome managements are authorized by their principals to accept, to those located in liberated territory, and in accordance with Italian law;

(f) No operation to be undertaken which would violate any order of ACC/AMG or of the Italian Government.

4. Non-Italian companies

In accordance with arrangements previously made, the agencies of the three British Companies, which were without any centralizing authority, were turned over to the Director of Property Control. The Companies effected are:

Alliance
Liverpool London & Globe
Commercial Union

The Italian Head Offices for all three are in Milan under Italian management, and fresh arrangements are contemplated for them when Milan is reached, by which time the Director of Property Control should have received instructions from London.

After further consultation with the French authorities it was agreed to treat the French companies in the same way as Italian offices of similar calibre, it being understood, however, that negotiations might take place to bring them under the control of superior offices located in the territory under the control of the Provisional French Government. The French authorities also mentioned the companies "Ausonia" and "Paterna" as being of majority French ownership. There is no substantial organization for either in Rome.

It is the intention of the Italian authorities to appoint a sequestrator for the two German companies; one, Danubio - Concordia, has its Italian Head Office in Rome and appears to be in working condition. The officers of the other, the Mannheim, have been evacuated north, leaving a minor official (Italian) with authority to settle claims, and some funds for this purpose.

5. Italian Companies

Investigation of data furnished by companies was completed by 12 July and on 14 July a number of companies were instructed to resume their activities for all liberated Italy the restrictions reported above.

In view of the peculiar character of the Compagnia di Roma and the Unione Italiana di Riassicurazioni, it was decided, in conjunction with the Government representative, to leave them closed until such time as investigation can be made into

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

Alliance
Liverpool London & Globe
Commercial Union

The Italian Head Offices for all three are in Milan under Italian management, and fresh arrangements are contemplated for them when Milan is reached, by which time the Director of Property Control should have received instructions from London.

After further consultation with the French authorities it was agreed to treat the French companies in the same way as Italian offices of similar calibre, it being understood, however, that negotiations might take place to bring them under the control of superior offices located in the territory under the control of the Provisional French Government. The French authorities also mentioned the companies "Ausonia" and "Paterna" as being of majority French ownership. There is no substantial organization for either in Rome.

It is the intention of the Italian authorities to appoint a sequestrator for the two German companies; one, Danubio - Concordia, has its Italian Head Office in Rome and appears to be in working condition. The officers of the other, the Mannheim, have been evacuated north, leaving a minor official (Italian) with authority to settle claims, and some funds for this purpose.

5. Italian Companies

Investigation of data furnished by companies was completed by 12 July and on 14 July a number of companies were instructed to resume their activities for all liberated Italy the restrictions reported above.

In view of the peculiar character of the Compagnia di Roma and the Unione Italiana di Riassicurazioni, it was decided, in conjunction with the Government representative, to leave them closed until such time as investigation can be made into their functioning.

6. Insurance intelligence

It is difficult to appraise with any degree of exactitude the insurance intelligence available from the half-dozen Head offices in Rome. The chief institutions of any value in this respect are the Istituto Nazionale delle Assicurazioni, the Compagnie di Roma, and the Unione Italiana di Riassicurazione.

The Istituto Nazionale deals primarily with life insurances, although it does conduct small reinsurances in other branches, chiefly in conjunction with the Unione Italiana and its own subsidiary Assicurazione d'Italia. A preliminary report of the conditions in the Head Office at the time of the liberation of Rome is attached as Appendix F.

758

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

The Compagnia di Roma and the Unione Italiana offer a different problem. Upon notification from them that their technical records were intact, contact was made through ACC Information Division with the Intelligence Services, to a representative of which the possibilities were explained. It is, however, beyond the resources of the Insurance Department to undertake any large-scale investigation of technical records. The Department could, however, request the companies to do the work, if an indication should be given of the specific type of information required by London and Washington, e.g. names of persons whose property it is desired to investigate, a record of insurance upon whom, or upon whose property, might be of assistance. Both as a test on completeness of records, and as an example of the information available on insured persons and property, details of two life, two fire and two transport policies picked at random have been called for from both the Unione Italiana di Riassicurazione and the Compagnia di Roma.

7. Arrangements have now been made on the following lines, after consultation with Sections of the Finance Sub-Commission dealing with other financial institutions, on a national basis. Excurgation of the Istituto Nazionale delle Assicurazione and its subsidiaries (para-statal concerns) will be left to the Government to arrange with the Commissioner, who has already taken steps to obtain political histories of the staff. Such of the managements and directorates as are in Rome of all commercial insurance offices having a national sphere of responsibility will be screened by means of "Schede Personali" sent out by the Insurance Department and referred to the Security Branch. When once such managements and directorates have been established as satisfactory, they will in turn be made responsible for dealing with their employees, utilizing, if they so desire, the services of any staff Committee in their office. The exact terms of reference to be given to the management have yet to be formulated, but will be uniform with those used by the rest of the Sub-Commission.

Dispatch of "Schede Personali" for managements and directorates at a national level has been finished, completion of screening being now dependent on the speed with which they are returned and can be dealt with.

Offices which have not a national significance, such as local branches, agencies, cash offices and the like, will comply with Regional orders on the subject.

Personnel of managements and directorates found unsatisfactory will be dismissed by orders direct to their companies up to the date of the hand-over of Rome to the Italian Government, with a copy to the Government for confirmatory action afterwards. After the hand-over, names of such persons will be sent to the Government for necessary action. Names of all such personnel, and also those of insurance personnel proved satisfactory, will be communicated in future monthly reports.

B. Social Insurance

1. Extension of social insurance to direct employees of the Allied forces

(a) Recent pressures have forced quickening of consideration of coverage of direct employees of Allied Forces in Italy under social insurance laws. Documents made available following the fall of Rome make clear that the Germans provided such coverage for their direct employees. Italians in this area cannot understand why we have not

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

Personali" sent out by the Insurance Dep[illegible] When once such managements and directorates have been established as satisfactory, they will in turn be made responsible for dealing with their employees, utilizing, if they so desire, the services of any staff Committee in their office. The exact terms of reference to be given to the management have yet to be formulated, but will be uniform with those used by the rest of the Sub-Commission.

Dispatch of "Schede Personali" for managements and directorates at a national level has been finished, completion of screening being now dependent on the speed with which they are returned and can be dealt with.

Offices which have not a national significance, such as local branches, agencies, cash offices and the like, will comply with Regional orders on the subject.

Personnel of managements and directorates found unsatisfactory will be dismissed by orders direct to their companies up to the date of the hand-over of Rome to the Italian Government, with a copy to the Government for confirmatory action afterwards. After the hand-over, names of such persons will be sent to the Government for necessary action. Names of all such personnel, and also those of insurance personnel proved satisfactory, will be communicated in future monthly reports.

B. Social Insurance

1. Extension of social insurance to direct employees of the Allied forces

(a) Recent pressures have forced quickening of consideration of coverage of direct employees of Allied Forces in Italy under social insurance laws. Documents made available following the fall of Rome make clear that the Germans provided such coverage for their direct employees. Italians in this area cannot understand why we have not already done so. In Sicily this gap in coverage has recently become a source of serious agitation.

(b) On 15 May 1944 the local Resources Board for Italy approved extension of Italian social insurance benefits to direct employees of Allied Forces and requested AOC to develop a plan for such extension that would be acceptable to the Italian Government and Allied Forces. The Italian Government had already agreed to bear the cost of the following coverages in addition to accidental injury or death which are already covered:

(i) sickness of worker or dependent
(ii) unemployment
(iii) pensions for invalidity or old age
(iv) tuberculosis
(v) marriage and birth allowances

Declassified E.O. 12356 Section 3.3/NND No. 785014

(c) The principal problems have been, on the one hand, to determine the minimum information required for assuring payment of benefits to the workers involved, and for enabling the Italian Government to accumulate the necessary reserves to meet such payments; and on the other hand, to devise a method by which Allied Forces can supply such information with a minimum of recording, tabulation and reporting.

(d) A plan has been prepared and submitted for approval of appropriate committees of HQ, Allied Armies in Italy. It proposes that Allied Forces assume responsibility for

(i) preparation of a "Worker's Social Insurance Card" for each direct employee, the cards to be kept on file during the period of employment

(ii) commencement of coverage as of the first pay-period after the effective date decided upon, the file being then constituted (but units able and willing to do so may provide retro-active coverage to actual dates on which employment commenced where verifiable)

(iii) surrender of the card with appropriate certification upon termination of employment or interruption by illness, the card to form the basis for establishing both right to benefit and amount of contribution due from the Italian Government.

(iv) preparation of a "Worker's Employment Status Report" to be issued to such workers as during employment, shall apply for medical care for a dependent member of their families or for a marriage or birth allowance.

2. Military allowances under Proclamation No. 4

(a) As was announced in the June Report of this Sub-Commission, (Social Insurance, para 3) a directive was issued by the Acting Chief Commissioner and implemented by an instruction to provincial offices of Istituto Nazionale della Previdenza Sociale, changing the status of military allowances. The purpose of the changes was to encourage military personnel in enemy-occupied territory to cooperate with Allied Forces. In order further to regularize the situation, Proclamation No. 4 has now been formally amended, and Article I, Section 4 has been replaced by a Section 4 reading as follows:

"Every company, institution, corporation, body and person engaged in the administration of any Social Insurance or Social Welfare Scheme shall continue to receive and collect all contributions payable under such Scheme, and to make all benefits, indemnity and other payments due or payable under any such Scheme, provided the same was legally in force prior to 8 September 1943, except payments of family allowances and military benefits to dependents of persons in Germany or other enemy or enemy occupied territory known to be cooperating with the enemy".

(b) The Acting Chief Commissioner's directive and the "Previdenza" instruction remain in effect as detailed implementation of the amended section. The underlined portions of the amended section are of greatest interest. The phrase "legally in force prior to 8th September 1943" is related to the provision of the directive (para 2 c) outlawing changes made by the Fascist Republican Government. The phrase

Declassified E.O. 12356 Section 3.3/NND No. 785014

dates on which employment commenced where verifiable)

(iii) surrender of the card with appropriate certification upon termination of employment or interruption by illness, the card to form the basis for establishing both right to benefit and amount of contribution due from the Italian Government.

(iv) preparation of a "Worker's Employment Status Report" to be issued to such workers as during employment, shall apply for medical care for a dependent member of their families or for a marriage or birth allowance.

2. Military allowances under Proclamation No. 4

(a) As was announced in the June Report of this Sub-Commission, (Social Insurance, para 3) a directive was issued by the Acting Chief Commissioner and implemented by an instruction to provincial offices of Istituto Nazionale della Previdenza Sociale, changing the status of military allowances. The purpose of the changes was to encourage military personnel in enemy-occupied territory to cooperate with Allied Forces. In order further to regularize the situation, Proclamation No. 4 has now been formally amended, and Article I, Section 4 has been replaced by a Section 4 reading as follows:

"Every company, institution, corporation, body and person engaged in the administration of any Social Insurance or Social Welfare Scheme shall continue to receive and collect all contributions payable under such Scheme, and to make all benefits, indemnity and other payments due or payable under any such Scheme, provided the same was legally in force prior to 8 September 1943, except payments of family allowances and military benefits to dependents of persons in Germany or other enemy or enemy occupied territory known to be cooperating with the enemy".

(b) The Acting Chief Commissioner's directive and the "Previdenza" instruction remain in effect as detailed implementation of the amended section. The underlined portions of the amended section are of greatest interest. The phrase "legally in force prior to 8th September 1943" is related to the provision of the directive (para 2 c) outlawing changes made by the Fascist Republican Government. The phrase "known to be cooperating with the enemy" is related both to the exclusion of those who subsequently joined the Fascist Republican or German Armies, (para 2 a) and to the inclusion of those still imprisoned (para 2 d) or who have participated in patriot actions (para 2 e).

3. Status of family allowances of dependents of civil servants transferred to the north

The revised section (Article I, section 4 of Proclamation No. 4) quoted above, not only refers to military benefits but to "family allowances", and thus applies as regards civil servants who left their families to serve units transferred to the North by the Fascist Republican Government. The transfers took place under regulations established subsequent to 8 September 1943, and the allowances arranged were not "legally in effect on 8 September 1943". The persons concerned must be regarded as "known to be cooperating with the enemy". The present Italian Government agrees with this interpretation, and officials of the competent Ministry (Industry, Commerce, and Labor) have categorically stated that they do not wish these allowances to be paid. Hardship cases, will, of course, be taken care of by public assistance.

2131

Declassified E.O. 12356 Section 3.3/NND No. 785014

4. Abrogation of pensions to Fascist

(c) The possibility referred to in the June Report (Social Insurance, para 7) has been realized in a decree now agreed upon. This Sub-Commission had originally objected to two pension decrees passed by the first Badoglio Government : No. 85 (published 25 March 1944) increasing state pensions, because no adequate provision was included to prevent recipients of pensions for "Fascist merits" from receiving these increases; and No. 102 (published 20 April 1944) which not only continued pensions to the dissolved Fascist Militia, but actually provided them on more favourable terms. The decree just adopted takes care of both matters. It repeals the second law as well as earlier laws providing pensions to the Fascist Militia and other benefits for persons of "Fascist merit", and revokes pensions and benefits already granted under the terms of these laws. This removes the necessity for an amendment to the pension increase bill since those at whom it would be directed will have been eliminated altogether from the pension system.

(b) The new decree abrogates the following laws: that of 20 April, 1944, providing more favorable pension treatment to members of the dissolved militia; that of 24 December, 1925, providing benefits to families of "Fascist martyrs", during the period between 1919 and 1925; that of 24 March 1930 extending benefits to additional persons injured in the "Fascist cause"; that of 12 June 1931, extending benefits to widows and orphans of "Fascist martyrs"; and the provision in Art. 3 para 3 of the decree of 6 December 1943 permitting competent Ministries to grant pensions to members of the dissolved militia equivalent to those for military of similar rank. It also revokes pensions and allowances already granted under those laws as well as those conceded to citizens for "Fascist merits" under special laws adopted after 28 October 1922. The right to receive normal pension for regular governmental service rendered apart from that in Fascist organizations, is reserved to claimants concerned. The "Opera di Previdenza della M.V.S.N.", created 27 March, 1924, to handle pensions and benefit funds of the Militia, is abolished and its funds will be liquidated by the Ministry of the Treasury which will retain for the State any sums not disbursed. Actual contributions made to the dissolved agency will be reimbursed (minus any benefits already received) but not at a rate exceeding L. 1,000 monthly. All war pensions for service in the Spanish Civil War are revoked. The pension rights of the technical militia (rail, postal-telegraph, forest, highway and port) are protected for those of grade 8 or below. Other members of these militia can apply for a pension, but must prove to an investigation commission that their appointment or promotion was not based on "Fascist merits".

(c) Action has already been initiated to extend this decree, as well as the state pension increase decree (No. 85) to military government territory.

5. Medical fees for sickness insurance

(a) The sickness insurance organization (Istituto Nazionale per l'Assistenza di Malattie ai Lavoratori) maintains two systems of payment for medical services.

(i) Physicians employed by the Institute are paid a salary;

(ii) More often the patient is treated by a physician of his own choice

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

decree of 6 December 1945 permitting competent Ministries to grant pensions to members of the dissolved militia equivalent to those for military of similar rank. It also revokes pensions and allowances already granted under these laws as well as those conceded to citizens for "Fascist merits" under special laws adopted after 28 October 1922. The right to receive normal pension for regular governmental service rendered apart from that in Fascist organizations, is reserved to claimants concerned. The "Opera di Previdenza della M.V.S.N.", created 27 March, 1924, to handle pensions and benefit funds of the Militia, is abolished and its funds will be liquidated by the Ministry of the Treasury which will retain for the State any sums not disbursed. Actual contributions made to the dissolved agency will be reimbursed (minus any benefits already received) but not at a rate exceeding L. 1,000 monthly. All war pensions for service in the Spanish Civil War are revoked. The pension rights of the technical militia (rail, postal-telegraph, forest, highway and port) are protected for those of grade 8 or below. Other members of these militia can apply for a pension, but must prove to an investigation commission that their appointment or promotion was not based on "Fascist merits".

(c) Action has already been initiated to extend this decree, as well as the state pension increase decree (No. 85) to military government territory.

5. Medical fees for sickness insurance

(a) The sickness insurance organization (Istituto Nazionale per l'Assistenza di Malattie ai Lavoratori) maintains two systems of payment for medical services.

(i) Physicians employed by the Institute are paid a salary;

(ii) More often the patient is treated by a physician of his own choice and the latter is paid a fee based on the number of inscribed workers in the area he serves, or the number of visits he makes to homes of these workers. The fees are notoriously small. Funds are set aside, at rates varying from 8.6 lire per inscribed worker for agricultural workers to 13.2 lire per family member for industrial workers. These are then distributed among the doctors either on the basis of workers or family members in the area, or the number of visits reported.

(b) The fees had not been raised during our occupation, although living costs have risen sharply and other incomes have been increased. Recently the hardship which this has occasioned many doctors has led to action or threats of action by medical societies. The provincial medical syndicate of Brindisi resolved on 5 June to cease collaborating with the Institute and to declare its contract void as from 30 June. It was persuaded to withdraw from this position by the Prefect who explained that he could not tolerate any "strike" doctors. Similar pressures have developed elsewhere, but as yet no case of refusal to attend a patient has been attested.

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

(c) Impressed by these pressures, and aware that there was merit in the arguments of the doctors, the Ministry of Industry, Commerce, and Labor directed the Institute to increase its fees 50% effective 1 June, and so to notify the provincial offices by telegram. This was done on 28 June as regards the following provinces: Agrigento, Avellino, Bari, Brindisi, Cagliari, Caltanissetta, Catania, Catanzaro, Cosenza, Enna, Foggia (in July, Lecce, Matera, Messina, Napoli (In July), Nuoro, Palermo, Potenza, Ragusa, Reggio Calabria, Salerno, Sassari, Siracusa, Taranto and Trapani. Subsequently on 10 July a letter of instruction was sent out, setting forth in greater detail and with some departures from a flat 50% increase, the nature of the adjustment. Thus staff physicians were granted the graduated increase of 70%, 60%, 30%, etc. provided for other public employees last winter. Extension of these increases to Military Government Territory has been requested by the National Commissioner.

(d) Two problems are involved in this matter:

(i) the necessities of the doctors who have faced a rising living cost with fixed compensation,

and (ii) the need of workers and their families for adequate medical service.

The contemplated increase, already effected in most of Italian Government territory may answer the first problem, but can make no important contribution to solving the second problem. Re-examination of the medical standards of the Institute, needlessly complex and commonly inadequate, is required. If solution of this longer-range problem requires a more generous medical scale, the contribution for sickness insurance must also be reconsidered.

6. Situation at national offices of principal social insurance institutes

(a) In two out of three of the national offices of principal social insurance institutes, the Committee of National Liberation had already installed Commissioners and Committees before the arrival of the Italian Government or the legally appointed National Commissioners. This has resulted in some personnel difficulties which have posed a delicate problem both for the Italian Government and ACC. The Committee of National Liberation has done valuable service in Rome before its fall, and is still carrying on activities of an extra-legal character in enemy occupied Italy with our blessing. The problem is one of persuading the Committee to accept orderly legal procedure without provoking a feeling that its past services here or present services in unliberated areas are unappreciated. This objective is gradually being achieved.

(b) The head offices transferred to the North were established at the following points: "Previdenza" at Vittorio Veneto, "Infortuni" at Lecce and "Malattie" at Varese. Substantial sums were also transferred, as indicated in the accompanying table based on reports to the Regional Labor Officer.

Status of Assets of Head Offices of Three Social Insurance Institutes 2130

(in thousands of lire)

	Infortuni	Malattie	Previdenza

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

adequate medical service.

The contemplated increase, already effected in most of Italian Government territory may answer the first problem, but can make no important contribution to solving the second problem. Re-examination of the medical standards of the Institute, needlessly complex and commonly inadequate, is required. If solution of this longer-range problem requires a more generous medical scale, the contribution for sickness insurance must also be reconsidered.

6. Situation at national offices of principal social insurance institutes

(a) In two out of three of the national offices of principal social insurance institutes, the Committee of National Liberation had already installed Commissioners and Committees before the arrival of the Italian Government or the legally appointed National Commissioners. This has resulted in some personnel difficulties which have posed a delicate problem both for the Italian Government and ACC. The Committee of National Liberation has done valuable service in Rome before its fall, and is still carrying on activities of an extra-legal character in enemy occupied Italy with our blessing. The problem is one of persuading the Committee to accept orderly legal procedure without provoking a feeling that its past services here or present services in unliberated areas are unappreciated. This objective is gradually being achieved.

(b) The head offices transferred to the North were established at the following points: "Providenza" at Vittorio Veneto, "Infortuni" at Lecco and "Malattie" at Varese. Substantial sums were also transferred, as indicated in the accompanying table based on reports to the Regional Labor Officer.

Status of Assets of Head Offices of Three Social Insurance Institutes 2130

(in thousands of lire)

	Infortuni		Malattie		Previdenza	
	Rome	North	Rome	North	Rome	North
Deposits, Bank	66,059	---	17,163	91,581	259,000	361,287
Deposits, Postal	1,726	---	7,019	10,000	96,000	176,000
Bonds, face value	1,595,825	1,333,361	12,493	541,486	2,611,037	7,670,058
Cash	2,879	---	12,435	44,139	15,000	---
Other holdings	7,156	---	---	---	40,000	23,000
	1,673,640	1,333,361	49,110	718,661	3,001,037	8,230,346

The figures for Malattie are not accurate (see para 8).

As indicated, most of the transferred assets were in the form of bonds. It has been ascertained that such bonds as were transferred are known by amount, category and even individual numbers at Rome. Measures looking to protection and possible reconstitution of these assets are at present receiving careful consideration.

358

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

7. Ente della Mutualita'

The cashier and accountant of Istituto Nazionale per l'Assistenza di Malattie ai Lavoratori (called Ente della Mutualita' in Northern Italy) attempted last winter to block the transfer North of the funds of the Institute by the Republican Fascist Government. They withdrew L. 10,305,000 in cashier's checks from the Banca d'Italia and took vault receipts for L. 863,000,000 in bonds on deposit with the Banca Nazionale del Lavoro. They kept these through many difficult months, while living in the underground. When following the fall of Rome a small clique attempted to reconstitute the Ente while barring the bulk of its personnel, the two men refused to surrender these assets to the "rump" direction-general. Instead they announced in the press (Ricostruzione, 12 July and L'Italia Libera, 16 July) that they would transfer them only to the competent Ministry. Having arranged a contact with the men, the Finance Sub-Commission made an appointment for them with the Minister concerned (Industry, Commerce and Labor), witnessed the transfer and obtained a duplicate receipt for the checks and vault slips.

8. Expurgation of national employees of social insurance institutes

Steps had already been taken at the regional level, under the terms of an order issued by the Commissioner for Rome Region, to purge the national offices of social insurance institutes of Fascist personnel. Some employees have already been suspended as a result of this action. We have, for example, a list of some 70 employees of Previdenza's national, provincial and other Rome units who were suspended for this reason. Their total Rome personnel exceeds 1,700. Further suspensions are receiving consideration at the national level. This matter is being closely through the National Commissioners of the several Institutes.

9. Insurance of workmen in Tripolitania and Eritrea

No further action is being taken with the Italian Government regarding extension of the arrangement for workmen's compensation (Infortuni organization) to civilian employees of Allied Forces in the former Italian Africa, referred to in the May report. Information now available from the Middle East indicates that activities of that Infortuni organization have been resumed in Tripolitania and Eritrea under British Military Administration. This resumption is not to be regarded as a resumption of the former activities of Infortuni. The branches concerned must be considered separate entities operating under different laws under control of HQ, BMA. The Italian Government and the Commissario of Infortuni in Rome have been advised accordingly.

VII. ACCOUNTING SUB-SECTION

A. ACC Accounting to show Italian indebtedness

1. TAM 223 from the Combined Chiefs of Staff was received setting out the accounting procedure whereby the U.S. War Department, the British War Office and ACC will provide and accumulate figures to show Italy's indebtedness to the various Allied countries. This telegram confirmed the tentative agreement reached in London with the Finance Mission from Washington. A reply has been drafted stating that since the date of the London discussions experience has shown that supplies issued by the Allied armed forces to the

Declassified E.O. 12356 Section 3.3/NND No. 785014

Their total Rome personnel exceeds 1,700. Further suspensions are receiving consideration at the national level. This matter is being closely through the National Commissioners of the several Institutes.

9. Insurance of workmen in Tripolitania and Eritrea

No further action is being taken with the Italian Government regarding extension of the arrangement for workmen's compensation (Infortuni organization) to civilian employees of Allied Forces in the former Italian Africa, referred to in the May report. Information now available from the Middle East indicates that activities of that Infortuni organization have been resumed in Tripolitania and Eritrea under British Military Administration. This resumption is not to be regarded as a resumption of the former activities of Infortuni. The branches concerned must be considered separate entities operating under different laws under control of HQ, BMA. The Italian Government and the Commissario of Infortuni in Rome have been advised accordingly.

VII. ACCOUNTING SUB-SECTION

A. ACC Accounting to show Italian indebtedness

1. TAM 228 from the Combined Chiefs of Staff was received setting out the accounting procedure whereby the U.S. War Department, the British War Office and ACC will provide and accumulate figures to show Italy's indebtedness to the various Allied countries. This telegram confirmed the tentative agreement reached in London with the Finance Mission from Washington. A reply has been drafted stating that since the date of the London discussions experience has shown that supplies issued by the Allied armed forces to the Italian Army, Italian Governmental agencies and to Displaced Persons Sub-Commission can only be satisfactorily accounted for by ACC in values and not by commodities. It is therefore suggested that ACC report to the War Department and War Office such issues in values and not, as suggested by TAM 228, by commodities to be valued by the War Department and War Office.

B. Supply Accounting

1. Supply accounts for the month of May 1944 are being reviewed and prepared for consolidation at Headquarters. Reports for May have been submitted by all Regions, except I, IV and V. In this respect the position is not so favorable as at the close of the preceding month, when Economics and Supply Division reports had been received from all Regions except I and VII. The delay in Region I is attributable to insufficient personnel during previous months. More recently, as the work in arrears was being brought up to date, the accounting staff was required to devote a large part of its time to taking of inventories and effecting collections in connection with the transfer of the entire ESD stock in Sic[illegible] to an agent of the Italian Gov[illegible]ment. In Region IV

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

the delay has been due to the difficulty in securing a record of stock transactions during the rapid advance of the 5th Army in May and June. In Region V the same situation prevailed in connection with the advancing 8th Army. Progress reports received from the Supply Accountants in each of the foregoing Regions, however, indicate that their May accounts are in course of preparation and will be forwarded in the near future to ACC.

2. In view of the rapid movement of the 5th and 8th Armies it is hoped to effect arrangements whereby two officers operating under the technical direction of the Chief Accountant will move with these Armies and coordinate their supply accounts with the records of the Regions in which the armies are operating. Aside from these officers two other Regional Supply Accountants have been assigned to the forward area Regions VIII and IX. This reassignment of personnel has placed a heavy burden on the supply accounting organizations in rear areas, which until recently was wholly inadequate. To distribute the present staff most advantageously on the basis of available personnel, plans are now in the course of development to consolidate all supply accounting in the present Regions II, III and VII under one unit with headquarters at Naples.

3. In this connection it should be stated that the supply accounting personnel has never been entirely adequate to discharge the enormous volume of work. Under the existing system, considering the scope and magnitude of the supply program, an inordinate number of small sales are made. Not only from an accounting, but also from an administrative standpoint, steps should be taken to sell imports at dockside to an Italian government agency, to be distributed by it under the supervision of ACC/AMG. Negotiations with this end in view have been carried on for some time, and it is now hoped that an Italian Ministry of Supply will be formed which would undertake such work. With the further expansion of liberated territory the need becomes more urgent.

4. The arrangement for distributing petroleum, oil, and lubricants in rear areas through the medium of the Comitato Italiano Petroli, (CIP), both for the Italian armed forces and authorized civilian users, has proved satisfactory. This arrangement has given an indication of the advantages to be derived in dealing wherever possible through one central Italian agency or organization. Some difficulty still exists in securing the accounting for POL issued in forward areas prior to the time when CIP could properly function and take over distributing and accounting. Instructions have been issued that any sales made by AMG before CIP is established in an area should be treated as sales made on behalf of CIP, and minimum detail records maintained to enable CIP later to take over all past transactions as soon as it is in a position to function in the area.

5. Accounts through 30 April 1944 have been developed for coal released by the Allied Armies for public utilities, industries, and other essential consumers (i.e. hospitals, bakeries, etc.). The basic information on army coal releases has been obtained from the Coal Section, ACC. In the past, difficulties have been experienced as the results of coal issued by the armed forces but not reported to the Supply Accountants. Some of this coal was released by the Army without reference to ACC/AMG, and some issued in conjunction with the Regional Public Utility Officers who through misunderstanding did not report the deliveries to the supply accountants. To secure accounting for these transactions, orders were issued that the Regional Supply Accountants are to get in touch with all AMG officers making such issues, and obtain a record of price deliveries in order that the billing and collecting may be brought up to date and maintained henceforth on a current basis.

2129

6. The accounting for medical supplies under Executive Memorandum 54, dated 29 [illegible] to the Chief Accountant,

Declassified E.O. 12356 Section 3.3/NND No. 785014

number of small sales [illegible]

tive standpoint, steps should be taken to sell imports at dockside to an Italian government agency, to be distributed by it under the supervision of ACC/AMG. Negotiations with this end in view have been carried on for some time, and it is now hoped that an Italian Ministry of Supply will be formed which would undertake such work. With the further expansion of liberated territory the need becomes more urgent.

4. The arrangement for distributing petroleum, oil, and lubricants in rear areas through the medium of the Comitato Italiano Petroli, (CIP), both for the Italian armed forces and authorized civilian users, has proved satisfactory. This arrangement has given an indication of the advantages to be derived in dealing wherever possible through one central Italian agency or organization. Some difficulty still exists in securing the accounting for POL issued in forward areas prior to the time when CIP could properly function and take over distributing and accounting. Instructions have been issued that any sales made by AMG before CIP is established in an area should be treated as sales made on behalf of CIP, and minimum detail records maintained to enable CIP later to take over all past transactions as soon as it is in a position to function in the area.

5. Accounts through 30 April 1944 have been developed for coal released by the Allied Armies for public utilities, industries, and other essential consumers (i.e. hospitals, bakeries, etc.). The basic information on army coal releases has been obtained from the Coal Section, ACC. In the past, difficulties have been experienced as the result of coal issued by the armed forces but not reported to the Supply Accountants. Some of this coal was released by the Army without reference to ACC/AMG, and some issued in conjunction with the Regional Public Utility Officers who through misunderstanding did not report the deliveries to the supply accountants. To secure accounting for these transactions, orders were issued that the Regional Supply Accountants are to get in touch with all AMG officers making such issues, and obtain a record of price deliveries in order that the billing and collecting may be brought up to date and maintained hence-forth on a current basis.

2129

6. The accounting for medical supplies under Executive Memorandum 34, dated 9 February 1944, is rendered by the Public Health Sub-Commission to the Chief Accountant, Finance Sub-Commission. Due to the delay in issuing the memorandum and thereafter in forwarding price lists to the Regions, accounting for these transactions was exceedingly difficult. In view of this fact an experienced officer from the Chief Accountant's staff was assigned to develop the necessary accounts on a Headquarters level. Unfortunately the records prior to 31 March 1944, were neglected in several Regions, and are in such condition that a complete accounting was virtually impossible. From the available records an attempt was made to ascertain total imported medical supplies and medical supplies drawn from the Armies; the sale, other issues, and the inventories on hand as of 31 May 1944. While the quantities imported and drawn from the Armies can be ascertained with a fair degree of accuracy, the items and quantities constituting sales and free issues could not practically be separated because of the absence of essential records. Furthermore two of the regions did not have records of the physical stocks on hand as of 31 May 1944, so that the consolidated inventory on that date was incomplete. Payments for sales are made to AFA or Finance Officers, so that the proceeds collected can be accurately ascertained. On the basis of the information at hand, a tentative statement of the value of supplies received, the proceeds of sales of supplies, the computed value of free or unaccounted for issues (including supplies subject to subsequent account-ing) and the value of the stock on hand as reported on 31 May 1944, has been prepared.

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

7. Accounting for issues to the Italian Army, previously unsatisfactory because of the form in which such information was received, is gradually being brought under accounting control. Bulk issues are now reported in quantities only (for pricing at a higher level) and depot issues by U.S. Army units in quantities and prices, although there is still some difficulty in securing adequate information. For British depot issues, arrangements were made to secure a report on quantities, in connection with which a statement of prices would later be furnished by the British Financial Adviser to complete the reports received from depots. At the same time an arrangement was made with the Army Sub-Commission for a preliminary administrative review of all depot issues, and, upon approval thereof, to forward it to the Chief Accountant for entry.

8. During the month special instructions were issued to regulate the accounting for newsprint allocated by the Allied Publication Control Board. Under the new procedure, the Regional Newsprint Officer, or, where no newsprint officer has been designated, the regional supply officer officer, is made accountable for receiving, warehousing, safeguarding, and issuing such stock. As sales are made to authorized users the Regional Supply Accountant, acting upon notification from the Newsprint Officer, draws an issue voucher for billing the customer, it is the responsibility of the Newsprint Officer to see that payment for such sales is made to AFA or a Finance Officer.

9. Specific instructions have been issued relative to the handling of Italian salt and matches. In case of salt produced locally ACC/AMG transports, stores, and distributes salt in forward areas, reporting such transactions to the Salt Monopoly which makes the collections for its own account. These items do not enter into ACC/AMG financial records. In the case of matches produced locally, some purchases had been made by ACC/AMG for resale to distributors. Orders were issued that this practice be discontinued and in the future Italian matches be placed in ordinary trade channels. The small amount of prior purchases and sales by ACC/AMG will of course be taken into the accounts of ACC/AMG.

10. During the month consolidated accounts through 30 April 1944 were prepared for subsistence and supplies received from British Army Depots and issued by the Internees and Displaced Persons Sub-Commission. The accounts for this activity contain the detail of all commodities issued. The May reports for such issues are now in the course of review for entry in the Headquarters records.

C. Financial Accounting Re-organization

1. The centralization at Headquarters of the accounting for Regions I, II, III, VI and VII was effected during the month and the new Headquarters books opened. The accounts for Region IV will be brought into the centralized system as from 31 July, 1944.

2. Reports from these Regions are now being received and processed, but there will be a slight delay in preparing the June Revenue and Expenditure Accounts, owing to the reorganization and the transfer of the Headquarters from Naples to Rome.

3. The centralization has been further extended by a partial application thereof to forward Regions. It is agreed that in forward Regions a Regional Accountant Officer is necessary and that Sub-Accountants' reports should be examined and checked on the spot

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

Declassified E.O. 12356 Section 3.3/NND No. 785014

distributes salt in forward areas, reporting such transactions to the Salt Monopoly which makes the collections for its own account. These items do not enter into ACC/AMG financial records. In the case of matches produced locally, some purchases had been made by ACC/AMG for resale to distributors. Orders were issued that this practice be discontinued and in the future Italian matches be placed in ordinary trade channels. The small amount of prior purchases and sales by ACC/AMG will of course be taken into the accounts of ACC/AMG.

10. During the month consolidated accounts through 30 April 1944 were prepared for subsistence and supplies received from British Army Depots and issued by the Internees and Displaced Persons Sub-Commission. The accounts for this activity contain the detail of all commodities issued. The May reports for such issues are now in the course of review for entry in the Headquarters records.

C. Financial Accounting Re-organization

1. The centralization at Headquarters of the accounting for Regions I, II, III, VI and VIII was effected during the month and the new Headquarters books opened. The accounts for Region IV will be brought into the centralized system as from 31 July, 1944.

2. Reports from these Regions are now being received and processed, but there will be a slight delay in preparing the June Revenue and Expenditure Accounts, owing to the reorganization and the transfer of the Headquarters from Naples to Rome.

3. The centralization has been further extended by a partial application thereof to forward Regions. It is agreed that in forward Regions a Regional Accountant Officer is necessary and that Sub-Accountants' reports should be examined and checked on the spot and any queries thereon dealt with by the Regional Accountant. It has however been decided that the Regional Accountant in forward Regions will not maintain Regional books or prepare Regional Accountants; he will instead transmit all checked and corrected Sub-Accountants' reports to the Chief Accountant at ACC Headquarters, where they will be entered in the Headquarters records.

4. One of the more important results of this centralization is that all original documents and vouchers are now forwarded to Headquarters and Sub-Accountants' reports are audited by Headquarters staff.

D. ACC/AMG Accounts

1. Consolidated Revenue Expenditure Accounts for all Regions were prepared for the month of May 1944.

2. G-5 AFHQ were requested to inform the Combined Chiefs of Staff of our intention to abandon any segregation in accounts as between AMG and ACC on the grounds that (a) the difference between AMG and ACC is largely a question of channels of administration and any future consideration of these accounts will be made on the basis of the nature of

the transactions irrespective whether they were carried out ACC or AMG, (b) the same AFA branches may serve both ACC and AMG territory, (c) some Regions include both ACC and AMG territory and (d) accounts are on a cash basis and segregation between AMG and ACC is therefore meaningless since, for example, revenue arising while a territory was under AMG may not be collected and recorded until the territory has passed to ACC conditions.

3. The various instructions emanating from military headquarters and from ACC, on the subject of payment of civilian employees, have been reviewed and report submitted suggesting that a clear uniform directive be issued to all ACC/AMG Regions.

4. A revised version of Establishment Memorandum No. 5 dealing with the authorization required in connection with purchases for messes, billets, and offices was drafted and submitted to the Establishment Officer.

5. An audit of the accounts of Region III prior to their centralization at Headquarters reveals that it will be necessary to make a thorough investigation into the classification of the expenditure in the past.

E. AFA Accounts

1. Consolidated Accounts as at 30 June were completed.

2. A new Payment Voucher (F/F 13 c) was designed and printed. It will be used in connection with reimbursement payments by AFA to British Paymasters of sums advanced by the latter to Dominion, Colonial and certain Allied armed forces.

Joint Director,
Finance Sub-Commission.

A 2128

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

APPENDIX A.

THE

DECREE

AS TO

SANCTIONS AGAINST FASCISM

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

Part I - Crimes

Part II - Purging

Part III - Enrichment

Part IV - Fascist Funds

Part V - The High Commissioner

Part VI - Miscellaneous

Declassified E.O. 12356 Section 3.3/NND No. 785014

PART I — PUNISHMENT OF CRIMES

1. All penal provisions issued to safeguard institutions and political organisations created by fascism are hereby repealed.
Decisions already pronounced by virtue of such provisions are hereby annulled.

2. Members of the Government and high ranking members of fascism, guilty of annulling the guarantees given under the constitution, of destroying the liberty of the people, of creating the fascist regime, of compromising and betraying the fortunes of the country bringing it to the present disaster shall be punished by penal servitude for life and, in cases where the responsibility is greater, by death.
They shall be tried by a High Court of Justice composed of a President and eight members, chosen by the Council of Ministers, from among high ranking judicial officials serving now or in retirement and from among other persons of unquestionable rectitude.

3. Those who organized fascist squads, committing acts of violence and pillage and those who promoted and directed the revolt of 28 October 1922 shall be punished according to Art.120 of the Penal Code 1889.
Those who promoted and directed the Coup d'Etat of 3 January 1925 and those who have since contributed by relevant action to maintain the fascist regime in power shall be punished in accordance with Art 118 of the aforesaid code.
Whosoever has committed any other crime for fascist reasons or taking advantage of the political situation created by fascism shall be punished according to the laws obtaining at the time of the crime.

4. Those crimes described in the preceding Article shall be tried by the Court of Assize, by the Tribunali and by the Pretors according to their respective jurisdiction.
The Court of Assize shall be composed of two judicial officials as described in the law as to the constitution of the Courts of Assize, and of five lay judges chosen by lot from special lists of citizens of unblemished moral and political behavior.

5. Whosoever whether a member of the Armed Forces or not, after 8 September 1943 has committed a crime against loyalty and the military defence of the State, by any kind whatsoever of action collaboration help or assistance given to the German invader shall be punished according to the provisions of the Military Penal Code of War.
Members of the armed forces shall be tried by Military Courts, civilians by ordinary Courts.

6. Any limitation of time with regard to the offence or the punishment thereof shall not apply to any person guilty of, any crime described in this decree, who because of the existence of the fascist regime have not been punished.
For the same reason amnesties and pardons granted after 28 October 1922 in respect of any crime described in this decree shall be invalid, any already granted shall be revoked.
The High Commissioner may propose the revocation of any royal pardon already granted.
When a decision regarding any such crimes has been influenced by any moral coercion resulting from fascism, such decision may be declared to be legally non-existent.
Declarations in this respect shall be made by a Section of the Supreme Court

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

who have since contributed by relevant action to maintain the fascist regime in power shall be punished in accordance with Art 118 of the aforesaid code.

Whosoever has committed any other crime for fascist reasons or taking advantage of the political situation created by fascism shall be punished according to the laws obtaining at the time of the crime.

4. Those crimes described in the preceding Article shall be tried by the Court of Assize, by the Tribunali and by the Pretors according to their respective jurisdiction.

The Court of Assize shall be composed of two judicial officials as described in the law as to the constitution of the Courts of Assize, and of five lay judges chosen by lot from special lists of citizens of unblemished moral and political behavior.

5. Whosoever whether a member of the Armed Forces or not, after 8 September 1943 has committed a crime against loyalty and the military defence of the State, by any kind whatsoever of action collaboration help or assistance given to the German invader shall be punished according to the provisions of the Military Penal Code of War.

Members of the armed forces shall be tried by Military Courts, civilians by ordinary Courts.

6. Any limitation of time with regard to the offence or the punishment thereof shall not apply to any person guilty of, any crime described in this decree, who because of the existence of the fascist regime have not been punished.

For the same reason amnesties and pardons granted after 28 October 1922 in respect of any crime described in this decree shall be invalid, any already granted shall be revoked.

The High Commissioner may propose the revocation of any royal pardon already granted.

When a decision regarding any such crimes has been influenced by any moral coercion resulting from fascism, such decision may be declared to be legally non-existent.

Declarations in this respect shall be made by a Section of the Supreme Court of Cassation appointed by the Minister of Justice.

The provisions of this decree shall not apply in regard to any crimes punishable by imprisonment for three years or less.

7. The punishment prescribed for any crime described in this part may be reduced by up to one quarter and imprisonment for not less than five years may be substituted for a sentence of death or of imprisonment for life: a. If the accused had before the outbreak of this war either retired from political life or had been openly opposed to fascism;

b. if the accused has actively participated in the struggle against the Germans
c. Where general extenuating circumstances exist imprisonment for 30 years shall be substituted for penal servitude for life and other penalties shall be reduced by one sixth.

The guilty party shall be declared not punishable if he distinguished himself by special acts of valour in the struggle against the Germans.

758

2126

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

8. Any person who for fascist reasons or, by taking advantage of the political situation created by fascism has committed acts particularly serious which while not being offences in the eyes of the law are nevertheless contrary to the rules of social and political integrity shall be subjected to temporary disqualification from holding any public office or to loss of political rights for a period of not more than ten years.

Whenever such a person is deemed to be a danger to society he may be sent to an agricultural colony or a labor institution for a period of not less than one or more than ten years.

The provisions contained in this Article shall be administered by a Provincial Commission presided over by a judicial official and composed of two other members chosen by lot from among the lay judges described in Art. 4.

As regards members of the legislative assemblies or other institutions who by their votes or actions contributed to the maintenance of the fascist regime and made war possible, they shall be dismissed from their office on decision of the High Court described in Art 2, without prejudice to any of the other provisions set out in this Decree in so far as they may be applicable.

9. Without prejudice to any legal action, the property of any citizen who has betrayed his country placing himself voluntarily and actively at the service of the German invaders shall be forfeited to the State.

In penal proceedings such forfeitures shall be pronounced by a judicial authority competent to pronounce sentence of condemnation. In other cases referred to them by the High Commissioner, by the Tribunals territorially competent.

10. In regard to any matter not specifically provided for by this part the rules of the Code of Penal Procedure shall obtain whensoever may be applicable.

PART II. PURGING OF THE ADMINISTRATION

11. Officials and employees of the following bodies shall be subject to opuration proceedings:-

(1) civil and military State Administrations, even if autonomous;
(2) local authorities and other public bodies and institutions;
(3) special concerns operating under public authorities or bodies and private concerns recognized by the State as controlling public utility undertakings or concerns having nation-wide interests.

12. The following shall be dismissed from service:
(1) any person, particularly if when holding high office, who has by participating actively in the political life of fascism or by showing himself as a consistent apologist of fascism, shown that he is unworthy of serving the State;
(2) any person who has obtained an appointment or promotion through favouritism of the party or of fascist officials of high rank.

13. Any employee who has been guilty of fascist bias incompetence or corrupt practices such as have been introduced by fascism into public administration, shall be

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

German invaders shall be referred to [illegible]

In penal proceedings such forfeitures shall be pronounced by a [illegible] authority competent to pronounce sentence of condemnation. In other cases referred to them by the High Commissioner, by the Tribunals territorially competent.

10. In regard to any matter not specifically provided for by this part the rules of the Code of Penal Procedure shall obtain whensoever may be applicable.

PART II. PURGING OF THE ADMINISTRATION

11. Officials and employees of the following bodies shall be subject to epuration proceedings:-

(1) civil and military State Administrations, even if autonomous;
(2) local authorities and other public bodies and institutions;
(3) special concerns operating under public authorities or bodies and private concerns recognized by the State as controlling public utility undertakings or concerns having nation-wide interests.

12. The following shall be dismissed from service:
(1) any person, particularly if when holding high office, who has by participating actively in the political life of fascism or by showing himself as a consistent apologist of fascism, shown that he is unworthy of serving the State;
(2) any person who has obtained an appointment or promotion through favouritism of the party or of fascist officials of high rank.

13. Any employee who has been guilty of fascist bias incompetence or corrupt practices such as have been introduced by fascism into public administration, shall be likewise dismissed.

Whenever evidence of an offence is found during an epuration proceeding, such evidence shall be reported to the competent authority.

14. Any person who has held the position of "squadrista" or "sansepolcrista" or "antemarcia", "Marcia su Roma", "Sciarpa Littoria" or who has been an officer in the Fascist Militia if he has been guilty of Fascist partisanship or improper conduct shall be dismissed from his office or employment, but if not so guilty he may be awarded less severe punishment.

15. Any person who has received undue promotion or any preference in any competitive examinations because of his fascist position may in lieu of dismissal be reduced in rank or be returned to his former position.

16. Any person who has after 8 September 1943 distinguished himself in the struggle against the Germans may be excused from dismissal or other disciplinary measure.

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

17. Any employee, who after 8 September 1943, moved to North Italy with or has pledged allegiance to or has in any way collaborated with the (Republican) Fascist Government shall be dismissed.

Punishment of lesser degree may be awarded to such as show that he or his relatives were exposed to serious threats or danger.

Any person who by his acts has effectively aided the patriots or has undermined the work of the Germans or of the (Republican) Fascist Government which they were apparently serving, may be excused from punishment.

In every case an account shall be made of the allowances that were due under the original terms of employment and of any excess payment which may actually have been received. Any special allowance or sum granted or paid on account of any transfer to the North will be disallowed.

18. The Commission of first instance to hear epuration proceedings will be a Commission to be established in every Ministry or autonomous authority or body. When personnel of different classes of functions is employed in a Ministry more than one Commission may be established in that Ministry.

Such Commissions will be appointed by the Competent Minister and will be composed of a judicial or administrative magistrate either serving or retired, who will preside over them, and of the Chief of personnel of of an official of the Administration, and of a third member nominated by the High Commissioner for the Sanctions against Fascism.

A Commission to be appointed by a Prefect composed of a judicial official, either serving or retired, an official of the Prefecture, and a member to be nominated by the High Commissioner, will be instituted for Communes, Provinces, Public Welfare Institutions and bodies under the control of the local authorities.

According to the provisions set out in the preceding paragraphs substitute members may be appointed and the Commission may be divided into Sub-Commissions.

19. Not less than ten days shall be allowed to an employee whose dismissal is proposed to prepare his defence.

The Commissions, or any member delegated by them, shall have the power to examine witnesses, to require the production of deeds and documents from judicial or administrative authorities and may personally hear the concerned party if he applies for such a hearing.

20. The finding of the Commission of the first instance shall be communicated to the High Commissioner and to the party concerned. The interested party may within three days, and the High Commissioner within twenty days appeal to a central Commission appointed by the President of the Council of Ministers and composed of a president, two officials of the central administration, two judicial or administrative magistrates serving or retired and two other members nominated by the High Commissioner for Sanctions against Fascism.

In the same manner substitute members may be appointed and the Commission may be divided into sub-commissions.

21. Dismissed from office, in accordance with the finding of the Commissions, shall be carried out by the authority which normally has such power. 2125

The same authority shall put into effect the punishments hereby authorized

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

Commission may be established in that Ministry.

Such Commissions will be appointed by the Competent Minister and will be composed of a judicial or administrative magistrate either serving or retired, who will preside over them, and of the Chief of personnel of of an official of the Administration, and of a third member nominated by the High Commissioner for the Sanctions against Fascism.

A Commission to be appointed by a Prefect composed of a judicial official, either serving or retired, an official of the Prefecture, and a member to be nominated by the High Commissioner, will be instituted for Communes, Provinces, Public Welfare Institutions and bodies under the control of the local authorities.

According to the provisions set out in the preceding paragraphs substitute members may be appointed and the Commission may be divided into Sub-Commissions.

19. Not less than ten days shall be allowed to an employee whose dismissal is proposed to prepare his defence.

The Commissions, or any member delegated by them, shall have the power to examine witnesses, to require the production of deeds and documents from judicial or administrative authorities and may personally hear the concerned party if he applies for such a hearing.

20. The finding of the Commission of the first instance shall be communicated to the High Commissioner and to the party concerned. The interested party may within three days, and the High Commissioner within twenty days appeal to a central Commission appointed by the President of the Council of Ministers and composed of a president, two officials of the central administration, two judicial or administrative magistrates serving or retired and two other members nominated by the High Commissioner for Sanctions against Fascism.

In the same manner substitute members may be appointed and the Commission may be divided into sub-commissions.

21. Dismissed from office, in accordance with the finding of the Commissions, shall be carried out by the authority which normally has such power. 2125

The same authority shall put into effect the punishments hereby authorized in accordance with the finding of the Commission.

22. Any employee dismissed from office shall be entitled to such pension privileges as may be due to him according to the provisions then in force.

In more serious cases forfeiture of pension privileges may be ordered.

Any employee the subject of epuration proceedings may be suspended from office. In such cases he shall receive, for his support, his salary without any other further allowance. Suspension from office shall be ordered by the competent Minister, or in cases under para 3 of Art 18 by the Prefect.

23. Commissions responsible for inspecting the registers shall be set up in each professional association or other body responsible for keeping registers of professional men, artists and skilled workers shall apply the principles set out in the preceding articles.

Such Commissions shall be appointed by the competent Minister or by any authority designated by him, and shall be composed of a President, a member nominated by the body keeping the register in question and of a member nominated by the High Commissioner for Sanctions against Fascism.

758

Declassified E.O. 12356 Section 3.3/NND No. 785014

An appeal against a finding of a Commission may be lodged within the time set out by Art 20, to a Central Commission which shall be established, for each professional association or body, by the competent Minister and composed of a President, of two judicial or administrative judges, serving or retired, of four members nominated by the professional associations and of two other members nominated by the High Commissioner for Sanctions against Fascism.

In less serious cases a temporary suspension from the exercise of a profession, art or trade may be ordered in lieu of being struck off the register.

24. An employee dismissed from office may appeal to the State Council only on grounds of incompetence (i.e. of the Commission or officer concerned).

25. The proceedings set forth in this part shall be initiated within 6 months of this decree becoming effective.

Any proceeding before the Commission of First Instance shall be ended within three months after its initiation.

For the territory not yet liberated and for that part which has been liberated but not yet restored to the administration of the Italian Government, the time limit indication in the first paragraph is extended to six months after the restoration of such territories to the Italian Administration..

PART III — DISPOSAL OF PROFITS DERIVED FROM THE REGIME

26. Profit derived from participation in or adherence to the fascist regime shall be forfeited to the State regardless whether or not a penal proceeding is instituted for acts constituting an offence.

An increase of property obtained after the 28 October by persons holding public offices or in any way engaged in political activity as a fascist shall be presumed to constitute a profit derived from the regime unless the party concerned shall show that such increase was derived from a legitimate source and this shall be the case even if the property acquired has ceased to belong to the same person.

Such presumption shall likewise apply to increases in property of the ascendants, descendants and spouse of any person, who even if not a member of the fascist party, maintained relations as associate or client with the persons indicated in the first paragraph.

In assessing increases of property consideration shall be given to property in any way acquired or held through intermediaries.

27. Specific property constituting profit derived from the regime and owned by the debtor (Note: Without any explanation the decree uses the word "debtor" to denote the person who has acquired profit from the regime) may be forfeited to the State.

28. The entire property of the debtor is liable for the satisfaction of the assessed debt to the State as profit derived from the regime.

In cases contemplated by the 3rd para of Art 26 persons set out in first paragraph of the said Article shall be liable jointly with their spouse, associates or clients.

[illegible] to pay the amounts owed to the

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

such territories to the Italian Administration..

PART III — DISPOSAL OF PROFITS DERIVED FROM THE REGIME

26. Profit derived from participation in or adherence to the fascist regime shall be forfeited to the State regardless whether or not a penal proceeding is instituted for acts constituting an offence.

An increase of property obtained after the 28 October by persons holding public offices or in any way engaged in political activity as a fascist shall be presumed to constitute a profit derived from the regime unless the party concerned shall show that such increase was derived from a legitimate source and this shall be the case even if the property acquired has ceased to belong to the same person.

Such presumption shall likewise apply to increases in property of the ascendants, descendants and spouse of any person, who even if not a member of the fascist party, maintained relations as associate or client with the persons indicated in the first paragraph.

In assessing increases of property consideration shall be given to property in any way acquired or held through intermediaries.

27. Specific property constituting profit derived from the regime and owned by the debtor (Note: Without any explanation the decree uses the word "debtor" to denote the person who has acquired profit from the regime) may be forfeited to the State.

28. The entire property of the debtor is liable for the satisfaction of the assessed debt to the State as profit derived from the regime.

In cases contemplated by the 3rd para of Art 26 persons set out in first paragraph of the said Article shall be liable jointly with their spouse, associates or clients.

29. If the property of the debtor is not sufficient to pay the amounts owed to the State the following dealings with property (by the debtor) shall be considered void:

(1) transfers made by the debtor without valuable consideration during the five years prior to 25 July 1943;
(2) any disposition made after such date.

As far as the State is concerned property acquired within the five year period prior to 25 July 1943 by the spouse of the debtor shall for the purpose of satisfying the State's claim for profit derived from the regime be considered as belonging to the debtor.

30. The investigation and assessing of the amount of the profit derived from the regime shall be within the jurisdiction of a Special Section of the Provincial Commission for Taxation, comprised of the President of the Tribunal or a judge delegated by him and of four Commissioners appointed by the Minister of Finance on the nomination of the Prefect from citizens of proven probity and competence.

The Special Section shall initiate the investigation upon information by the High Commissioner or by a finance or taxation officer or on one signed by a private citizen.

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

The said Section shall also adjudicate complaints of the debtor or of the finance office against the proposed assessment of the profit derived from the regime.

The hearing shall be open to the public and both the Avvocatura dello Stato and the person the subject of the investigation may adduce evidence in rebuttal; the latter may choose to be represented by a procuratore legale or by an avvocato.

The decision shall be communicated to the debtor, to the finance office concerned and to the High Commissioner.

31. The Special Section of the Provincial Commission shall have all the powers of investigation, entry, search, control and inquiry, conferred upon the agents for direct taxation and upon the administrative commissions for investigation of extraordinary war profits.

The privilege to abstain from testimony in cases set out in Art 352 of the CPP shall not apply.

Any person summoned as witness or expert who does not faithfully carry out his duties or gives false evidence shall be punished in accordance with Articles 366, 372 and 373 of the CP.

Any person who fails to comply with other requests of the Section shall be punished by imprisonment up to six months or by fine from 300 to 5,000 lire.

Administrative or other bodies having knowledge of cases in which profit has been derived from the regime, shall immediately report the same to the High Commissioner. Any person responsible for making any such report who fails to do so shall be punished in accordance with the preceding paragraph.

Personnel of the judicial police or of other administrative or technical branches of the administration may be assigned to the Special Section for the execution of its duties.

32. The debtor and the Avvocatura dello Stato may within thirty days lodge an appeal against the decisions of the Special Section of the Provincial Commissioner. The High Commissioner may also appeal within 60 days.

The appeal shall be adjudicated by a special section of the Central Commission for taxation comprised of a President, a judicial official holding a grade not lower than that of a first president of Court of Appeal and of four commissioners, all to be appointed by the Council of Ministers.

The provisions of the last two paragraphs of Art 30 and of Art 31 shall apply to the proceedings before the Special Section of the Central Commission.

33. The decisions of the Special Section of the Central Commission may be opposed before the Plenary Section of the Cassation solely on the ground of absolute lack of jurisdiction. An appeal must be lodged by the debtor or by the Avvocatura dello Stato within 45 days: the High Commissioner may appeal within 6 months.

34. The High Commissioner may, even after the lapse of the above period but not after the lapse of two years, move that the decision, although final be amended on the ground that facts of considerable importance have been discovered always provided that the reasons set out in the decision disclose that such facts were not in evidence in the previous proceeding.

Such amendment of the decision is in any case within the jurisdiction of the Special Section of the Central Commission.

4124

35. Even before the Special Sections of Provincial Commissions are constituted, the [illegible] the High Commissioner or of the finance

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

Any person responsible for making any such [illegible]
in accordance with the preceding paragraph.

Personnel of the judicial police or of other administrative or technical branches of the administration may be assigned to the Special Section for the execution of its duties.

32. The debtor and the Avvocatura dello Stato may within thirty days lodge an appeal against the decisions of the Special Section of the Provincial Commissioner. The High Commissioner may also appeal within 60 days.

The appeal shall be adjudicated by a special section of the Central Commission for taxation comprised of a President, a judicial official holding a grade not lower than that of a first president of Court of Appeal and of four commissioners, all to be appointed by the Council of Ministers.

The provisions of the last two paragraphs of Art 30 and of Art 31 shall apply to the proceedings before the Special Section of the Central Commission.

33. The decisions of the Special Section of the Central Commission may be opposed before the Plenary Section of the Cassation solely on the ground of absolute lack of jurisdiction. An appeal must be lodged by the debtor or by the Avvocatura dello Stato within 45 days: the High Commissioner may appeal within 6 months.

34. The High Commissioner may, even after the lapse of the above period but not after the lapse of two years, move that the decision, although final be amended on the ground that facts of considerable importance have been discovered always provided that the reasons set out in the decision disclose that such facts were not in evidence in the previous proceeding.

Such amendment of the decision is in any case within the jurisdiction of the Special Section of the Central Commission.

2124

35. Even before the Special Sections of Provincial Commissions are constituted, the President of the Tribunal may, upon request of the High Commissioner or of the finance administration, order by decree a protective attachment of chattels or realties belonging to persons set out in Art 26 although they may be held by third parties.

Such power may be exercised by the Presidents of the Commissions by virtue of their office.

Previsions of para 7 and 8 of Art 19 of the Consolidated text of laws on the extraordinary tax on excess war profits, approved by RD 5 June 1943, No. 596, shall appl.

36. A decree of the High Commissioner shall be published in the Gazzetta Ufficiale of the Kingdom, listing persons who are considered profiteers of the regime: any person who may hold property belonging to such person or who may be indebted to him in any way whatever, shall be required to declare the same following the form and within the time limits established in the said decree: also he shall not return the property or fulfil his obligations to his creditor. Any such blocking shall become void if an attachment is not ordered within 60 days after the lapse of the time limit for the above said declaration.

Any person who may fail to comply with the duties set forth in this Article shall be punished in accordance with Art 31 para 4 he shall also be liable for any consequential loss suffered by the State.

758

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

Any person who, for the purpose of withholding from the State, property belonging to a person considered to have made a profit derived from the regime, acquires, receives or conceals such property or abets their acquisition, receipt or concealment, shall be punished by imprisonment not exceeding 10 years and by a fine up to 100,000 lire.

37. The proposed assessment of the Provincial Commission if unopposed by the debtor; the decision of such Commission, even pending appeal to the Central Commission and the decision of the last named Commission shall constitute good authority for execution even for entry in the real estate and mortgage registry.

The collection of the amounts owed to the State as profits derived from the regime may be effected in accordance with the procedure and preference established for the collection of the extraordinary tax on excess war profits. The entire debt may be entered on a special roll and may be collected in a single instalment.

PART IV — CONFISCATION OF FASCIST PROPERTY

38. The property of the disbanded fascist national party and of organizations suppressed by RDL 2 August 1943, No. 704, shall devolve upon the State.

Such property shall be used for the public service or the public benefit, this shall be effected on the proposal of the High Commissioner by decree of the President of the Council, in agreement with the Competent Ministers. If necessary such property may be transferred to another public body or organization promoting welfare, sport or the like.

39. The finance administration of the State shall provide for the collection of assets of the fascist national party and the suppressed organizations.

PART V — THE HIGH COMMISSIONER

40. To supervise the carrying out of this decree the office of High Commissioner for Sanctions against Fascism is created.

The High Commissioner shall be nominated by the Council of ministers and appointed (i.e. by the President) and shall for the duration of his term of office rank as a judicial officer of the first grade.

He shall be assisted by Assistant High Commissioner for each of the branches of his jurisdiction.

In the event of the High Commissioner being unable to act each of the Assistant High Commissioner may so far as his own branch is concerned act in his name.

The Assistant High Commissioners shall be appointed by the President of the Council of Ministers on the nomination of the High Commissioner and shall rank as judicial officials of the third grade.

Not more than two commissioners may be nominated for any one branch of the High Commission. They shall be appointed in the manner described in the preceding paragraph.

Sufficient judicial and other officials shall on request be assigned to the office of the High Commissioner and a nucleus of judicial police shall be placed at his disposal composed of personnel of the carabinieri of the public security or of the finance guards. Persons not members of the Administrations may be employed in the

[illegible] may call on the judicial

Declassified E.O. 12356 Section 3.3/NND No. 785019

Such property shall be [illegible]
shall be effected on the proposal of the High Commissioner by [illegible]
of the Council, in agreement with the Competent Ministers. If necessary such property
may be transferred to another public body or organization promoting welfare, sport or
the like.

39. The finance administration of the State shall provide for the collection of assets of the fascist national party and the suppressed organizations.

PART V — THE HIGH COMMISSIONER

40. To supervise the carrying out of this decree the office of High Commissioner for Sanctions against Fascism is created.

The High Commissioner shall be nominated by the Council of ministers and appointed (i.e. by the President) and shall for the duration of his term of office rank as a judicial officer of the first grade.

He shall be assisted by Assistant High Commissioner for each of the branches of his jurisdiction.

In the event of the High Commissioner being unable to act each of the Assistant High Commissioner may so far as his own branch is concerned act in his name.

The Assistant High Commissioners shall be appointed by the President of the Council of Ministers on the nomination of the High Commissioner and shall rank as judicial officials of the third grade.

Not more than two commissioners may be nominated for any one branch of the High Commission. They shall be appointed in the manner described in the preceding paragraph.

Sufficient judicial and other officials shall on request be assigned to the office of the High Commissioner and a nucleus of judicial police shall be placed at his disposal composed of personnel of the carabinieri of the public security or of the finance guards. Persons not members of the Administrations may be employed in the secretarial offices.

The High Commissioner and his subordinate officers may call on the judicial police who will carry out their orders.

41. The High Commissioner shall direct and supervise the work of all organizations by which Sanctions against Fascism are carried out.

The High Commissioner shall be bound on his own initiative or on the demand of any public authority or on an information signed by a private individual to commence proceedings in respect of any crime described in Art 2 and to carry out investigation as may be necessary and to remand the accused to the High Court in which he or his delegate act as "Ministero pubblico".

In cases of exceptional gravity the High Commissioner may exceed the normal powers in that respect and refer to the High Court any other person than those referred to in Art 2 and for any crime whether or not such is mentioned in Art 2.

With prejudice to the powers of the Ministero Pubblico, Public Authorities and other bodies or organizations the High Commissioner may on his own initiative or on the information of a private individual commence proceedings.

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

(1) In respect of other crimes mentioned in Part I.
(2) To apply the provisions set out in Art 8.
(3) To forfeit property belonging to persons who have collaborated with the Germans in accordance with Art 9.
(4) Before the appropriate commissions of first instances and before the Central Commission with regard to appeals, for purging the administration and for dismissing officers or employees from their office or employment.
(5) Before the Local and Central Commissions for taxation, for assessing and forfeiting as profit derived from the fascist regime, with power in exceptional cases to commence proceedings for rectification of any decision of the aforesaid Central Commission.
He may also
(6) Make proposals for the correct and proper use of property previously belonging to the Fascist Party or to fascist organisation.
(7) Exercise any other functions contained in this decree or in any other decree or regulation.

PART VI — TRANSITORY AND FINAL PROVISIONS

42. For the application of this decree all prerogatives including those set out in Arts 26, 37 and 47 of the Constitution are hereby abrogated.

43. Any public official or any person engaged in the public service responsible according to the provisions of this law for punishing fascist crimes, for purging the administrations, for forfeiting any profit derived from the regime and for confiscating fascist property, who may commit any offence set out in and punishable by virtue of Arts 314, 316, 317, 318, 319, 320, 323, 324, 326 and 328 of the Penal Code shall be punished in accordance with the provisions of these articles but increased by from one third to one half.

44. Proceedings already initiated for the punishment of fascist crimes for purgation and for the forfeiture of profit derived from the regime shall be carried through in accordance with the provisions of this decree, without prejudice to any action already taken incompatible with these rules.
Decisions already given shall be reviewed if they are in conflict with the provisions of this decree.

45. Successive decrees will be issued to provide when necessary for the execution of the rules established by the preceding Parts.
The Minister of the Treasury is hereby authorized to make by his own decrees the necessary variations in the State budget occasioned by the functioning of the High Commissioner and the organisations established by this decree.

46. Royal Decree Laws 9 August 1943, No. 720, of 28 December 1943, No. 29/B, of 26 May 1944, No. 134, are hereby abrogated.
The provisions contained in Royal Decree law 12 April 1944, No. 101, so far as they relate to the contents of this decree are also abrogated.

Declassified E.O. 12356 Section 3.3/NND No. 785014

42. For the application of this decree all prerogatives including those set out in Arts 26, 37 and 47 of the Constitution are hereby abrogated.

43. Any public official or any person engaged in the public service responsible according to the provisions of this law for punishing fascist crimes, for purging the administrations, for forfeiting any profit derived from the regime and for confiscating fascist property, who may commit any offence set out in and punishable by virtue of Arts 314, 316, 317, 318, 319, 320, 323, 324, 326 and 328 of the Penal Code shall be punished in accordance with the provisions of these articles but increased by from one third to one half.

44. Proceedings already initiated for the punishment of fascist crimes for purgation and for the forfeiture of profit derived from the regime shall be carried through in accordance with the provisions of this decree, without prejudice to any action already taken incompatible with these rules.

Decisions already given shall be reviewed if they are in conflict with the provisions of this decree.

45. Successive decrees will be issued to provide when necessary for the execution of the rules established by the preceding Parts.

The Minister of the Treasury is hereby authorized to make by his own decrees the necessary variations in the State budget occasioned by the functioning of the High Commissioner and the organizations established by this decree.

46. Royal Decree laws 9 August 1943, No. 720, of 28 December 1943, No. 29/B, of 26 May 1944, No. 154, are hereby abrogated.

The provisions contained in Royal Decree law 12 April 1944, No. 101, so far as they relate to the contents of this decree are also abrogated.

47. This decree will come into force etc. etc.

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

APPENDIX B.

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13145/F

7 August 1944

SUBJECT: Instructions regarding the Returns from Provinces of State Revenue and Expenditure, and the means whereby these Returns are to be made available to the Finance Sub-Commission and the Central Italian authorities concerned, viz. the Ministry of Finance, Treasury, and the Bank of Italy.

TO : All Finance Officers.

1. Introduction

Normally the two parties directly concerned with the collection and expenditure of Italian State Funds in a Province are the Intendenza di Finanza and the Bank of Italy (Treasury Section). These two parties prepare certain statements of Income and Expenditure and forward them to their Central Offices, where these Returns constitute an important link in the centralised functioning of Treasury Control.

It is very important that these forms should be made available to the proper authorities at as early a date as possible, and, with the object of reducing delay and avoiding confusion, this letter of instructions has been prepared for the guidance of Finance Officers.

2. Procedure to be adopted on AMG Territory, including AMG 5th & 8th Armies

On taking over liberated territory the Finance Officer should visit the Intendenza di Finanza and the corresponding Treasury Section of the Bank of Italy as soon as possible and instruct these two parties that he, the Finance Officer, will be responsible for the forwarding of all monthly returns normally sent to Rome. On receipt of these forms, for as recent a month as possible, the Finance officer will forward them to the Finance Sub-Commission.

In cases where records have been destroyed, and delay in producing the forms is anticipated, this HQ should be informed, and an estimate of the time required to reconstruct the records given.

The forms of most immediate interest to this HQ, are the Bank of Italy forms (Dimostrazione Mensile, Mod. 59, 60, and 61, for both Competenza and Residui), and these forms should be sent to this HQ as soon as they are available. To facilitate the communication of these instructions from the Finance Officer to the Bank of Italy the Head Office of the Bank have prepared a general letter addressed to all their Provincial branches, in which the procedure to be adopted by their branches is laid down in detail.

A copy of the Bank of Italy's general letter of instructions is attached. 2122

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

Normally the two p[illegible] are the Intendenza di Finanza and the Sezione di Tesoreria Provinciale dello Stato (Treasury Section) of the Bank of Italy. These two parties prepare certain statements of Income and Expenditure and forward them to their Central Offices, where these Returns constitute an important link in the centralised functioning of Treasury Control.

It is very important that these forms should be made available to the proper authorities at as early a date as possible, and, with the object of reducing delay and avoiding confusion, this letter of instructions has been prepared for the guidance of Finance Officers.

2. Procedure to be adopted on AMG Territory, including AMG 5th & 8th Armies

On taking over liberated territory the Finance Officer should visit the Intendenza di Finanza and the corresponding Treasury Section of the Bank of Italy as soon as possible and instruct these two parties that he, the Finance Officer, will be responsible for the forwarding of all monthly returns normally sent to Rome. On receipt of these forms, for as recent a month as possible, the Finance officer will forward them to the Finance Sub-Commission.

In cases where records have been destroyed, and delay in producing the forms is anticipated, this HQ should be informed, and an estimate of the time required to reconstruct the records given.

The forms of most immediate interest to this HQ, are the Bank of Italy forms (Dimostrazione Mensile, Mod. 59, 60, and 61, for both Competenza and Residui), and these forms should be sent to this HQ as soon as they are available. To facilitate the communication of these instructions from the Finance Officer to the Bank of Italy the Head Office of the Bank have prepared a general letter addressed to all their Provincial branches, in which the procedure to be adopted by their branches is laid down in detail. 2122

A copy of the Bank of Italy's general letter of instructions is attached.

The forwarding of these monthly forms to this HQ should be continued by the Finance Officer.

3. Procedure to be adopted when territory passes from AMG to ACC

At the time of transfer of territory from AMG to ACC the AMG Finance Officer will instruct both the Intendenza di Finanza and the Bank of Italy that in future they should deliver the monthly forms for transmission to this HQ to the nearest ACC Finance Officer.

4. Procedure in ACC Territory

Although the Italian Postal Service functions on ACC Territory, it has proved to be slow and unreliable under existing condition.

In view of the importance of these forms, and the urgency with which they are required, it has been decided that they should be forwarded to this HQ by the ACC Finance Officer using normal ACC channels, and the ACC Finance Officer will ensure that the forms are prepared and forwarded as expeditiously as possible.

758

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

5. Sundry Point and Explanations

a) The Head Office of the Bank of Italy have instructed their branches to deliver the forms to be forwarded to the local ACC/AMG Finance Officer in an open packet so that the F.O. can readily see what he is forwarding.

b) The Bank of Italy have expressed the opinion that their standard monthly forms, (Dimostrazione Mensile, Mod. 59, 60 and 61) should be prepared by the 5th of the month following the month to which they relate. In other words the forms for the month of July 1944, should be ready for forwarding by the 5th of August, 1944.

c) It is intended that all forms received at this HQ will, after examination, be distributed to the Central Italian Authorities so that they can carry on with the preparation of the State accounts.

d) In cases where there is a shortage of standard blank forms, the Returns will have to be made on plain paper. If it is not possible for the Provincial branch of the Bank of Italy to get blank forms printed locally, an application for blank forms may be addressed to the Head Office of the Bank of Italy.

e) The instructions contained in this letter supersede instructions regarding the preparation and forwarding of forms to this HQ contained in a letter of 29 February 1944. Reference CRO/S.1

For Captain ELLERY W. STONE, USNR:

W Graffty Smith.

Colonel,
Joint Director,
Finance Sub-Commission.

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

APPENDIX B,

COPY OF LETTER ADDRESSED TO ALL PROVINCIAL BRANCHES BY BANK OF ITALY, HEAD OFFICE

ROMA li 5 Agosto, 1944.

BANCA D'ITALIA

Amministrazione Centrale

... ...

Servizio

Tasse-Servizi Governativi-Partecipanti

... ...

ALLA SEZIONE DI R. TESORERIA DI

N° 18666

OGGETTO:- Servizio di R.Tesoreria,
Mod.59-T,60-T e 61-T.

Le Sezioni di R.Tesoreria Provinciale situate nell'Italia liberata sono invitate, in seguito ad accordi intervenuti con la Commissione Alleata di Controllo, a riprendere la trasmissione degli stati mensili mod.59-T, 60-T, e 61-T "Competenza" e "Residui" a far tempo dal mese di giugno 1944 compreso.

I suddetti elaborati, ad eccezione del mod.60-T da compilarsi in unica copia, dovranno esser redatti in quadruplice esemplare e spediti, entro il termine prescritto del giorno 5 di ciascun mese, a questa Amministrazione Centrale (Servizio Tasse e Servizi Governativi), racchiusi in un piego aperto sul quale dovrà essere apposto il seguente indirizzo: "Finance Sub-Commission, H.Q. Allied Control Commission".

Nel piego stesso i modelli onde trattasi dovranno essere raggruppati come appresso e ciascun gruppo sotto fascia recante il seguente indirizzo:-

Mod.59-T e 61-T "Competenza e "Residui" per il Servizio Tasse e Servizi Governativi (Contabilità Sezioni di R.Tesoreria)
Mod.59-T, 60-T e 61-T "Competenza" e "Residui" per la Direzione Generale del Tesoro-Div.V.
Mod.59-T, e 61-T "Competenza" e "Residui" per Lt.Col.A.H.F. Stephens Chief Budget Officer, Finance Sub-Commission, Allied Control Commission, Ministero delle Finanze, ROMA.
Mod.59-T e 61-T "Competenza" e "Residui" per la Commissione

2121

Declassified E.O. 12356 Section 3.3/NND No. 785014

Le Sezioni di R.Tesoreria Provinciale situate nell'Italia liberata sono invitate, in seguito ad accordi intervenuti con la Commissione Alleata di Controllo, a riprendere la trasmissione degli stati mensili mod.59-T, 60-T, e 61-T "Competenza" e "Residui" a far tempo dal mese di giugno 1944 compreso.

I suddetti elaborati, ad eccezione del mod.60-T da compilarsi in unica copia, dovranno esser redatti in quadruplice esemplare e spediti, entro il termine prescritto del giorno 5 di ciascun mese, a questa Amministrazione Centrale (Servizio Tesse e Servizi Governativi), racchiusi in un piego aperto sul quale dovrà essere apposto il seguente indirizzo: "Finance Sub-Commission, H.Q. Allied Control Commission".

Nel piego stesso i modelli onde trattasi dovranno essere raggruppati come appresso e ciascun gruppo sotto fascia recante il seguente indirizzo:-

Mod.59-T e 61-T "Competenza e "Residui" per il Servizio Tasse e Servizi Governativi (Contabilità Sezioni di R.Tesoreria)
Mod.59-T, 60-T e 61-T "Competenza" e "Residui" per la Direzione Generale del Tesoro-Div.V.
Mod.59-T, e 61-T "Competenza" e "Residui" per Lt.Col.A.H.F. Stopford, Chief Budget Officer, Finance Sub-Commission, Allied Control Commission, Ministero delle Finanze, ROMA.
Mod.59-T e 61-T "Competenza" e "Residui" per la Commissione Alleata di Controllo - Palazzo delle Corporazioni.

2121

Le Sezioni di R.Tesoreria provvederanno inoltre a trasmettere a questa Amministrazione Centrale, con la maggiore sollecitudine, anche i modelli in oggetto, in semplice copia (escluso il mod.60-T) concernenti le operazioni relative ai mesi precedenti a quello di giugno ultimo scorso, modelli che a causa degli eventi non sono stati inviati ovvero, se trasmessi, non risultano fin qui pervenuti.

Il piego contenente detti elaborati dovrà essere consegnato all'Ufficiale Finanziario Alleato con preghiera di inoltro all' indirizzo sopra indicato.

Allo scopo la Commissione Alleata di Controllo - Sotto Commissione Finanziaria presso il Ministero del Tesoro, ha impartito le istruzioni del caso ai propri Ufficiali Finanziari Alleati.

Declassified E.O. 12356 Section 3.3/NND No. 785014

Appendix B,
page 4.

Le Sezioni di R.Tesoreria, qualora siano sprovviste dei suddetti modelli in bianco o ne abbiano una scorta insufficiente, possono ritenersi autorizzate a provvedere in luogo alla ristampa, facendo intestare la relative fattura alla Sezione. La spesa incontrata resterà a carico del Ministero del Tesoro e l'importo dovrà essere scritturato al conto "Collettivi".

Raccomando la massima precisione nella compilazione di tali elaborati che, prima di essere spediti, dovranno essere controllati.

IL COMMISSARIO

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

2348

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

APPENDIX C.

ALLIED FINANCIAL AGENCY

SCHEDULE TO STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD

(EXPRESSED IN LIRE)

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
I	NEW A.M.LIRA NOTES RECEIVED	
	(a) As Notified to Washington	48,844,128,000
	(c) Shortages revealed on Opening Boxes	(1,130)
	(d) Defective A.M.Lire Notes Returned to Washington	-
	Lire	48,844,126,870
II	DEPOSITS BY AMG/ACC DIVISIONS	
	(a) Economic & Supply Division - Supplies	975,204,045
	(b) Economic & Supply Div.- Deposits on Returnable Containers	30,168,486
	(c) Public Health Division	38,748,278
	(d) Legal Division	8,719,600
	(e) Other Divisions	27,700
	Lire	1,052,868,109
III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD	
	(a) From Banks	182,800
	(b) From Others	200,500
	Lire	383,300

2349

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

ANNEX C.

ALLIED FINANCIAL AGENCY

21:20

F/F 21

STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO 30 JUNE, 1944

(EXPRESSED IN LIRE)

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
CEIVED			
Washington	48,844,128,000	4,494,400,000	53,338,528,000
ed on Opening Boxes	(1,130)	-	(1,130)
ire Notes Returned to Washington	-	(452,731)	(452,731)
Lire	48,844,126,870	4,493,947,269	53,338,074,139
IVISIONS			
y Division - Supplies	975,204,045	(283,550,548)	691,653,497
y Div.- Deposits on Returnable Containers	30,168,486	135,789	30,304,275
vision	38,748,278	22,456,895	61,205,173
	8,719,600	1,032,850	9,752,450
	27,700	-	27,700
Lire	1,052,868,109	(259,925,014)	792,943,095
NKS AND OTHERS BY THE FIELD			
	182,800	(182,800)	-
	200,500	(190,000)	10,500
Lire	383,300	(372,800)	10,500

2350

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

SCHEDULE No. IV		TOTAL TO CLOSE OF PREVIOUS MONTH	
	DEPOSITS		
	(a) By Controller of Property		
	(1) Psychological Warfare Board - Film Section	1,841,938	(
	(2) A.C.I.F.	10,000,000	
	(3) Moharwas & Son	117,219	
	(4) Changimal Co.	108,714	
	(5) Goods ex German Steamers	846,500	
	(6) Musan Felice	154,135	
	(7) Miscellaneous (under Lire 100,000 each)	463,397	
		13,532,203	(
	(b) By U.S.Army Units	66,000,722	
	(c) By Others		
	(1) "A" Force	967,500	
	(2) Pasquale Esposito	108,600	
	(3) Comitato Italiano Petroli	45,000,000	5
	(4) Enemy Unit Funds	1,948,527	
	(5) Jewish Refugees departing for Palestine		
	(6) Italian Road Haulage Organisations (Depreciation on ACC Vehicles, pending allocation)		
	(7) Various (under Lire 100,000 each)	185,217	
	Lire	127,722,769	(

2351

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
ty			
Board - Film Section	1,841,938	(1,787,730)	54,208
	10,000,000	-	10,000,000
	117,219	-	117,219
	108,714	-	108,714
	846,500	-	846,500
ners	154,435	-	154,435
Lire 100,000 each)	463,397	-	463,397
	13,532,203	(1,787,730)	11,744,473
	66,000,722	8,339,375	74,340,097
	947,500	(11,000)	936,500
	108,600		108,600
	45,000,000	50,175,750	95,475,750
troli	1,948,527		1,948,527
		4,373,893	4,373,893
rting for Palestine			
Organisations		260,471	260,471
C Vehicles, pending allocation)		72,244	257,461
100,000 each)	185,217		
Lire	127,722,769	61,723,003	189,445,772

2352

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

SCHEDULE No.		TOTAL TO close of PREVIOUS MONTH
V	PROCEEDS OF SALES IN ITALY OF SUPPLIES	
	(a) Economic and Supply Division.	
	(1) Supplies Imported or Drawn from Armies	767,901,774
	(2) Supplies Purchased Locally	6,824,128
	(b) Public Health Division	
	(1) Supplies Imported or Drawn from Armies	14,427,980
	(2) Supplies Purchased Locally	4,500
	Lire	789,158,382
VI	RECEIPTS IN RESPECT OF AMG/ACC REVENUE	
	(a) AFA Revenue	
	(1) Interest Received from Banks	3,355,416
	(2) Miscellaneous Receipts	545
		3,355,961
	(b) AMG Revenue to close of previous month	139,596,972
	(c) ACC Revenue to close of previous month	8,158,335
	(d) AMG/ACC Revenue received by AFA direct in previous month, allocated in current month	2
	(e) AMG/ACC Revenue received by AFA direct in current month	-
	Lire	151,111,270
IX	CONTRA ACCOUNTS	
	+ Deposits for Remittances (AF Accounts)	
	(a) U.S. Dollars ($ 1,371,880.40)	76,952,778
	(b) Sterling (£ 16,699 : 12 : 9)	3,665,713
	Lire	80,618,491

+ The amount of Deposits for Remittances is equal to the total of "Payments to Persons from Allied Countries" (see Item No. 27), plus "Funds Deposited with Italian Banks" Schedule XXVIII, (c) 3).

2353

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

	TOTAL TO close of PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
UPPLIES			
sion.			
Drawn from Armies	767,901,774	793,489,648	1,561,391,422
cially	6,824,128	9,530,791	16,354,919
Drawn from Armies	14,427,980	-	14,427,980
cially	4,500	-	4,500
Lire	789,158,382	803,020,439	1,592,178,821
REVENUE			
n Banks	3,355,416	126,452	3,481,868
s	545	-	545
	3,355,961	126,452	3,482,413
previous month	139,596,972	7,338,557	146,935,529
previous month	8,158,335	169,437	3,327,772
d by AFA direct in previous month,	2	(2)	-
nth	-	118,079	118,079
d by AFA direct in current month			
Lire	151,111,270	7,752,523	158,863,793
Accounts)	76,952,778	60,235,262	137,188,040
80.40)	3,665,713	3,014,143	6,679,856
: 9)			
Lire	80,618,491	63,249,405	143,867,896

ances is equal to the total of "Payments to Persons in Italy on Account of Remittanc-
em No. 27), plus "Funds Deposited with Italian Banks for Remittance Payments" (see

2354

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CU
XII	A.M. STAMPS ISSUED TO POST OFFICE AND ON HAND		
	(a) A.M. Stamps issued to Post Office	22,274,000	
	(b) A.M. Stamps on Hand	147,062,000	
	Lire	169,336,000	
XIII	PURCHASES IN ITALY OF SUPPLIES		
	(a) For Export to		
	(1) United States of America	49,412,098	
	(2) Great Britain	338,185,687	
	(3) North Africa	28,468,390	
	(4) Corsica	644,778	
	(5) Malta	136,857,727	
		553,568,680	
	(c) For Resale in Italy	33,816,609	
	Lire	587,385,289	
XIV	STORAGE HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES		
	(a) Emoluments of Civilian Personnel	12,268,245	
	(b) Repairs to Warehouses and Approach Roads	1,317,262	
	(c) Rent of Warehouses	2,764	
	(d) Transport and Shipping Charges	13,101,089	
	(e) Other Expenses	2,574,865	
	Lire	29,264,225	

2355

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

AND ON HAND		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Office		22,274,000	3,240,000	25,514,000
		147,062,000	(3,240,000)	143,822,000
	Lire	169,336,000	-	169,336,000
DE		49,412,098	1,386,052	50,798,150
		338,185,687	35,604,161	373,789,848
		28,468,390	(497,575)	27,970,815
		644,778	-	644,778
		136,857,727	35,167,622	172,025,349
		553,568,680	71,660,260	625,228,940
		33,816,609	10,937,838	44,754,447
	Lire	587,385,289	82,598,098	669,983,387
PENSES IN CONNECTION WITH IES				
Personel		12,268,245	3,804,563	16,072,808
Approach Roads		1,317,262	184,623	1,501,885
		2,764	-	2,764
arges		13,101,089	3,569,867	16,670,956
		2,574,865	1,413,391	3,988,256
	Lire	29,264,225	8,972,444	38,236,669

2356

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

SCHEDULE No.			TOTAL TO CLOSE OF PREVIOUS M
XV	ADVANCES		
	(a) To Italian State Treasury, Armed Forces and State Institutions		4,607,738,
	(b) To Provinces		488,259,
	(c) To Communes		1,202,816,
			6,298,814,
	(d) To Others		
	(1) Items included on Sub-Accountants' Reports not yet allocated, pending receipt of proper vouchers or more complete information		4,790,
			1,563,
	(2) Advisory Council for Italy		303
	(3) Library of Congress - For Purchase of Books		3,000
	(4) Societe Acquedotto, Napoli		1,000
	(5) Sanotoda Caputa		1,000
	(6) Villa Rosa Mental Hospital		
	(7) Casa della Madre e del Bambino, Principessa Maria Gabriello - Ischia		100
			361
	(8) Miscellaneous (under Lire 100,000 each)	Lire	6,310,933
XVI	LOANS		3,000
	(a) To Banks		
	(b) To Others	Lire	3,000

2357

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Armed Forces and State Institutions	4,607,738,309	(24,325,592)	4,583,412,717
	488,259,665	15,930	488,275,595
	1,202,816,283	3,078,805	1,205,895,088
	6,298,814,257	(21,230,857)	6,277,583,400
Accountants' Reports not yet allocat-ed proper vouchers or more complete in-	4,790,987	(271,120)	4,519,867
	1,563,992	197,588	1,761,580
Italy	303,190	(303,190)	-
for Purchase of Books	3,000,000	-	3,000,000
Napoli	1,000,000	-	1,000,000
	1,000,000	-	1,000,000
Capital			
Bambino, Principessa Maria Gabriella	100,000	-	100,000
	361,312	21,500	382,812
Lire 100,000 each) Lire	6,310,933,738	(21,586,079)	6,289,347,659
	3,000,000	(600,000)	2,400,000
	960	(680)	280
Lire	3,000,960	(600,680)	2,400,280

2358

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

SCHEDULE No.		TOTAL TO CLOSE of PREVIOUS MONTH
XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES	
	(a) Remittances from United States of America	13,428,450
	(b) " " Great Britain and the Sterling Area	-
	Lire	13,428,450
XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS	
	(a) Emergency Financial Assistance to :	
	(1) U.S. Nationals	2,924,720
	(2) British "	1,457,950
	(3) Canadian "	8,000
	(4) Belgian "	17,930
	(5) Brazilian "	18,000
	(6) Columbian "	1,800
	(7) Czechoslovak "	27,535
	(8) French "	97,060
	(9) Greek "	49,300
	(10) Icelandic "	7,100
	(11) Dutch "	9,700
	(12) Norwegian "	3,000
	(13) Polish "	98,675
	(14) Russian "	11,200
	(15) Yugoslav "	174,505
	Carried Forward	4,906,475

2359

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

ACCOUNT OF REMITTANCES FROM	TOTAL TO CLOSE of PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
States of America	13,428,450	20,263,850	33,692,300
Britain and the Sterling Area	-	64,200	64,200
Lire	13,428,450	20,328,050	33,756,500
OF ALLIED NATIONS			
stance to :			
	2,924,720	527,080	3,451,800
	1,457,950	302,705	1,760,655
	8,000	-	8,000
	17,930	-	17,930
	18,000	-	18,000
	1,800	-	1,800
	27,535	-	27,535
	97,060	-	97,060
	49,300	-	49,300
	7,100	-	7,100
	9,700	-	9,700
	3,000	-	3,000
	98,675	400	99,075
	11,200	-	11,200
	174,505	500	175,005
Carried Forward	4,906,475	830,685	5,737,160

2360

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
	Brought Forward	4,906,475
	(b) Expenses in connection with Refugee Camps	803,861
	(d) Payments to Allied Nations Missions	
	(1) Belgian Military Mission	13,000
	(2) Czechoslovak " "	195,000
	(3) Netherlands "	185,000
	(4) Norwegian " "	120,000
	(5) Polish " "	974,000
	(6) Royal Yugoslav" "	400,000
	Lire	7,597,276
XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	
	(b) Payments in Respect of Italian Refugees	2,811,267
	(c) Emergency Financial Assistance Payments to Other than Allied Nationals	
	(1) Albanian Nationals	16,833
	(2) Egyptian "	5,200
	(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 Persons	29,400
	(12) Unknown	40,685
	Lire	2,958,905

2361

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Brought Forward	4,906,475	830,685	5,737,160
ith Refugee Camps	803,801	439,680	1,243,481
ons Missions			
sion	13,000	-	13,000
"	195,000	45,000	240,000
"	185,000	380,000	565,000
"	120,000	44,000	164,000
"	974,000	20,000	994,000
"	400,000	-	400,000
Lire	7,597,276	1,759,365	9,356,641

STATE IN RESPECT OF ITALIAN

Italian Refugees	2,811,267	585,488	3,396,755
istance Payments to Other than			
	16,833		16,833
	5,200		5,200
"	4,000		4,000
"	5,700		5,700
"	4,500		4,500
"	2,000		2,000
"	1,200		1,200
"	600		600
	18,200		18,200
	19,320		19,320
	29,400		29,400
	40,685		40,685
Lire	2,958,905	585,488	3,544,393

2362

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

SCHED-ULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
XX	ADVANCES TO ALLIED ARMED FORCES	
	(a) To American Army	
	(1) Paid in Lire	13,863,208,000
	(2) Paid in Yellow Seal Dollars ($ 1,505,300)	150,530,000
	(b) To American Navy	
	(1) Paid in Lire	190,766,000
	(2) Paid in Yellow Seal Dollars ($ 633,000)	43,800,000
	(c) To British Army	
	(1) Paid in Lire	9,806,599,830
	(2) Paid in B.M.A. Pounds (£ 2,223,961 . 5 . 6)	801,640,310
	(d) To British Navy	
	(1) Paid in Lire	28,032,800
	(2) Paid in Francs (FRS. 15,915)	31,830
	(e) To Royal Air Force	
	(1) Paid in Lire	18,035,000
	(2) Paid in Francs (FRS. 1,319,844)	2,639,688
	(f) To French Armed Forces	
	(1) Paid in Lire	2,987,112,000
	Lire	27,891,795,458

2363

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	13,863,208,000	2,049,920,000	15,913,1[illegible],000
llars ($ 1,505,300)	150,530,000	-	150,530,000
	190,766,000	40,298,000	231,064,000
llars ($ 633,000)	43,800,000	19,500,000	63,300,000
	9,806,599,830	3,189,008,000	12,995,607,830
(£ 2,223,941 . 5 . 0)	801,040,310	88,536,190	889,576,500
	28,032,800	-	28,032,800
5,915)	31,830	-	31,830
	18,035,000	-	18,035,000
,319,844)	2,639,688	-	2,639,688
	2,987,112,000	534,720,000	3,521,832,000
Lire	27,891,795,458	5,921,982,190	33,813,777,648

2364

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

SCHEDULE No. XXI	DISBURSEMENTS IN RESPECT OF AMG/ACC EXPENDITURE	TOTAL TO CLOSE OF PREVIOUS MO
	(a) AFA Expenditure	
	(1) Emoluments of Civilian Personnel	110,196
	(2) Motor Transport	
	Maintenance of Vehicles	750
	(3) Other Administrative Expenses	
	Printing and Stationery	38,786
	Maintenance of Offices	4,410
	Maintenance of Office Equipment	1,905
	Sundries	1,284
	Total Other Administrative Expenditure	46,385
	(4) Special Expenditure	
	Purchase of Office Furniture and Equipment	95,699
	Reconditioning of Offices	58,390
	Total Special Expenditure	154,089
	(5) Financial Expenditure	
	Interest Paid to Banks	4,561,835
	Bank Service Charges	408,333
	Total Financial Expenditure	4,970,168
	Total AFA Expenditure	5,281,598
	(b) AMG Expenditure to close of previous month	44,782,185
	(c) ACC Expenditure to close of previous month	21,019,254
	(d) AMG/ACC Disbursements made by AFA direct in previous month, allocated in current month	10,855
	(e) AMG/ACC Disbursements made by AFA direct in current month	-
		Lire 71,093,892

2365

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

EXPENDITURE	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
sonnel	110,196	4,710	114,906
	760	275	1,035
ises	38,786	1,050	39,836
	4,410	-	4,410
Equipment	1,905	80	1,985
	1,284	-	1,284
rative Expenditure	46,385	1,130	47,515
niture and Equipment	95,699	-	95,699
ces	58,390	1,625	60,015
diture	154,089	1,625	155,714
	4,561,835	-	4,561,835
	408,333	-	408,333
	4,970,168	-	4,970,168
enditure	5,281,598	7,740	5,289,338
re			
previous month	44,782,185	5,282,490	50,064,675
previous month	21,019,254	9,762,116	30,781,370
y AFA direct in previous month,	10,855	(10,855)	-
y AFA direct in current month	-	14,628	14,628
Lire	71,093,892	15,056,119	86,150,011

2366

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CR
XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY		
	(a) U.S. Delegation	150,234	
	(b) British Delegation	82,527	
	(c) Russian Delegation	82,962	
	(d) Yugoslav Delegation	84,350	
	(e) Greek Delegation	35,741	
	(f) French Delegation	41,194	
	Lire	486,008	
XXVII	CONTRA ACCOUNTS		
	(a) Foreign Exchange Due from Banco di Sicilia		
	(1) U.S. Dollars ($ 660,601.08)	51,981,008	
	(2) Sterling (£ 16,699 .12 . 9)	3,665,713	
	(b) Foreign Exchange Due from Banco di Napoli		
	(1) U.S. Dollars ($ 711,079.32)	24,971,770	
	Lire	80,618,491	

2357

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
OR ITALY			
	159,234	104,466	263,700
	82,527	70,714	153,241
	82,962	1,081,655	1,164,617
	84,350	80,367	164,717
	35,741	134,152	169,893
	41,194	31,058	72,252
Lire	486,008	1,502,412	1,988,420
anco di Sicilia			
.08)	51,981,008	14,099,100	66,080,108
.12 . 9)	3,665,713	3,014,143	6,679,856
anco di Napoli			
.32)	24,971,770	46,136,162	71,107,932
Lire	80,618,491	63,249,405	143,867,896

2368

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

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CHANGE
XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (Including Mutilated & Unfit A.M. Lire Notes on Hand)		
	(a) Current Cash - Lire	396,820	(
	(b) Reserve Cash - A.M. Lire	13,276,728,000	(977,
	(c) Bank Current Accounts - Lire		
	(1) Banco d'Italia	1,255,197,521	103,
	(2) Banco di Napoli	46,618,872	4,
	(3) Banco di Sicilia	414,213,733	(65,
	(4) Credito Italiano	7,779,520	(5,
	(5) Banca Commerciale Italiana	8,509,010	(1,
	Total Bank Current Accounts	1,726,318,656	35,
	Total Lire Funds	15,003,445,476	(941,
	(d) Non-Lire Currency on Hand or in Banks		
	(1) Yellow Seal Dollars ($ 1,361,864.43)	151,560,831	(15,
	(2) B.M.A. Pounds (£ 513,476 . 2 .11)	229,277,929	(23,
	Total Non-Lire Currency	380,838,760	(39,
	(e) Other Balances with Banks		
	(1) Banca d'Italia No.2 Account	1,600,000,000	
	(2) AFA Rome Letter of Credit Account	500,000,000	(100,
	(3) Funds Deposited with Italian Banks for Remittance Payments	65,091,541	15,
	(4) Funds Deposited by U.S. Army Units (See Schedule IV(b))	66,000,722	8,
	Total Other Balances with Banks	2,231,092,263	(46,
		17,615,376,499	(1,027,
	MUTILATED AND UNFIT A.M. LIRE NOTES ON HAND	5,598,848	(3,
	Lire	17,620,975,347	1,031,

2365

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

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
D OF PERIOD			
M. Lire Notes on Hand)	396,820	(156,593)	242,267
	13,276,728,000	(977,256,000)	12,299,472,000
Lire	1,255,197,521	103,887,197	1,359,084,718
	40,618,872	4,444,935	45,063,807
	414,213,733	(65,947,866)	348,265,867
	7,779,520	(5,002,920)	2,776,600
	8,509,010	(1,391,000)	7,118,010
eliana	1,726,318,656	35,990,346	1,762,309,002
urrent Accounts	15,003,445,476	(941,422,207)	14,062,023,269
unds			
nd or in Banks	151,560,031	(15,394,388)	136,166,443
($ 1,361,664.43)	229,277,029	(23,867,470)	205,330,459
(£ 513,476 . 2 .11)	380,838,760	(39,261,858)	341,496,902
ire Currency			
nks			1,600,000,000
Account	1,600,000,000		400,000,000
Credit Account	500,000,000	(100,000,000)	
h Italian Banks for	65,091,541	45,019,855	110,111,396
U.S. Army Units	66,000,722	8,339,375	74,340,097
)	2,231,092,263	(46,640,770)	2,184,451,493
Balances with Banks	17,615,376,499	(1,027,344,835)	16,588,031,664
	5,598,848	(3,667,397)	1,931,451
E NOTES ON HAND Lire	17,620,975,347	1,031,012,232	18,589,963,115

2370

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

ALLIED FINANCIAL AGENCY
REMITTANCE LISTS HANDED TO ITALIAN BANKS
TO 30 JUNE, 1944

	No. of Items.	Amount $
(a) BANCO DI SICILIA		
(1) DOLLAR REMITTANCE LISTS		
Bank of America, San Francisco, Calif.	717	38,892.00
Bank of the Manhattan Co., New York	88	2,878 -
Central National Bank in Chicago	410	8,344 -
Central National Bank of Cleveland	14	645 -
Continental Illinois Nat. Bank & Trust Co., of Chicago	989	18,639 -
Chase Nat. Bank of the City of New York	169	34,305.50
First Nat. Bank of Boston, Boston	957	27,909 -
First Nat. Bank of Chicago, Chicago	331	9,591.50
Irving Trust Company, New York	7,941	261,906.83
Manufacturers Trust Company, New York	3,708	132,930 -
Merchants Bank of New York	35	1,166 -
National Bank of Detroit	356	13,798.50
National Shawmut Bank of Boston	129	7,660 -
National City Bank of New York	2,008	84,655.75
Pan American Trust Company, New York	245	5,959 -
Philadelphia Nat. Bank, Philadelphia	251	9,545.50
Union Trust Co., of Maryland	4	130 -
Whitney National Bank of New Orleans	33	1,647.50
	18,395	660,801.06
(2) STERLING REMITTANCE LISTS		
Bank of England	1,350	£16,699-12-10

NOTE:
In addition to the British Isles, Bank of England payment schedules include remittances from Canada, New Zealand, Australia, Peru, Argentine, Venezuela, Uruguay, Switzerland, Malta, Palestine, Tripolitania and the Vatican City.

(b) BANCO DI NAPOLI

(1) DOLLAR REMITTANCE L

American Express Co.
Bank of America Nat. T
ings Assoc.
Bank of Manhattan
Chase Nat. Bank of New
Chase National Bank
Continental Illinois N
Columbus Nat. Bank of
Corn Exchange Bank of
Corn Exchange Bank & T
New York
First National Bank o
Irving Trust Co.
Liberty Title & Trust
Manufacturers Trust C

Marine Midland Trust
Mellon Nat. Bank of P
Merchants Bank of New
National Shawmut Bank
National Bank of Detr
Nat. Bank of Commerce
National Shawmut Ban
Pan American Trust Co
Perara Co., of New Y
Sterling Nat. Bank &
New York
United States Lines

2371

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

ANNEX 1

ALLIED FINANCIAL AGENCY
ITTANCE LISTS HANDED TO ITALIAN BANKS
TO 30 JUNE 1944

No. of Items.	Amount $
717	38,892.00
88	2,878 -
410	8,344 -
14	645 -
989	18,639 -
169	34,305.50
957	27,905 -
331	9,591.50
7,941	261,908.83
3,708	132,930 -
35	1,156 -
356	13,792.50
129	7,660 -
2,008	84,655.75
245	5,959 -
261	9,545.50
4	130 -
33	1,847.50
18,305	660,801.08

1,350 £16,699-12-10

k of England payment
nada, New Zealand,
a, Uruguay,
itania and

(b) BANCO DI NAPOLI

(1) DOLLAR REMITTANCE LISTS

	No. of Items.	Amount $
		60,407.00
American Express Co.	253	13,357 -
Bank of America Nat. Trust & Savings Assoc.	1,165	59,345.59
Bank of Manhattan	265	49,140.50
Chase Nat. Bank of New York	40	1,433 -
Chase National Bank	845	32,020 -
Continental Illinois Nat. Bank	23	920 -
Columbus Nat. Bank of Providence	204	12,731 -
Corn Exchange Bank of Philadelphia	55	2,111.50
Corn Exchange Bank & Trust Co., of New York	121	4,634 -
First National Bank of Boston	162	7,723
Irving Trust Co.	160	8,015.50
Liberty Title & Trust Co., Philadel.	7,111	331,672.33
Manufacturers Trust Co., of New York	58	4,600.50
Marine Midland Trust Co.	268	14,263.50
Mellon Nat. Bank of Pittsburgh	223	9,744 -
Merchants Bank of New York	255	9,543 -
National Shawmut Bank of Boston	135	7,407 -
National Bank of Detroit	28	649 -
Nat. Bank of Commerce of Seattle	100	3,063.90
National Shawmuk Bank	152	6,459 -
Pan American Trust Co.	388	21,723 -
Perara Co., of New York	154	6,255 -
Sterling Nat. Bank & Trust Co., of New York	1,214	43,726 -
United States Lines - New York	13,379	711,979.32

2372

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

A L L I E D F I N A N C I A L A G E N C Y

SUPPLY OF AM. LIRE BY DENOMINATIONS TO 30 JUNE 1944

(in millions of lire)

	1000 LIRE	500 LIRE	100 LIRE	50 LIRE
1. AVAILABLE IN RESERVE CASH	4,320	3,870	1,696	1,605
2. HELD BY ITALIAN BANKS IN UNOPENED BOXES	-	-	10	104
3. TOTAL UNUSED SUPPLY IN ITALY	4,320	3,870	1,706	1,709
4. DISBURSEMENTS TO 30 JUNE 1944	20,220	9,520	7,958	2,417
5. TOTAL AMOUNT RECEIVED FROM WASHINGTON	24,540	13,390	9,664	4,126
6. AMOUNT IN WASHINGTON, OR IN TRANSIT TO ITALY	8,120	5,508	3,700	1,023
7. TOTAL AMOUNT PRINTED +	32,660	18,898	13,364	5,149
8. AMOUNT DISBURSED IN JUNE 1944	2,752	1,264	1,222	149
9. RATIO OF DISBURSEMENTS TO AMOUNT RECEIVED IN ITALY	81.9	71.1	82.3	50.6
10. RATIO OF DISBURSEMENTS TO AMOUNT PRINTED	61.9	50.4	59.6	46.9
11. NUMBER OF MONTHS SUPPLY AVAILABLE IN ITALY •	1.6	3.0	1.4	11.5
12. NUMBER OF MONTHS SUPPLY AVAILABLE IN ITALY, IN TRANSIT AND IN WASHINGTON •	4.5	7.3	4.4	18.3

+ Does not include Lire 30,000,000,000, ordered in MAT Airgram 11 dated 6 July 1944

• Based on June 1944 disbursements.

2373

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

2115

ANNEX II.

A L L I E D F I N A N C I A L A G E N C Y

SUPPLY OF AM. LIRE BY DENOMINATIONS TO 30 JUNE 1944

(in millions of lire)

	1000 LIRE	500 LIRE	100 LIRE	50 LIRE	10 LIRE	5 LIRE	2 & 1 LIRE.	TOTAL
	4,320	3,870	1,696	1,605	367	385	56	12,299
ED BOXES	-	-	10	104	12	47	41	214
	4,320	3,870	1,706	1,709	379	432	97	12,513
	20,220	9,520	7,958	2,417	377	227	108	40,827
SHINGTON	24,540	13,390	9,664	4,126	756	659	205	53,340
SIT TO ITALY	8,120	5,508	3,700	1,023	600	299	43	19,293
	32,660	18,898	13,364	5,149	1,356	958	248	72,633
	2,752	1,264	1,222	149	56	17	8	5,468
NT RECEIVED								
	81.9	71.1	82.3	58.6	49.9	34.4	52.7	76.5
NT PRINTED	61.9	50.4	59.6	46.9	27.8	23.7	43.5	56.2
BLE IN ITALY	1.6	3.0	1.4	11.5	6.8	25.4	12.1	2.3
BLE IN ITALY,	4.5	7.3	4.4	18.3	17.5	43.0	17.5	5.8

00,000, ordered in MAT Airgram 11 dated 6 July 1944

ts.

2374

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

SECRET

ESTIMATED DISBURSEMENTS OF ALLIED ARMED FORCES TO CIVI

(including unreported items)

Estimated Totals, including unreported items	British Forces	U.S. Forces	Fren Force
6. Net Amount Paid to Civilians or Retained by Troops			
In January	1,207	756	20
In February	1,534	1,033	16
In March	1,396	1,117	33
In April	1,062	1,220	50
In May	1,684	1,288	47
In June	2,078	1,889	53
Cumulative total to 30 June	11,191	11,654	2,72

2375

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

ANNEX IV

ORD DISBURSEMENTS OF ALLIED ARMED FORCES TO CIVILIANS

(including unreported items)

eported	British Forces	U.S. Forces	French Forces	Allied Forces
	1,207	766	206	2,179
	1,534	1,033	164	2,731
	1,396	1,117	334	2,847
	1,052	1,220	500	2,782
	1,684	1,288	475	3,447
	2,076	1,889	534	4,501
	11,191	11,654	2,721	25,566

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

151

ANNEX V.

Value of AM Lire in Hands of Italian Banks and Public
(Excluding Deposits of AFA with banks and Cash Funds Held by Accounting Officers of ACC/AMG)

	30 JUNE PRELIMINARY	31 MAY REVISED
New AM Lire received (after deduction of shortages)	53,338.074.139	48.844.126.070
Less - Lire held by AFA in current cash, reserve cash, provision against credits granted to banks and current accounts (including mutilated and destroyed)	14.063.954.720	15.009.044.324
AM Lire Outstanding	39.274.119.419	33.835.082.346
Deduct -		
AM Lire Held by Finance Officers of Armed Forces :		
U.S. Finance Officers :-		
Funded through AFA Palermo-Army	125.087.995	141.172.052
" " " " -Navy	59.263.002	40.751.305
" " " Naples	3.465.625.834	3.303.366.651
" " " Bari	859.155.769	897.539.735
" " " Sassari	100.000.000 ≠	100.000.000 ≠
Total U.S. Finance Officers	4.609.132.600	4.482.829.823
British Paymasters, Italy ++	2.947.140.203	1.582.512.914
French Paymasters	800.000.000 ≠	800.000.000 ≠
Total Held by Finance Officers of All Allied Armed Forces	8.356.272.803	6.865.342.737
AM Lire Held by Accounting Officers of AMG/ACC in Cash +	500.000.000 ≠	388.717.328
Total Deductions	8.856.272.803	7.354.060.065
Total AM Lire in Hands of the Banks and the Public	30.417.846.616	26.481.022.481
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	1.804.000.000	1.804.000.000

≠ Estimated

++ Excludes small amount held by R.N., R.A.F., and Empire forces, estimated at not more than 50 million lire.

AM Lire Held by Finance Officers of Armed Forces :		
U.S. Finance Officers :-		
Funded through AFA Palermo-Army	125.087.995	141.172.052
" " " " -Navy	59.263.002	40.751.385
" " " Naples	3.465.625.834	3.303.366.651
" " " Bari	859.155.769	897.539.735
" " " Sassari	100.000.000 ≠	100.000.000 ≠
Total U.S. Finance Officers	4.609.132.600	4.482.829.823
British Paymasters, Italy ++	2.947.140.203	1.682.512.914
French Paymasters	800.000.000 ≠	800.000.000 ≠
Total Held by Finance Officers of All Allied Armed Forces	8.356.272.803	6.965.342.737
AM Lire Held by Accounting Officers of AMG/ACC in Cash +	500.000.000 ≠	388.717.328
Total Deductions	8.856.272.803	7.354.060.065
Total AM Lire in Hands of the Banks and the Public	30.417.846.616	26.431.022.401
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	1.604.000.000	1.904.000.000

≠ Estimated

++ Excludes small amount held by R.N., R.A.F., and Empire forces, estimated at not more than 50 million lire.

\+ Excludes receipts for funds disbursed but not yet allocated to expenditure accounts, which included in this item on the Statement of Receipts and Disbursements.

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

ANNEX VI

Total Value of A.M. Lire in Hands of all Italian Banks and the Public, August 1943 to date.
(Excluding cash deposits of AFA with Italian banks, and funds Held by Accounting Officers in the Field in the Form of Cash)

	Total Lire	Change During Previous Month. Lire
31 August 1943	1.023.510.401	1.023.510.401
30 September 1943	2.832.986.522	1.809.476.121
31 October 1943	4.463.014.925	1.630.028.403
30 November 1943	7.751.937.255	3.288.922.330
31 December 1943	10.925.748.386	3.173.811.131
31 January 1944	14.102.572.467	3.176.824.081
29 February 1944	17.439.133.879	3.336.561.412
31 March 1944	20.815.517.036	3.376.383.157
30 April 1944	23.765.351.827	2.949.834.791
31 May 1944 (Revised)	26.481.022.481	2.715.670.654
30 June 1944	30.417.846.616	3.936.824.135
		30.417.846.616

Declassified E.O. 12356 Section 3.3/NND No. 785019

2379

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

ALLIED FINANCIAL AGENCY

Statement of Disbursements and Receipts on account of Civilians, Allied Armed
May and June 1944 (expressed in lire)

	MAY 1944 REVISED
Disbursements on Civilian Account	
Purchases in Italy of Supplies for Export or Resale locally	156,237,389
Advances to Italian State, Provinces and Communes, and to Others	54,364,722
Excess of Disbursements over Receipts - AMG/ACC Divisions	-
Remittances from Allied Countries	9,182,450
	219,784,561
Receipts on Civilian Account	
Sales in Italy of Supplies Imported, Drawn from Armies or Purchased Locally by AMG/ACC	751,065,135
Deposits by Controller of Property and by Others	45,370,472
Excess of Receipts over Disbursements - AMG/ACC Divisions	5,576,389
	802,012,000
Net Disbursements on Civilian Account	(582,227,439)
Advances to Allied Armed Forces	4,585,692,000
Total Disbursements on Account of Civilians and Allied Armed Forces	4,003,464,561
Receipts from Banks	
Commercial Banks - Repayments of Loans	2,320,000
Bank of Italy - Surplus Currency Sterilization Program	1,900,000,000
Total Receipts from Banks	1,902,320,000
Net Disbursements on Account of Civilians, Allied Armed Forces, and Banks	Lire 2,101,144,561

2380

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

ALLIED FINANCIAL AGENCY

ANNEX VII

Receipts on account of Civilians, Allied Armed Forces and Banks,
June 1944 (expressed in lire)

(211) = Red Figures

	MAY 1944 REVISED	JUNE 1944
Export or Resale locally	156,237,389	82,598,098
s and Communes, and to Others	54,364,722	(19,241,226)
fs - AMG/ACC Divisions	-	7,303,596
	9,182,450	20,328,050
	219,784,561	90,988,518
, Drawn from Armies or Purches-		
	751,065,139	543,095,425
and by Others	45,370,472	53,383,628
bs - AMG/ACC Divisions	5,576,389	-
	802,012,000	596,479,053
	(582,227,439)	(505,490,535)
	4,585,692,000	5,921,982,190
Aliens and Allied Armed Forces	4,003,464,561	5,416,491,655
gns	2,320,000	600,000
terilization Program	1,900,000,000	-
	1,902,320,000	600,000
ens, Allied Armed Forces, Lire	2,101,144,561	5,415,891,655

2381

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

A L L I E D F I N A N C I A L A G E N C Y
C O N S O L I D A T E D
STATEMENT OF RECEIPTS AND DISBURSEMENTS
For Period to 30 June, 1944 -
(Expressed in Lire)

ITEM No.	SCHEDULE No.		TOTAL TO 31 MAY 1944
1	-	CASH ON HAND IN BANKS AT BEGINNING OF PERIOD (Including Unfolded and Unfit AM Lira Notes on hand)	NIL
-	-	RECEIPTS DURING PERIOD	
2	I	NEW A.M. LIRA NOTES RECEIVED	48,844,126,870
3	-	NEW A.M. STAMPS RECEIVED	169,336,000
4	II	DEPOSITS BY AMG/ACC DIVISIONS (Pending allocation to revenue or other accounts)	1,052,068,109
5	III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD	383,300
6	IV	DEPOSITS	127,722,789
7	-	CURRENCY OF ITALIAN GOVERNMENT PLACED TO CREDIT OF AFA (Under agreed program to sterilize surplus currency)	2,100,000,000
8	V	PROCEEDS OF SALES IN ITALY OF SUPPLIES	789,158,382
9	VI	RECEIPTS IN RESPECT OF AMG/ACC REVENUE	151,111,270
10	-	METROPOLITAN LIRA NOTES IMPORTED BY BRITISH FORCES	66,174,450
11	VII		
12	VIII		
13	-		53,300,081,150
14	IX	CONTRA ACCOUNTS	80,618,491
15	-	TOTAL RECEIPTS DURING PERIOD	53,381,499,641
16	-	TOTAL FUNDS AVAILABLE	LIRE 53,381,499,641

2382

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

Appendix 9.

Page 1

A L L I E D F I N A N C I A L A G E N C Y

C O N S O L I D A T E D

STATEMENT OF RECEIPTS AND DISBURSEMENTS

For Period to 30 June, 1944 -

(Expressed in Lire)

	TOTAL TO 31 MAY 1944	CURRENT MONTH	TOTAL TO 30 JUNE 1944
AT BEGINNING OF PERIOD (and Unfit All Lire Notes on hand)	NIL	17,620,975,347	NIL
D	48,044,126,870	4,493,947,269	53,335,074,139
RECEIVED	169,336,000	--	169,336,000
IVED			
DIVISIONS (to revenue or other accounts)	1,052,868,109	(259,925,014)	792,943,095
BANKS AND OTHERS BY ACCOUNTING	383,300	(372,800)	10,500
D	127,722,769	61,723,003	189,445,772
GOVERNMENT PLACED TO CREDIT OF gram to sterilize surplus	2,100,000,000	--	2,100,000,000
	789,156,382	803,020,439	1,592,176,821
ITALY OF SUPPLIES	151,111,270	7,752,523	158,863,793
OF A/C/ACC REVENUE	56,174,450	--	56,174,450
CTS IMPORTED BY BRITISH FORCES			
	53,300,881,150	5,106,145,420	58,407,026,570
	80,918,491	63,249,405	143,867,896
	53,381,499,641	5,169,394,825	58,550,894,466
DURING PERIOD			
ND LIRE	53,381,499,641	22,790,370,172	58,550,894,466

2583

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

TOTAL No.	SCHEDULE No.		TOTAL TO 31 MAY 1944
–	–	DISBURSEMENTS DURING PERIOD	
20	–	DUPLICATED AM LIRA CURRENCY DESTROYED	5,457,697
21	–	FUNDS HELD BY ACCOUNTING OFFICERS IN THE FIELD (Pending allocation to expenditure or other accounts)	520,981,237
22	XII	AM STAMPS ISSUED TO POST OFFICE AND ON HAND	169,336,000
23	XIII	PURCHASES IN ITALY OF SUPPLIES	587,305,289
24	XIV	STORAGE, HANDLING AND SHIPPING EXPENSES IN CONNEC-TION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES	29,264,225
25	XV	ADVANCES (Including advances to Italian State, Provinces and Communes)	6,310,933,738
26	XVI	LOANS (Maturity date of interest rate fixed in advance)	3,000,960
27	XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES	13,420,456
28	XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS	7,597,274
29	XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	2,958,900
30	XX	ADVANCES TO ALLIED ARMED FORCES	27,891,795,455
31	XXI	DISBURSEMENTS IN RESPECT OF ANC/ACC EXPENDITURE	71,093,894
32	–	METROPOLITAN LIRE ADVANCED TO BRITISH PAYMASTERS	66,174,457
33	XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY	486,000
34	XXIII		
35	XXIV		
36	XXV		
37	XXVI		
38	–		35,679,905,800
39	XXVII	CONTRA ACCOUNTS	80,618,492
40	–	TOTAL DISBURSEMENTS DURING PERIOD	35,760,524,292
41	XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (Including Lutilated and Unfit AM Lira Notes on hand)	17,620,975,342
42	–	TOTAL DISBURSEMENTS AND CASH BALANCES LIRE	53,381,499,634

( ) = Red Figure

2356

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

2112

Appendix C.

	TOTAL TO 31 MAY 1944	CURRENT MONTH	TOTAL TO 30 JUNE 1944
ERIOD			
UR CY DESTROYED	5,467,897	13,158,624	18,626,521
TIVE OFFICERS IN THE FIELD			
to expenditure or other accounts)	520,983,255	93,401,621	614,384,876
OST OFFICE AID ON HAND	169,336,000	—	169,336,000
OF SUPPLIES	587,365,289	82,598,098	669,963,387
D SHIPPING EXPENSES IN CONNEC-			
EXPORTS AND LOCAL SUPPLIES	29,264,225	8,972,444	38,236,669
advances to Italian State,			
nes)	6,310,933,738	(21,586,079)	6,289,347,659
e at interest rate fixed in			
	3,000,960	(600,600)	2,400,360
IN ITALY ON ACCOUNT OF REMITTAN-			
TRIES	13,428,450	20,329,050	33,756,500
OF SUBJECTS OF ALLIED NATIONS	7,597,276	1,759,365	9,356,641
TO ITALIAN STATE IN RESPECT OF			
TC.	2,958,905	585,488	3,544,393
ARMED FORCES	27,891,795,458	5,921,982,190	33,813,777,648
SPECT OF AMG/ACC EXPENDITURE	71,093,892	15,056,119	86,150,011
ADVANCED TO BRITISH PAYMASTERS	66,174,450	—	66,174,450
VISORY COUNCIL FOR ITALY	486,008	1,502,412	1,988,420
	35,879,905,803	6,137,157,652	41,817,063,455
	80,615,491	63,249,405	143,867,896
TS DURING PERIOD	35,799,290,312	6,200,407,057	41,960,931,351
BANKS AT END OF PERIOD			
and Unfit AM Lira Notes on hand)	17,820,975,347	16,589,963,115	16,589,963,115
LED CASH BALANCES	53,361,499,641	22,790,370,172	58,550,894,466

2385

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

+ Note: There is a lag of at least one month between (i) the time transactions of Acc
(ii) the allocation of such transactions in this Statement; however, advances
to such Officers and refunds made by them to Allied Financial Agency are refl

(Sgd)
H.C. CRAWSHAW - Colonel
CHIEF ACCOUNTANT

2186

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

Appendix C.

e month between (i) the time transactions of Accounting Officers take place and ransactions in this Statement; however, advances made by Allied Financial Agency made by them to Allied Financial Agency are reflected in this account currently.

(Sgd)
JAMES H. [illegible] - Major
CHIEF OF A F A

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

ANNEX D.

Table 1

Growth of Italian Public Debt,
31 Dec., 1930, to 30 June, 1944
(in millions)

	Consols	Redeemable	State Notes	Floating Debt	Total
31 Dec 1930	71.371	13.041	---	4.409	88.761
31 Dec 1931	71.784	14.150	---	5.484	91.418
31 Dec 1932	71.288	17.092	---	7.556	96.130
31 Dec 1933	71.291	16.956	---	9.782	98.029
31 Dec 1934	9.892	84.066	---	11.206	105.164
31 Dec 1935	41.478	52.341	047	11.390	105.836
31 Dec 1936	53.004	42.745	1.305	20.291	117.345
31 Dec 1937	52.995	49.041	1.350	25.366	128.752
31 Dec 1938	52.985	49.295	1.856	35.982	140.118
31 Dec 1939	52.986	49.194	2.148	49.369	153.997
31 Dec 1940	52.967	71.191	2.690	62.955	190.011
31 Dec 1941	52.968	106.542	4.150	97.507	261.167
31 Dec 1942	52.944	156.825	5.457	134.685	349.911
30 Jun 1943	52.945	178.069	5.919	168.090	405.023
30 Jun 1944 (est.	53.000	176.000	6.000	370.000	585.000

Table 2

Italian Public Debt
as of 30 June 1943

CONSOLS (in millions of lire)

Consols 3.50%, 3% and perpetual debt	9.886
Rente 5%	43.059
Total of consolidated debt	52.945

REDEEMABLE

Issues prior to 1914	1.405
"Obbligazioni 3.50% delle Venezie".....	427
"Obbligazioni 4.75% a 25 anni"	275
"Prestito Redimibile 3.50% (1934)"	18.533
"Prestito Redimibile 5% (R.D.5-10-1936,n.1743)"	5.864
5% Certificates of credit for the financing of public works and for extraordinary expenses of the Ministry of Interior	17.130
5-year bonds	122.443

31 Dec 1940		52.967	71.191	2.890	62.955	190.011
31 Dec 1941		52.968	106.342	4.150	97.507	261.167
31 Dec 1942		52.944	136.825	5.457	154.685	349.911
30 Jun 1943		52.945	178.069	5.919	168.890	405.823
30 Jun 1944	(est)	53.000	176.000	6.000	350.000	585.000

Table 2

Italian Public Debt
as of 30 June 1943

CONSOLS (in millions of lire)

Consols 3.50%, 3% and perpetual debt	9.886	
Rente 5%	43.059	
Total of consolidated debt		52.945

REDEEMABLE

Issues prior to 1914	1.405	
"Obbligazioni 3.50% delle Venezie".....	427	
"Obbligazioni 4.75% a 25 anni"	275	
"Prestito Redimibile 3.50% (1934)"	18.533	
"Prestito Redimibile 5% (R.D.5-10-1936,n.1745)"	5.884	
5% Certificates of credit for the financing of public works and for extraordinary expenses of the Ministry of Interior	17.130	
9 - year bonds	122.443	
5 - year bonds	11.972	
Total of redeemable debt		178.969
State Notes.....		5.919
Floating Debt		168.890
GRAND TOTAL		405.823

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

2111

Table 3

Italian State Account at Banca d'Italia
(for Provinces liberated prior to 11 May, 1944)
1 July 1943 through 30 June 1944 *
(millions of lire)

	Total Italian Gov't. territory	Total Military Gov't. territory	Total Liberated Italy
"Deficit" in State Account			
Total payments less payments on account of Buoni del Tesoro ordinari	28.984	9.980	38.964
Total receipts less receipts on account of B.T.O.	4.346	1.437	5.783
Excess of disbursements	24.638	8.543	33.181
How State "Deficit" was met			
Credit advanced by Banca d'Italia to State	14.276	4.078	18.354
Decrease in balance held by State at Banca d'Italia on 1 July 1943	2.746	1.594	4.340
Advances from AFA	2.300	30	2.330
Funds supplied from Rome	1.810	1.400	3.210
Net receipts on B.T.O. account	1.437	793	2.230
Increase in "Contabilita Speciale" accounts	1.634	639	2.273
Increase in deposits of cash guarantees	435	9	474
Total	24.638	8.543	33.181

* The figures for Sardinia and Campobasso are as of 20th June; those for Sicily and Foggia are as of 10th June.

Table 4

Government Bond Prices in Rome

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

Excess of disbursements	21.638	8.543	33.181
How State "Deficit" was met			
Credit advanced by Banca d'Italia to State	14.276	4.078	18.354
Decrease in balance held by State at Banca d'Italia on 1 July 1943	2.746	1.594	4.340
Advances from AMG	2.300	30	2.330
Funds supplied from Rome	1.810	1.400	3.210
Net receipts on S.T.O. account	1.407	793	2.200
Increase in "Contabilita Speciale" accounts	1.634	639	2.273
Increase in deposits of cash guarantees	465	9	474
Total	21.638	8.543	33.181

* The figures for Sardinia and Campobasso are as of 20th June; those for Sicily and Foggia are as of 10th June.

Table 4

Government Bond Prices in Rome

Security	2 June 1944	1 August 1944	Variation %
Rente 5%, 1906	116	107	- 9
Redeemable Loan, 3½, 1934	93	84	- 10
Rente 5%	96	92	- 5
Redeemable Loan, 5%, 1936	100	94	- 6
Venezia, 3.50%	99	99	---
9 yr. Treasury Bonds 5%, Sept. 1944	98	99	+ 1
" " " " 5%, Dec. 1949	96	92	- 5
" " " " 5%, Feb. 1950	96	92	- 5
" " " " 5%, Sept. 1950	96	92	- 5
" " " " 5%, Sept. 1951	96	92	- 5
" " " " 5%, Sept. 1951	89	84	- 6
5 yr. " " 5%, Sept. 1948	96	93	- 4

Declassified E.O. 12356 Section 3.3/NND No. 785014

Table 5

Investment, par values, in Buoni del Tesoro Ordinari
(For Provinces liberated prior to 11 May, 1944)
(millions of lire)

	1 July 1943 through 30 June 1944.			June 1944.		
	Issued	Paid	Net Investment	Issued	Paid	Net Investment
Salerno	111	80	31	38	12	26
Lucania	139	175	-36	8	6	2
Calabria	151	94	57	25	11	14
Puglia (less Foggia)	1.253	810	443	128	44	84
Sardinia+	178	63	115	7	2	5
Sicily++	3.161	2.189	972	404	357	47
Campania (less Salerno)	1.570	722	848	261	82	179
Foggia++	79	73	6	3	2	1
Campobasso+	55	49	6	5	1	4
	6.695	4.235	2.460	879	517	362

\+ These figures are as of 20th June
++ These figures are as of 10th June

Table 6.

Total Deposits and Current Accounts
of Banks having more than 5 million lire in deposits

Year	Institutes of credit of Public Law+	Banks of National Interest++	Other Commercial Banks	Savings Banks (Casse di Risparmio e Monti di Pegni	Total
	(millions of lire)				
31 December 1936	8,142	8,750	10,490	19,261	47,625
31 December 1937	7,505	14,449	13,355	19,883	55,193
31 December 1938	10,023	14,866	14,452	19,175	58,517
31 December 1939	11,988	17,270	14,311	19,301	64,869
31 December 1940	16,422	20,945	19,470	20,132	76,969
31 December 1941	21,729	26,947	26,844	24,496	99,117
31 December 1942	29,124	31,685	36,307	30,061	126,457
30 September 1943	29,795	37,678	48,771	32,990	143,252

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

Sardinia	176	83	42	7	2	3
Sicily+	3.161	2.199	972	494	357	47
Campania (Less Salerno)	1.570	722	848	261	82	179
Foggia++	79	73	6	3	2	1
Campobasso+	55	49	6	5	1	4
	6.695	4.205	2.410	879	517	362

\+ These figures run as of 20th June
++ These figures run as of 10th June

Table 6.

Total Deposits and Current Accounts
of Banks having more than 5 million lire in deposits

Year	Institutes of credit of Public Laws	Banks of National Interest++	Other Commercial Banks	Savings Banks (Casse di Risparmio e Monti di Pegni	Total
	(millions of lire)				
31 December 1936	8,114	9,730	10,490	19,261	47,625
31 December 1937	7,605	14,449	13,325	19,805	55,193
31 December 1938	10,083	14,866	14,452	19,175	58,517
31 December 1939	11,980	17,270	16,311	18,301	64,869
31 December 1940	15,422	20,945	19,479	20,122	76,969
31 December 1941	21,729	26,247	25,644	24,496	98,117
31 December 1942	28,124	31,092	36,387	30,061	126,467
30 September 1943	29,795	37,006	42,771	33,590	143,252
30 June 1944 (est.)	-	-	-	-	170,000

\+ Banco di Napoli, Banco di Sicilia, Banco Nazionale del Lavoro, Istituto di San Paolo di Torino, Monte dei Paschi di Siena, Banco di Santo Spirito.

++ Banco Commerciale Italiano, Credito Italiano, Banco di Roma.

2110

758

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

Table 7.

Investments in Securities
of Banks having more than 5 million lire in deposits
(in millions of lire)

Year	Institutes of credit of Public Law	Banks of National Interest	Other Commercial Banks	Savings Banks (Casse di Risparmio e Monti di Pegni)	Mortgage Credit Institutes	Total
31 December 1936	3,803	2,298	3,898	8,199	104	18,301
31 December 1937	2,691	2,678	4,746	10,074	161	20,351
31 December 1938	3,277	2,546	5,202	9,694	160	20,281
31 December 1939	3,422	2,850	5,555	9,954	214	21,994
31 December 1940	4,779	4,362	6,931	10,618	279	26,969
31 December 1941	6,935	6,470	10,787	15,063	301	39,656
31 December 1942	8,791	9,750	16,056	19,803	543	54,753
30 September 1943	11,140	10,567	19,600	22,818	363	64,488

+ Almost entirely government and government-guaranteed bonds.

Table 8.

Cash Position of Banca d'Italia
(Provinces liberated prior to 11 May 1944)
(Including AFA and AMC accounts)
30 June 1944
(in millions of lire)

Branch	Bank Notes	State Notes	AM Lire	EMA Pounds	Dollars	Emergency Italian Currencies	Total
Matera	30	2	8	-	-	-	40
Potenza	30	5	77	-	-	-	112
Catanzaro	50	6	74	-	-	-	130
Cosenza	50	1	57	-	-	-	108
Reggio Calabria	32	4	54	-	-	-	90
Bari	150	35	77	8	-	-	250
Barletta	26	3	112	1	-	-	142
Brindisi	11	-	28	1	-	-	40
Lecce	23	6	1	2	-	-	32
Taranto	39	38	12	-	-	-	89
Salerno	79	11	303	3	-	-	396
Cagliari	41	-	13	-	-	-	54
Nuoro	12	1	4	-	-	-	17
[illegible]	[illegible]	[illegible]	[illegible]	-	-	-	227

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

30 September 1943	11,190	10,567	19,300	22,818	363	64,488

+ Almost entirely government and government-guaranteed bonds.

Table 8.

Cash Position of Banca d'Italia
(Provinces liberated prior to 11 May 1944)
(Including AFA and AMG accounts)
30 June 1944
(in millions of lire)

Branch	Bank Notes	State Notes	AM Lire	EMA Pounds	Dollars	Emergency Italian Currencies	Total
Matera	30	2	8	-	-	-	40
Potenza	30	5	77	-	-	-	112
Catanzaro	50	6	74	-	-	-	130
Cosenza	50	1	57	-	-	-	108
Reggio Calabria	32	4	54	-	-	-	90
Bari	130	35	77	8	-	-	250
Barletta	26	3	112	1	-	-	142
Brindisi	11	-	28	1	-	-	40
Lecce	23	6	1	2	-	-	32
Taranto	59	38	12	-	-	-	89
Salerno	79	11	303	3	-	-	396
Cagliari	41	-	13	-	-	-	54
Nuoro	12	1	4	-	-	-	17
Sassari	200	5	22	-	-	-	227
Agrigento	99	6	109	-	-	-	214
Caltanissetta	79	47	37	-	-	-	163
Catania	145	7	100	6	-	-	256
Enna	31	4	26	-	-	-	61
Messina	97	-	120	-	-	-	217
Palermo	224	15	294	-	-	-	533
Ragusa	2	2	8	-	-	-	12
Siracusa	52	1	85	-	-	-	138
Trapani	16	-	91	-	-	-	107
Campobasso+	53	5	38	4	-	-	100
Foggia+	50	4	153	4	1	-	212
Avellino+	46	3	91	7	-	-	147
Benevento	66	9	89	1	-	-	165
Caserta	76	-	74	-	-	-	150
Castellammare	47	-	134	1	-	-	182
Napoli	159	3	397	16	2	-	577
Grand Total	1,999	223	2,688	54	3	-	4,963

+ 20 June 1944, 30 June figures are not available.

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

Table 9.

Postal Savings
May 1944 and June 1944
(thousands of lire)

	Postal Savings Bonds	Postal Savings Bonds	Current Accounts	Total	Postal Savings Bonds	Postal Savings Books	Current Accounts	Total
Agrigento	-	-	-	-	-	-	-	-
Caltanissetta	-4,634	1,048	3,945	-359	-	-	-	-
Catania	-12,370	2,412	-9,043	-19,001	-724	3,355	-9,974	-7,343
Enna	-2,336	-79	1,877	-538	-	-	-	-
Messina	-16,003	-505	5,626	-10,882	-5,248	1,536	5,437	1,725
Palermo	-	-	984	984	-	-	27	27
Ragusa	-	-	-	-	-	-	-	-
Siracusa	-	-	-	-	-	-	-	-
Trapani	-	-	-	-	-3,270	1,689	4,230	2,649
Bari	-	-	-	-	14,351	-1,811	-17,538	-4,998
Brindisi	1,659	-589	3,335	4,405	1,417	-771	3,312	3,958
Lecce	11,191	-732	14,695	25,154	6,171	-248	5,393	11,316
Potenza	-	-	-	-	-2,412	3,944	4,971	6,503
Taranto	3,059	-466	430	3,023	6,384	-487	2,275	8,172
Cosenza	-3,682	1,126	-919	-3,475	-756	1,756	3,370	4,370
Reggio Calab.	-3,181	1,834	-397	-1,744	-81	3,763	59	3,741
Avellino	-2,364	1,792	3,073	2,501	1,539	6,372	3,615	11,526
Napoli	24,162	13,983	1,883	40,028	29,788	12,373	-83,391	-41,230
Salerno	-3,132	5,936	116,695	119,499	11,023	6,741	19,438	37,202
Cagliari	-	-	15,146	15,146	-	-	8,292	8,292
Nuoro	-	-	332	332	-	-	-	-
Sassari	-	-	17,362	17,362	-	-	-	-
Total	-7,631	25,760	144,732	169,861	58,182	38,212	-50,484	45,910
	(16 Provinces)				(15 Provinces)			

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

Bari	1,659	-589	[illegible]	[illegible]	6,171	-246	[illegible]	6,503
Brindisi	11,191	-732	14,695	25,154	-2,412	3,944	4,971	8,172
Lecce	-	-	-	-	6,384	-487	2,273	4,370
Potenza	3,059	-466	430	3,023	-756	1,756	3,370	3,741
Taranto	-3,682	1,126	-919	-3,475	-81	3,763	59	11,526
Cosenza	-3,181	1,834	-397	-1,744	1,539	6,372	3,615	-41,230
Reggio Calab.	-2,364	1,792	3,073	2,501	29,788	12,373	-83,391	37,202
Avellino	24,162	13,983	1,883	40,028	11,023	6,741	19,438	8,292
Napoli	-3,132	5,936	116,695	119,499	-	-	8,292	-
Salerno	-	-	15,146	15,146	-	-	-	-
Cagliari	-	-	332	332	-	-	-	-
Nuoro	-	-	17,362	17,362	-	-	-	-
Sassari	-	-	-	-	-	-	-	-
Total	-7,631	25,760	144,732	169,861	58,182	38,212	-50,484	45,910
	(16 Provinces)				(15 Provinces)			

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

Table 10.

Banca d'Italia Balance Sheet
as of 31 December, 1939, and 31 December 1943
(in millions of lire)

Assets	31 Dec. 1939	31 Dec. 1943 (+)
Total Reserve	3,132	2,237
Gold deposited abroad, due by State	1,773	1,773
Cash in hand	801	625
Inland bills	4,635	5,668
Bills for collection	24	7
Secured Advances	2,991	7,249
Investments (government bonds)	777	899
Current accounts	88	69
Temporary Advances to Treasury	1,000	1,000
Extraordinary Advances to Treasury	8,000	79,000
Current Account of Treasury	-	40,129
Due from I.R.I.	4,708	4,708
"Various debtors" (++)	1,376	59,150
Premises	114	109
Total Assets	29,617	202,625
Securities and other valuables deposited	47,701	273,626
	77,318	476,250
Amounts written off in past year	206	107
Grand Total	77,524	476,358

Liabilities		
Notes in circulation	24,432	152,736
Demand drafts outstanding	1,218	7,403
Current accounts	1,268	16,282
Total Sight Liabilities	26,919	176,421
Capital	300	300
Statutory Reserve	119	307
Extraordinary Reserve	66	223
Time Deposits	491	19,185
Treasury Current account	475	-
"Internal Debt Sinking Fund Office current account"	12	9
I.R.I. sinking fund	143	389
Other liabilities	974	5,786
Net profits for year	117	42
Total Liabilities	29,617	202,625
Securities & other valuables deposited	47,707	273,626
	77,318	476,626

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

"Various debtors" (++)	1,376	59,150
Premises	114	109
Total Assets	29,617	202,625
Securities and other valuables deposited	47,701	273,626
	77,318	476,250
Amounts written off in past year	206	107
Grand Total	77,524	476,358

Liabilities

Notes in circulation	24,432	152,736
Demand drafts outstanding	1,218	7,403
Current accounts	1,268	16,282
Total Sight Liabilities	26,919	176,421
Capital	300	300
Statutory Reserve	119	307
Extraordinary Reserve	66	223
Time Deposits	491	19,185
Treasury Current account	475	-
"Internal Debt Sinking Fund Office current account"	12	9
I.R.I. sinking fund	143	359
Other liabilities	974	5,786
Net profits for year	117	42
Total Liabilities	29,617	202,625
Securities & other valuables deposited	47,707	273,626
	77,518	476,626
Amounts written off in past year	206	107
Grand Total	77,524	476,358

(+) Includes the data of the southern branches of the Banca d'Italia as of the last date received. Inclusion of December 1945 rather than July, August, or September data on the southern branches, as the case might be, would not change the picture to any appreciable extent.

(++) Principally discounts of government credit certificates.

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

THE COST OF LIVING

A. The charts and tables below reproduce all the data currently available on the cost of living in liberated Italy. They include, for the capital cities of 24 provinces,

(1) the black market prices of

bread,
potatoes,
olive oil,
meat,
cheese,
milk, and
sugar;

(2) A calculation of the cost of purchasing the following budget of foods, at legal prices to the extent to which such foods were distributed under rationing programs, and at black market prices for the remainder:

		Quantity per person per month
Bread	Kg.	8.0
Pasta	"	.6
Potatoes	"	6.0
Meat	"	.4
Fish	"	.2
Cheese	"	.2
Olive oil	litre	1.0
Sugar	Kg.	.2
Milk	litre	.4

This budget, based upon a survey of working class food consumption in Naples last winter, is thought to be roughly representative of working class food purchases. It is not based upon calculation of an adequate diet, and it provides only about 1,500 calories per day.

(3) An index made from the calculations of the cost of buying the budget on the base: January 1944 = 100.

B. These calculations are substantially the same as those carried in earlier numbers of the Monthly Report for Naples only. The differences are as follows:

(1) Monthly instead of weekly averages have been used so that the figures represent the cost of living per person per month;

(2) Fruits and vegetables, in large quantities by the entire population of liberated Italy, have been dropped from the calculations because of the high degree of unreliability in the price data available for these items. Because of this omission, the expenditure figures do not represent typical food expenditure. In general, about [illegible] these figures in the large cities to obtain

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

Pasta	"	.6
Potatoes	"	6.0
Meat	"	.4
Fish	"	.2
Cheese	"	.2
Olive oil	litre	1.0
Sugar	Kg.	.2
Milk	litre	.4

This budget, based upon a survey of working class food consumption in Naples last winter, is thought to be roughly representative of working class food purchases. It is not based upon calculation of an adequate diet, and it provides only about 1,500 calories per day.

(3) An index made from the calculations of the cost of buying the budget on the base: January 1944 = 100.

B. These calculations are substantially the same as those carried in earlier numbers of the Monthly Report for Naples only. The differences are as follows:

(1) Monthly instead of weekly averages have been used so that the figures represent the cost of living per person per month;

(2) Fruits and vegetables, in large quantities by the entire population of liberated Italy, have been dropped from the calculations because of the high degree of unreliability in the price data available for these items. Because of this omission, the expenditure figures do not represent typical food expenditure. In general, about 100 lire per month would have to be added to these figures in the large cities to obtain figures on typical food expenditure.

(3) The budgeted amounts of meat, cheese, and sugar have been increased somewhat, largely because official rations of such items now frequently exceed the amounts previously budgeted.

Calculated on this basis, the Naples figures compare as follows with those previously published:

./..

Declassified E.O. 12356 Section 3.3/NND No. 785014

	Expenditure per person per month	
	new figures	old figures
1943		
January	129	172
February	145	184
March	139	188
April	147	196
May	171	208
June	153	192
July	170	192
August	226	252
September	464	496
October	737	808
November	858	972
December	?	1,200

	Expenditure per person per month	
	new figures	old figures
1944		
January	1,478	1,400
February	1,253	1,352
March	1,202	1,440
April	1,240	1,320
May	1,406	1,560
June	1,368	1,352
July	793	

C. The data demonstrate that:

(1) The cost of living in Naples (the principal city of liberated Italy prior to the liberation of Rome) has been at least twice as high as that in any of the smaller provincial capitals outside the orbit of Naples, and that, at present, the cost of living in either Rome or Naples is about twice as high as in any of the other provincial capitals.

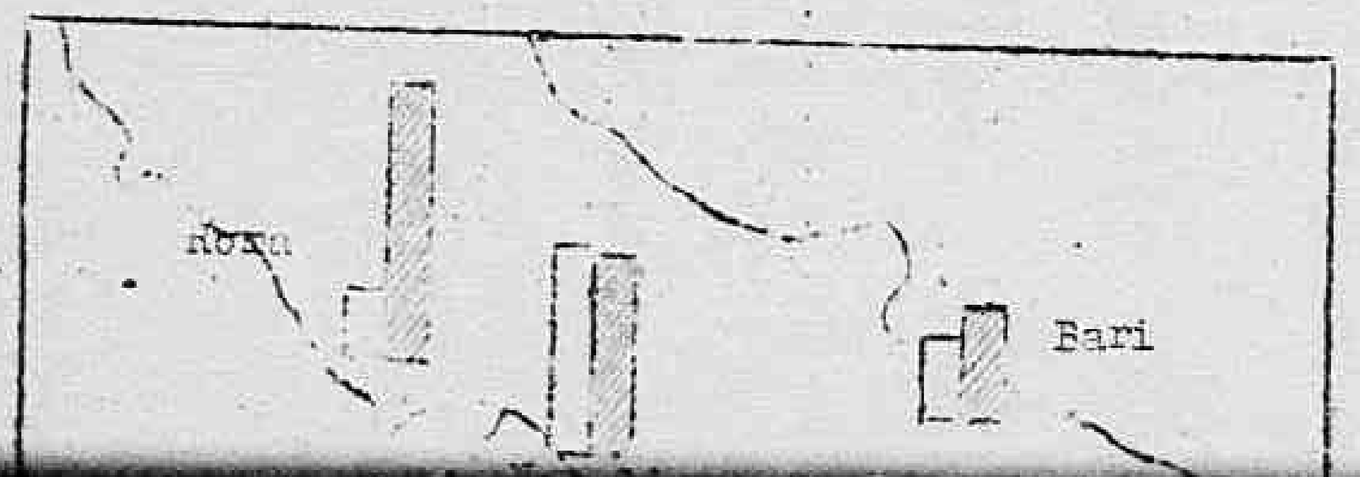
(2) Rome, like Naples, suffered its greatest price rise in the months immediately preceding Allied occupation. In the 6 months preceding Allied occupation of Rome, the cost of living in that city rose 6 fold, and in the 6 months preceding Allied occupation of Naples, the cost of living there rose over 4 fold. In both cases the increases in these 6-month periods accounted for the overwhelming portion of the total increase.

(3) For all cities for which July data is available, a substantial fall occurred in that month, the result of the increase in the bread ration and of the availability of food from the current harvest.

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

Expenditure per Person per Month for Purchase of Budgeted Foods
(in Lire)

	1943 Dec.	1944 Jan.	Feb	March	April	May	June	July
Roma	376	479	582	983	1286	2218	1724	1310
Napoli	-	1478	1253	1202	1240	1406	1368	793
Salerno	1099	-	-	-	-	-	-	-
Bari	348	569	531	689	694	735	742	-
Brindisi	327	456	-	-	-	-	-	-
Lecce	363	549	-	-	-	-	-	-
Taranto	352	662	-	-	-	-	-	-
Matera	162	240	-	273	316	361	309	191
Potenza	339	-	-	625	595	608	675	429
Catanzaro	413	-	-	-	659	603	632	-
Cosenza	-	-	-	-	-	-	-	-
Reggio Calabria	670	693	-	-	490	565	-	-
Agrigento	-	467	467	500	531	541	444	-
Caltanissetta	-	412	441	490	555	560	525	-
Catania	-	612	567	558	752	894	900	-
Enna	-	560	465	506	596	678	670	-
Messina	-	750	677	748	763	752	981	-
Palermo	-	660	550	578	685	740	777	-
Ragusa	-	559	521	600	753	824	710	-
Siracusa	-	573	609	641	759	802	786	-
Trapani	-	711	632	630	857	916	843	-
Cagliari	199	237	371	480	451	-	-	-
Nuoro	275	371	542	410	512	-	-	-
Sassari	246	369	461	436	578	-	-	-



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

2403

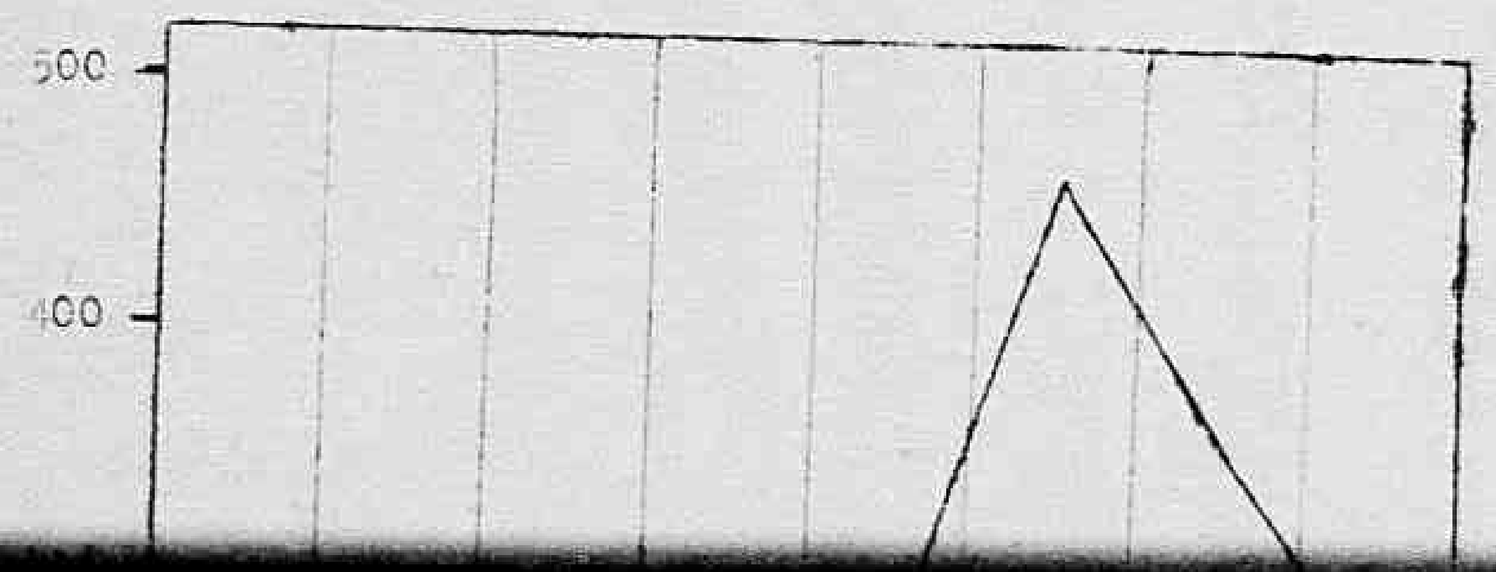
Declassified E.O. 12356 Section 3.3/NND No. 785016

| | | |

Expenditure per Person per Month for Purchase of Budgeted Foods

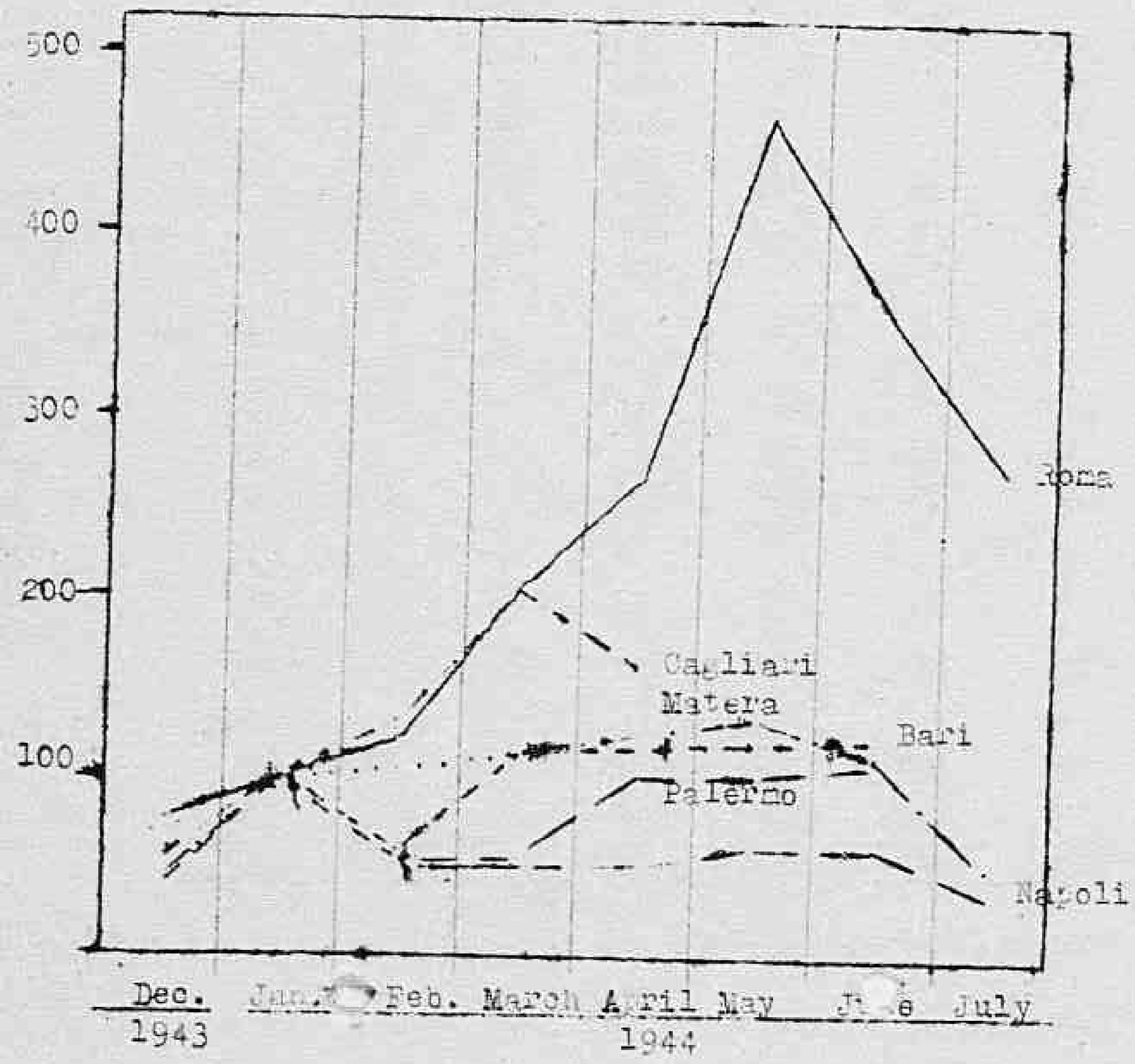
(Index: January 1944 = 100)

	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	78.5	100.-	121.5	205.2	268.5	463.0	359.9	273.5
Napoli	-	100.-	85.4	81.9	84.5	95.8	93.2	54.0
Salerno	-	-	-	-	-	-	-	-
Bari	61.2	100.-	93.8	121.1	128.0	129.3	130.4	-
Brindisi	71.7	100.-	-	-	-	-	-	-
Lecce	66.1	100.-	-	-	-	-	-	-
Taranto	53.2	100.-	-	-	-	-	-	-
Matera	67.5	100.-	-	113.8	131.7	150.4	128.8	79.6
Potenza	-	-	-	-	-	-	-	-
Catanzaro	-	-	-	-	-	-	-	-
Cosenza	-	-	-	-	-	-	-	-
Reggio Calab.	96.7	100.-	-	-	70.7	81.5	-	-
Agrigento	-	100.-	100.-					95.0
Caltanissetta	-	100.-	107.0	118.9	134.7	135.9	127.4	-
Catania	-	100.-	92.6	91.2	122.9	146.1	147.1	-
Enna	-	100.-	83.0	90.4	106.4	121.1	119.6	-
Messina	-	100.-	90.3	99.7	101.7	100.3	130.8	-
Palermo	-	100.-	80.9	85.0	100.7	108.8	114.3	-
Ragusa	-	100.-	93.2	107.3	134.7	147.4	127.0	-
Siracusa	-	100.-	106.3	111.9	132.5	140.0	137.2	-
Trapani	-	100.-	86.9	88.6	120.5	128.8	118.6	-
Cagliari	64.0	100.-	156.5	292.5	190.3	-	-	-
Nuoro	74.1	100.-	146.1	110.5	136.0	-	-	-
Sassari	66.7	100.-	124.9	118.2	156.6	-	-	-



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

Reggio Calab.	96.7	100.-	-	-	70.7	84.9	-	-
Agrigento	-	100.-	100.-	-	-	-	-	95.0
Caltanissetta	-	100.-	107.0	118.9	134.7	135.9	127.4	-
Catania	-	100.-	92.6	91.2	122.9	146.1	147.1	-
Enna	-	100.-	83.0	90.4	106.4	121.1	119.6	-
Messina	-	100.-	90.3	99.7	101.7	100.3	130.8	-
Palermo	-	100.-	80.9	85.0	100.7	108.8	114.3	-
Ragusa	-	100.-	93.2	107.3	134.7	147.4	127.0	-
Siracusa	-	100.-	106.3	111.9	132.5	140.0	137.2	-
Trapani	-	100.-	88.9	88.6	120.5	128.8	118.6	-
Cagliari	84.0	100.-	156.5	252.5	190.3	-	-	-
Nuoro	74.1	100.-	146.1	110.5	138.0	-	-	-
Sassari	66.7	100.-	124.9	118.2	156.6	-	-	-



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

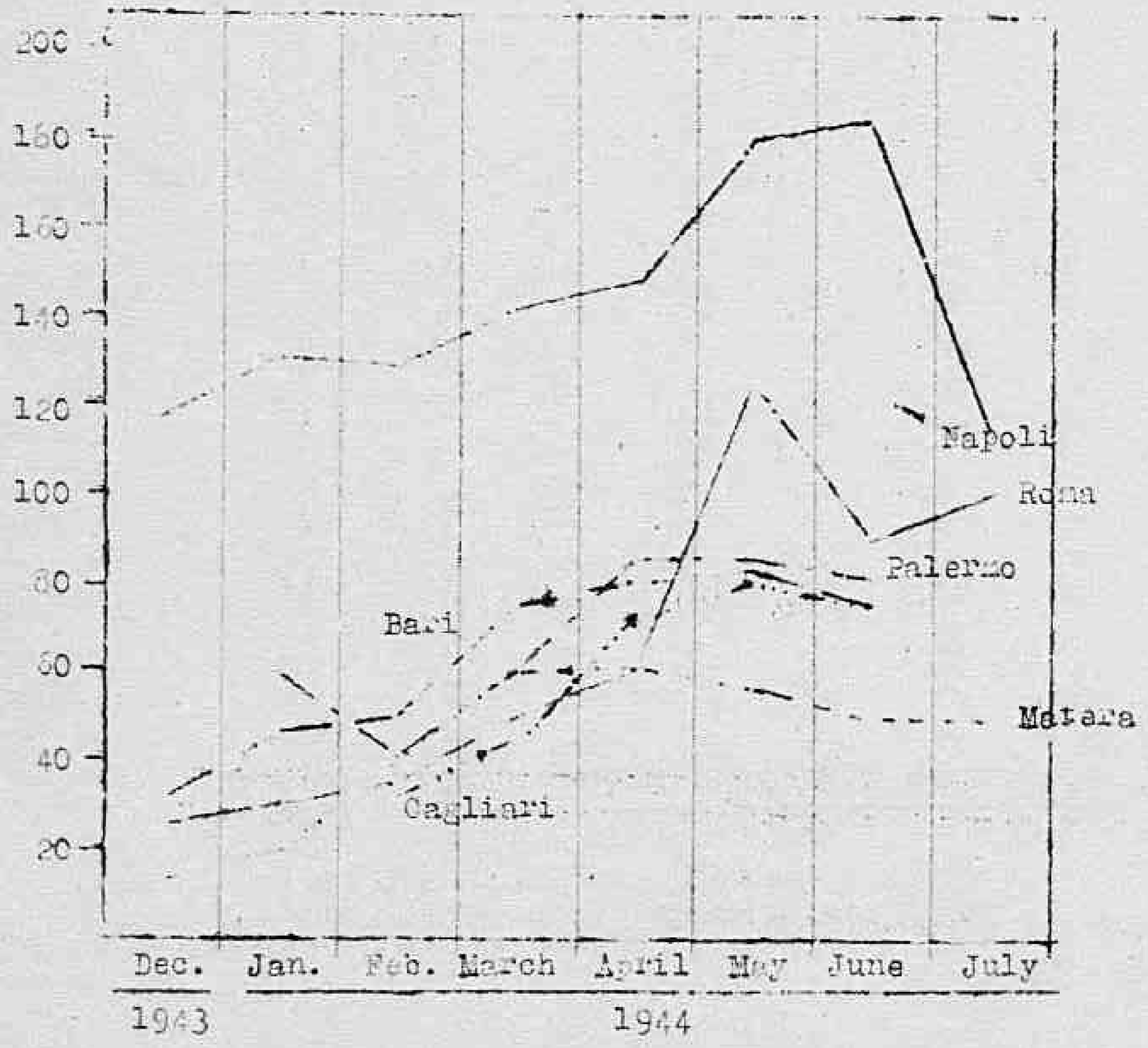
Bread, Retail Black Market Prices
(Monthly averages, Lire per kilogram)

	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	25	30	35	50	60	125	90	100
Napoli	117	130	128	141	147	179	183	114
Salerno	117	-	-	-	-	-	-	-
Bari	31	46	50	75	80	83	75	-
Brindisi	28	38	-	-	50	-	-	-
Lecce	28	43	-	-	35	38	-	-
Taranto	23	35	-	-	-	-	-	-
Matera	13	20	-	60	61	55	50	50
Potenza	21	-	-	35	40	43	45	-
Catanzaro	21	-	-	-	80	80	85	-
Cosenza	20	35	48	50	68	100	70	70
Reggio Calabria	64	78	-	-	-	75	-	-
Agrigento	-	35	37	51	75	60	36	-
Caltanissetta	-	30	38	48	58	44	45	-
Catania	68	60	50	69	99	96	90	-
Enna	56	60	45	60	78	84	78	-
Messina	-	60	63	90	90	84	120	-
Palermo	-	59	41	60	85	85	81	-
Ragusa	-	58	60	83	116	118	83	-
Siracusa	-	67	68	77	103	113	82	-
Trapani	73	71	65	70	119	135	102	-
Cagliari	20	-	33	45	71	80	75	-
Nuoro	18	-	40	20	23	24	23	-
Sassari	18	-	35	28	28	38	62	-



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

Reggio Calabria	64	78	-	-	-	75	-	-
Agrigento	-	35	37	51	75	60	36	-
Caltanissetta	-	30	38	48	58	44	45	-
Catania	68	60	50	69	99	96	90	-
Enna	56	60	45	60	78	84	78	-
Messina	-	80	63	90	90	84	120	-
Palermo	-	59	41	60	85	85	81	-
Ragusa	-	58	60	83	116	118	83	-
Siracusa	-	67	68	77	103	113	82	-
Trapani	73	71	65	70	119	135	102	-
Cagliari	20	-	33	45	71	80	75	-
Nuoro	18	-	40	20	23	24	23	-
Sassari	18	-	35	28	28	38	62	-



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

App. E,
P. 6

Potatoes, Retail Black Market Prices
(Monthly averages, Lire per kilogram)

	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	Juone	July
Roma	15	20	25	30	45	60	50	35
Napoli	24	41	37	39	43	50	11	-
Salerno	-	-	-	-	-	-	-	-
Bari	12	23	30	30	33	32	35	-
Brindisi	12	19	-	-	35	-	-	-
Lecce	23	-	-	-	-	-	-	-
Taranto	15	41	-	-	-	-	-	-
Matera	6	9	-	35	23	-	-	-
Potenza	12	-	-	30	26	25	30	-
Catanzaro	20	-	-	-	40	45	37	-
Cosenza	11	22	28	30	30	30	37	30
Reggio Calabria	31	30	-	-	-	-	-	-
Agrigento	-	-	-	-	-	-	-	-
Caltanissetta	-	-	-	-	-	-	-	-
Catania	-	-	-	-	-	-	-	-
Enna	-	-	-	-	-	-	-	-
Messina	-	-	-	-	-	-	-	-
Palermo	-	-	-	-	-	-	-	-
Ragusa	-	-	-	-	-	-	-	-
Siracusa	-	-	-	-	-	-	-	-
Trapani	-	-	-	-	-	-	-	-
Cagliari	-	-	-	-	-	-	-	-
Nuoro	18	-	55	25	35	35	-	-
Sassari	-	-	15	20	38	36	33	-



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

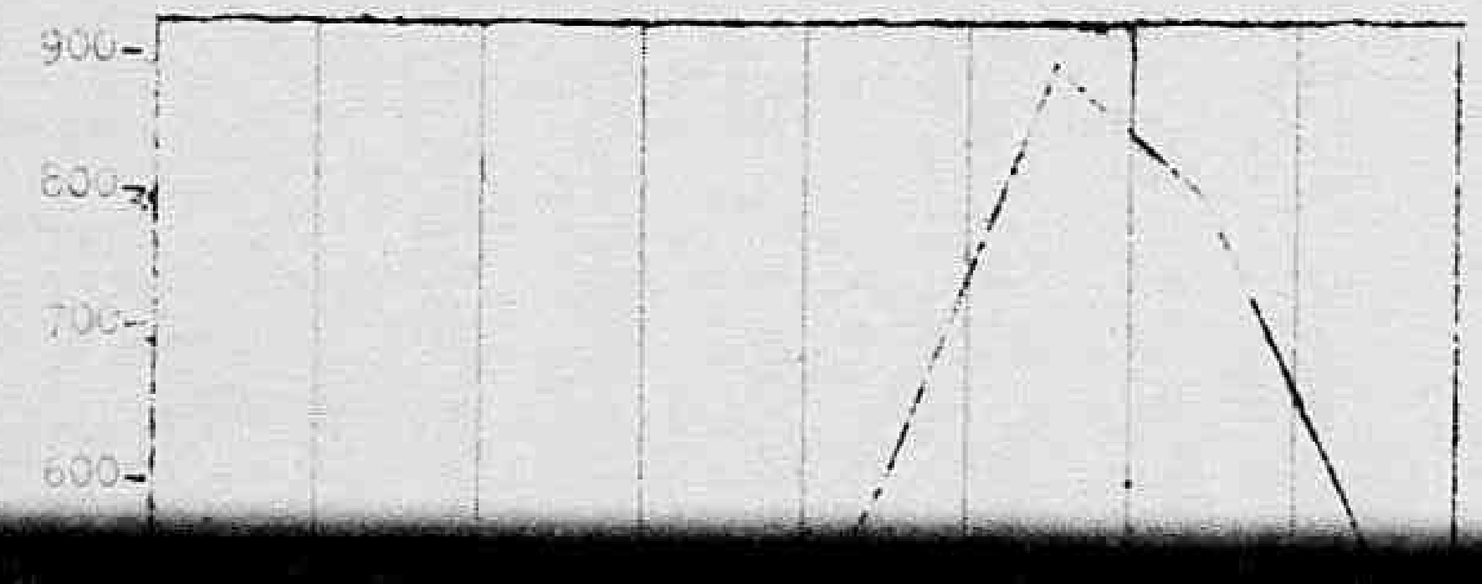
12409

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

| | | |

Olive oil, Retail Black Market prices — App. 7
(Monthly averages. Lire per litre)

	1944							
	Dec.	Jan.	Feb.	Mark	April	May	June	July
Roma	450	300	360	400	600	960	[illegible]	[illegible]
Napoli	196	200	197	248	244	233	269	314
Salerno	177	-	-	-	-	-	-	-
Bari	33	50	50	60	79	90	96	-
Brindisi	31	43	-	-	85	-	-	-
Lecce	35	46	-	-	70	70	-	-
Taranto	37	55	-	-	-	-	-	-
Matera	33	42	-	50	66	73	80	80
Potenza	99	-	-	120	121	135	135	-
Catanzaro	33	-	-	-	60	60	92	-
Cosenza	57	68	95	113	120	128	150	150
Reggio Calabria	40	48	-	65	-	73	88	-
Agrigento	-	94	-	101	125	-	140	-
Caltanissetta	-	93	-	90	100	130	110	-
Catani	90	95	-	83	110	-	125	-
Enna	100	130	-	80	100	-	143	-
Messina	-	73	-	79	90	-	108	-
Palermo	-	135	-	103	118	130	159	-
Ragusa	-	95	-	78	103	-	128	-
Siracusa	-	70	-	93	114	120	120	-
Trapani	108	120	113	100	145	135	156	-
Cagliari	150	-	120	160	220	281	275	-
Nuoro	75	-	190	170	188	248	325	-
Sassari	55	-	130	148	197	209	310	-



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

2411

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

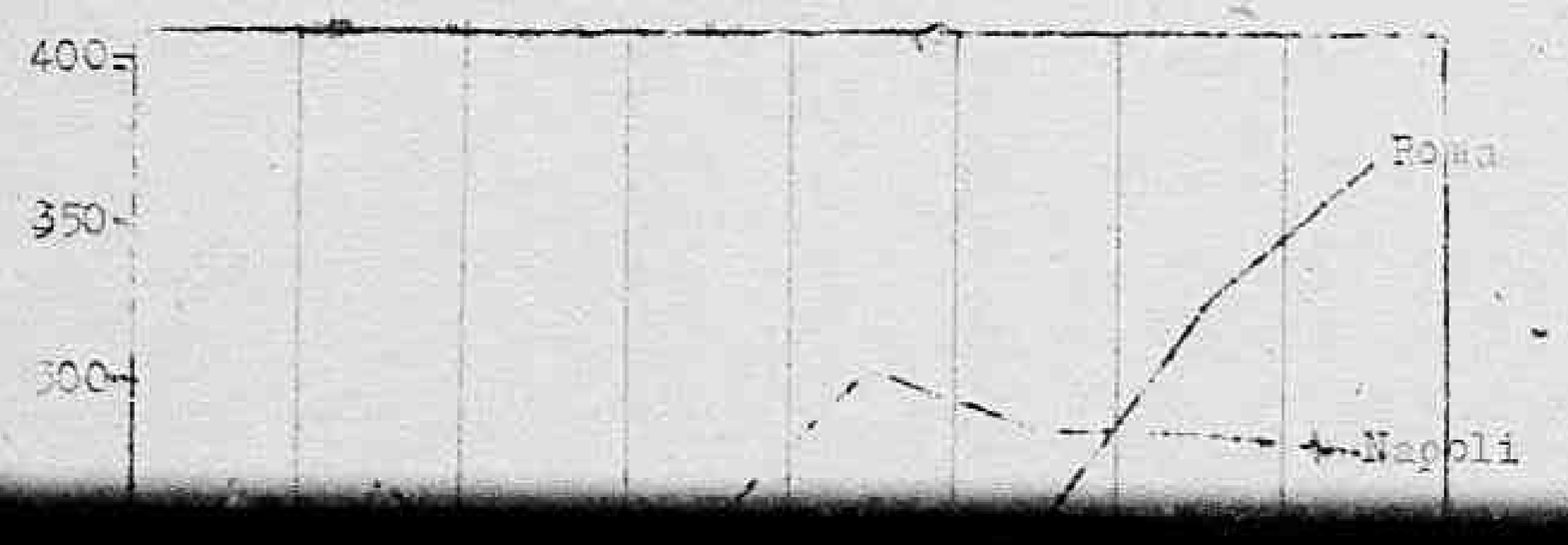
| | | |

Meat. Retail Black Market Prices

App. E, P. [illegible]

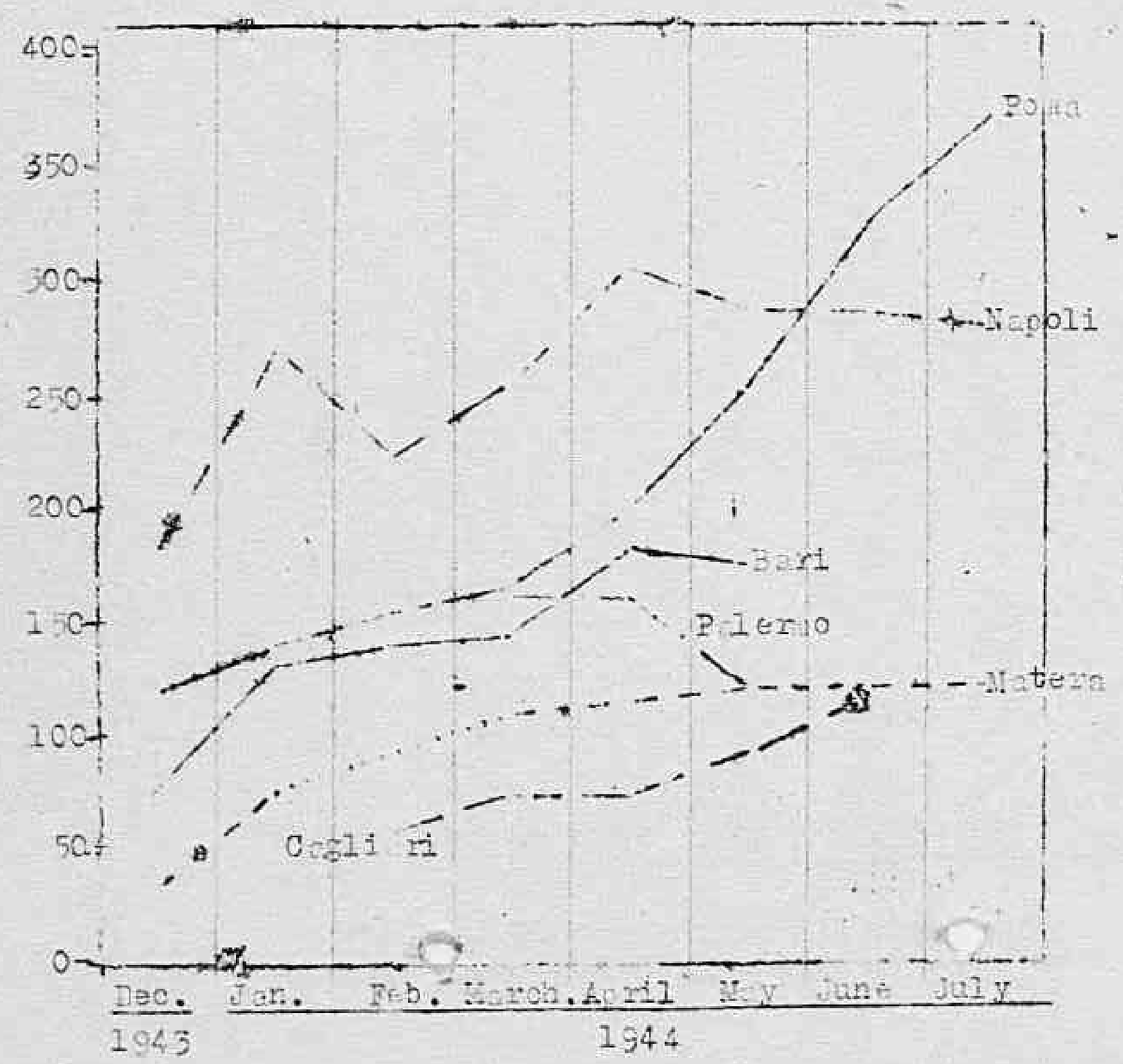
(Monthly averages, Lire per kilogram)

	1943	1944						
	Dec.	Jan.	Feb.	Marh.	Abril	May	June	July
Roma	120	140	155	165	200	250	325	370
Napoli	180	270	223	253	306	286	285	280
Salerno	115	-	-	-	-	-	-	-
Bari	88	130	140	146	180	177	-	-
Brindisi	110	130	-	-	160	-	-	-
Lecce	96	132	-	-	125	148	-	-
Taranto	90	113	-	-	-	-	-	-
Matera	36	75	-	110	113	120	120	120
Potenza	77	-	-	120	119	119	123	-
Catanzaro	105	-	-	144	120	120	-	-
Cosenza	50	80	85	68	95	100	120	120
Reggio Calabria	-	-	-	-	-	-	-	-
Agrigento	-	95	-	140	140	120	120	-
Caltanissetta	-	106	-	135	144	125	121	-
Catania	100	90	-	90	98	100	100	-
Enna	70	80	-	101	114	122	111	-
Messina	-	110	-	123	140	135	145	-
Palermo	-	137	-	162	160	120	120	-
Ragusa	-	100	-	110	130	121	121	-
Siracusa	-	85	-	98	120	120	120	-
Trapani	-	108	-	121	162	120	120	-
Cagliari	60	-	60	73	73	94	118	-
Nuoro	33	-	70	49	45	49	55	-
Sassari	45	-	100	65	80	67	65	-



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

Agrigento	-	95	-	140	140	120	120	-
Caltanissetta	-	106	-	135	144	126	121	-
Catania	100	90	-	90	98	100	100	-
Enna	70	80	-	101	114	122	111	-
Messina	-	110	-	123	140	135	145	-
Palermo	-	137	-	162	160	120	120	-
Ragusa	-	100	-	110	130	121	121	-
Siracusa	-	85	-	96	120	120	120	-
Trapani	-	108	-	121	162	120	120	-
Cagliari	60	-	60	73	73	94	118	-
Nuoro	33	-	70	49	45	49	55	-
Sassari	45	-	100	65	80	67	65	-



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

App. E,
P. 5

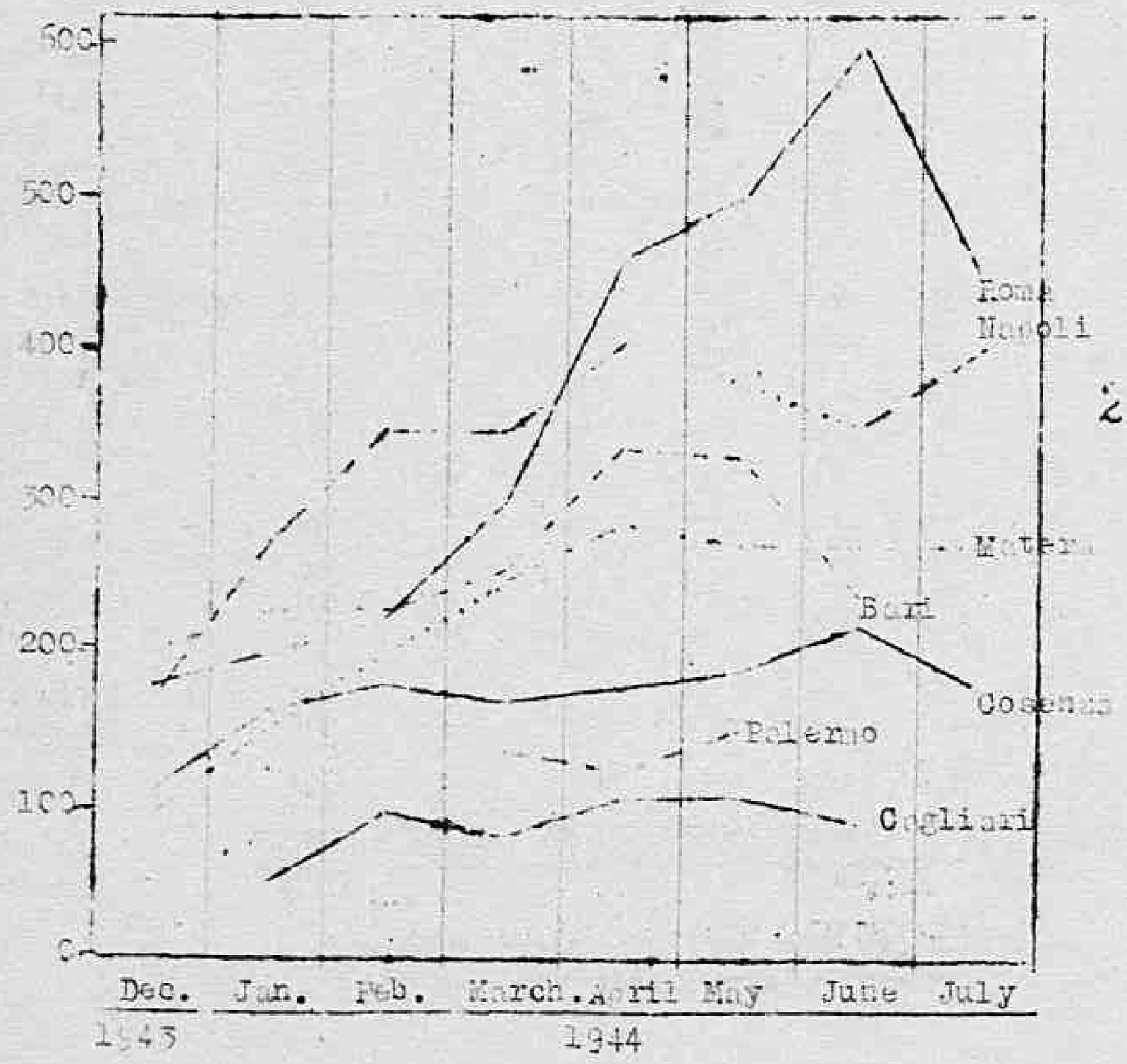
Cheese, Retail Black Market Prices
(Monthly averages, Lire per kilogram)

	1943 Dec.	1944 Jan.	Feb.	Marh	April	May	June	July
Roma	180	200	225	300	460	500	600	450
Napoli	172	275	350	350	411	-	387	403
Salerno	-	-	-	-	-	-	-	-
Bari	203	230	230	258	338	333	240	-
Brindisi	145	160	-	-	350	-	-	-
Lecce	160	288	-	-	200	150	-	-
Taranto	150	250	-	-	-	-	-	-
Matera	95	150	-	250	288	275	275	275
Potenza	153	-	-	250	261	298	305	-
Catanzaro	125	120	-	-	200	200	-	-
Cosenza	110	165	180	170	180	190	220	180
Reggio Calabria	144	161	-	-	-	-	-	-
Agrigento	-	115	-	110	110	-	135	-
Caltanissetta	-	140	-	125	-	160	101	-
Catania	190	151	-	150	172	-	175	-
Enna	164	130	-	103	-	-	113	-
Messina	-	142	-	140	135	130	130	-
Palermo	-	124	-	137	123	150	107	-
Ragusa	-	105	-	95	-	-	117	-
Siracusa	-	120	-	129	-	200	132	-
Trapani	68	100	100	108	110	110	133	-
Cagliari	50	-	95	80	105	108	90	-
Nuoro	38	-	70	60	73	78	78	-
Sassari	45	-	70	58	80	-	70	-



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

Agrigento	-	116	-	110	110	-	105	-
Caltanissetta	-	140	-	126	-	160	101	-
Catania	190	151	-	150	172	-	175	-
Enna	167	150	-	103	-	-	113	-
Messina	-	142	-	140	139	130	130	-
Palermo	-	124	-	137	123	150	107	-
Ragusa	-	105	-	95	-	-	117	-
Siracusa	-	120	-	129	-	200	132	-
Trapani	68	100	100	108	110	110	103	-
Cagliari	50	-	95	80	105	108	90	-
Nuoro	38	-	70	60	73	78	78	-
Sassari	45	-	70	58	80	-	70	-



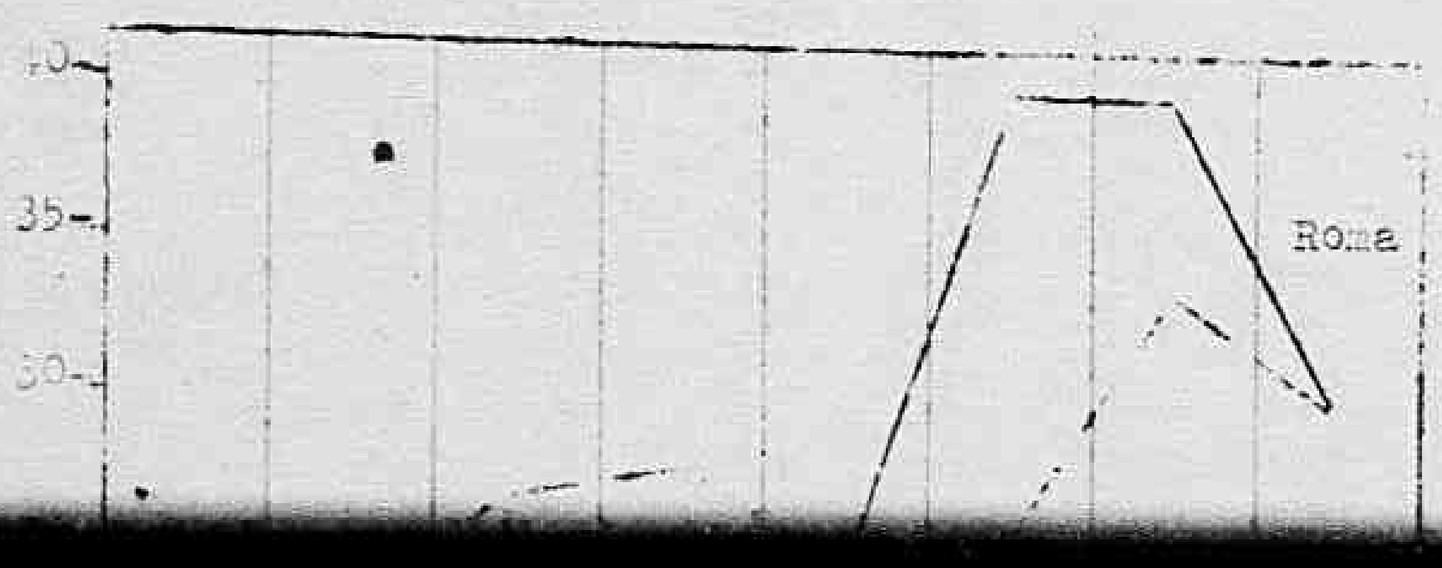
2107

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

Milk, Retail Black Market Prices

(Monthly averages, Lire per liter)

	1943	1944						
	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	12	15	18	21	25	30	40	30
Napoli	-	24	27	28	25	26	3[illegible]	36
Palermo	-	-	-	-	-	-	-	-
Bari	-	12	-	-	20	18	17	-
Brindisi	13	16	-	-	20	-	-	-
Lecce	15	[illegible]	-	-	-	-	-	-
Taranto	17	15	-	-	-	-	-	-
Matera	7	10	-	11	12	12	12	14
Potenza	16	-	-	9	12	15	15	-
Catanzaro	14	-	-	-	15	15	15	-
Cosenza	11	12	12	13	16	16	16	16
Reggio Calabria	14	14	-	-	16	16	-	-
Agrigento	-	14	-	15	15	-	16	-
Caltanissetta	-	16	-	20	20	-	18	-
Catania	25	20	-	20	20	-	22	-
Enna	-	-	20	16	17	-	12	-
Messina	-	23	-	20	21	-	14	-
Palermo	-	12	-	12	13	-	23	-
Ragusa	-	14	-	12	14	-	14	-
Siracusa	-	12	-	13	14	-	14	-
Trapani	-	-	-	-	-	-	16	-
Cagliari	-	-	-	-	-	-	-	-
Nuoro	-	-	-	-	-	-	-	-
Sassari	-	-	-	-	-	-	-	-



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

2417

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

| | | |

2418

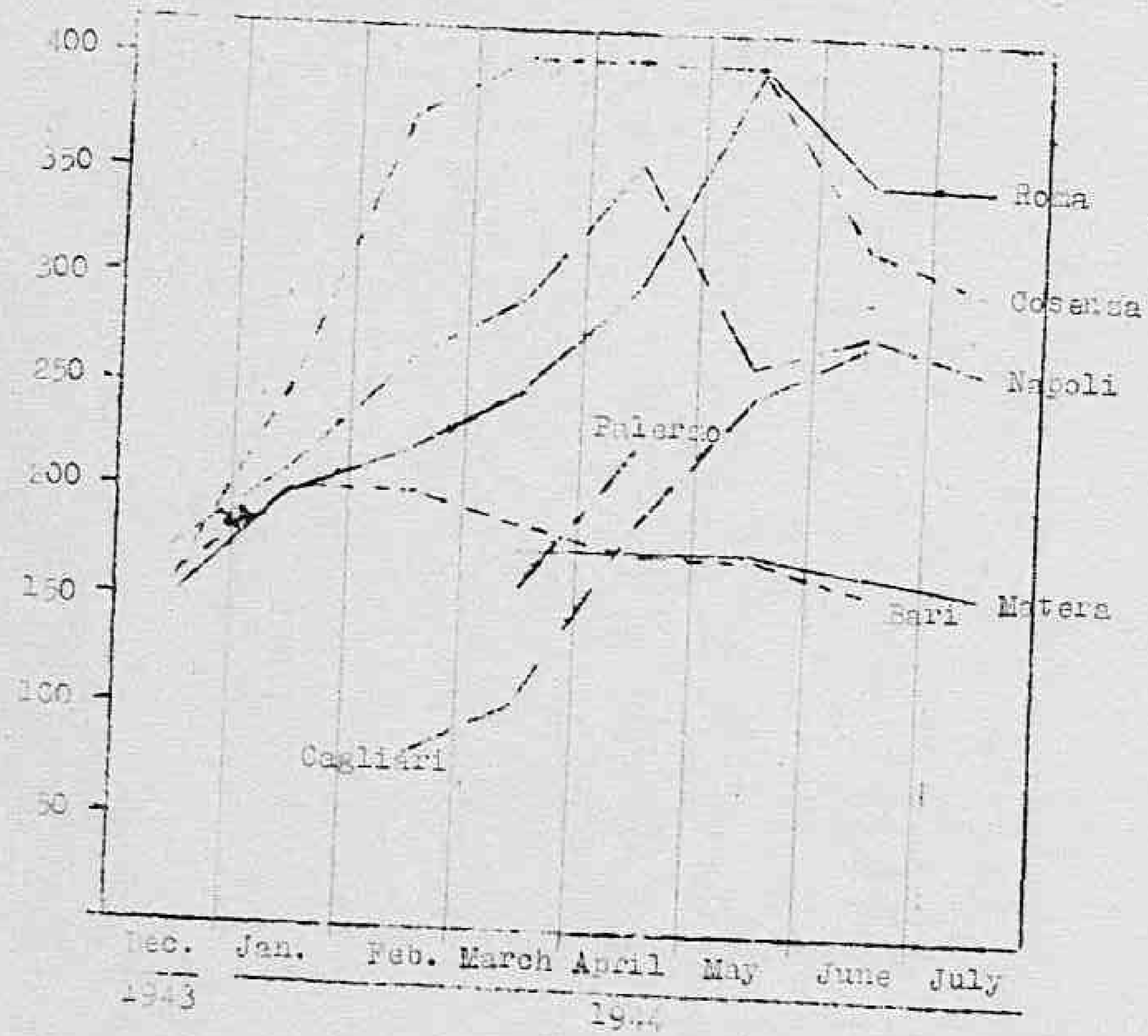
Declassified E.O. 12356 Section 3.3/NND No. 785016

Sugar Retail Black Market Prices
(Monthly averages: Lire per kilogram)
1943 1944

	Dec.	Jan.	Feb.	March	April	May	June	July
Roma	150	200	220	250	300	400	350	350
Napoli	173	210	264	291	353	264	279	265
Salerno	-	-	-	-	-	-	-	-
Bari	158	200	200	188	173	173	160	-
Brindisi	103	135	-	-	180	-	-	-
Lecce	128	158	-	-	70	-	-	-
Taranto	137	133	-	-	-	50	-	-
Matera	-	-	-	175	175	175	168	160
Potenza	147	-	-	250	241	214	220	-
Catanzaro	143	-	-	-	150	150	183	-
Cosenza	153	250	375	400	400	400	320	300
Reggio Calabria	143	182	-	400	122	272	-	-
Agrigento	-	-	-	188	186	-	200	-
Caltanissetta	-	-	-	-	-	-	-	-
Catania	165	-	-	215	236	-	263	-
Enna	150	170	-	192	185	-	-	-
Messina		195	-	145	180	-	-	-
Palermo		150	-	200	200	-	170	-
Ragusa		-	-	156	222	-	280	-
Siracusa		-	-	163	214	-	238	-
Trapani		-	-	180	198	-	275	-
Cagliari	80	-	80	103	187	-	200	-
Nuoro	38	-	130	125	195	-	202	200
Sassari	+0	-	150	161	233	250	275	250
						245	275	245
						283	230	283



[illegible]	143	182	–	400	122	272	–	–
Agrigento	–	–	–	188	186	–	200	–
Caltanissetta	–	–	–	215	236	–	263	–
Catania	165	–	–	192	185	–	–	–
Enna	150	170	–	145	180	200	170	–
Messina	–	195	–	200	200	–	280	–
Palermo	–	150	–	158	222	–	238	–
Ragusa	–	–	–	163	214	–	275	–
Siracusa	–	–	–	180	198	–	200	–
Trapani	–	–	–	186	206	200	202	–
Cagliari	80	–	80	103	187	250	275	–
Nuoro	38	–	130	125	195	245	275	–
Sassari	40	–	150	181	233	283	230	–



Declassified E.O. 12356 Section 3.3/NND No. 785019

ISTITUTO NAZIONALE DELLE ASSICURAZIONI

A. General

1. The history of the foundation of the Istituto Nazionale delle Assicurazioni in 1912 as a State monopoly of all Italian life insurance has been summarized in previous Finance Sub-Commission Reports. Although the monopoly ceased in 1923, the Institute retains records of every life insurance policy in Italy by means of the "cessioni legali", or compulsory reinsurance quotas ceded to it by all companies writing life business in Italy. The present quota is 40% from five companies, 20% from three, and 30% from seven companies.

B. Capital and Directorate

1. Being a Government - guaranteed institution owned by the State, there is no capital and no shareholders. As of the date of Allied occupation of Rome the Directorate was declared to be composed as follows:

President : Gaetano Scavonetti (Senator of the Kingdom)

Consiglieri: Giuseppe Ranieri Babboni
Leonida Bonomni
Emanuele Filiberto Carnevali
Michele Castelli (Senator of the Kingdom)
Salvatore Contarini (Senator of the Kingdom)
Antonio Calamini
Domenico Galanto
Ignazio Giordani
Arnaldo Petretti (Senator of the Kingdom)
Bonifacio Pignatti Morano di Custoza
Vittorio Solare del Borgo

Direttore Generale: Ignazio Giordani
Vice Direttori Generali: Marino Marinelli
Gino Cipriani

2. All are in Rome, with the exception of the names underlined being recent appointees (see below). Morano di Custoza who is in Verona,

C. Recent changes, and removal to North Italy

1. The following description of the various changes in the Administration of the Institute was given by Senator Gaetano Scavonetti, who was occupying the post of President up to the end of June.

2. Following the fall of the

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

was declared to be composed as follows:

President : Gaetano Scavonetti (Senator of the Kingdom)

Consiglieri: Giuseppe Ranieri Rabboni
Leonida Bonanni
Emanuele Filiberto Carnevali
Michele Castelli (Senator of the Kingdom)
Salvatore Contarini (Senator of the Kingdom)
Antonio Galamini
Domenico Galante
Ignazio Giordani
Arnaldo Petretti (Senator of the Kingdom)
Bonifacio Pignatti Morano di Custoza
Vittorio Solaro del Borgo

Direttore Generale: Ignazio Giordani
Vice Direttori Generali: Marino Marinelli
Gino Cipriani

2. All are in Rome, with the exception of the names underlined being recent appointees (see below). Morano di Custoza who is in Verona,

C. Recent changes, and removal to North Italy

1. The following description of the various changes in the Administration of the Institute was given by Senator Gaetano Scavonetti, who was occupying the post of President up to the end of June.

2. Following the fall of the Mussolini Government in July 1943, Marshal Badoglio's Government made some changes in the Administration without, according to Scavonetti, entirely eliminating Fascist elements. Scavonetti himself was appointed President in place of Giuseppe Bevione, others missing from the new administration being Italo Bresciani (national counsellor), Michele D'Addozio, Mario Ezio Gray (Vice President of the "Camera dei Fasci e delle Corporazioni"), Ferruccio Lantini (national counsellor) and Marco Arturo Vicini (Senator of the Kingdom).

3. Because of his doubts regarding the political soundness of the new Administration, Scavonetti, (whom the Security Branch reported as being "suspected as an anti-fascist, but nothing proved") never convened a meeting, so that this latter Administration never acted as such.

4. On the accession of the Republican Fascist Government, Scavonetti tendered his resignation as President, but without result until October, when he was displaced by Alberto Ercole Troilo and Emilio Oldani, appointed by the Republican Government. (Troilo had held several Corporative offices under the Fascist Government). Under Troilo's orders, preparations were put in hand to send a large proportion of the Head Office to the North. In the event, although Troilo departed to set himself up as a "Commissario" in Venice, only a small proportion of personnel and records were evacuated. An analysis of the assets moved follows.

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

5. On arrival of the Allied troops in Rome, riots broke out among the staff, directed at, inter alia, Ignazio Giordani, the Direttore Generale, who had survived these various changes, but who, from his association with Fascist policy towards the Institute since 1929, had become suspect in certain quarters. On the issue of General Bencivenga's proclamation calling back all executives who had been dismissed under the Republican regime, Scavonetti returned to the Presidency of the Institute and insisted upon Giordani's return as well. This was the situation on 30 June, when Alfredo de Liguoro arrived to take over as Commissioner from any management found to be existing. Events leading to Giordani's being warned off starting a rival administration were reported last month. His record is in the process of being investigated, as the facts (a) that he is not an actuary, and (b) that he has only been in the insurance profession since 1929, prior to that having been in the Ministry of Agriculture, contrast significantly with his outstanding position in Italian insurance generally, and his membership of the Italian Institute of Actuaries.

6. The Italian Government intends to appoint a completely new Council of Administration at the earliest possible date, and in the meantime Dr. De Liguoro is carrying on with the assistance of the senior officials, among whom are the Vice-Direttori Generali, Marino Marinelli and Gino Cipriani.

7. The following lists show assets transferred north, assets available to the Rome office, and also assets abroad up to the last accounts received.

8. Assets Moved North

(a) Ordinary branch

			book value
Government Securities			
Nominative	Lire	690,340,542	
Bearer	"	110,641,900	Lire 800,982,442
Bonds of real estate			
Nominative	"	122,199,500	
Bearer	"	29,000	Lire 122,228,500
Various Bonds			
Nominative	"	72,241,900	
Bearer		120,120	Lire 72,362,020
			Lire 995,572,962

Securities representing share capital of various insurance companies and other concerns domiciled in the north, are normally kept in the north. These are valued at L. 382 million, while the Institute possesses real estate in North Italy valued at L. 420 million (December 1942).

(b) Dismissal Indemnity Fund (held on trust by the Institute):

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

Direttori Generali, Carino Marinelli and Gino Cipriani.

7. The following lists show assets transferred north, assets available to the Rome office, and also assets abroad up to the last accounts received.

8. Assets Moved North

(a) Ordinary branch

			book value
Government Securities			
Nominative	Lire	690,340,542	
Bearer	"	110,641,900	Lire 800,982,442
Bonds of real estate			
Nominative	"	122,199,500	
Bearer	"	29,000	Lire 122,228,500
Various Bonds			
Nominative	"	72,241,900	
Bearer		120,120	Lire 72,362,020
			Lire 995,572,962

Securities representing share capital of various insurance companies and other concerns domiciled in the north, are normally kept in the north. These are valued at L. 382 million, while the Institute possesses real estate in North Italy valued at L. 420 million (December 1942).

(b) Dismissal Indemnity Fund (held on trust by the Institute):

			book value
Government Securities			
Nominative	Lire	545,320,800	
Bearer		25,719,800	Lire 569,040,600

(out of a total of about L. 2000 millions).

(c) Export Credits fund (a side of the Institute's activities now dormant)

	book value
Government Securities	
Bearer	Lire 23,420,000

(out of a total of L. 32 millions).

Declassified E.O. 12356 Section 3.3/NND No. 785014

9. Assets at Disposition of Rome Offices

	book value
Real estate (valued to 31 Dec. 42)	541,013,000
Government securities	958,432,000
Mortgage and other loans	1,015,552,000
Government Annuities	670,941,000
Bank	155,939,000
Cash	7,937,000
Total Lire	3,349,814,000

(excludes some L. 50/60 millions representing collections in south Italy prior to liberation of Rome).

10. Assets Abroad

(a) Real Estate (exclusive of buildings)

	book value (Dec. 1942)
Tirana (under construction)	16,000
Cairo	4,645,000
Tunis	3,698,000
Tripoli	7,715,000
Benghasi	3,954,000
Addis Ababa and Harrar	2,602,000
Lire	22,631,000

(b) Other

	Bank Accounts	Investments, deposits & credits
£ sterling	326	53
" gold	255	-
U.S. Dollars	13	
£ Turkish	223,696	5,459
£ Egypt	9,168	-
" gold	228	
£ Palestine	1,197	
Francs, France	570,844	297,325
" Swiss	-	2,279
Marks, German		21,109
Crowns, Czechoslovak		22,275
Crowns, Denmark		278
Crowns, Norway		2,086
Escudos		10,531
Marks, Finland		3,716
Pengo		572,379

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

(a) Real Estate (continued)

Tirana (under construction)		16,000
Cairo		4,645,000
Tunis		3,698,000
Tripoli		7,715,000
Benghasi		3,854,000
Addis Ababa and Harrar		2,602,000
	Lire	22,631,000

(b) Other

	Bank Accounts	Investments, deposits & credits
£ sterling	326	53
" gold	255	-
U.S. Dollars	13	
£ Turkish	223,696	5,459
£ Egypt	9,168	-
" gold	228	
£ Palestine	1,197	
Francs, France	570,844	297,325
" Swiss	-	2,279
Marks, German		21,109
Crowns, Czechoslovak		22,273
Crowns, Denmark		278
Crowns, Norway		2,086
Esculos		10,531
Marks, Finland		3,716
Pengo		572,379
Francs, Belgian	-	38,910
Lei	94,280	-
Leva	359,830	-
Pesetas	38,614	3,738
Pesos M/n Argentine	-	153,212
Drachma	22,038,989	35,631,613
Milreis	-	177,788
Kuna	-	1,234,663
Sols (Peru)	-	137,949
Italian Lire	9,262	2,852,034

Reasons for the above holdings are:

(a) business of own branch offices in Egypt, Greece, France, Greece, Turkey, and ex-Italian Africa;

(b) life reinsurances ceded by foreign companies, of which the chief are

(i) Italo-Argentina, of Argentine
(ii) Italo-Brasileo, of Brazil

./..

2105

759

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

(iii) "Daria" and "Nordisk" of Denmark
(iv) Reassurances Generales, of France
(v) Kolnische, Muenchener, Vereinigung Frankfurther, and Weiner, of Germany
(vi) Dalmatian business of former Jugo-Slav companies "Jugo-Slavia" and "Serbia"
(vii) Italia-Lima, of Peru
(viii) La Suisse, of Switzerland
(ix) Astra of Hungary

Other foreign reinsurances are ceded to the Institute through the Unione Italiana di Riassicurazione. Some reserves for such policies are held in the country of origin.

11. Foreign holdings

The Istituto owns shares in the following insurance companies:

Assicurazioni d'Italia, Rome:	27,117 out of 30,000 shares, L. 500 each.
Fiume Company, Fiume	118,486 out of 120,000 shares, L. 100 each.
Praevidentia, Rome	all 30,000 shares, L. 500 each.
Astra, Budapest	8,000 out of 10,000 shares, pengo 50 each.
Unione Italiana di Riassicurazioni, Rome	10,450 out of 30,000 shares, L. 700 each.
Compagnia di Roma, Rome	60,250 out of 200,000 shares, L. 1,000 each.
Societa' Italiana di Assicurazione Credito	(not yet ascertained)

D. Reinsurance Connection

As has been stated, the Institute receives a compulsory reinsurance quota from all companies writing life insurance in Italy. In addition, it receives reinsurances from other companies of foreign risks. The Institute both cedes to and accepts from the Unione Italiana di Riassicurazione.

E. Summary

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

	L. 500 each.
Fiume Company, Fiume	118,486 out of 120,000 shares, L. 100 each.
Praevidentia, Rome	all 30,000 shares, L. 500 each.
Astra, Budapest	8,000 out of 10,000 shares, pengo 50 each.
Unione Italiana di Riassicurazioni, Rome	10,450 out of 30,000 shares, L. 700 each.
Compagnia di Roma, Rome	60,250 out of 200,000 shares, L. 1,000 each.
Societa' Italiana di Assicurazione Credito	(not yet ascertained)

D. Reinsurance Connection

As has been stated, the Institute receives a compulsory reinsurance quota from all companies writing life insurance in Italy. In addition, it receives reinsurances from other companies of foreign risks. The Institute both cedes to and accepts from the Unione Italiana di Riassicurazione.

E. Summary

1. The Head Offices are in a fit state to resume control of branche offices, but active control of all but local offices has not yet been reestablished, mainly because of lack of postal services for heavy commercial documents. Endeavours are being made to establish a courier service.

2. Considerable difficulty is being met in reestablishing electric power for the tabulating machinery located in a building separate from the main offices, but it is hoped to remedy this early in August.

3. The transfer of funds to the north is not of great immediate importance. They were sent there with the specific purpose of covering liabilities located in the north, and it is hence unlikely that they will be intentionally disposed of unlawfully. With the exception of the bearer bonds, a small proportion of the whole, difficulties are likely to be met in any attempted negotiation. Officials of the Institute consider that even if a substantial proportion of the assets removed were disposed of, a conservative revaluation of the Institute's buildings so far known to be intact, would cover the loss. A more serious factor is the loss of investment income from sources in the north. This is a wider question upon which no information can yet be given.

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

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

2/3.6/

ALLIED CONTROL COMMISSION
SICILY REGION HEADQUARTERS
APO 394

MONTHLY REPORT - JULY 44

REGION I

A. GENERAL.

1. The fall of ROME and subsequent advances of the Allied armies, the Allied invasion of France, the progress of Russia and the rise of the new BONOMI government in Italy have combined to give a firmer background to SICILIAN politics and a momentary closer unity with the mainland. The majority of the people, however, have not been much affected. For SICILY the war is considered as over, and all the people ask for is the minimum interference from any government in power. Meanwhile the keynote of their lives is adherence to or evasion of the grain collection laws.

B. POLITICAL.

2. Activity - The political situation has remained quiet with no large demonstrations. The fall of ROME met with general approval, but a hasty attempt of the Committee of Liberation to organise a ceremony of jubilation in PALERMO to which the local Allied commanders were invited, fell very flat. The change of government has lead to a certain clarification of political objectives, but BONOMI is not popular as he is considered too old and insufficiently strong, and, by his former record, in part responsible for acquiescence in the rise of Fascism. To the credit of most parties, much of the political activity of the island has been devoted to propaganda for grain collection.

3. Separatists

Two separatist groups appear to be forming: one in PALERMO and Central SICILY under Finocchiaro Aprile and one in EASTERN SICILY under Bruno di Belmonte and others. The Finocchiaro Aprile propaganda has opposed the grain collection, and also service in the Italian Army.

4. High Commissioner

Consistent political pressure is continuing for the removal of Musotto which was brought to a head by the arrival of ALDISIO then Minister of the Interior on 6 JUN. It appears that an object of his visit was the tentative offer of the post to

B. POLITICAL.

2. Activity - The political situation has remained quiet with no large demonstrations. The fall of ROME met with general approval, but a hasty attempt of the Committee of Liberation to organise a ceremony of jubilation in PALERMO to which the local Allied commanders were invited, fell very flat. The change of government has lead to a certain clarification of political objectives, but BONOMI is not popular as he is considered too old and insufficiently strong, and, by his former record, in part responsible for acquiescence in the rise of Fascism. To the credit of most parties, much of the political activity of the island has been devoted to propaganda for grain collection.

3. Separatists

Two separatist groups appear to be forming: one in PALERMO and Central SICILY under Finocchiaro Aprile and one in EASTERN SICILY under Bruno di Belmonte and others. The Finocchiaro Aprile propaganda has opposed the grain collection, and also service in the Italian Army.

4. High Commissioner

Consistent political pressure is continuing for the removal of Musotto which was brought to a head by the arrival of ALDISIO then Minister of the Interior on 6 JUN. It appears that an object of his visit was the tentative offer of the post to BAVIERA, the Rector of the University of PALERMO. ALDISIO also had in view a complete change of the Giunta Comunale of PALERMO the Prefects of MESSINA and AGRIGENTO; both this Giunta and the two Prefects were A.M.G. appointments. His objective appears to have been an attack on Separatism and the improvement of the position of his political party, the Christian Democrats. It will remain to be seen whether this programme will be carried out following the eclipse of ALDISIO on the fall of the BADOGLIO government. Since his return to SICILY it is understood that he now hopes personally to replace MUSOTTO as High Commissioner, and he is understood to have come to terms with the LA LOGGIA group.

All this uncertainty and persistent sniping for the post of High Commissioner have not helped the growth of a Regional control, but MUSOTTO has courageously continued to press for the rehabilitation of SICILY and to prepare for the harvest though without apparent Italian government support. At the end of the month MUSOTTO left for SALERNO at the request of BONOMI and it is hoped that this visit will bring a clarification.

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

5. Giunta Consultiva for SICILY - ALDISIO's visit as Minister also appears to have brought the position of the High Commissioner's Giunta to the fore. The first meetings have now been held and MUSOTTO appears to have come out very well from his first encounters. The position is curious as the Giunta has never, as yet, been appointed by Royal Decree and there are no statistics or rules from precedent for the conduct of its meetings or indeed any definition of the Giunta's powers. At present the Giunta is largely dominated by LA LOGGIA, and prior to its official meetings with MUSOTTO has been meeting unofficially in the house of BAVIERA. Perhaps its main interest is to find a High Commissioner less determined than MUSOTTO and who would be more easily influenced by political considerations.

C. GENERAL MORALE.

6. The over all picture shows little change. The Allies advance and the Italian Government has changed, but the dominating interest in SICILY this month has been preparation for the harvest, discussion of the price of grain, and hopes for an increased ration. In the coastal areas wheat and barley cropping began about 10 JUN - and by 27 JUN the 1944 harvest was in full swing. There are indications that much grain is going underground, as the price of 1000 lire per quintal is felt to be uneconomic and below cost of production to the small holder. This has had its general effect on morale, and has provided valuable propaganda for the Separatists.

D. LOCAL GOVERNMENT.

7. Regional - Slow progress, but all the same progress, has been made in the growth of a Regional system. Delays in control are evident due to governmental red-tape, and the uncertainty of the personal position of the High Commissioner has not given the system a very fair trial. There is always an underlying feeling of local independence between one Province or Commune of SICILY and another, and certain Prefects are more insular than others; the appointment of the office of High Commissioner has done much to create greater unity between the various provinces. The main administrative efforts have been directed to organisation for grain collection.

8. Provincial - All Provinces have been pressed to complete organisation of communal agricultural committees and to be ready for the grain harvest. CALTANISSETTA and SIRACUSA have been gravely handicapped by the continued failure to appoint any Prefect: the posts in each case have been vacant since the end of March. In AGRIGENTO, the position of the Prefect is also unstable. In PALERMO, the new Christian-Democrat Prefect D'ANTONI appointed by ALDISIO has not come up to full expectation [illegible] that this may have a reaction on the Palermo

Declassified E.O. 12356 Section 3.3/NND No. 785014

and by 27 JUN the 1944 harvest was in full swing. There are indications that much grain is going underground, as the price of 1000 lire per quintal is felt to be uneconomic and below cost of production to the small holder. This has had its general effect on morale, and has provided valuable propaganda for the separatists.

D. LOCAL GOVERNMENT.

7. Regional - Slow progress, but all the same progress, has been made in the growth of a regional system. Delays in control are evident due to governmental red-tape, and the uncertainty of the personal position of the High Commissioner has not given the system a very fair trial. There is always an underlying feeling of local independence between one province or commune of SICILY and another, and certain Prefects are more insular than others: the appointment of the office of High Commissioner has done much to create greater unity between the various provinces. The main administrative efforts have been directed to organisation for grain collection.

8. Provincial - All Provinces have been pressed to complete organisation of communal agricultural committees and to be ready for the grain harvest. CALTANISSETTA and SIRACUSA have been gravely handicapped by the continued failure to appoint any Prefect: the posts in each case have been vacant since the end of March. In AGRIGENTO, the position of the Prefect is also unstable. In PALERMO, the new Christian-Democrat Prefect D'ANTONI appointed by ALOISIO has not come up to full expectation and it is feared that this may have a reaction on the Palermo grain return during the next month.

2103

9. Communal - Administration has been directed almost entirely to the grain campaign, and Sindaci have been instructed by the High Commissioner to regard this as their primary duty.

10. A.C.C. Amalgamations - These have continued. Lt Col Thomas, the Provincial Commissioner for PALERMO and TRAPANI, is now called to the Mainland. TRAPANI and PALERMO provinces will therefore be controlled henceforward directly from Headquarters Region I and the A.C.C. Provincial offices there are being closed. In AGRIGENTO Lt Col Walters is also leaving, and the Food Officer Captain DeTHIERRY will function also as Acting Provincial Commissioner. NO adverse reactions to these steps are anticipated.

E. ITALIAN ARMED FORCES.

11. Liaison has continued closely with XXI Corps who provide the

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

necessary military assistance in the event of any disturbance arising beyond the powers of the Carabinieri. From conversations with senior officials it is evident that the change from BADOGLIO to BONOMI is met with disfavour among the majority of officers. On the departure of 1 DISTRICT and I.S.S. and with the grain collection in view the Comd of XII Corpo d'Armata is most anxious to obtain the second division of Italian troops nominated for some time for SICILY.

F. LIAISON ALLIED MILITARY AUTHORITIES.

12. The Allied Military garrison of SICILY is on the point of departure, leaving only 56 Area with probably less than a Br Infantry but one A.A. Bde and British and Naval operating bases will be remaining. In addition a Naval Combined Operations Training Centre has opened at MESSINA.

13. 1 DISTRICT left at the end of the month and the operational command of SICILY has passed to Brigadier CRIPPS Comd 56 AREA. 56 AREA is part of 5 DISTRICT (Maj Gen COLLINS). Liaison has been effected and no difficulties are anticipated.

14. I.S.S. is alerted to leave, and Colonel STUBBLEBINE has already left and been replaced as Commanding Officer by Colonel BONSTEEL. British A.A. troops are taking over from U.S. A.A. troops at PALERMO.

15. Consequences are mainly administrative. Rations are being provided A.C.C. by U.S. Navy in Western SICILY , and A.C.C. is having to provide facilities for Br and U.S. Army officers and R.A.F. in transit at PALERMO. Guards of A.C.C. warehouses are being provided by Italian XII Corps and military assistance will be given from the same source on demand. Lt Col ALBERT of M.M.I.A. is remaining with A.C.C. for Liaison with Italian Army.

G16 Visitors - were much fewer this month as all eyes appeared turned to ROME and the NORTH. From the Italian Government came Generale Pettorelli Lalatta, Chief of Personal Staff to first BADOGLIO and now BONOMI, and also Under-Secretary for NAVY RAMIREZ. From A.C.C. for the Provincial Commissioner's Conference came Lt Colonel SHIPP. Colonel Hancock and Lt Colonel Fletcher both visited NAPLES at the beginning of JUNE and renewed valuable contacts with Headquarters A.C.C. They were also received by Marshal BADOGLIO with the approval of Executive Commissioner.

H. ECONOMICS AND SUPPLY.

17. Food - A tense situation developed in the last week of the month owing to the exhaustion of imported stocks of wheat and

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

been effected and no difficulties are anticipated.

14. I.R.S. is alerted to leave, and Colonel STUBBLEBINE has already left and been replaced as commanding officer by Colonel BONSTEEL. British A.A. troops are taking over from U.S. A.A. troops at PALERMO.

15. Consequences are mainly administrative. Rations are being provided A.C.C. by U.S. Navy in Western SICILY, and A.C.C. is having to provide facilities for Br and U.S. Army officers and R.A.F. in transit at PALERMO. Guards of A.C.C. warehouses are being provided by Italian XII Corps and military assistance will be given from the same source on demand. Lt Col ALBERT of M.M.I.A. is remaining with A.C.C. for liaison with Italian Army.

(16 Visitors - were much fewer this month as all eyes appeared turned to ROME and the NORTH. From the Italian government came Generale Pettorelli Lalatta, Chief of Personal Staff to first BADOGLIO and now BONOMI, and also Under-secretary for NAVY RAMIREZ. From A.C.C. for the provincial Commissioner's conference came Lt Colonel SHIPP. Colonel Hancock and Lt Colonel Fletcher both visited NAPLES at the beginning of JUNE and renewed valuable contacts with Headquarters A.C.C. They were also received by Marshal BADOGLIO with the approval of Executive Commissioner.

H. ECONOMICS AND SUPPLY.

17. Food - A tense situation developed in the last week of the month owing to the exhaustion of imported stocks of wheat and flour before the new wheat crop was ready for milling or distribution. It had been expected that supplies would hold out until 15 JUL, but on the last day of JUNE under 4 day's supply remained in the island. This was due to the actual landings of flour or wheat from FEB to MAY averaging 12,550 tons per month as against an agreed quantity of 15,700 tons allotted by FOOD sub-commission. To meet the situation 500 tons of flour were borrowed from 56 AREA R.A.S.C. and A.C.C. Headquarters diverted a ship to CATANIA on the last day of the month containing 9,500 tons of wheat. There were no other food arrivals during the month and the island has had no sugar distribution. Large stocks of bacon, fish, and other rations remain under guard for A.C.C. at the I.R.S. dump.

18. Transfer of foodstuffs to civil authorities - This scheme is proceeding very slowly due to the financial difficulties involved. Commendatore BRUSCHI, the Italian representative of the Ministry of Finance, is entirely without instruction from his government.

2102.

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

19. P.O.L. and salvage - P.O.L. issues for the month were considerably reduced, and a stringent cut has been made in private vehicles from over 8,000 to approximately 5,750 vehicles. Disposals of salvage have continued at a satisfactory level.

20. Agriculture. During the month Capt C.F. PIKE R.A. took over Regional Agricultural Division from Major A.K. Hough. Naturally the grain campaign has been the preoccupation of this division during the month, and the preparation of provincial and communal organisations for the harvest and its collection are well advanced. As the harvest was not in full swing until 27 JUN only 5,000 quintals have been rendered to the Granai del Popolo by 30 JUN. On 29 JUN a conference was held at Regional Headquarters under chairmanship of Colonel Hancock to discover the extent of co-ordination of the Sicilian civilian authority grain programme. The conference was attended by the High Commissioner, his staff of Agricultural, Alimentation and Grain experts, and by the Commanders XXX Corps, Carabinieri, Guardia di Finanza and Pubblica Sicurezza. The broad lines of a scheme for immediate application were put forward by Dr MINAFRA, the Italian Regional Agricultural Inspector, and general approval was obtained. The chief difficulties still to be contended with are; almost universal unwillingness to render up grain at a price considered to be below cost of production, shortage of transport and above all tyres. While the machinery for collection exists, and the efforts of the High Commissioner and Carabinieri are untiring, the scheme may well require considerable military force in the long run if a just proportion of the expected 8 million quintal harvest is to be collected. There is a sombre note of anxiety as we look forward to progress in JUNE.

I. LABOR

21. An agreement between employers and employees of the General Electric Society has been completed, submitted and approved.

22. A strike occurred at the ARCO Mines RAGUSA on 1 JUN; workers partially returned on 3 JUN with complete resumption by 5 JUN. At a conference at the High Commissioner's office on 13 JUN it materialised that the prima facie cause of the strike was the high cost of living. The High Commissioner stated that the bread ration would shortly be increased which gave satisfaction. The company also agreed to subsidize its co-operative store so that the workers could buy certain necessities at a reduced cost. The sum involved was estimated at about 20 lire per man per day.

23. Dissatisfaction among state employees has been caused by the order of the Finance Minister of the cessation of payment of the bombing indemnity. Prompt action by the High Commissioner averted

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

were put forward by MR WHARTON, the Italian Regional Agricultural Inspector, and general approval was obtained. The chief difficulties still to be contended with are: almost universal unwillingness to render up grain at a price considered to be below cost of production, shortage of transport and above all tyres. While the machinery for collection exists, and the efforts of the High Commissioner and Carabinieri are untiring, the scheme may well require considerable military force in the long run if a just proportion of the expected 8 million quintal harvest is to be collected. There is a sombre note of anxiety as we look forward to progress in JUNE.

I. LABOR

21. An agreement between employers and employees of the General Electric Society has been completed, submitted and approved.

22. A strike occurred at the ASCO Mines RAGUSA on 1 JUN: workers partially returned on 3 JUN with complete resumption by 5 JUN. At a conference at the High Commissioner's office on 13 JUN it materialised that the prima facie cause of the strike was the high cost of living. The High Commissioner stated that the bread ration would shortly be increased which gave satisfaction. The company also agreed to subsidize its co-operative store so that the workers could buy certain necessities at a reduced cost. The sum involved was estimated at about 20 lire per man per day.

23. Dissatisfaction among State employees has been caused by the order of the Finance Minister or the cessation of payment of the bombing indemnity. Prompt action by the High Commissioner averted a strike for the present.

24. Unrest still exists among sulphur miners due to their unsatisfactory rates of pay. A strike occurred at the TRABONELLA MINE on 22 JUN, with full resumption by 29 JUN. The matter is now under negotiation. A general sulphur agreement has been signed by mine owners and workers, and has been submitted.

2101

J. PUBLIC WORKS.

25. Progress in works in hand has continued, but is endangered for the future owing to shortage of cement. The bridge programme has advanced, and 2/3 rds are now 90% completed. With the departure of 1 DISTRICT and I.S.S. the work on the Military Highways appears to have lost importance.

K. UTILITIES.

26. Gas has continued in PALERMO, but is found to be unsatisfactory

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

and very weak owing to the general dislocation caused during the bombardments. Its discontinuance is under discussion.

L. PUBLIC SAFETY

27. Crime has continued to decrease during the month. In MESSINA province an underground Fascist group of 24 persons connected with the Italian Unity movement has been arrested by F.S.S. A further forgery case involving 1,000 and 500 lire notes has been discovered in PALERMO.

28. At PACECO in TRAPANI Province an interesting military exercise was rehearsed after warning to the inhabitants. The town was invested by parachute troops, and completely sealed off and searched from house to house - as an exercise. The opportunities afforded were however taken, and 20 3½ ton trucks were required to remove the weapons, ammunition, and Allied military materials and food which were found. Similar exercises would be of great value elsewhere.

29. For the Grain Campaign, close planning has been made with Generale BRANCA so that the Carabinieri may devote the maximum time to this one duty of enforcing collection and preventing illegal transit of grain. By the end of JUNE 1615 quintals of grain had been sequestered, 94 persons arrested and 665 denounced.

M. LEGAL.

30. One General Military Court was held during JUN at CATANIA, with Colonel W.H. Jordan as President - the following sentences were found:

SCARPATO Natale

i. Found Guilty of Homicide - Penalty death.
ii. Found Not Guilty of non-declaration of an arm
iii. Found Guilty of carrying arms without authorisation - Penalty 6 months imprisonment.

SCARPATO F/sco. Found Not Guilty - ACQUITTED.

SCARDULLA Rosa Found Not Guilty - ACQUITTED.

31. The Italian Courts in SICILY continue to function quite satisfactorily, but there are a large number of outstanding cases in spite of extended court hours.

32. Many cases still outstanding in the Italian Civil Courts but [illegible] to the Italian

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

which were found. Similar exercises would be of great value elsewhere.

29. For the grain campaign, close planning has been made with generale BRANCA so that the Carabinieri may devote the maximum time to this one duty of enforcing collection and preventing illegal transit of grain. By the end of JUNE 1615 quintals of grain had been sequestered, 94 persons arrested and 660 denounced.

M. LEGAL.

30. One General Military Court was held during JUN at CATANIA, with Colonel W.R. Jordan as President - the following sentences were found:

SCARPATO Natale

i. Found guilty of Homicide - Penalty death.
ii. Found Not Guilty of non-declaration of an arm
iii. Found Guilty of carrying arms without authorization - Penalty 6 months imprisonment.

SCARPATO F/sco. Found Not Guilty - ACQUITTED.

SCARDILLI Rosa Found Not Guilty - ACQUITTED.

31. The Italian Courts in SICILY continue to function quite satisfactorily, but there are a large number of outstanding cases in spite of extended court hours.

32. Many cases still outstanding in the Italian Civil Courts but affecting Allied interests, are being transferred to the Italian Military Tribunal for disposition under Article 15 of the Italian Military Code. The Military Tribunal is handicapped by shortage of Military Judges and other limited personnel.

2100

N. PUBLIC HEALTH.

33. Though the general health of the public remains remarkably high, there is some evidence that tuberculosis of the lungs is on the increase. A recommendation has been made to the Civil Authorities that this be included among the notifiable diseases.

34. V.D. The campaign against prostitutes continues to be pushed with vigour with satisfactory results.

35. Between 5 and 600,000 vaccinations have now been completed against smallpox in the last three months.

36. Rabies. One case has been notified during the month.

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

O. REFUGEES.

37. The number in the Region now amounts to about 12,000: their health calls for no special comment. The chief desire is for the agricultural workers to return early to their lands.

P. COMMUNICATIONS.

38. By the end of JUNE all military OH wire routes in Eastern SICILY had been handed over to the civil telecommunication agencies for maintenance. Sabotage and/or theft of considerable distances of suspended cable continued during the month despite increased efforts by police and military. The French Airborne Training Centre in TRAPANI continued to cut down wire despite protests through I.G.S. In the last two months these French troops have removed about 80 miles of state owned wire under the orders of their Commanding Officer, Colonel CHILLE. The work of the section is hampered by shortages of wire and solder, and poles are almost unobtainable.

Q. TRANSPORTATION.

39. The inland road haulage is suffering severely from lack of tyres, tubes and vulcanising or repair materials. Of the 600 IMT vehicles approximately 100, otherwise in good running order, are off the road for lack of tyres. There are 3,71 registered civilian load-carrying vehicles for control of which the Italian government consortio scheme is awaited.

40. The Island railway system continues its rehabilitation. On 31 MAY 31 major repair jobs were in hand, of which 11 have now been completed. The PALERMO-MESSINA gap which is covered by road transport is now reduced to 19 miles, and the line to MARSALA from PALERMO via TRAPANI is now opened. 1 DIESEL 50 locos and 800 cars are in process of despatch to the Mainland.

R. FINANCE.

41. Revenue is in a healthy condition generally, and all provinces show an increase.

42. Industrial loans and Real Estate are inactive. Commercial loans show a slight increase, but a degree of business is kept underground by blackmarket operators and is not handled by the Banks. Deposits are increasing.

43. The financing of the grain harvest awaits the government decision on subsidy. The Bank of SICILY is attempting to corner all this business, amid protests from the other banks.

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

Declassified E.O. 12356 Section 3.3/NND No. 785216

Q. TRANSPORTATION.

39. The island road haulage is suffering severely from lack of tyres, tubes and vulcanising or repair materials. Of the 685 HMT vehicles approximately 100, otherwise in good running order, are off the road for lack of tyres. There are 2,71 registered civilian load-carrying vehicles for control of which the Italian government consortio scheme is awaited.

40. The island railway system continues its rehabilitation. On 31 MAY 81 major repair jobs were in hand, of which 11 have now been completed. The PALERMO-MESSINA gap which is covered by road transport is now reduced to 19 miles, and the line to MARSALA from PALERMO via TRAPANI is now opened. 1 DIESEL 50 locos and 600 cars are in process of despatch to the Mainland.

R. FINANCE.

41. Revenue is in a healthy condition generally, and all provinces show an increase.

42. Industrial loans and Real Estate are inactive. Commercial loans show a slight increase, but a degree of business is kept underground by blackmarket operators and is not handled by the Banks. Deposits are increasing.

43. The financing of the grain harvest awaits the government decision on subsidy. The Bank of SICILY is attempting to corner all this business, amid protests from the other banks.

44. The possibility of an issue of War Savings Certificates or a Long Term Liberation Loan has been discussed and is regarded as unlikely to be profitable.

45. Forgeries - A further forgery plant issuing 1000 500 lire notes has been seized in PALERMO. In addition a new type of forged 100 lire note is now in circulation being distributed by street hawkers. The Banks turned in about 800 counterfeit 1000 lire notes during JUNE.

S. PROPERTY CONTROL.

46. The ownership of the newspaper CORRIERE DI SICILIA is claimed by the liquidator of dissolved fascist organisations. The title is under investigation with a view to returning the machinery and plant to the State.

T. A.M.G. ISLANDS.

47. Military government of PANTELLERIA, LAMPEDUSA and LINOSA continues satisfactorily and supplies are adequate.

U. PERSONNEL.

48. During the month the following have been called away to serve on the mainland

	British	U.S.
officers	18	18
E.M./O.Rs	21	21

V. CONCLUSION.

49. The problem facing SICILY is the collection of the grain harvest. The machinery is there, but it is backed by a very small degree of force should such be called upon, and Region I Headquarters staff is now too limited to have an appreciable effect down to communes. To ensure collection there must be direction on the ground and, in a final resort, military force available to concentrate in certain areas of maximum grain production. Meanwhile, by strengthening the Italian administration in every possible way, and by relying on the Carabinieri as the main means of enforcing collection, grain will begin to arrive in the Granai del Popolo.

A.N. HANCOCK
Colonel
Regional Commissioner

MF
JULY 44.

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

49. The problem facing BRUNY is the collection of the grain harvest. The machinery is there, but it is backed by a very small degree of force should such be called upon, and Region I Headquarters staff is now too limited to have an appreciable effect down to Communes. To ensure collection there must be direction on the ground and, in a final resort, military force available to concentrate in certain areas of maximum grain production. Meanwhile, by strengthening the Italian administration in every possible way, and by relying on the Carabinieri as the main means of enforcing collection, grain will begin to arrive in the Granai del Popolo.

A.N. HANCOCK
Colonel
Regional Commissioner

MF
JULY 44.

2092

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

Declassified E.O. 12356 Section 3.3/NND No. 785014

~~MONTHLY REPORT ON ECONOMIC AFFAIRS IN~~
~~THE EIGHTH ARMY AREA. MONTH JULY 1944.~~

AG Hour Eighth Army.

4 Aug 44.

SCAO 2 G Eighth Army.

1. General.

The rate of advance slowed down during the past month, mainly owing to the increased resistance offered by the enemy in the hills south of FOGGIA. By the end of the month, however, our occupation had extended to the whole of SICILY, two thirds of APULIA, most of CAMPANIA, the whole of BASILICATA and a fair portion of CALABRIA. The total population under our administration was therefore approaching 2,000,000.

2. Agriculture.

These provinces are all agricultural and have had good crops of wheat. They have so far been little disturbed by war; inflationary tendencies in farm prices are not marked except where livestock are concerned. It is currently reported that a pair of young oxen cost Lire 100,000 to 125,000 lire which is over ten times the pre-occupation price and perhaps four times the price prevailing a year ago.

A disturbing element during the month was the series of conflicting decisions concerning the price of grain. These had been fixed at 900 and 1,000 lire per quintal for soft and hard wheat respectively before the spring offensive at CASSINO opened. On 9 July 44, however, when we had already swept over a dozen provinces, ACC suddenly announced that these prices applied only to SOUTHERN ITALY. Instructions were to be issued to destroy proclamations, orders, posters and notices, and to withdraw all our undertakings to the farmers in the newly occupied area. Fortunately the face of A.M.G. was saved at the last moment by the revocation of the decision on 13 July, apparently at the instance of the Italian Government.

Organisation of the central and provincial agricultural committee proceed satisfactorily. It is however too early yet to assess their effect on the grain collection campaign.

In MATERA there is a surplus of 3,000 tons of grain carried forward from last year and the promise of another 40,000 tons to be collected this harvest. In MOLISE about 1,000 tons remain and some 50,000 tons are expected. Figures for SICILY, APULIA and CALABRIA are not yet available.

3. P.O.L.

Shortage of P.O.L. for threshing continues to be the worst feature of the supply situation. In the forward areas, the Army, whose L of C is stretched to the uttermost, can undertake to do no more than allow us the minimum ab-

have so far been little disturbed by [illegible] prices are not united except where livestock are concerned. It is currently reported that a pair of young oxen cost 100,000 to 125,000 lire which is over ten times the pre-occupation price and perhaps four times the price prevailing a year ago.

A disturbing element during the month was the series of conflicting decisions concerning the price of grain. These had been fixed at 900 and 1,000 lire per quintal for soft and hard wheat respectively before the spring offensive at CASSINO opened. On 9 July 44, however, when we had already swept over a dozen provinces, AOI suddenly announced that these prices applied only to GOVERNMENT STOCK. Instructions were to be issued to destroy proclamations, orders, posters and notices, and to withdraw all our undertakings to the farmers in the newly occupied areas. Fortunately the face of A.M.G. was saved at the last moment by the revocation of the decision on 13 July, apparently at the instance of the Italian government.

Organisation of the communal and provincial agricultural committee proceed satisfactorily. It is however too early yet to assess their effect on the grain collection campaign.

In MACERATA there is a surplus of 3,000 tons of grain carried forward from last year and the promise of another 40,000 tons to be collected this harvest. In PERUGIA about 1,000 tons remain and some 30,000 tons are expected. Figures for SIENA, AREZZO and ANCONA are not yet available.

3. P.O.L.

Shortage of P.O.L. for threshing continues to be the worst feature of the supply situation. In the forward areas, the Army, whose L of C is stretched to the utmost, can undertake to do no more than allow us the minimum absolutely essential for public utilities e.g. milling, street cleaning and food transport. The discovery of small enemy dumps and the opening of the CIVITA CASTELLANA railhead on 7 July gave some relief but the general picture is still one of acute shortage.

On the ADRIATIC coast our provinces have been fortunate. The railhead is less crowded than the TYRRHENIAN line which, with very limited carrying capacity has to maintain a whole army in the field.

The following is a summary of deliveries of P.O.L. for civil consumption according to most recent information.

(509)

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

PROVINCES

Rieti	32 tons
Terni	91 "
Perugia	50 "
Arezzo	.6 "
Siena	.5 "
Pescara	19 "
Ancona & Macerata	109 "

4. Food supplies.

On both sides of the Apennines our provinces are generally speaking adequately supplied with local grain. AREZZO CITY, much battered by war, has needed supplies of flour and parts of SIENA PROVINCE, although possessing grain, have also required assistance owing to the breakdown of electric milling and inadequate water for the others. In PERUGIA province the milling situation has improved and the province is self supporting.

In MACERATA almost the only mill working is in the capital city, but this can cope with most of the rationed population of that rural province.

5. Miscellaneous Food Supplies.

In agricultural areas the principal cry is now for salt, sugar, oil and soap. Until the arrival of the railhead at CIVITA CASTELLANA our situation in this respect was very bad. The ADC depot at ORVIETO possessed hardly anything but flour and the first truckloads to arrive at the railhead exasperatingly contained the same commodity. During the period up to 21 July however (when operation of the railhead was handed over to Region IV) the following supplies had been received at CIVITA CASTELLANA and divided between the provinces of RIETI, VITERBO and TERNI.-

CIVITA CASTELLANA Tons received	3 - 21 Jul 44. Commodities
230	Flour
54	Sugar
17.5	Salt
110	OCL

PERUGIA, apart from isolated consignments from ORVIETO or CIVITA CASTELLANA had to await the opening of the ASSISI railhead on 24 Jul 44. Here again our experience has been most disappointing and for the first four days, lorries and men idled away their time at railhead with nothing to do. This now appears to have been due to the excessive delay of railcars in transit, although there is also a suspicion that some may have been off loaded at CIVITA CASTELLANA. The following table, however, illustrates the seriousness of the shortfall in supplies.

ASSISI RHD. 24 - 30 Jul 44.

Declassified E.O. 12356 Section 3.3/NND No. 785014

cope with most of the retained population of that rural province.

5. Miscellaneous Food Supplies.

In agricultural areas the principal cry is now for salt, sugar, oil and soap. Until the arrival of the railhead at CIVITA CASTELLANA our situation in this respect was very bad. The ANC depot at ORVIETO possessed hardly anything but flour and the first trucloads to arrive at the railhead exasperatingly contained the same commodity. During the period up to 21 July however (when operation of the railhead was handed over to Region IV) the following supplies had been received at CIVITA CASTELLANA and divided between the provinces of RIETI, VITERBO and TERNI:-

CIVITA CASTELLANA Tons received	9 - 21 Jul 44. Commodities
200	Flour
34	Sugar
17.5	Salt
110	POL

PERUGIA, apart from isolated consignments from ORVIETO or CIVITA CASTELLANA had to await the opening of the ASSISI railhead on 24 Jul 44. Here again our experience has been most disappointing and for the first four days, lorries and men idled away their time at railhead with nothing to do. This now appears to have been due to the excessive delay of railcars in transit, although there is also a suspicion that some may have been off loaded at CIVITA CASTELLANA. The following table, however, illustrates the seriousness of the shortfall in supplies.

ASSISI RHD. Commodity.	Programmed.	24 - 30 Jul 44. Received.
POL	70 tons	Nil
SOAP	20 "	Nil
SALT	25 "	Nil
SUGAR	30 "	14½ tons
D.VEG	20 "	Nil
M & V	30 "	11 "
SWAP MILK	Nil "	15½ "
TOTAL	175 "	41 "

On the Adriatic side, better rail facilities have resulted in a much improved picture - notwithstanding the long haul from APULIA to ORTONA where the railway has now stopped. The following table summarises latest available information on this subject:

ORTONA RHD. Commodity.	1 - 21 Jul 44. Received.
M & V	76

(209)

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

2096

	B/F	76 tons
MILK		
Evap.		23 "
Pdr.		51 "
SOAP		40 "
SUGAR		80 "
D.VEG.		80 "
SALT		39 "
	TOTAL	389 "

Redistribution of these commodities on the long northwards hauls to the provinces of MARCHE has been undertaken by one platoon of 100l GT Coy stationed at OSTUNA.

5. Rationing.

An unsatisfactory situation has arisen in our agricultural provinces owing to the increase of the bread ration in southern ITALY to 300 grammes. In such provinces as TERNI, PERUGIA and MACERATA where grain was (and is) plentiful, the germans continued the old Italian ration scale: viz, a basic ration of 150 or even 200 grammes of bread, plus pasta, plus liberal supplements for light, heavy and agricultural workers. Now, with the advent of Allied Military Government, these rations are to be slashed to a basic bread ration of only 200 grammes daily, with no pasta and the supplements restricted to only heavy workers directly connected with the war effort. At the same time the people hear constant propaganda of how the Italians in NAPLES and BARI get 300 grammes a day.

The final touch of bad propaganda is given by our choosing the same time to double the price of bread itself (i.e. from 2.80 to 5 lire per kilo) and then advising the farmers that we want their surplus grain to send it to the south where the bread ration itself is higher than in the province of origin!

Strong representations have been made to HQ ACC on this subject, but have all been rejected by the Economic Section of that body.

6. Operational Plans.

As part of our operational plan the ACC warehouse at SIENA has been built up steadily with the aid of Fifth Army and ACC transport. An ANG Supply Detachment with three platoons of our 9Z Coy is located nearby and has already distributed 147 tons to SIENA Province, 6 tons to SOUTHERN FLORENCE and 51 tons to AREZZO.

The main shortcoming of the present arrangements is lack of flexibility in control over intake into SIENA. Transport plies its way steadily backwards and forwards from SIENA and FERENTINO or SIENA and CIVITA VECCHIA, but there appears no one person who can control what it brings up from the ports. As a result the SIENA depot is hopelessly overstocked with dried vegetables and grossly understocked with olive oil, soap, sugar and salt.
If the feeding of FLORENCE is to proceed satisfactorily it is essential that the maintenance of this depot should be planned on a balanced programme which is

Declassified E.O. 12356 Section 3.3/NND No. 785014

continued the old Italian ration scale: viz, a basic ration of 150 to over 200 grammes of bread, plus pasta, plus liberal supplements for light, heavy and agricultural workers. Now, with the advent of Allied Military Government, these rations are to be slashed to a basic bread ration of only 200 grammes daily, with no pasta and the supplements restricted to only heavy workers directly connected with the war effort. At the same time the people hear constant propaganda of how the Italians in NAPLES and BARI get 300 grammes a day.

The final touch of bad propaganda is given by our choosing the same time to double the price of bread itself (i.e. from 2.80 to 5 Lire per kilo) and then advising the farmers that we want their surplus grain to send it to the south where the bread ration itself is higher than in the province of origin!

Strong representations have been made to HQ AOC on this subject, but have all been rejected by the Economic Section of that body.

6. Operational plans.

As part of our operational plan the ACC warehouse at SIENA has been built up steadily with the aid of Fifth Army and ACC transport. An ASC Supply Detachment with three platoons of our GT coy is located nearby and has already distributed 147 tons to SIENA Province, 6 tons to SOUTHERN FLORENCE and 51 tons to ARREZZO.

The main shortcoming of the present arrangements is lack of flexibility in control over intake into SIENA. Transport plies its way steadily backwards and forwards from SIENA and PIOMBINO or SIENA and CIVITA VECCHIA, but there appears no one person who can control what it brings up from the ports. As a result the SIENA depot is hopelessly overstocked with dried vegetables and grossly understocked with olive oil, soap, sugar and salt.
If the feeding of FLORENCE is to proceed satisfactorily it is essential that the maintenance of this depot should be planned on a balanced programme which is communicated to this headquarters; and that there should be speedy means of adjusting its intake to conform as nearly as possible with the requirements of the consuming areas.

2095

Dictated by Lt.Col.Spencer,RASC,and signed in his absence by

W.T.R. Capt.

Capt.RA
Sup. O.
AFF Eighth Army.

Declassified E.O. 12356 Section 3.3/NND No. 785016
2 A A 1

Declassified E.O. 12356 Section 3.3/NND No. 785014

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
REGION VIII

RAK/ap

6 August 1944

File : RVIII/94/30

SUBJECT : Monthly Report for July, 1944.

TO : Executive Commissioner, ACC.

1. GENERAL - a. Region Headquarters moved from Orvieto to the Casa del Fascio, Siena, 30 July 1944.

b. All of Region VIII territory, TOSCANA, is under Army control, except that part still controlled by the enemy. It is presumed that SCAOs of Armies report on activities for which they are responsible.

c. The provincial teams for the provinces of Grosseto, Siena, Arezzo, Livorno, and Pisa are in their provinces, under Army AMG control. The team for Firenze Province is south of its province under orders of AMG Eighth Army. The Provincial Commissioners and the specialists, in so far as available, for Lucca Province and Pistoia Province are standing by at Grosseto and Region Headquarters, respectively, subject to call by AMG Fifth Army. The remaining officers of each of these provincial teams, are ready to join their teams on 24 hours notice. At present, they are being used in other provinces.

d. Communication is maintained with HQ ACC, HQ AMG Fifth Army, and HQ AMG Eighth Army by couriers from this Headquarters; and by motorcycle courier from HQ ACC, who carries official mail only. With the limited transportation and personnel available this courier service has been a burden, but no other means were available until July 30. Telephone communication was available from Siena upon arrival; but has since been discontinued. It is anticipated that telegraph communication will be available soon.

2. SUMMARY OF SALIENT ACTIVITIES - a. Political Reactions and Popular Opinion. - See reports of SCAOs Fifth and Eighth Armies.

b. Local Government - Provincial. - See reports of SCAOs Fifth and Eighth Armies.

c. Economic Resources and Supply. - (1) The Provincial Supply Officers all work under orders of SCAOs of Fifth and Eighth Armies.

(2) The Economics and Supply Division has been able with the consent of AMG Fifth Army and in the area of that Army, to arrange for reserves of food; to assist with the provision and distribution of POL for agriculture; to locate and report enemy stocks; and to report upon particular mills, industries, and olive oil

c. The provincial teams for the Provinces of Grosseto, Siena, Arezzo, Livorno, and Pisa are in their provinces, under Army AMG control. The team for Firenze Province is south of its province under orders of AMG Eighth Army. The Provincial Commissioners and the specialists, in so far as available, for Lucca Province and Pistoia Province are standing by at Grosseto and Region Headquarters, respectively, subject to call by AMG Fifth Army. The remaining officers of each of these provincial teams, are ready to join their teams on 24 hours notice. At present, they are being used in other provinces.

d. Communication is maintained with HQ ACC, HQ AMG Fifth Army, and HQ AMG Eighth Army by couriers from this Headquarters; and by motorcycle courier from HQ ACC, who carries official mail only. With the limited transportation and personnel available this courier service has been a burden, but no other means were available until July 30. Telephone communication was available from Siena upon arrival; but has since been discontinued. It is anticipated that telegraph communication will be available soon.

2. SUMMARY OF SALIENT ACTIVITIES - a. Political Reactions and Popular Opinion. - See reports of SCAOs Fifth and Eighth Armies.

b. Local Government - Provincial. - See reports of SCAOs Fifth and Eighth Armies.

c. Economic Resources and Supply. - (1) The Provincial Supply Officers all work under orders of SCAOs of Fifth and Eighth Armies.

(2) The Economics and Supply Division has been able with the consent of AMG Fifth Army and in the area of that Army, to arrange for reserves of food; to assist with the provision and distribution of POL for agriculture; to locate and report enemy stocks; and to report upon particular mills, industries, and olive oil presses.

(3) For stocks on hand in provinces; the handling of food supplies; handling of POL; and CIP activities, see reports of SCAOs of Fifth and Eighth Armies.

d. Agriculture, Forestry, and Fisheries. - The two Agriculture Officers assigned to this Region, and the two other officers lent to the Region for collecting grain, have all been working under Army SCAOs. For further agriculture data, see reports of SCAOs of Fifth and Eighth Armies.

e. Labor. - At the request of the Provincial Commissioner the Labor Officer investigated the mine labor situation in Grosseto Province and found no immediate cause of difficulty. He has offered his services to the SCAOs of Fifth and Eighth Armies. For further labor data, see reports of SCAOs Fifth and Eighth Armies.

f. Public Safety. - (1) The Public Safety Division of this Headquarters has maintained close contact with Army AMG units.

(2) With the approval or at the request of the SCAOs of Fifth and Eighth

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

Armies, this Division has done much to secure, transport, and maintain Carabinieri for use by Fifth and Eighth Armies. A total of 70 officers, 900 men are in the Region, including the commanding officers of the Livorno and Firenze legions and also including 200 CC.RR permanently assigned to Armies. The organization and operation of the CC.RR are hampered and delayed by lack of telecommunications and transport. A CC.RR Replacement Center has been established at Grosseto. 336 CC.RR have reported to the Replacement Center, of these all but 28 are being or will be issued.

(3) For further details relative to Public Safety and the functioning of courts see reports of SCAOs Fifth and Eighth Armies.

h. Public Health. - The personnel of the Public Health Division, including Red Cross representatives, have been engaged continuously on projects of health, sanitation and welfare, under direction of SCAOs of Fifth and Eighth Armies. Refugee matters have also been handled by this division. For further data, see reports of SCAOs Fifth and Eighth Armies.

i. Education. - The Regional Education officer, with the consent of AMG Fifth Army, has commenced the organisation of Italian education officials in Grosseto Province and investigated the text book situation there. In the Eighth Army area, it was not until 30 July that consent was given for him to operate. Since then, data on the availability of supplies for the printing of text books have been obtained, and the situation is good, electric power being the only important deficiency. For further data, see reports of SCAOs Fifth and Eighth Armies.

j. Refugees. - See reports of SCAOs Fifth and Eighth Armies.

k. Communications. - (1) Road.- (a) 40 WD 3-ton motor trucks have been allotted to and received by this Region. Until the Region has responsibility for civil supply the bulk of these vehicles are being sub-allotted to Provinces, where they are usefully employed for food supply and to assist the agriculture program.

(b) The Region Transportation Officer has with the knowledge of Fifth Army AMG assisted in the organization of civil transport, including both civil officials and vehicles.

(2) Rail.- none.

(3) Telecommunications.- No civil telecommunications are in operation in this Region. The Regional Telecommunications Officer has surveyed the damage done to telephone and telegraph systems in most of the larger cities occupied; and has reported upon the possibilities of repair. He awaits authority from Armies to proceed with preparations for renewal of service.

(4) Postal.- Civil postal service is not operating in this Region. Preliminary preparations have been made to facilitate its early establishment.

l. Property Control. - The Region Property Control Division, with the approval of SCAOs of Armies, has been continuously and profitably employed. It

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

Fifth Army, has commenced the organisation of Italian education officials in Grosseto Province and investigated the text book situation there. In the Eighth Army area, it was not until 30 July that consent was given for him to operate. Since then, data on the availability of supplies for the printing of text books have been obtained, and the situation is good, electric power being the only important deficiency. For further data, see reports of SCAOs Fifth and Eighth Armies.

j. Refugees. - See reports of SCAOs Fifth and Eighth Armies.

k. Communications. - (1) Road.- (a) 40 WD 3-ton motor trucks have been allotted to and received by this Region. Until the Region has responsibility for civil supply the bulk of these vehicles are being sub-allotted to Provinces, where they are usefully employed for food supply and to assist the agriculture program.

(b) The Region Transportation Officer has with the knowledge of Fifth Army AMG assisted in the organisation of civil transport, including both civil officials and vehicles.

(2) Rail.- none.

(3) Telecommunications.- No civil telecommunications are in operation in this Region. The Regional Telecommunications Officer has surveyed the damage done to telephone and telegraph systems in most of the larger cities occupied; and has reported upon the possibilities of repair. He awaits authority from Armies to proceed with preparations for renewal of service.

(4) Postal.- Civil postal service is not operating in this Region. Preliminary preparations have been made to facilitate its early establishment.

l. Property Control. - The Region Property Control Division, with the approval of SCAOs of Armies, has been continuously and profitably employed. It has accomplished much especially in Siena where the records of all Allied property in Toscana, except those for the Province of Firenze, are kept. For further data see reports of SCAOs of Fifth and Eighth Armies.

m. Finance. - Accounting forms have been furnished each provincial Sub-accountant. With the approval of SCAOs of Armies the Regional Revenue Officer is handling all matters of Italian state revenue, reporting to Army SCAOs. For further data, see reports of SCAOs Fifth and Eighth Armies.

2096

ROBERT G. KIRKWOOD,
Colonel, F.A., U.S.Army,
Regional Commissioner.

Declassified E.O. 12356 Section 3.3/NND No. 785019

2452

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

SUMMARY OF JULY REPORT BY EDUCATION

I. Problems in Italian Territory.

The most pressing pedagogical problems in relinquished territory are: school buildings still to be derequisitioned, old or inactive or undependable provveditori, expurgated epuration, and absence of agricultural children from school.

II. One Man Is one Car for one Month.

In AMG territory Captain Pratt has demonstrated what capacity and transportation can combined produce. In the devastated Province of Littoria, and against the deep undertow of good old summer time, he has opened all elementary schools save one, with seventeen thousand children in attendance, and all secondary schools save two, with two thousand children. He has transported several hundred teachers from Rome and has inspirited them to primitive living and high thinking. He has dug school officials out of academic fox-holes or, like Dan Matthews, has called them from the hills, to man the trenches against ignorance. 72 officials have been vetted and 21 dismissed. School lunches have been brought to six communes, and 3,900 textbooks for each of the elementary grades.

III. Yes, We Have no More Bologny at Rome (University).

Rome University is now pure, already to the tune of 76 promoters and more to come. Even the process of purification has been kept pure from politics. The Ministry has its own epuration committee appointed, and also a National Commission for all Italian universities. The hunt is on, but not for witches -- nor is it likely to discover any wizards among the shabby intellectual prostitutes of so putrid a pretence-economy of the mind.

2092

2453

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Education Subcommission

EDUCATION
REPORT FOR MONTH OF JULY

Introduction.

Two events of pedagogical irrevelance furnish the setting for this July report of the Education Subcommission. First, the Commission followed by the Italian Government moved to Rome, where at last and indeed for the first time the Ministry had facilities to begin to fulfill our hitherto unrealistic but strategically maintained expectations upon it. Second, the schools of most of Italian territory closed their first year of liberated work, furnishing us fit occasion for this somewhat more comprehensive report, the first vacation month of the liberation, Anno I, F.F. (after Fascism).

When schools re-open in the autumn, they will open upon a wider front, it may be upon a genuinely national front; and they will certainly open more directly under the management of the Italian Government. In anticipation of that happy event, our report for the month of July will fall into three divisions, logical in nature but geographical in name: (1) Education in Italian Territory, (2) Education in Allied Territory, and (3) Education in transition from Allied to Italian influence.

A EDUCATION IN ITALIAN TERRITORY

1. The Year in Review.

Since the schools had opened earlier in Sicily, they closed later in the Peninsula, continuing in the latter portion until the middle of July. The first liberated year has been, educationally speaking, a season of plain living though not always of the highest thinking. It was a period of many shortages: in cold fact about the only thing on which the schools had been "long" were "shortages" themselves. These lacks ranged all the way from children (especially in Sicily and Sardinia+ where making a hard living outweighed the lure of ancient lore) to school houses, which have a singular attraction for the military long after the battle passes, on to refugees regardless of nationality, and at last to agriculturalists who now shoot surplus grain into the houses where young ideas were supposed to be trained to shoot.

+ From Sardinia, our Education Officer, Captain WADSTAFF, with a curiosity which looked under the chip of formal figures, reports this fact: whereas the statistics quoted for the year showed some 70% of children in the elementary grades in attendance, daily inspection revealed that, beginning with the 4th grade and extending through the 5th and last elementary year, less than 10% of the children enrolled were present in school. This economically profitable misuse of these students tells a pathetic story if not of child labor then of cultural loss to the nation.

2091

2454

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

And yet, in true perspective, this has been an unprecedented year, ending with good as it began with evil. Where else have school buildings, so soon after battle, been improvised, teachers collected without visible transportation, instruction carried on minus blackboards, no chalk, few notebooks, and textbooks purified without being in turn sweetened with counter-propaganda — and all this done so quickly as to save the majority of co-belligerent children from missing so much as a single grade in school? Let it be added, too, even if malodorously, that if all the fascist functionaries who in the process have been disabused from the schools were placed end to end, they would make — make a mess.

The year ended with certain written examinations which were the symbols of a return to higher standards throughout the domain of secondary education. The retiring Minister of Public Instruction, Omodeo, had moved to an immediate and complete restoration of all written examinations. It proved too much not only for Italian public opinion but also for the time available. The one written examination, in Italian, with which we settled with the present Minister as a token payment on the excellent principle of Omodeo, we had to send out through our mail in order to get the questions on time to the remotest provinces, if indeed we achieved that result in every case..

2. Outstanding Problems.

Meeting the shadow cast before by coming events, this Subcommission had already reduced its personnel to one officer for Regions I, II, VII. This roving Ambassador (Major G. R. KOOPMAN) has during the month covered, some of it twice, much of the territory of the three regions. He has talked with Regional Commissioners about educational problems, helped Provveditori with practical perplexities, reported to Headquarters upon locks and informed the Minister of Public Instruction in personal conferences where the Italian machinery creaks most loudly. Among other problems he reports these:

a) Great and continuing need for derequisitioning of University buildings at University of Bari and at Catania.
b) Unsatisfactory Provveditore at Brindisi; far from ideal one at Lecce; one who requires watching at Bari (especially as touching defascism); and absence or shortage of supervision at Cosenza and Reggio in Calabria.
c) Deplorable conditions at Taranto: no full-time Provveditore; schools over-crowded, inadequate playgrounds or none, and bad youth conditions in general.
d) Delay of textbook printing at Palermo due to shortage of ink and electricity, and due also to uncertainty of profit at what appears a marketable price for the school books.
e) Need of Ministerial circumspection for defascism as touching Professor Pugliatti at Messina.

3. Realistic Observations.

2090

At the month's end all these and other problems had been the subject of conferences with the Minister of Public Instruction, and remediable attention, so far as may be, is being directed to each of them. This

2455

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

Problem Spot of Italian Education (the South, in general, including Sicily and Sardinia) is on its way to such normalcy as can be achieved short of the complete withdrawal of troops, physical reconstruction of war damage, and economic amelioration. We have done for this section substantially what is possible in education short of a long phase of rehabilitation which belongs if not to the Italian Government exclusively, then to other Allied agencies than to the Education Subcommission. If more critical need develops further north, we shall feel free to withdraw the one officer who is left from this long depressed area of National culture. We do not hold ourselves responsible for the poverty, the illiteracy, the dense population, the undervision and the over-pride of these tired peoples of a dazed land. Not without sympathy but with a touch of mature realism, we cannot but observe that for others too easily to save the foolish from the consequences of their own folly (even if they could), is one sure way to fill the world with fools.

All of which is to say that most which can be done by outsiders, short of physical rehabilitation, has now been done by us in Southern Italy as touching education. We have worked hard upon the job of working ourselves out of a job in these parts. And what we have done here, we shall do with all possible expedition in all Allied territory -- until Italian schools are in the hands of Italian educators touched to sanity through our mission of fascistic purging.

B EDUCATION IN ALLIED TERRITORY

Introduction.

Our work in Region VIII had only begun as the month of July was ending; and in Region IX it was not yet advanced beyond the planning stage. Assignments of Education Officers to these regions were wisely made in terms of the officers who had trained for each region as far back as North Africa: Captain SAMUEL V. NOE for Region VIII and Captain WILLIS E. PRATT for Region IX. Education work in Regions III and part of V continued unabated until these regions passed to the Italian Government. It was in Region III, particularly, where the normal work, with a fairly adequate staff, in Allied Territory could best be seen. As Headquarters of this Subcommission left Naples for Rome at the beginning of the month, certain officers were left behind with the region to assist at furthering and liquidating projects which we had initiated in conjunction with Region III.

1. Initial Work in Region VIII.

By agreement with the 5th Army AMG, and later permission from the 8th Army AMG, the education officer of Region VIII (Captain NOE) was able to get certain work under way in the month of July. In Grosseto Province, the old and less suitable Provveditore was supplanted by a younger and more active candidate. He was instructed in his duties, inducted into office, and assisted in reestablishing the provincial educational seat at Grosseto, from which it had been moved. In Siena Province a more fortunate deployment of personnel than is usual facilitates our educational work. Lieutenant CRICHTON, who had long and valuable education experience in Sicily, has been designated by the Regional Commissioner as Education Officer for the Province. Finding no agitation against the incumbent Provveditore, he has

2456

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

been kept in office pending a more thorough investigation. An Acting Rector of the University of Siena has been installed as provided by law and in anticipation of a visit to the University from Headquarters. Of more general importance is the discovery in Siena Province of 15 tons of text-book paper, which have been blocked, plenty of ink, lead, and other pre-requisites for printing -- and a near-by paper mill ready to function (if electricity can be made available) and with waste paper enough in storage to manufacture all the additional paper required for school books for the entire region.

2. Continuing Work in Region III.

In addition to the normal routine work, Region III Education Officer (Captain PAUL L. HEILMAN) has instructed the Provveditori in Provinces outside of Naples Commune (which remains AMG) as to the new relation which they sustain to him and now particularly to the Minister of Public Instruction. Conferences were held with them also as to the facilitation of what is always a large problem and is now greatly augmented, the problem of transferring teachers as between Allied and Italian Territory. He has acted as liaison officer between the University of Naples and the Education Subcommission which is charged with direct responsibility for certain of the top activities of the University.

Naples Commune is in such order as touching education that it could, and should, be turned over to the Italian Government, direct control of the Fort notwithstanding. The educational ambivalence is both unnecessary and uncomfortable. Certain activities which the Subcommission had initiated in Naples as demonstrations to all regions of what could, or could not, be done with our limited personnel, were left with Captain BEARD and certain civilian employees to be continued or liquidated, as seemed fit and proper. Typical of these were the Boy Scout program. The local Rotary Club of Naples, itself in part a result of our encouragement but awaiting a charter from the Rotary International, eagerly became the sponsor of the Boy Scouts pending the organisation of a National Council for the scouting interests in Italy. Thus the unaffiliated becomes the sponsor of the unattached. This arrangement is symbolic of the suspended animation of the Italian nation whose fascism is not yet wholly dead and whose democracy is not yet fully vital. Leaving further Scouting to those who are to undertake Italian rehabilitation, the Naples experiment is thriving locally with its own Council and a leadership training program in operation. It may subsequently become the nucleus of a far-reaching new wholesomeness for Italian youth.

3. Work in Region V.

Major CHARLES J. ERET has done splendid work for Education in Region V, though his assignment and first responsibility has been and is to Welfare. The Public Health Subcommission has graciously permitted this division of his time, and education has profited from his labor of love for it. With the extension of the Region through the advance of the 8th Army, Lieutenant SIMONI went into the territory with transportation and together these two officers are making ready the educational machinery and looking forward to the opening of schools in the autumn: meantime, ridding the school system of the worst of the fascists, finding and appointing the best men available

2457

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

for provveditori and presi_, setting up committees to hear peals from summary epuration proceedings, clearing school houses -- and the thousand and one things routine but indispensable for mass education.

C EDUCATION IN TRANSITIONAL ZONE

Introduction.

It was clear from the beginning that Rome area, and probable that the whole of Region IV, would pass more quickly than most regions from a zone of battle through AMG to the Italian Government. This made expedition necessary in the work which was to be done under Allied initiative for Education. We resolved therefore to throw into this task heavy artillery and as much of it as could be spared. Colonel HENRY ROWELL had dropped off from the 5th Army AMG as Education Officer for Rome, and Major C. W. WASHBURNE came up as Education Officer for Region IV. Through a happy functional adjustment between them each of these officers was left free to concentrate upon that aspect of education in which he was most proficient for the combined regions. In addition, Captain WILLIS PRATT, Captain F. P. GREGORY and Lieutenant SIMONT were made available as collaborators in the expedition required. In order to have the schools in smooth running order for the next academic session and meantime to prevent the necessitated skipping of a year by the children involved, it was dicided to do the unprecedented thing in Italian education: to hold school throughout the summer where schooling had been maintained for less than four months the past year. This meant beginning at once with Littoria and Frosinone Provinces and working north in the wake of the retreating enemy to start the educational machinery grinding, heat or more heat, no houses or less than no houses.

To indicate the detailed work which goes on underneath the generalities of a monthly summary, we present a fairly full account of the reorganisation of a single province of this territory so newly acquired from the Germans and so shortly to be restored to the Italians. We pick Littoria, where the prosaic passer-by sees now much water and the contemplative romantic remembers but history made into imperial baloney from what appears to the tourist in Piazza Venezia but a pusillanimous little balcony. What we present is but a sample; for what happened in Littoria under Captain PRATT's energy and strategy through July was duplicated in Frosinone Province, is now happening in Rome, and is in process of consummation under Captain GREGORY's direction in the provinces of Region IV north of Rome. Moreover, it is the story of what will continue to happen to the north of North: the story of what an organisation can do which has profited from its own mistakes, is on its toes, and anticipates with due tactics the hour of action. (The following account is that of Captain PRATT, Deputy Director of Region IV.)

There is one material moral that should be drawn before and after this telling. And that is that without transportation little, and with transportation much, can be accomplished. Major WASHBURNE, Education Director of Region IV managed (there is a word for it, but not an "educated" word) cars not only for his own officers (not forgetting the Subcommission itself) but also in fair measure for the key Italian educational officials through whom our work must be done or left undone.

1. General Situation in Littoria Province.

2057

2458

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

a) The temporary Prov..ditore agli Studi has been repl..d by a permanent school superintendent, Professor Ferri Armando.

b) The provveditorato has been reorganised and records and files put in order. Except for a ragioneri the staff of the provveditorato, fourteen in number, has been appointed.

c) Two new inspectors and five temporary Direttori have been appointed to fill the posts of five of the nine circoscrizioni which have no heads at the present time. Eleven temporary presidi have been chosen to fill vacancies existing in the sixteen secondary school posts.

d) Vetting of personnel has been brought up-to-date with the screening of seventy-two persons, twenty-one of whom have been dismissed. Card files of personnel screened have been prepared for the Education office, the Provveditorato and the Education Subcommission.

e) The Hearing Commission meets weekly and considers cases of suspended personnel.

f) Several hundred members of the teaching staff have returned to their posts during the past month, many of these being transported by facilities furnished in Rome by Region IV.

g) Instructions have been sent to Sindaci concerning the provision of school building facilities.

h) All elementary schools are open at the present time except at Aprilia: seventeen thousand children, approximately 54% of normal, are now in attendance.

i) All thirteen Media Inferiori and Superiori Schools are open, 12 of the fourteen technical and avviamento schools and the three magistrale schools. Two thousand students or approximately 81% of secondary school students are in attendance. Examinations for secondary schools have been arranged for 10 August 1944.

j) Authorization has been given for the reopening of two private schools and eight asili.

k) Programs of Study have been supplied for each type of elementary and secondary school except the Avviamento Professionale.

l) 3.900 textbooks and 1.000 quaderni have been distributed through the Provveditore agli Studi. Other texts will soon be brought from Rome. Some materials of instruction have been found in the Provveditorato and in some of the schools of the province.

2086

m) In many communes most buildings have been destroyed and temporary locations have been required for school purposes. In a few cases classes are held out-of-doors.

n) Budgets for the month of July and for the following three months

2459

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

period have been prepared and approved. Teachers have been paid in most instances for June and July.

o) Arrangements have been made for serving school lunches to elementary and asili pupils in six communes. Others will start shortly.

p) Adult classes in English are organized in Littoria and other classes included in the curricula of some secondary schools for the first time.

q) A new provincial education officer should be appointed to assume responsibilities of this division when the present officer leaves.

2. Provveditore agli Studi.

The Provveditore agli Studi, Professor Cassetti Emilio has displayed unusual administrative ability in reorganising the schools of the province and much that has been accomplished could not have been done without his help. Because of the adverse criticism of perhaps a few, but influential people in the province, he has asked to be relieved of this post. Arrangements have been made for his appointment to a professorship in a Liceo in Rome City.

A letter of dismissal was forwarded to the former Provveditore agli Studi Professor Medolla Liborio and the documents of the office were transmitted to the present provveditore agli Studi.

With the advice of Major WACHSMUTH a new Provveditore agli Studi has been permanently appointed to assume his duties on 31 July 1944. The new provveditore, professor Ferri Armando, served as Provveditore agli Studi in the province of Como and more recently at Viterbo.

3. Provveditorato.

Since no officials were found in the provincial school office here upon our arrival it has been necessary during the past month to reconstitute an entirely new staff. With the exception of a Ragionieri, this staff is now complete. A ragionieri has been selected with the help of the Ministry and will assume his duties within the next few days. Total staff now includes 14 persons.

The provveditorato, which had been badly damaged and destroyed by the Germans, has been reorganised and is now in good condition. The furniture was found in other offices of the city and returned. The records have been sorted and filed and are now in fair order.

Arrangements have been made for the use of an automobile by the Provveditore agli Studi with the Prefect of the Province. 2085

4. Administrative Personnel.

Formerly two inspectors of elementary schools were employed in the province, neither of whom was present upon our arrival. In one post a

12460

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

temporary inspector, Terol Carlo, has been appointed and to the other post an Inspector in Frosinone Province who formerly served in this province, Montiana Oddini, was transferred.

In the Province are nine circoscrizione each headed by a Direttore. Upon our arrival here however not one was present and it was necessary to make temporary arrangements. During the past month four direttori have returned and five other temporary direttori have been appointed.

For the twenty-four secondary schools of the province there are normally nineteen presidi. Of these five have returned and temporary presidi have been appointed to fill the other posts.

5. Vetting Personnel.

Schede have been submitted for each administrative official and for all teachers about whom the provveditore had a question concerning their Fascist activities. Those whose Schede showed one or more positions held which were listed in the categories were suspended and others confirmed. In addition the Provveditore agli Studi was asked to prepare a list of those who had not submitted schede but who should be suspended.

In all seventy-two persons have been screened, twenty-one of whom were suspended. For each person confirmed a duplicate card file has been made, one copy sent to the Provveditorato and the other kept on file in the Provincial office. An additional card was made for each person dismissed and this filed with the Education Subcommission. All Schede have been filed with the Public Safety Officer with notations as to the action taken thus far.

6. Hearing Commission.

The Hearing Commission has met each Saturday morning in the office of the Education Officer and has heard to date six of the 21 persons suspended. This commission has recommended the retention in service of four, a continuation of the suspension in one case and in another has come to no decision. No other suspended persons have made appeals. The commission wishes to know what its responsibilities will be when this province comes under the jurisdiction of the Italian Government.

7. Return of Teaching Staff.

Most of the teaching staff has now returned to the Province. A large number of these were provided transport by the Regional Education office in Rome. More than 200 have made requests for additional stay and replies transmitted to them. At present approximately one hundred twenty teachers still remain in Rome with the permission of the Provveditore agli Studi.

8. Instructions to Sindaci.

A letter has been sent to each sindaco through the prefect requesting him to assist in finding appropriate locations for elementary and secondary schools. This has resulted in many cases in providing temporary structures for school purposes.

2461

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

9. Elementary Schools.

At the present time elementary schools are open in all communes of the province except at Aprilia. Here destruction has been so great that schools should not be opened until conditions are improved. Data for all the schools in the commune are not complete but it is estimated that there are now enrolled in the province approximately 17.000 children. In normal times there are 31.670 giving at the present time a percent of attendance of 54. Approximately 488 teachers are now in service, 411 of whom are di ruolo and 77 supplenti.

10. Secondary Schools.

All thirteen scuola inferiore and superiori schools in the province are open and are now functioning. In many cases it has been necessary to find temporary buildings or to find locations with other schools. Twelve of the other 14 secondary schools of the province including teatcale and avviamento schools are also open. The three magistrale schools are also open at the present time. In all it is estimated than 2.059 students out of a normal enrollment of 2.512 are now in attendance. This approximates 81 present of the normal enrollment.

Examinations for all secondary school students have been announced for 10 August 1944. These examinations will provide for those students who were unable to take examinations at the regular time in May and for those who are now completing the work of the 1943-44 school year.

11. Private Schools.

To date eight asili and two private schools have also been authorised. It may be necessary, because of transportation difficulties, to authorise temporarily other private secondary schools to care for students who formerly attended schools some distance from their homes.

12. Programs of Study.

With the exception of a Program of Studies for the Avviamento Professionale every school has now been provided with a course of study. In most cases children attend from 18 hours to 24 hours per week, the former made necessary when double sessions are utilised.

13. Textbooks and Supplies.

Textbooks and Quaderni have been brought to the province and sold by the Provveditori agli Studi in the absence of a local bookseller. To date 3.900 textbooks have been provided for each of the elementary grades. 2083.

At the present time a local bookseller has been found and arrangements made for the distribution of other books through this source. Such texts are now available through a publishing house in Rome for the first three grades.

Supplies of other quaderni and chalk were found in the provveditorato and in some of the schools. These have been distributed. Secondary school students in many places have found sufficient books in the community for their use and in other cases teachers have purchased books for their students in Rome.

12462

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

14. Communes.

During the month visits have been made to many of the communes of the province to reorganize schools and find suitable locations. Following is some information concerning the school situation in the communes visited:

a) At Cisterna practically every building has been destroyed and hence schools are housed in the remains of the local theater and in a garage which has been partially destroyed. A serious problem confronted here is finding adequate housing for teachers.

b) At Cori, which has suffered much destruction, almost a dozen rooms are available in that part of the school building which has not been destroyed by bombing.

c) At Aprilia almost all buildings were destroyed and most of the people evacuated. Conditions will not permit opening of schools here.

d) At Formia the opening of schools was delayed pending the evacuation of American troops from the old school building. This building will now house both elementary and secondary schools.

e) At Itri no rooms are available and school is held out-of-doors each day. Each teacher takes her pupils to a place near the town for class each morning.

f) At Fondi the sindaco has made temporary repairs and has provided approximately twenty-five rooms for both the elementary and secondary schools.

g) At Sezze the opening of schools was delayed by the occupation of all buildings by refugees. The sindaco was requested to make enough of these rooms available for school purposes.

h) At Sermoneta the school was not damaged but all benches were taken or destroyed. The sindaco was advised to bring benches from other schools in the country. An asilo was recently opened here.

i) At Terracina mines have made it impossible to use some of the school rooms which otherwise would be available. Rooms in other places are now being utilized.

j) At Gaeta a large apartment building houses the elementary and secondary schools. The Scuola Nautica was recently opened and a Marine School will soon be reestablished.

k) Schools at Pontinia and Sabaudia are operating on normal schedule. The schools at Sabaudia are housed in a very fine building which has been undamaged.

15. Finance.

Budgets for the month of June were submitted and approved and teachers paid in some communes. The Prefect was advised to arrange for payment of teachers in communes of the province where postoffices are not yet available. Budgets of three kinds are prepared as follows: 1) Provveditorato and secondary teachers di ruolo; 2) elementary teachers di ruolo and supplenti; 3) Supplenti and incaricati teachers in secondary schools. Payments are made by the Intendenza Finanza according to Italian Law. Sindaci have been advised to provide for the maintenance and operation of schools in their budgets and for the operation of asili and schools which are dependent on the Comune for support.

12463

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

16. School Lunches.

Arrangements were made for serving powdered soup to all children in the asili and elementary schools of the province. Approval of the Supply Division of A.C.C. and the Provincial Supply Officer were obtained. To date six communes have submitted requests and the program will be carried forward in the future.

17. English Classes.

Classes for the teaching of English to adults have been organized at Littoria with more than sixty enrolled. Other communes as at Formia including English in the curriculum of the secondary schools.

Transportation alone, which Capitals FRMT fairly had in Littoria, can thus turn ingenuity and effort into successful performance. One man one month in one car is better than five men five month and no car.

- + + + + -

18. A Sample University — Rome.

While this exemplary work has been going on in the schools, as allustrated by accomplishments in Littoria Province, educational reconstruction has been progressing in Rome itself. The primary and secondary schools functioned fairly throughout the year in Rome. So no effort has been made to keep these open through the summer, and consequently the activity in this field has been shaped toward a full opening of freed schools in the autumn.

The work in Rome which matches in urgency and advancement the accomplishments in Littoria is that connected with the great University at the capital. Here was the center of Fascist influence in the Higher Learning of Italy. Here favoritism was most favored and the echoes from the "Balcony Empire" reverbetrated most loudly if not always learnedly. Here it was necessary to make a demonstration, and to make it as quickly as possible. The Education Officer of Rome (Colonel ROWELL) lost no time in setting about the job. He and the Director of the Subcommission drew the Ministry of Public Instruction into the job's orbit from the beginning; for the Minister was himself a former rector of the University under Badoglio, and a lifelong scholar in its portals. All was done with accord so as to guarantee the completest continuity possible in returning the central university to health and influence. An Acting Rector was appointed, Professor Giuseppe Ceronia. A committee was picked with him as Chairman to make a survey and give advice upon the task of political purification. Racial laws were abolished and victims racial and political restored to university place. Twenty-five professors were made a wholesome example of immediately, to serve just warning of what would follow in the unfolding of justice. At the month's end another and longer list was ready for dismissal and suspension, and has already been acted upon. Meantime active consideration has been given to the planning of the activity of the purified University for the ensuing year.

19. Continuing Work at the University of Naples.

Meantime by remote control, as it were, the University of Naples

2464

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

has been kept on an even course. Following a flurry early in July over a threatened re-requisitioning of many of its buildings (a flurry in which echoes of "honorary" degrees reverberated), the University has closed its first year in a not unenviable position. Its epuration has been carried on, and all but completed, in a noiseless fashion through an advisory committee so well selected that later three of its seven members were elevated to the Cabinet. This Committee will be kept alive to assist the new national epuration machinery in its completion of the task of purification at Naples University.

20. Cultural Societies.

A Commissioner has been appointed for the Royal Geographical Society, for the Encyclopaedia Italiana, and for E.N.I.M.S.

The Royal Academy of Italy has been purged, is being revised under the ancient and distinguished name of Lincei, and the decree launching the new National Academy upon its honorable course is now passing through the Council of Ministers.

21. The Ministero.

The task was laid upon the Subcommission to see to it that the Ministry of Public Instruction was politically purged before it began its work of political purification. The Minister, Hon. Guido De Ruggiero, was easily prevailed upon to appoint a committee of three to supervise this work. He was among the first of the Ministers to do this. Meantime, he had cleared his ministry of all old faces at the top, and had dismissed all his central inspectors. They were all too closely enmeshed with the regime which had flown. The work of this Ministerial epuration commission will be lightened by a fairly complete dossier which central enterprising employees have already gathered upon themselves and one another.

The Minister has approved the techniques worked out by the Sub-commission of facilitating the transfer of teachers from Allied to Italian jurisdictions, and has confirmed our long seasoned procedures for defascis-ing the schools as we follow in the wake of the army. The Commissions set up the new Epuration Statute will through the Minister's authorization confirm or correct the work which we do as forerunners of the Italian Ministry. This close collaboration saves much duplication of effort and much energy from cross-purposes.

The heavy text-book program inflicted upon this Subcommission much against its will was progressively shifted during July to the shoulders of business men and professional managers under the responsibility of the Ministry of Public Instruction. Our committees to purge secondary text-books and to authorize, with proper priority, the requisite new journals, are as rapidly as possible being turned over to Italian hands. The Ministry has shown responsiveness to need and great responsibility for meeting needs with good judgment as to priority.

The Minister's earlier address to teachers and school people in general was the first well timed and properly persuasive appeal to the morale of the profession. The Director translated the address into English and distributed it to all Education Officers. In a subsequent interview the Minister has laid broader still the foundations for a peaceful Italy, glorying more in a civilised future than in a barbarized past. He has deferred radical reforms of curriculum and school organisation to a

2050

2465

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

constituent Assembly which he hopes to instruct. But, meanwhile, he is building with patient vision and effective strategy a foundation for an Italy among the nations, rather than a mere pretender either above or below the nations. The history of Italy he proposes to have rewritten so as to put high things first and low things last, in the long annals of this proud land.

22. Survey of Italian Education.

The survey of schools to the South began in spring doldrums is progressing through summer heat toward its autumnal harvest. The statistical forms are three-fourths in, a statistician is busy at reducing them, and Captain VESSELO is preoccupied with giving them a historical context. We hope to leave with the Minister of Public Instruction a fair record of what we found and how we left what we found in that Pedagogical Problem spot of Italy, plus at least some formulation of alternatives for the future. It is already apparent, from suggestions solicited on the forms themselves, that Italian proposals for Italian reforms move easily inside Italian limitations. While it is not our mission to give our co-belligerent new schools a la some misty Shangri-La, it is our privilege to develop alternatives in a non-provincial setting. This we plan to do at least for Southern Italy and Sicily, and present it in course for the consideration of the Minister.

D HOW TO KEEP FROM GROWING OLD AT EDUCATION

Conclusion.

To see Allied brains and high-placed talent worry time away over a cable, debating whether "Mideast" is via "ME" or is merely somewhere west of Suez....To wonder whether your nose-under-a-mile is admissibly en route to your car's garage so that you may be taking it to park rather than its taking you to eat....To be sniped at by shrewd sacerdotalism without protection from your own State and War Departments until courageous officers in the field investigate your work and give you the covering of truth: "no facts have been presented which would in any way substantiate any such implications -- "a grand and glorious feeling" for a soldier to be supported in his duty by superiors!.... To watch ambitious men play their present responsibility against the odds of political advantage for themselves back home....To have a mother demand of the Commission 15,000 lire as a down payment on a putative disease possibly caught in a fascist boy camp to which she herself had sent the son when the going was good, in 1939....To see historicity emphasized as the backbone of education and culture in a country which needs most of all to escape from its history.... To see intelligent men demonstrate, while wallowing in a sea of rumors, that when men know not what to trust, they trust they know not what.... To see scholars and gentlemen, albeit army officers, grind their wisdom teeth down a-worrying over indignities done 'em or decorations undone 'em....To see sensitive officers agree to keep actions on the [illegible] child....To overhear Confucius say: "A bee in the bonnet plus ants in the pants maketh even the most cultured of educators to hop about in haste".. To observe Italians ask special favors as though favoritism were in the Decalogue....To learn in Italy from Karl Marx that "the traditions of all past generations weigh like an Alp on the brains of the living"....

2466

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

To have one's own errors o[illegible]asto catch up with him while l[illegible]ing in leisure (e.g. this Subcommission's appointment of professors in Sicily out of course)....To observe how face-saving is soul-lifting to one whose jaw has grown jittery....To reflect that if the children of this world were half as wise in their generation as the children of light, AG would achieve half as much favorable publicity as the Successor of St. Peter.... To observe that AG ambition must be made of sterner stuff than flinches at every pinprick of a free press functioning freely....To discern amid the ruins at twilight the bullet-pocked maxims of fascism: "credere" (what?), "obbedire" (why?), "combattere" (whom?). Twilight passes into night without an answer.

20,0

HEADQUARTERS
ALLIED CONTROL COMMISSION
Legal Sub-Commission
APO 394

SUMMARY OF MONTHLY REPORT FOR JULY

OFFICE OF CHIEF LEGAL OFFICER.

Handling of all legal matters connected with restoration of territory as of 20 July 1944 and proposed restoration as of 15 August 1944; consideration of " sanctions against fascism " Decree and matters relating to unsatisfactory situation as to Italian Courts at Bari.

OFFICE OF CHIEF COUNSEL.

Preperation of general orders having to do with the agricultural and general economy of Italy.

ITALIAN BRANCH.

1). Defascistization decree approved and passed on 27 July 1944.
2). Re-organization of Ministry of Justice and High Court of Cassation well under way.
3). New legislation promulgated to meet present conditions and eliminate all traces of fascist republican enactments.
4). Judicial officials having taken refuge in Rome are gradually being reposted to their original seats.

OFFICE OF CHIEF JUDICIAL OFFICER.

1). Work at HQ and in the provinces was hampered by lack of personnel.
2). The BENTIVEGNA case was the first open General Court in Rome. As the accused was a communist and a patriot it became a political event.
3). In Naples from 22 December 1943 to 19 July 1944 the Allied Military Courts disposed of 25,961 cases.
4). Allied Military Courts in Rome have it is thought made a generally good impression.

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

Preperation of general orders having to do with the agricultural and general economy of Italy.

ITALIAN BRANCH.

1). Defascistization decree approved and passed on 27 July 1944.
2). Re-organization of Ministry of Justice and High Court of Cassation well under way.
3). New legislation promulgated to meet present conditions and eliminate all traces of fascist republican enactments.
4). Judicial officials having taken refuge in Rome are gradually being reposted to their original seats.

OFFICE OF CHIEF JUDICIAL OFFICER.

1). Work at HQ and in the provinces was hampered by lack of personnel.
2). The BENTIVEGNA case was the first open General Court in Rome. As the accused was a communist and a patriot it became a political event.
3). In Naples from 22 December 1943 to 19 July 1944 the Allied Military Courts disposed of 25,961 cases.
4). Allied Military Courts in Rome have it is thought made a generally good impression.

Richard H. Wilmer

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

14 Aug 44

:C.:

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
LEGAL SUB-COMMISSION
APO 394

ACC/4043/L. /rlp.

6 August 1944.

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

TO : Acting Chief Commissioner, ACC.

1. The work of this sub-commission during the month of July 1944 in addition to advisory and legislative work has been principally as follows:

OFFICE OF CHIEF LEGAL OFFICER:

2. Preparation of Documents A, B, C and D for restoration of territory to the jurisdiction of the Italian Government arranged for 20 July, including numerous conferences with Professor Forte, spokesman for the Italian Government, considering proposed forms of decree laws to carry out the terms of Document D and so forth; conferences with the Ministry of Justice at Salerno and Rome; arranging with MB & MG Section for printing and distribution of Documents B & C; conferences with Under Secretary of Interior on alleged error of translation which proved to be groundless; numerous conferences in connection with the decree proposed by Italian Government later known as sanctions against fascism; arranging for removal of Legal Sub-Commission from Salerno to Rome; conferences with Petroleum Section in regard to appointment of a Commissario for AGIP and examination of Italian Law in this regard; considering and conferring re numerous Regional and Administrative Orders of Rome Region and discussing with higher authority those clearly illegal; conferences with RC, Rome Region concerning certain of them; review of Allied Military Court cases; examination of records in spy cases; detailed consideration of personnel situation; preparation of letter to higher authority warning them of dearth of legal personnel to man regions north of Regions V and VIII; conferences with RLOs of Regions IV, VIII and ROME on various problems; consideration of Public Safety Sub-Commission situation obtaining at Bari because of unco-operative spirit of Italian military and civil courts there; preparing agenda of the details in connection with RLOs conference scheduled for 1st August; preparation of various directives issued to RLOs including directive to legal officers on restoration of territory to Italian Government; preparation of first draft of Documents A, B and C for restoration of additional territory to Italian Government as of 15 August; conferences with Acting Head of Administrative Section.

OFFICE OF CHIEF COUNSEL:

3. Conferences with and advice to various sub-commissions; preparation opinions for Sections and sub-commissions; study of agricultural decrees and conferences with Agriculture Sub-Commission and Economic Sec-

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

Government, considering proposed forms of decree [illegible] terms of Document B and so forth; conferences with the Ministry of Justice at Salerno and Rome; arranging with HC & MG Section for printing and distribution of Documents B & C; conferences with Under Secretary of Interior on alleged error of translation which proved to be groundless; numerous conferences in connection with the decree proposed by Italian Government later known as sanctions against fascism; arranging for removal of Legal Sub-Commission from Salerno to Rome; conferences with Petroleum Section in regard to appointment of a Commissario for AGIP and examination of Italian Law in this regard; considering and conferring re numerous Regional and Administrative Orders of Rome Region and discussing with higher authority those clearly illegal; conferences with HC, Rome Region concerning certain of them; review of Allied Military Court cases; examination of records in spy cases; detailed consideration of personnel situation; preparation of letter to higher authority warning them of dearth of legal personnel to man regions north of Regions V and VIII; conferences with RLOs of Regions IV, VIII and RCME on various problems; consideration of Public Safety Sub-Commission situation obtaining at Bari because of unco-operative spirit of Italian military and civil courts there; preparing agenda of the details in connection with RLOs conference scheduled for 1st August; preparation of various directives issued to RLOs including directive to legal officers on restoration of territory to Italian Government; preparation of first draft of Documents A, B and C for restoration of additional territory to Italian Government as of 15 August; conferences with Acting Head of Administrative Section.

OFFICE OF CHIEF COUNSEL:

3. Conferences with and advice to various sub-commissions; preparation opinions for Sections and sub-commissions; study of agricultural decrees and conferences with Agriculture Sub-Commission and Economic Section with respect thereto; preparation of General Order No. 51 extending Agricultural Decrees to Military Government Territory; making arrangements for posting General Order No. 18 (Jewish rights); conference Public Safety Sub-Commission, and preparation of General Order No. 24 (revised), Movement of Civilians; Conferences with Agriculture, Industry and Commerce and Food Sub-Commissions and preparation of final draft of General Order No. 28 (Declaration of Essential Supplies); conferences Food Sub-Commission and preparation General Order No. 30 (Price of Bread and Pasta); conferences with Finance Sub-Commission with respect to proposed amendments to Proclamations Nos. 2 and 4 and General Order No. 2; Preliminary study of subject War Criminals.

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

ITALIAN BRANCH:

4. During the period from the commencement of the month to the 9th, date on which the Legal Sub-Commission was transferred to Rome, there were three conferences with the Minister of Justice. There was little concrete work performed and no legislative provisions of importance were promulgated owing to the dislocation of the Ministry's services in view of the imminent move to Rome.

5. The field covered included exchanges of views on the steps to be taken regarding the elimination of Fascist-Republican legislation and the reorganization of the administration of justice in the capital, including the work of opening up of the Court of Cassation already initiated in Salerno. In conjunction with the Officer i/c Italian Branch of this sub-commission already established at the Ministry of Justice in Rome since the date of the city's liberation on 4th June, a scheme was evolved for the removal of fascist judicial officials and for the transfer of others to appropriate offices.

6. The necessity for taking immediate and adequate measures for the final dissolution of all remaining fascist organizations and for the issuance of an overall decree to bring about the punishment of all fascist delinquents and the purging of all branches of public life was urged upon the Minister, who gave an assurance that the publication of the necessary legislation would be hastened. The draft of a decree providing for the annulment of the sentences pronounced by special fascist tribunals was approved. Arrangements were discussed for the return of refugees judicial personnel to their seats in the southern provinces of Italy and for the filling of vacant posts by those unable to regain their residences or former place of work.

7. While the usual routine legislative and personnel work was carried on at Adv Hq in Rome, the main activities of the legal representative were of a rather different nature. By keeping the Ministry of Justice open, it had been possible during the month of June to get acquainted with all the heads of services of the Ministry, the High Judicial officials still in function, those who had been dismissed by the Republican Fascist Government, and the new ones appointed by H.E., Umberto Tupini. Much information was gathered on personnel and fascist legislative activities during the period extending from 8 September 1943 to 4 June 1944. As far as personnel was concerned it appeared clearly that most of the high officials had paid considerable lip service to the regime of Mussolini, but that many of them had preserved considerable independence in the exercise of their functions. It was difficult to find one who had not at some time or other made a speech or written an article to the glory of the Duce, but the course of justice had only on few occasions been influenced by political pressure.

8. This was not so true of the "Pubblico Ministero" (Prosecuting [illegible] where direct action was often exercised by the

Declassified E.O. 12356 Section 3.3/NND No. 785014

the removal of fascist judicial officials and [illegible] to appropriate offices.

6. The necessity for taking immediate and adequate measures for the final dissolution of all remaining fascist organizations and for the issuance of an overall decree to bring about the punishment of all fascist delinquents and the purging of all branches of public life was urged upon the Minister, who gave an assurance that the publication of the necessary legislation would be hastened. The draft of a decree providing for the annulment of the sentences pronounced by special fascist tribunals was approved. Arrangements were discussed for the return of refugees judicial personnel to their seats in the southern provinces of Italy and for the filling of vacant posts by those unable to regain their residences or former place of work.

7. While the usual routine legislative and personnel work was carried on at Adv. Hq in Rome, the main activities of the legal representative were of a rather different nature. By keeping the Ministry of Justice open, it had been possible during the month of June to get acquainted with all the heads of services of the Ministry, the High Judicial officials still in function, those who had been dismissed by the Republican Fascist Government, and the new ones appointed by H.E., Umberto Tupini. Much information was gathered on personnel and fascist legislative activities during the period extending from 8 September 1943 to 4 June 1944. As far as personnel was concerned it appeared clearly that most of the high officials had paid considerable lip service to the regime of Mussolini, but that many of them had preserved considerable independence in the exercise of their functions. It was difficult to find one who had not at some time or other made a speech or written an article to the glory of the Duce, but the course of justice had only on few occasions been influenced by political pressure.

8. This was not so true of the "Pubblico Ministero" (Prosecuting Branch of the Magistracy) where direct action was often exercised by the Ministry of Justice upon its unfortunate officials and many a time criminal charges against fascists or their influentiil friends were nipped in the bud during the pre-trial investigation period and the offenders never brought to trial. The new Minister was aware of this situation, but it was difficult to satisfy both justice and public opinion by dismissing without giving them a chance to defend themselves, the officials holding high positions in the hierarchy of the Magistracy. As the draft decree of purgation of fascists from the administration was a long time under discussion before being finally passed in its present form on 24th July; the Minister with the agreement of this sub-commission took the necessary steps to transfer these high officials to posts of less responsibility, replacing them by others whose political past and professional ability justified their selection. In the mean-

Declassified E.O. 12356 Section 3.3/NND No. 785014

time, the defascistization commission of the Ministry was set up in order that it could start its activities early in August.

9. During that month, ten thousand copies of a book containing all the legislation promulgated in Brindisi and Salerno by the Badoglio Governments, was printed in Rome for publication in all ACC & AMG territories, with the exception of a few decrees such as amnesty which were not considered politically or administratively desirable in Military Government regions. This was a great effort on the part of the Italian printing establishment considering the lack of paper, power and experienced personnel.

10. Other matters of interest dealt with by the Italian Branch during July include:

a. A decree setting out the penalties for failure to deliver wheat and barley to "People's Granaries"; a decree on encouragement of threshing by machine and a decree subjecting certain agricultural commodities to control; these important decrees were extended to Military Government Territory by insertion of Executive Commissioner's endorsement in the Official Gazette and embodied in General Orders to be posted in Army controlled areas.

b. A new decree overhauling the penalties for violations of rationing regulations. Decrees effecting emergency amendments of criminal procedure tending to speed up and simplify the penal proceedings and relieve the prisons without impairing vigorous prosecution of offences against Allied interests.

c. Decree increasing penalties for unlicensed sale of liquor, etc. (requested by the Army). Repatriation of judicial officials interned as POWs in North Africa to meet the acute shortage of judicial personnel.

d. Circulars to be issued by the Ministry to Italian judicial authorities in respect to application of the amnesty decree and of the new decree on penalties for failure to deliver commodities to "People's Granaries" and in respect to conditional suspension of sentences in cases involving Allied interests.

e. Improvement of financial stakes of judicial officials with special regard to allowance coming to officials dismissed by the fascist republican government for failure to take new oath of allegiance. Legislation to be published upon restoration of further portion of Italian territory to Italian administration. New method of effecting movements of judicial personnel in Military Government Territory suggested either by local legal officers or by Italian authorities.

f. New method to improve the general standard of draft legislation submitted to individual sub-commissions by Italian Ministries.

g. Numerous personnel problems arising in newly occupied territories.

Declassified E.O. 12356 Section 3.3/NND No. 785014

b. A new decree overhauling the penalties for violations of rationing regulations. Decrees effecting emergency amendments of criminal procedure tending to speed up and simplify the penal proceedings and relieve the prisons without impairing vigorous prosecution of offences against Allied interests.

c. Decree increasing penalties for unlicensed sale of liquor, etc. (requested by the Army). Repatriation of judicial officials interned as POWs in South Africa to meet the acute shortage of judicial personnel.

d. Circulars to be issued by the Ministry to Italian judicial authorities in respect to application of the amnesty decree and of the new decree on penalties for failure to deliver commodities to "People's Granaries" and in respect to conditional suspension of sentences in cases involving Allied interests.

e. Improvement of financial stakes of judicial officials with special regard to allowance ~~coming~~ to officials dismissed by the fascist republican government for failure to take new oath of allegiance. Legislation to be published upon restoration of further portion of Italian territory to Italian administration. New method of effecting movements of judicial personnel in Military Government Territory suggested either by local legal officers or by Italian authorities.

f. New method to improve the general standard of draft legislation submitted to individual sub-commissions by Italian Ministries.

g. Numerous personnel problems arising in newly occupied territories.

h. Draft decree on reorganization of legal professional organizations.

i. Reform of Italian Codes.

j. Extension to newly liberated provinces of the method for implementation of decrees appearing in the Official Gazette on Military Government Territory.

2074

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

OFFICE OF CHIEF JUDICIAL OFFICER:

10. Work was again hampered by lack of personnel, in this branch there being the Chief Judicial Officer and nobody else.

12. The chief point of general interest was the case brought against BENTIVEGNA Rosario. This case before a Allied General Military Court, of which the Chief Judicial Officer was a member. This was the first General Court in Rome (except for one espionage case held in Camera). It attached very great attention in Rome and all the newspapers. The accused was a medical student in his early twenties. He had been a "patriot" working on the clandestine front during the period of German control: in the early afternoon of 5th June (the day the Allies entered Rome) the accused shot and killed a Guardia di Finanza. It was directed that the case be brought in an Allied Military Court. The Defence was " self-Defence". The Court ruled against this contention and found the accused guilty under Italian Penal Code Article 55. The Court imposed the sentence of 18 months imprisonment; The Court determined that there were certain mitigating circumstances. The case has not yet been reviewed.

13. A visit of inspection of the Allied Military Courts in Naples was carried out by the Chief Judicial Officer. The situation was found to be satisfactory. The only courts now sitting are :

a General Courts as required. Two cases were then pending.

b Two Superior Courts.

c One arraignment and Summary Court.

d One "port Court" dealing exclusively with petty offences within the port area.

There were no arrears.

14. The following items of interest have been reported from the various regions :

REGION 3- Figures have been prepared to show the total number of cases disposed of in this Region between 22 December 43 (when the Region became independent of 5th Army) until 19 July 44. These figures are so impressive and show so well the weight of work being disposed of by Allied Military Court that they are set out below :-

Type of Court	Guilty	Not Guilty	Total
General Courts	10		10

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

a General Courts as required. Two cases were then pending.

b Two Superior Courts.

c One arraignment and Summary Court.

d One "port Court" dealing exclusively with petty offences within the port area.

There were no arrears.

14. The following items of interest have been reported from the various regions :

REGION 3- Figures have been prepared to show the total number of cases disposed of in this Region between 22 December 43 (when the Region became independent of 5th Army) until 19 July 44. These figures are so impressive and show so well the weight of work being disposed of by Allied Military Court that they are set out below :-

Type of Court	Guilty	Not Guilty	Total
General Courts	10		10
Superior Courts	251	41	292
Summary Courts	23741	1918	23659
Total	24002	1959	25961

ROME REGION - (now called Region IV). This Region with a very limited staff is accomplishing well a difficult task. There are no arrears of cases. From impressions gained by the Legal Sub-Commission (and making all due allowance and discount for flattery) it is thought that Allied Military Courts have made a decidedly good impression in Rome.

REGION IV (now merged with Rome Region, being the merged regions called Region IV). Crime has been light, and no particular point arises.

15. Five cases of espionage were reviewed during the month. In one case a

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

sentence of death was commuted to imprisonment for 20 years. In the other four cases convictions and senten (two sentences of 15 years a one of imprisonment for life) were affirmed. Review has also been made of the proceedings against SCARPATO who was tried by a General Military Court at CATANIA, Sicily, for the killing by stabbing of a British sailor in AUGUSTA. The accused was found guilty and sentenced to death. The trial, of course, was under Italian Law. At the time of writing this report, the papers are before the a propriate authority for consideration whether or not to confirm the death sentence. There is some doubt whether this is a proper case in which to enforce a death penalty on account of the circumstances of the case and the pending abolition under the Italian Law of the death penalty: the case is still sub judice. Routine reviewing has also continued: no matter of general interest arises thereon.

REGION V. During the month, 3 cases of espionage were tried. All three accused were convicted. The sentences of the court were death, life imprisonment and 15 years imprisonment. Efforts are being made to transfer more and more work to the Italian Courts and so to reduce the load on AMG Officers.
From the other Regions and from the Armies there is nothing worthy of inclusion in this report. The conclusion may be drawn that, in spite of lack of personnel Allied Military Courts are functioning satisfactoryly.

16. The following miscellaneous points are, perhaps, worthy of record :-

a. As forecast last month, a considerable number of cases have been met in which "Patriots" are charged with possession of arms. Of course, there is now a tendency for everybody to claim to be a "Patriot". No difficulties have arisen so far: it seems that officers sitting on Courts have dealt with the situation with tact.

b. The General Staff (I(b)) AAI HQ are anxious for more death sentences in case where persons are convicted of espionage. The Legal Sub-Commission is of the opinion (a) that normally the death penalty should follow conviction (b) that there may well be circumstances to justify the Court in imposing a sentence of imprisonment; and (c): whether or not such circumstances exist is a matter for the Court and to put any pressure on legal officers in this respect would be improper.

c. Apart from espionage cases, the most serious cases which come before Allied Military Courts are Homicide cases, in which Allied soldiers have been shot. Generally, it has been found that the root cause of these cases usually lies in the misconduct and lack of discipline of Allied troops.

Richard H Wilmer

RICHARD H. WILMER,
Colonel, CAC.

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

16. The following miscellaneous points are, perhaps, worthy of record :-

a. As forecast last month, a considerable number of cases have been met in which "Patriots" are charged with possession of arms. Of course, there is now a tendency for everybody to claim to be a "Patriot". No difficulties have arisen so far: it seems that officers sitting on Courts have dealt with the situation with tact.

b. The General Staff (I(b)) AAI HQ are anxious for more death sentences in case where persons are convicted of espionage. The Legal Sub-Commission is of the opinion (a) that normally the death penalty should follow conviction (b) that there may well be circumstances to justify the Court in imposing a sentence of imprisonment; and (c): whether or not such circumstances exist is a matter for the Court and to put any pressure on legal officers in this respect would be improper.

c. Apart from espionage cases, the most serious cases which come before Allied Military Courts are Homicide cases, in which Allied soldiers have been shot. Generally, it has been found that the root cause of these cases usually lies in the misconduct and lack of discipline of Allied Troops.

Richard H Wilmer

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

2072

Declassified E.O. 12356 Section 3.3/NND No. 785014

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
Legal Subcommission
APO 394

ACC/4043/L

MJG/ap
14 Aug 44

SUBJECT : Monthly Reports.

TO : Adm. Section.

Herewith summary for July pursuant to your 2/3B/A3.

MARC J. GROSSMAN,
Lt. Colonel,
Chief Counsel,
for Acting Chief Legal Officer.

2440

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
INTERIOR SUB COMMISSION
APO 394

ACC/27/B/Int 15 August 1944

SUBJECT: Summary of Principal Items of Interior Sub-Commission's Report for July.

TO : Administrative Section

1. LOCAL GOVERNMENT
Approval given to proposed Government appointments of 10 Prefects, 4 Directors-General, Secretary General of Sardinia, and members of Giunta Consultiva. Previous experience by AFG of certain nominees necessitated alternative proposals by Government. (Para 1a of full report.)

2. EXECUTIVE MEMORANDUM completely summarising local government organization has been revised and issued (para 1c of full report).

3. OFFICIALS
In collaboration with Ministry of Interior teams of officials were prepared for 8 provinces to cater for lack of administrative personnel through disappearance or discharge. (Para 2 of full report.)

4. TOURS, etc.
Director attended AAI Conference and visited Region VIII and 5th Army. Staff Officers surveyed local government arrangements in 6 provinces Regions III and IV. (Para 5 of full report.)

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

WWL/jgt

2071

2481

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
INTERIOR SUB COMMISSION
APO 394

ACC/27/h/Int 10 August 1944

SUBJECT: Report of activities for the month of July 1944.

TO : Vice President, Administrative Section

1. LOCAL GOVERNMENT

a. In accordance with the Badoglio-Mason MacFarlane arrangements (which the Ministry have regularly observed) a large number of proposed senior appointments and transfers agreed by the Council of Ministers was submitted for ACC's approval. These included the following positions affecting this Sub-Commission:

Secretary General to the High Commissioner for Sardinia
6 Effective Members and 1 substitute of the Giunta Consultiva for Sardinia
The following Directors-General of the departments of the Ministry of the Interior named hereunder:
Director-General for General Affairs and Personnel
Director-General for Civil Administration
Director-General for Religious Affairs
Director-General for the Fund for Religion
New Prefects for Agrigenti, Trapani, Siracusa, Ragusa, Caltanissetta, Bari, Sassari, Cagliari, Nuoro, and Cosenza.

The above arrangements necessitated the screening of each nominee by Security Branch. Having regard to the experience gained of certain Vice-Prefects who were proposed for promotion and transfer, it was necessary to draw the attention of the Italian Government to the record of the officials in question whilst working under AMG. As a result, alternative proposals were made.

Approval was eventually given to all the above positions.

b. An initial plan on general lines has been received from the Government showing their intention regarding future arrangements for the administrative and local government reorganization of Rome, necessitated by and consequent upon the abolition of the Governatorato established for the city's management under the Fascist regime. Interviews have taken place with Region IV, the Secretary General and the Vice Sindaco of Rome City, and also the Chief of Cabinet to the Ministry of the Interior.

020

2482

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

c. Executive Memorandum No. 39 dealing with local government organisation and administration has been revised. This document summarizes the position of and the arrangements connected with local government organisation, made since the Sicilian landing and its revision was necessary to give effect to developments which has occured and experience gained since its original production. It has been issued by MG & MG Section.

2. PREFECTS AND OFFICIALS

a. Following his visit to Sardinia some time ago, the Director conveyed to the Ministry the unsatisfactory reports which had been received regarding the Prefect of Sassari and drew attention to his Fascist associations and record. The Minister subsequently removed him from office and the position has been filled under the arrangements contained in 1 (a) above.

b. As mentioned in previous reports, experience has shown that AMG with 5th and 8th Armies have at times found no administrative officials in newly liberated provinces. To cater for these circumstances, arrangements were made in collaboration with the Italian Government for the provision of a small team containing the minimum number of officials (including a Prefect) which would be necessary to restart the administration. Such teams had been prepared and were ready to proceed to Perugia, Siena, Arezzo, Pescara, Teramo, and Ascoli.

In the provinces mentioned, however, it was discovered that sufficient satisfactory officials had remained at their posts and the personnel who were ready to go at short notice were not called forward.

A Prefect however, was provided and sent to Macerata.

Similar preparations are being made to cover the following provinces should the need arise, viz: Pisa, Livorno, Florence, Pistoia, Lucca, Apuania, and Ancona.

3. TOURS

The Director attended a conference at AAI regarding AGO/AMG activities and later visited Region VIII and 5th Army HQ. Discussion took place with 5th Army regarding probable requirements of administrative officials in the northern provinces, as and when they are taken, together with improved methods for speedily securing their presence when required having regard to AMG's past experiences, transport difficulties, communications, etc. Plans are being made accordingly in collaboration with the Ministry.

2069

2483

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

As in most instances the Director personally found the contact with 5th Army most helpful and instructive.

Executive officers of the Sub-Commission have made surveys of local government conditions in Naples, Benevento, Avellino, Salerno, Littoria, and Frosinone. Suggestions have been conveyed to HQs and contact made with the Ministry particularly regarding personnel shortages, etc.

4. PATRIOTS

The Sub-Commission was requested to provide a plan of arrangements for dealing with patriots after the area in which they have been operating is taken by the Allies. This has been done and is now contained in an Appendix to the General Instructions recently issued. Shortly, it provides for the formation of a small committee headed by the Syndaco of any commune concerned, together with representatives of the patriots and local inhabitants. Their function is, firstly to determine whether a man is in fact a patriot and then to classify the genuine patriots in the following groups:

(i) Those who previously resided in the commune and who wish to stay therein and obtain local employment.

(ii) Those who wish to return to their homes elsewhere.

(iii) Those who want to join the Army immediately.

(iv) Those who want to continue serving as patriots.

(v) Jugo-Slavs

The Ministry of the Interior were contacted in relation to the assistance required from Prefects in connection with the detailed arrangements under the plan.

5. INTERVIEWS

The Director has seen His Excellency Bonomi in his capacity of Minister of the Interior on frequent occasions. In addition, interviews have taken place with the Under-Secretary of State Canevari, Sorrentino, the Chief of Cabinet and his successor, Berruti. The subjects concerned have included nominations for Prefect and Syndaco of Florence (each of whom was also seen), refugees going north and their interference with military movements, lists of officials, and other senior appointments.

008

2484

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

6. MINISTRY OF THE INTERIOR

The work of the Sub-Commission during the past month as instanced by some of the items of work mentioned above has necessitated almost daily contact with the Ministry of Interior and its various senior officials and has included the usual routine and other matters affecting the administration in AOC/AMG areas.

7. PERSONNEL

Lieut G. Hammond has now joined the staff of this Sub-Commission, the personnel of which is now as follows:

(i) Military - Officers:

Colonel R. C. B. Spicer	Director	(B)
Captain E. R. Temple	Executive Officer	(A)
Captain C. C. R. Williams	Ass't Exec. Officer	(B)
Captain T. C. Shanks	Adjutant	(B)
Lt. W. V. H. Lewis	Staff Officer	(B)
Lt. G. Hammond	Staff Officer	(B)

(ii) Military - OR/AM

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

(iii) Civilians

Signorina Conti, Giuliana	Typist (Italian)
Signorina Cori, Maria	Typist (Italian)
Signore Chimenti, Carlo	Messenger

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

WVHL/jgt

2067

2445

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission
APO 394

Tel. 478708

9 August, 1944

ACC/14027/PS

SUBJECT : Summary of Monthly Report for July 1944.

TO : Acting V.P. Admin. Section.

1. Commanding General, Royal Carabinieri.

On 21st July 1944 General Taddeo ORLANDO, formerly Minister of War, was designated Commanding General of the Royal Carabinieri, with HQs in Rome.

2. Public Security.

On 27th July 1944 Dr. Luigi FERRARI, formerly President of the Court of Assizi in Rome, was appointed Director General of Public Security in the Ministry of the Interior. The Public Safety Officials at the Ministry are now being reviewed.

3. Policing forward areas.

During the month all requests from Armies and Region VIII for CC.RR to police newly occupied territory were met. New replacement centres were opened at Grosseto (west coast) and Chieti (east coast) to deal with CC.RR reporting for duty from liberated territory.

4. Strength of Royal Carabinieri.

Urgent representations have been made that a total strength of 55000 officers and men is totally inadequate to cope with the duties which will devolve on the Royal Cara-

2066

2486

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

binieri when the whole of Italy is occupied. Already 41,982 CC.RR are fully employed, and the thickly populated industrial north has yet to be policed.

5. Royal Finance Guards.

The HQs of the Royal Finance Guards has been established in Rome with General Morrice remaining in command. Owing to the ceiling imposed on CC.RR & GG.FF strength, on 31st July the GG.FF were taken off the Italian Army ration strength and placed on civilian (heavy Workers) rations, this being a substantial reduction in quantity.

6. Conduct of Troops.

The behaviour of Allied troops generally leaves much to be desired. The conduct of French Colonial troops towards the Italian civil population is disgraceful, and the attitude of indifference adopted by French unit commanders when crimes are reported to them encourages indiscipline. At Taranto and Brindisi clashes between French soldiers and sailors and Italians, in which firearms and hand grenades were used, resulted in five persons being killed and twenty injured. In three cases Allied Military police came to the assistance of the Italian police and in one instance machine guns were used to restore order.

7. Prisons.

Overcrowding remains the chief problem in Prison administration but, apart from the question of military prisoners, the position is steadily improving. Progress is being made with the rebuilding problem, while a number of prisons requisitioned by Allied Military authorities have been released. The detention of Italian military prisoners in civil prisons is still under discussion with the authorities concerned.

Paul G. Kirk 2065

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

AFW/mgd

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission

12 August, 1944.

ACC/14027/PS

SUBJECT : Monthly Report for July 1944.

TO : Acting Vice-President Administrative Section.

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

A. POLICE

Royal Carabinieri

1. Appointment of Commanding General.

On the 21st July 1944, the Council of Ministers designated as Commanding General of the Royal Carabinieri, General Taddeo ORLANDO, formerly Minister of War in the Italian Government. General Orlando thus replaces General Pieche who has rendered conspicuous services to the Allies during the last nine months.

2. Policing forward areas.

During the month all requests from Armies and Region VIII for Carabinieri to police newly occupied territory were met.

Reports speak highly of the very useful work being done by Carabinieri in the forward areas.

3. Replacement Centres.

In addition to the Replacement Centres at Rome, Naples and Bari new centres have been established at Grosseto (west coast) and Chieti (east coast).

Disbanded Carabinieri reporting Back from newly occupied territory are being screened, clothed and equipped at these centres.

2064

2485

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

4. Strength of Royal Carabinieri.

The fixing of the total strength of Carabinieri at 55,000 officers and men has been a matter of the gravest concern to this sub-commission.

The ceiling of 55,000 was decided without reference to Public Safety Sub-Commission, and apparently without any knowledge of the problems and commitments involved.

Urgent representations have been made that the ceiling is totally inadequate. The authorized strength of Carabinieri before Allied occupation was 65,000, but the duties of Carabinieri have been increased enormously by reason of the disbandment of Fascists Police Militias, the presence of Allied troops, supplies and installations, and the necessity for enforcing proclamations and security regulations.

The present strength of Carabinieri is 41,892. The thickly populated industrial north has yet to be policed.

5. Uniforms and Equipment.

During the month negotiations have proceeded with Army Sub-Commission for the supply of shoes, uniforms and fire-arms from Italian Army sources.

5,000 pairs of worn shoes have been allotted and are being repaired by the Carabinieri.

10,000 discarded Italian Army uniforms were released from warehouses in Naples and Bari. The uniform coats were in bad condition and it was necessary to have them disinfected and washed. Of the 10,000 pairs uniform trousers only 2,705 pairs could be accepted, the remainder being beyond repair. The Army Sub-Commission is making efforts to find another source of supply. Arrangements are being made to repair these uniforms at the Carabinieri replacement centre in Rome.

A quantity of arms was received, through the Army Sub-Commission to equip Carabinieri at Replacement Centres. The arms situation is satisfactory at the moment, but if additional weapons should be needed it is believed they can be obtained from Italian Army sources.

Royal Finance Guards.

6. The Headquarters of the Royal Finance Guards have been established in Rome with General Moricca remaining in command.

7. Rations for Finance Guards.

Owing to the ceiling imposed on CC.RR and CC.FF strength, on the 31st of July the CC.FF were taken off the Italian Army Ration strength and placed on civilian (heavy workers) rations, this being a substantial reduction in quantity.

2065

2485

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

6. Boats for coast guard patrols.

Negotiations with the Navy Sub-Commission and the Italian Royal Navy have resulted in the release of GG.FF boats which had been seized at the time of the mobilization of the Italian Navy. The boats will be used by the GG.FF for patrolling the coasts and enforcing customs and security regulations.

Agents of Public Security.

9. Appointment of Director.

On 27th July 1944, Dott. Luigi FERRARI, formerly President of the Court of Assize in Rome, was appointed Director General of Public Security in the Ministry of the Interior. The Public Security Officials at the Ministry are now being reviewed.

10. Pool of questori.

A small number of senior officials, recommended by the Ministry of Interior, have being screened and are being held on reserve to fill appointments as questori in newly occupied areas if required.

11. Criminal Laboratories.

Two well equipped laboratories for scientific criminal investigation are now functioning in Rome. Instructions regarding the facilities available to Allied Police and Security officers have been circulated by AAI. with an invitation to visit these laboratories when in Rome.

12. Uniforms.

The position as regards uniforms and boots is far from satisfactory but it is hoped that soon larger quantities will become available. The first allotment of 2,000 dyed uniforms has been made during the month. Distribution to Agents of public security has been undertaken by the Ministry of the Interior.

B. MILITARY POLICE

1. Excellent relations have been maintained with Military Police, FSS and CIC. Lectures by Public Safety Officers have been given at Military Training Establishments, and instructors have been provided with notes and data regarding Military Government and the Italian Police Agencies.

2062

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

C. CONDUCT OF TROOPS

1. The behaviour of Allied troops generally leaves much to be desired. The conduct of French Colonial Troops towards the Italian Civil population is disgraceful, and the attitude of indifference adopted by French Unit commanders when crimes are brought to their notice encourages indiscipline.

2. At Taranto and Brindisi clashes between French Soldiers and Sailors and Italians, in which fire arms and hand grenades were used resulted in five persons being killed and twenty injured. In three cases Allied Military Police came to the assistance of the Italian Police and in one instance machine guns were use to restore order. Taranto and Brindisi have now being placed "out of bounds" to French Troops. At Brindisi by arrangement between the Garrison Commander and the Prefect a curfew has been established at 8.30 p.m. until further notice.

D. PRISONS.

1. When the Italian Government moved from Salerno to Rome, the Director of Prisons, Dott. De Luise, ceased to hold office, and returned to his profession of Appeal Court Judge in Naples. In Rome, no Director of Prisons has yet been appointed, but this is under consideration. For the time being, prison matters are being dealt with by H.E.CHIEFFO. Chief of Personnel at the Ministry of Grace and Justice, together with his deputy, Dott. Givilisco. Personal contacts have been made, and a spirit of understanding and mutual co-operation exists. At the first interview it was clear that the differentiation between ACC and AMG territory was not properly understood. Much time has been spent in clearing up misunderstandings on this score, and a map showing the areas has been supplied. It must be said that in Rome, there is a greater sense of responsibility for the problems that have to be faced in prison administration. The officials are less inclined to adopt the south Italy view of accepting things as they are, and there appears to be a very real desire to take action and get something done.

2. Overcrowding remains the chief problem in Prison administration, but, apart from the question of Military prisoners, there is good reason to believe that the position is steadily improving. In Region 3 alone, there was a reduction of 700 in the prison population for July. The special overcrowding problem at BARI was solved by transferring 500 prisoners to various Mandementali prisons and expediting the work on an unfinished building to hold 500.

2061

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

3. The Grain situation in Region I has resulted in a large number of persons being charged. They are expected to be dealt with severely at Court and the problem of prison accommodation has arisen. The rebuilding programme instituted at the end of June will provide accommodation for a further 1,152 prisoners. However, some of this work will take 3 months, and accordingly the use of USTICA and LIPARI Islands is being considered. They would hold 1000 and 300 prisoners respectively in existing buildings, and stockade accommodation could be provided in addition. A representative of Public Works and Utilities Sub-Commission has proceeded to Sicily to speed up the rebuilding programme, and to inspect USTICA and LIPARI with a view to their early use for prison purposes. The Minister of Grace and Justice co-operated in this matter, and, at very short notice, authorised Dott. Columbo of Palermo to accompany the ACC representative, and represent the Ministry on the scene.

4. The position as to the release of civil prisons by Military Authorities is steadily improving. S.Maria Capua Vetere, Benevento, Teramo and Avigliano have been released, and Possioreale and San Efrano are under consideration for release by AFHQ. Montesarchio prison is used as a penal establishment for Indian Troops, but authority has been given for the return of one of the two buildings concerned. No further instance of requisitioning has come to notice.

5. Italian Naval Prisoners have caused overcrowding in the civil prisons of Puglie. Earlier in the year, the Italian Naval Authorities wished to establish a prison at S.DOMINO in the Tremiti Islands for naval prisoners. For reasons of operational necessity, permission was refused by Naval Commander, Adriatic Theatre. This matter was taken up again recently, and, on 9th July, 1944 authority was given for the establishment of a concentration camp for Italian naval prisoners on S.Domino.

6. On 18 and 19 July 44, 250 prisoners (in all) left Naples, and were transported by Italian cruiser to Cagliari. These prisoners were all drawn from Region 3 prisons, and have been put to work on farms in Sardinia. It may be possible to send more prisoners from other Regions in the near future.

7. Italian Military prisoners continue to cause overcrowding in civil prisons. It is anticipated that the position on this vexed question will be made clear in the near future. The matter is being discussed among MFHQ the Minister of War, and the Minister of Grace and Justice. This Division is keeping closely in touch with the problem and Regions will be advised when a definite policy can be issued. The decision to place these prisoners on civil rations after 30 days in prison, resulted in a demonstration at Catanzaro Jail on 12 July, 1944. The soldiers confined in the prison were joined by the civil prisoners, and before order could be restored one man, a civilian, was shot dead.

12070

2492

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

3. Preliminary reports indicate that the prisons of Region 4 have been badly damaged. As soon as inspections have been completed, and collated information obtained, a rebuilding and repair programme will be instituted.

E. FIRE & CIVIL DEFENCE SERVICES.

1. The Ministry now established in Rome has decided to follow the policy adopted in Salerno of keeping the Civil Defence organization under the direction of the Anti-Fire Directorate. In the past this policy has increased efficiency and produced economy.

2. The Italian Government has been asked to provide accommodation in Rome for the training of Italian personnel in the use of Allied appliances. The scheme of training has already been discussed with Fire Officer of AAI and the Army Fire Service.

3. A first instalment of 500 boots has been allotted to the Italian Fire Service.

F. REGISTRATION & LICENSING.

1. Motor Vehicle Registration.

The Director of RACI, Naples was authorised to supervise all RACI offices in Regions III, IV and V. This will ensure uniformity of policy and procedure throughout the area.

2. Control of Civilian Movement.

In consequence of the handing over of further territory to the Italian Government, General Order 21 restricting civilian movement in Military Government territory was revised.

For security reasons AAI required restrictions on civilian movement to and from the Provinces of Foggia and Campobasso. At the request of this Sub-Commission the Minister of the Interior issued the necessary orders and instructions.

3. Public Meetings.

General Order No. 25 which delegates the responsibility for authorising public meetings to the Questori (subject to certain restrictions in Military Government territory) has worked smoothly, no complaints having been received by Public Safety Officers.

2039

2495.

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

G. PUNISHMENT OF FASCISTS.

1. Arrangements have been made with the High Commission for the Punishment of Fascists that any warrants for the arrest of Fascists in Military Government territory will be submitted to this Sub-Commission for transmission through Public Safety Officers to the Questore concerned. The High Commission will deal with arrests in Italian Government territory through Italian channels.

H. HQ. PERSONNEL.

1. On 9th July 1944 Rear HQ from Palermo joined Advance HQ in Rome. The accomodation at HQ ACC is adequate for present requirements. The advantage of being in personal contact with all branches of ACC is very much felt by officers of this sub-commission who in the past have spent much time in communicating between Palermo and Naples.

2. Field Trips.

20-23 July Major Mason to Region III re Fire Service.
29-30 July Col.Kirk visited Region IV.

3. Establishment.

The strength of officers and EM/OR is as follows:

Officers

Col. Kirk	A	Director
Col. Mesney	A	Head, Police Div.
Lt.Col.Wilcox	A	Staff officer.
Major Mason	B	Fire & C.D.
Major Wilson	B	Prisons.
Major Ballance	B	Lic & Regn. (attached to Region IV) throughout the month
Capt. Mastrolenni	A	Police.
Capt. Powell	B	Admin.Officer.

EM/OR

S/Sgt. Melennan	B
Cpl.Robinson	B
L/Cpl. Lisberg	B
Pte.Marinelli	A
Pte.Diaz	A

2058

2493

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

The civilian clerical staff, all new except one, are settling down well, but difficulty is being experienced in obtaining first class typists.

4. Transport.

It is hoped that the provision of cars, so essential for the efficient functioning of the Sub-Commission will soon materialise.

Paul G. Kirk

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

APK/hgd

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Public Health Sub-Commission

ACC/3016/PH 1 August 1944

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

THRU : - VP Adm Sec.

TO : - Chief of Staff.

1. PERSONNEL:

(a) During July, Main Headquarters at Naples and Rear Headquarters at Salerno were closed and for the first time this year all personnel of the Sub-Commission together with the members of the Rockefeller Foundation Field Staff assigned for malaria and typhus control services began operation as a unit at Headquarters, Rome.

(b) Early in July, Colonel W.H. Crichton (B), RPHO, Region III was granted 61 days leave. Colonel Crichton was assigned as RPHO of Region III at a critical stage in its epidemiological history. The results achieved deserve commendation. Before his departure he was awarded the Cross of the First Class of the Order of Malta and the freedom of the City of Naples in recognition of his services.

(c) Upon the departure of Colonel Crichton, Lt.Colonel W.H. Miles (A) took over the duties of RPHO, Region III.

(d) NATOUSA has requested the return of Lt. Colonel H. Mark (A), RPHO, Region VII. On his departure it is proposed, in accordance with the policy already outlined in previous reports, to place this Region under the medical direction of the RPHO, Region II.

(e) The Regional Commissioner, Region VI has agreed in principle to the release of the RPHO should operational necessity require it.

(f) Dr. H.W. Kumm, Field staff member, International Health Division, Rockefeller Foundation, joined the staff of the Malaria Demonstration Unit in Rome on 9 July 1944.

(g) Mr. F.W. Knipe, Malaria Engineer, International Health Division, Rockefeller Foundation, joined the staff of the Malaria Demonstration Unit in Rome on 2 July 1944.

(h) The first chill breath of demilitarization fanned the cheek of the Sub-Commission during July when the two Nurse Consultants - 1st Lt. I. Yarbrough and 2nd Lt. M.C. Milano - were ordered to return to their parent units. Information was received that they may be replaced by civilians if required.

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

(b) Early in July, Colonel W.H. Crichton (B), RPHO, Region III was granted 61 days leave. Colonel Crichton was assigned as RPHO of Region III at a critical stage in its epidemiological history. The results achieved deserve commendation. Before his departure he was awarded the Cross of the First Class of the Order of Malta and the freedom of the City of Naples in recognition of his services.

(c) Upon the departure of Colonel Crichton, Lt.Colonel W.M. Miles (A) took over the duties of RPHO, Region III.

(d) NATOUSA has requested the return of Lt. Colonel H. Mark (A), RPHO, Region VII. On his departure it is proposed, in accordance with the policy already outlined in previous reports, to place this Region under the medical direction of the RPHO, Region II.

(e) The Regional Commissioner, Region VI has agreed in principle to the release of the RPHO should operational necessity require it.

(f) Dr. H.W. Kumm, Field staff member, International Health Division, Rockefeller Foundation, joined the staff of the Malaria Demonstration Unit in Rome on 9 July 1944.

(g) Mr. F.W. Knipe, Malaria Engineer, International Health Division, Rockefeller Foundation, joined the staff of the Malaria Demonstration Unit in Rome on 2 July 1944.

(h) The first chill breath of demilitarization fanned the cheek of the Sub-Commission during July when the two Nurse Consultants - 1st Lt. I. Yarbrough and 2nd Lt. M.C. Milano - were ordered to return to their parent units. Information was received that they may be replaced by civilians if required.

(i) The general programme of work planned for the Nurse Consultant, embracing as it does long-term projects for the re-organization of nurse training programmes and improvement of standards of Italian nursing techniques, must be approached with care and deliberation. As the Italian Government regains control over increasing areas of Italian territory, the matter becomes more and more one of internal policy. In consequence, the Italian Government must be approached from the point of view of whether or not it desires outside assistance. If it does, it is thought that substantial aid may be offered. If not, it is entirely within its own competence to effect any internal improvements which may be considered desirable. The essential point remains, however, that it is not for this Sub-Commission to impose its views upon the Italian Government, but rather for the Government to request assistance on nursing problems should this be deemed necessary.

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

2. POLITICAL:

(a) Due to the moves, both of ACC Headquarters and of the Italian Government during the month, a certain lack of liaison became inevitable. The threads are now, however, being picked up satisfactorily once more.

(b) Since the Italian Government moved to Rome it has shown considerable reluctance either to ratify the previous appointment of the Director General of the Sanita' Pubblica or to make a new appointment. As a consequence, the entire public health organization is in a state of suspended animation and little constructive work can be done until the organization is placed upon a satisfactory working basis. It is to be hoped that an appointment will be made very shortly, as at present, the lack of direction is hampering both the work of the Sanita' pubblica and of this Sub-Commission.

3. FIELD TRIPS:

Owing to the move to Rome, the number of field trips made by the HQ was considerably reduced. The total for the month was 56 days.

4. PUBLIC HEALTH BRANCH:

(a) Venereal Disease.

(i) The Italian Government issued, during the month, to all Prefects of provinces in Italian Government Territory, new instructions regarding the strict enforcement of the existing laws concerning the medical examination and treatment of infected prostitutes. In order to place the regulations in AMG Territory on a similar footing the RC & MG Section was requested to issue an instruction that parallel regulations should be enforced in the forward areas. This has been done.

(ii) The supervision of Venereal Disease control services in Italian Government Territory is now under the jurisdiction of Dr. Del Plato, Inspector of Venereal Diseases appointed by the Italian Government. The scope of his activities is very large and he is hampered by lack of reliable transport, as are all inspectors appointed by the Italian Government. For this reason and also because of difficulties of Italian Government communications, detailed reports on his inspections are not yet available.

(iii) The VD rate in the PBS-Naples area among troops has decreased from 136 per thousand per annum in May to 120 per thousand per annum in June.

(iv) The weekly average of new civilian cases of VD notified in Rome over a 30 day period is 28. Undoubtedly this low fisure results from very inadequate reporting and does not give a true picture of venereal disease prevalance among the civilian population.

(v) Region VI reports a very gratifying decrease in VD rates. Reports of 60 and even 37 per 1000 per annum were received.

(vi) The hospital accommodation problem in Region II has improved. Lecce reports fewer cases than in any previous month and Brindisi has now secured 60 to 75 beds for the treatment of infected prostitutes. Bari now has 160 beds and this number will be increased when necessary repairs have been completed on the present hospital building.

(b) Smallpox.

(i) Figures concerning smallpox in Naples Province up until 31st July are as follows:

	Total No. of Cases	Total No. of Vaccinations
Naples City	351	338,705
[illegible]	[illegible]	[illegible]

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

ment of infected prostitutes. In order to place the regulations in Allied Territory on a similar footing the RC & MG Section was requested to issue an instruction that parallel regulations should be enforced in the forward areas. This has been done.

(ii) The supervision of Venereal Disease control services in Italian Government Territory is now under the jurisdiction of Dr. Del Plato, Inspector of Venereal Diseases appointed by the Italian Government. The scope of his activities is very large and he is hampered by lack of reliable transport, as are all inspectors appointed by the Italian Government. For this reason and also because of difficulties of Italian Government communications, detailed reports on his inspections are not yet available.

(iii) The VD rate in the PPS-Naples area among troops has decreased from 136 per thousand per annum in May to 120 per thousand per annum in June.

(iv) The weekly average of new civilian cases of VD notified in Rome over a 30 day period is 28. Undoubtedly this low figure results from very inadequate reporting and does not give a true picture of venereal disease prevalance among the civilian population.

(v) Region VI reports a very gratifying decrease in VD rates. Reports of 60 and even 37 per 1000 per annum were received.

(vi) The hospital accommodation problem in Region II has improved. Lecce reports fewer cases than in any previous month and Brindisi has now secured 60 to 75 beds for the treatment of infected prostitutes. Bari now has 160 beds and this number will be increased when necessary repairs have been completed on the present hospital building.

(b) Smallpox.

(i) Figures concerning smallpox in Naples Province up until 31st July are as follows:

	Total No. of Cases	Total No. of Vaccinations
Naples City	351	338,705
Afragola	397	14,742
Frattamaggiore	41	14,834
Elsewhere	81	77,976
Totals	870	446,257

(ii) By the end of the first ten days in July the number of vaccinations in Afragola was 30,000. It was then discovered that Mercuric Chloride has been extensively used in cleaning the skin, thus invalidating the majority of the vaccinations. It was necessary therefore to start the campaign anew, using a proper technique. This explains the figure given above of only 14,742 vaccinations up until 31st July. In addition it was found that there was much local apathy, both on the part of the doctors as well as the general public. Major R.L. Cherry was detailed from this HQ to assist the RPHO in instituting a fresh campaign, which included newspaper and poster propaganda. Letters were sent to all Sindaci warning them of the protective measures to be adopted. In addition, the Provincial Commissioner interviewed the Prefect and Medico Provinciale, pointing out that the position was aggravated by the inertia of the latter. Subsequently, the Prefect agreed to dismiss the Medico Provinciale but his name still appears in reports rendered to the RPHO. This matter has been communicated to the Provincial Commissioner for action.

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

(iii) The type of smallpox has been mild, no confluent or hemorrhagic cases being reported. This fact has been additionally conducive to the general indifference of the population to the vaccination programme. There have been in all six deaths, four from Afragola and two from Naples. These deaths are not an indication of the severity of the disease, as they occurred in debilitated children who might otherwise have been expected to recover. Unfortunately, it cannot be ascertained whether these children had been vaccinated or not.

(iv) It has been thought that the Palermo vaccine is not as efficacious as the American vaccine. To investigate this the Institute of Hygiene at Rome has asked for a sample of Palermo vaccine for the purpose of testing its potency. On the other hand, medical authority of the Army Sub-Commission states that the second (though not the first) batch of Palermo vaccine received in Sardinia for vaccinating Italian Army troops gave excellent results. In addition, tests done in Palermo by the Institute of Hygiene and the Municipal Hygiene Office support the contention that the vaccine is satisfactory and any lack of potency has been due to faulty storage conditions, particularly lack of refrigeration during shipment and before use in the field.

(v) All Italian employees of the Allied Forces have been vaccinated and none are employed who cannot produce a certificate of recent successful vaccination.

(c) Veterinary.

(i) The major problem at present is that of Foot and Mouth Disease. There is one laboratory, the Stazione Profilattica di Roma, which is capable of producing sufficient vaccine to immunize the most valuable herds of sheep, cattle and swine. It is however, hampered by lack of electricity, and every effort is being made to provide power for this station. It is hoped that in about 20 days the power will be available and the laboratory in consequence will be able to produce vaccine on a large scale. There is no other laboratory in Italian Government Territory which is able to produce this vaccine, and the vaccine is not manufactured in the United States or in Great Britain. The disease is present in all provinces on the mainland south of Cassino, but the mortality rate is very low.

(ii) Sheep-pox has been reported in Brindisi for the first time in the past ten years. The Stazione Zooprofilattica di Foggia is capable of producing vaccine and the Director has been instructed to turn out as much vaccine as quickly as possible. Brindisi has been informed of the availability of this vaccine from Foggia.

(iii) The requested crystal violet hog cholera vaccine has arrived by plane from the United States. 50,000 doses have already been distributed and further distributions are being made daily. As the extent of Hog Cholera is widely spread, the arrival of vaccine and anti-serum from the United States together with the local production of vaccine will, undoubtedly, prevent a high mortality rate.

(iv) A considerable quantity of veterinary supplies now in the Naples Depot is being shipped to Portici and Palermo.

(v) Only one case of Rabies has been reported during the month. This case was one of a soldier who died in Roma as the result of a dog-bite. The Mayor of Roma has issued a decree concerning the impounding of stray dogs.

5. MALARIA CONTROL BRANCH:

(a) In order to coordinate civil and military malaria control programmes, the Chief of the Malaria Control Branch held a large number of conferences with representatives of Naval and Military, Airforce and civilian agencies.

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

(i) The major problem at present is that of Foot and Mouth Disease. There is one laboratory, the Stazione Profilattica di Roma, which is capable of producing sufficient vaccine to immunize the most valuable herds of sheep, cattle and swine. It is however, hampered by lack of electricity, and every effort is being made to provide power for this station. It is hoped that in about 20 days the power will be available and the laboratory in consequence will be able to produce vaccine on a large scale. There is no other laboratory in Italian Government Territory which is able to produce this vaccine, and the vaccine is not manufactured in the United States or in Great Britain. The disease is present in all provinces on the mainland south of Cassino, but the mortality rate is very low.

(ii) Sheep-pox has been reported in Brindisi for the first time in the past ten years. The Stazione Zooprofilattica di Foggia is capable of producing vaccine and the Director has been instructed to turn out as much vaccine as quickly as possible. Brindisi has been informed of the availability of this vaccine from Foggia.

(iii) The requested crystal violet hog cholera vaccine has arrived by plane from the United States. 50,000 doses have already been distributed and further distributions are being made daily. As the extent of Hog Cholera is widely spread, the arrival of vaccine and anti-serum from the United States together with the local production of vaccine will, undoubtedly, prevent a high mortality rate.

(iv) A considerable quantity of veterinary supplies now in the Naples Depot is being shipped to Bertici and Palermo.

(v) Only one case of Rabies has been reported during the month. This case was one of a soldier who died in Rome as the result of a dog-bite. The Mayor of Rome has issued a decree concerning the impounding of stray dogs.

5. MALARIA CONTROL BRANCH:

(a) In order to coordinate civil and military malaria control programmes, the Chief of the Malaria Control Branch held a large number of conferences with representatives of Naval and Military, Airforce and civilian agencies.

(b) The flooding of large areas (Pontine Marshes) of Region IV by the Germans will result in a considerable increase in clinical malaria. Much work has been done on the distribution of mepacrine, the clearing of canals and the repair of pumps. AFHQ has agreed to provide weekly airplane dusting of the marsh north of Terracina and in the Fondi area from the last week of July through August. HQ AAI has kindly released 10 tons of Paris green for dusting purposes during July and 4,000 pounds of this has been allocated to Region IV. PBS kindly agreed to mix the powder and transport it to the airfield. Plans have been made for the spray-killing of adult mosquitoes with a kerosene-pyrethrum preparation and sufficient spray guns are now available for the use of several Region IV spraying teams. Conferences have been held with the Agriculture and Public Utilities Sub-Commissions regarding three large engineering schemes for the Pontine and Litteria bonifications. The completion of these schemes should benefit agriculture this year and malaria control in 1945.

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

(c) Reports from Sardinia are to date very satisfactory and indicate a 50% decrease in malaria rate in 1944 as compared with 1943.

(d) As a result of enemy sabotage of pumps and canals in Rome Region, the areas of Maccarese, Isola Sacra, Ostia and Agro Romano were in about the same condition as they were before Italian bonification schemes were begun in so far as mosquito breeding is concerned. Considerable improvements are however already in evidence. Dr. Kumm of the Malaria Demonstration Unit, is in charge of a programme of spray-killing mosquitoes in the Lido and Isola Sacra areas. This supplements the Army's control programme in the protection of important tactical units. Dr. Riehl, of the Malaria Demonstration Unit, is supervising the airplane dusting of the lakes at Ostia and on the Isola Sacra. More than 250 labourers are now working on malaria control in Rome Region.

(e) The control programme in Region VIII appears to be satisfactory.

6. MEDICAL SUPPLY BRANCH:

(a) Medical supplies which were expected to cover the period July to December inclusive have not yet arrived. The latest advice from AFHQ is to the effect that they may be expected any time between August 19th to August 29th. After they arrive a small time-lag will be inevitable until the warehouse staff has first broken them down and then built up the necessary bulk shipments for delivery to the areas which are in the greatest need. A further cause for delay is that the point of delivery is not known in advance, so the Supply Branch cannot make full arrangements for warehouse space before the actual day of arrival.

(b) Conferences have been held with representatives of the Italian Government regarding the plan for the latter to assume responsibility for distributing medical supplies in Regions I, II, III, VI and VII. The details worked out by the Italian Government are entirely satisfactory to the Medical Supply Branch, but so far the Italian Government has taken no further steps to implement its proposals.

(c) Medical supplies for the next two months are available in civilian pharmacies in Rome.

(d) Biological houses in Rome, Naples and Palermo are facing an acute shortage of glass ampules. This in turn is due to shortage of long flame coal for operating the glass furnaces. The matter has been referred to the Industry Sub-Commission and the Coal Division of the Transportation Sub-Commission, and it is hoped that a favourable reply will soon be received.

(e) An acute shortage of transport is hampering the work of the Medical Supply Branch. 30 CAD Medical Units are ready in the Naples Warehouse awaiting shipment to Rome for Regions IV and VIII since June 25th but cannot be moved owing to lack of transport.

(f) The clothing warehouse at Vairano was closed during the month, 100 tons being sent to Region IV and the remainder to Rome. This could only be done because the American Red Cross is authorized to hire and pay for civilian transport. Six hundred (600) tons of clothing at Naples are awaiting shipment to a northern port, after which the Naples warehouse will be closed.

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

arrangements for warehouse space before the actual day of arrival.

(b) Conferences have been held with representatives of the Italian Government regarding the plan for the latter to assume responsibility for distributing medical supplies in Regions I, II, III, VI and VII. The details worked out by the Italian Government are entirely satisfactory to the Medical Supply Branch, but so far the Italian Government has taken no further steps to implement its proposals.

(c) Medical supplies for the next two months are available in civilian pharmacies in Rome.

(d) Biological houses in Rome, Naples and Palermo are facing an acute shortage of glass ampules. This in turn is due to shortage of long flame coal for operating the glass furnaces. The matter has been referred to the Industry Sub-Commission and the Coal Division of the Transportation Sub-Commission, and it is hoped that a favourable reply will soon be received.

(e) An acute shortage of transport is hampering the work of the Medical Supply Branch. 30 CAD Medical Units are ready in the Naples Warehouse awaiting shipment to Rome for Regions IV and VIII since June 25th but cannot be moved owing to lack of transport.

(f) The clothing warehouse at Vairano was closed during the month, 100 tons being sent to Region IV and the remainder to Rome. This could only be done because the American Red Cross is authorized to hire and pay for civilian transport. Six hundred (600) tons of clothing at Naples are awaiting shipment to a northern port, after which the Naples warehouse will be closed.

7. WELFARE BRANCH:

(a) ONMI Headquarters, Rome, has appointed a new commissioner. As a result of this new appointment, there is, as yet, no integrated plan for the reconstitution of the organization on national, provincial and communal basis. Action by local committees is in consequence somewhat stultified. It is hoped, however, that in a short space of time a clear plan for re-organization will emerge.

(b)A similar state of confusion exists with regard to the re-organization of welfare activities. Until the Italian Government creates a unified national, provincial and communal welfare agency out of the multiplicity of agencies which now exist, and in addition, one to which the people can go for expert, decisive advice and assistance, no amelioration of the present chaotic conditions can be anticipated.

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

8. TRANSPORT:

(a) Reference has already been made in the January and February reports to the way in which lack of transport is hampering the distribution of medical supplies. At the present moment this lack is becoming one of serious proportions, as can be seen from the statement that supplies in the Naples warehouse have been ready for movement since June 25th and are still awaiting transport. If the distribution of medical supplies breaks down through lack of transport, the consequence will be serious.

(b) The scarcity of ambulances to serve the civilian population in Sicily, Sardinia and Southern Italy is another serious problem. In addition the lack of ambulance transport is retarding the efficiency of the medical branches of A G 5th and 8th Armies. In consequence of representations made by this Sub-Commission HQ AAI published an order to the effect that the location of captured ambulances should be notified immediately to ACC. As yet no notifications have been received and the ambulance situation is daily becoming more acute. A certain number of ambulances is out of commission due to lack of tyres. An attempt was made to procure tyres for these vehicles, but failed because no tyres or tubes of the sizes required were available.

(c) Attempts are now being made to obtain tyres for the cars of Medici Provinciali.

SUMMARY:

(1) The Headquarters Staff of the Sub-Commission is now unified under one roof.

(2) The question of the re-organization of the Italian Nursing Service is one in which it is felt that the initial steps should be taken by the Italian Government.

(3) The Italian Government has issued instructives regarding the tightening up of existing regulations concerning infected prostitutes. Similar instructions have been issued in A.F. Territory.

(4) The VD incidence among troops in the PBS-Naples area has fallen to 120 per thousand per annum for June.

(5) In Region VI the venereal rate is very satisfactory, being as low as 60 per thousand per annum and in some units even 37 per thousand per annum.

(6) The hospital accommodation for infected women has improved in Region II and there is some diminution in the number of cases being admitted.

(7) Smallpox continues in Naples City and Province. Total number of cases to date is 370 and total number of vaccinations is 446,257. The disease is in a mild form. Six deaths only have occurred in debilitated children who might otherwise have been expected to recover.

[illegible] disease is now widespread in Southern Italy, but the mortali-

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

sizes required were available.

(c) Attempts are now being made to obtain tyres for the cars of Medici Provinciali.

SUMMARY:

(1) The Headquarters Staff of the Sub-Commission is now unified under one roof.

(2) The question of the re-organization of the Italian Nursing Service is one in which it is felt that the initial steps should be taken by the Italian Government.

(3) The Italian Government has issued instructives regarding the tightening up of existing regulations concerning infected prostitutes. Similar instructions have been issued in A.M.G Territory.

(4) The VD incidence among troops in the PBS-Naples area has fallen to 120 per thousand per annum for June.

(5) In Region VI the venereal rate is very satisfactory, being as low as 60 per thousand per annum and in some units even 37 per thousand per annum.

(6) The hospital accommodation for infected women has improved in Region II and there is some diminution in the number of cases being admitted.

(7) Smallpox continues in Naples City and Province. Total number of cases to date is 370 and total number of vaccinations is 446,257. The disease is in a mild form. Six deaths only have occurred in debilitated children who might otherwise have been expected to recover.

(8) Foot & Mouth disease is now widespread in Southern Italy, but the mortality is low and it is hoped that sufficient vaccine will soon be available.

(9) Sheep pox has occurred in Brindisi.

(10) Large quantities of crystal violet hog cholera vaccine are now available.

(11) As a result of enemy sabotage, large areas of country in Region IV and Rome Region are flooded. This will increase the incidence of malaria. Energetic measures, including airplane dusting are being taken to cope with the existing conditions.

(12) Expected shipments of medical supplies to cover the inclusive July to December period have not yet arrived. Latest advice indicates that they may be expected between the 19th and 20th August.

(13) It is hoped that the Italian Government will soon take over the responsibility for the distribution of medical supplies to Regions I, II, III, VI, and VII.

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

(14) There is an acute shortage of glass ampules due to scarcity of long flame coal.

(15) The condition of all Italian welfare agencies is such that it is felt that a strong governmental policy of complete re-organization is essential.

(16) Lack of transport is hampering the distribution of medical supplies.

(17) Lack of ambulances is a serious problem in both forward and rear areas.

G. S. Parkinson

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

PH/G.F/ja

DISTRIBUTION:

✓HQ, AAI (2).
HQ, No. 1 District (1).
HQ, No. 2 District (1).
HQ, No. 3 District (1).
HQ PBS, (1).
HQ 15th AF (1).

✓RCs for RPHOs all Regions (1 ea).
✓HQ AMG 5th Army (1).
✓HQ AMG 8th Army (1).
✓Dr. Vessoso, c/o Italian Ministry of Interior (1).
✓Public Relations Branch, HQ ACC (1).
✓Chiefs of Branches, PH Sub-Commission, (1 ea).

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

2508

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

SUMMARY OF MONTHLY REPORT FOR JULY 1944 - PUBLIC HEALTH SUB-COMMISSION.

GENERAL

The lack of ambulances is a serious problem in both forward and rear areas.

The question of the re-organisation of the Italian Nursing Service is one in which it is felt that the initial steps should be taken by the Italian Government.

SUPPLIES

Expected shipments of medical supplies to cover the inclusive July to December period have not yet arrived. Latest advice indicates that they may be expected between the 19th and 29th August.

There is an acute shortage of glass ampules due to scarcity of long flame coal, the lack of transport is hampering the distribution of other medical supplies but it is hoped that the Italian Government will soon take over the responsibility for the distribution of medical supplies to Regions I, II, III, VI and VII.

DISEASE - VD.

The VD incidence among troops in the PBS-Naples area has fallen to 120 per thousand per annum for June. In Region VI the venereal rate is very satisfactory, being as low as 60 per thousand per annum and in some units even 37 per thousand per annum. The hospital accomodation for infected women has improved in Region II and there is some dimunition in the number of cases being admitted.

~~DISEASE~~ SMALL POX.

Smallpox continues in Naples City and Province. Total number of cases to date is 870 and the total number of vaccinations is 446,257. The disease is in a mild form six deaths only have occurred in debilitated children who might otherwise have been expected to recover.

~~DISEASE~~ - VETERINARY.

Foot & Mouth Disease is now widespread in Southern Italy but the mortality is low and it is hoped that sufficient vaccine will soon be available. An incidence of Sheep Pox has occurred in Brindisi.

Large quantities of crystal violet hog cholera vaccine are now available.

~~DISEASE~~ - MALARIA

As a result of enemy sabotage, large areas of country in Region IV and Rome Region are flooded. This will increase the incidence of malaria. Energetic measures, including airplane dusting are being taken to cope with the existing conditions.

WELFARE

The condition of all Italian welfare agencies is such that it is felt that a strong governmental policy of complete re-organisation is essential.

2507

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

CC/PFC/ch

ACC/SOL/CP 14 August 1944

Subject: Summary, Monthly Report for July 44.

To : Acting Head,
Administrative Section.

1. Reference your 2/JB/AS (undated).

2. We suggest the following summary:

"The PC, Lt.Col.C.S.Harris (S) was ~~hospitalized~~ on 9 July 44 ~~as the result of serious injuries in-~~ curred in a traffic accident. It is not known ~~at~~ when he will be available for duty.

Satisfactory progress in controlling and caring for Allied properties has been made in all areas which we have occupied. Plans have been made for taking over in the northern areas. Much of the time of Acting PC and his HQ staff has been devoted to consideration of questions of policy with respect to (1) the degree of control to be exercised over commercial concerns in AMG areas and in transferred territory, (2) de-sequestration and its consequences, (3) means of insuring a continuing responsibility of the Italian government for the care of sequestrated properties, (4) liability for management fees, (5) return of properties to owners, and (6) reports to owners."

3. Please note that para 2 of our July report contains a suggested amendment of the June report.

Charles Carroll

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

4033

2502

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

CC/nk

ACC/GOA/CP

10 August 44

Subject: Monthly Reports

To : Acting Head, Administrative Section.

1. Transmitted herewith are five (5) copies of the Property Control Sub-Commission report for the month of July 44.

Charles Carroll

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

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

REPORT OF THE DIRECTOR OF PROPERTY CONTROL FOR JULY 44

PERSONNEL

1. The Director of property Control, Lt.Col.Harris (B), was hospitalized 9 July 44 as the result of a serious injury incurred when he was struck by a motor vehicle while en route to Rome from Palermo. Lt.Col.Carroll (A) appointed acting director of property Control Sub-Commission ACC 9 July 44. Major King (A), Regional Controller of property Region IV, assigned to HQ ACC 21 July 44. Capt.Hewett (A), HQ ACC, assigned property Control section, Region IX, 24 July 44. Capt.Weaver (A), Asst.RCP Rome Region, assigned to HQ ACC 31 July 44. Lt.Shaine (A) assigned RCP Regions II and VII, 8 July 44.

GENERAL

2. Attention is directed to para 23 of part IV of ACC Monthly Report for June 1944, which is in the following words:

> " 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 CP 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 acknowledgment 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 CP, it is proposed that an acknowledgment 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."

This paragraph was inserted in the Report without the knowledge or approval of the acting director of property Control. It is neither factual nor representative of the point of view of this sub-commission. Accordingly, it is suggested that the ACC Report for June 44 be amended by striking out the said para 23, and by substituting therefor the following excerpt from DPC's report for June:

> " 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 CC.

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

government in the hands of managers, and when the Cp [illegible] session it was the practice to leave the property under the same management, but his taking possession terminated Italian liability. It is proposed that an acknowledgment 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 CP, it is proposed that an acknowledgment 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."

This paragraph was inserted in the Report without the knowledge or approval of the acting Director of Property Control. It is neither factual nor representative of the point of view of this sub-commission. Accordingly, it is suggested that the SCC Report for June 44 be amended by striking out the said para 23, and by substituting therefor the following excerpt from DPC's report for June:

" 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."

20.1

REGION I

3. Transfer to Italian hands of all monies, accounts, and other assets of Fascist organizations has been completed, with the single exception of Corriere di Sicilia. Otherwise only routine administrative matters were reported from this Region.

REGIONS II AND VII

4. One officer, Lt. Shaine, is in charge of property control matters in both these regions.

5. Only the following matters require comment:

(a) Singer Sewing Machine Co. Signor Rigillo, the manager of the Bari agency, was appointed manager of all Singer sewing machine agencies and sub-agencies in Regions II and VII. Upon investigation it was found that Sig. Rigillo is an extremely capable man, and has been associated with his company for some thirty years.

(b) Lepanto property in Brindisi has been requisitioned by Allied forces.

(c) Reckit S.A.I. The former manager of this company is still in control. The premises have been requisitioned and are being used by the British Army.

(d) Laboratori Clark. The former manager of this company is still in control and affairs are proceeding normally.

(e) Toronto Tramways & Electric supply Co. The manager, Avv. Berl, who is the prefectual Commissioner for the company, has forwarded his semi-annual report, which is being examined. The management and affairs of said company are being thoroughly examined.

(f) Giuliani Vincenzina in Coster, Coster Carlo, and Cell William Sidney. Financial statements from Banco di Napoli, the managing agents, have been received and are being examined.

REGION III

6. The SCP now has under control 44 business concerns, 396 real properties owned by 146 Allied subjects, and 3,227 other items which include 2,987 bank accounts.

7. Real properties. The total number of declarations of custody made to date is 153, covering a total of 409 individual properties. Of this total, 13 properties have been restored to 7 Allied subjects, leaving in our custody 396 properties owned by 146 Allied subjects.

8. Business Concerns.

a. During the month the auditing staff has examined the books of the following companies:

Societa Anne Costruzioni S.A.I.
Compagnia Generale di Elettricita S.A.I.
Compagnia Continentale Gruni S.A.I.
Kodak S.A.I.
Compagnie Imprese Condotte di Acqua
M. S. Bersha
Cucirini Cantoni Coats S.A.I.
Frutta Secche S.A.I.
Funicolare Vesuviana

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

of his semi-annual report, [illegible]
ment and affairs of said company are being thoroughly examined.

(f) Giuliani Vipecuring in Coster, Coster Carlo, and Call William Sidney. Financial statements from Banco di Napoli, the managing agents, have been received and are being examined.

REICH III

6. The RCP now has under control 44 business concerns, 396 real properties owned by 146 Allied subjects, and 3,227 other items which include 2,987 bank accounts.

7. Real properties. The total number of declarations of custody made to date is 453, covering a total of 409 individual properties. Of this total, 13 properties have been restored to 7 Allied subjects, leaving in our custody 396 properties owned by 146 Allied subjects.

8. Business concerns.

a. During the month the auditing staff has examined the books of the following companies:

Societa Acme Costruzioni S.A.I.
Compagnia Generale di Elettricita S.A.I.
Compagnia Continentale Gruut S.A.I.
Kodak S.A.I.
Compagnie Imprese Condotte di Acqua
M. S. Bersha
Cucirini Cantoni Coats S.A.I.
Frutta Secche S.A.I.
Ferrovie e Funicolare Vesuviana
Ghanginal
Societa Britannico Italiana Quaret
Otis S.A.I.
Singer - Compagnia Singer per Macchine da Cucire
La Voce del Padrone - Columbia - Parcamiphone S.A.I.
Societa Imprese Pubbliche e Private in Ischia e Capria.

b. Special reference is made to the following:

(1) Ferrovie e Funicolare Vesuviana.

One of the company's cars has been transported by British engineers to a position on the tracks which will enable resumption of operations shortly. British and American Special Service Officers, both of whom have shown considerable interest in the operation, are to meet next week to discuss details. Arrangements have been made for a loan to the company of 250,000 lire.

(2) Soc. St.Gobain Chauny & Cirey.

Assets of this company, which is one of the glass group, have

Declassified E.O. 12356 Section 3.3/NND No. 785012

been found in Naples. It owns apartments, including furniture, one having been requisitioned and the other rented. It has two bank accounts and some outstanding accounts receivable. Naples branch is not operating and has no personnel. The manager of the Rome branch, who had also been the manager of the Naples branch, has recently visited Naples to take an inventory and to collect outstanding accounts. He has now returned to Rome with instructions to report to CP Region IV. Custody has not been taken by PCP Region III.

9. Miscellaneous, securities, Bank accounts, etc.

a. Included in the 3,227 items which are in custody are 2,967 relating to bank accounts in the name of the PCP. There are also 173 cases where securities have been placed at his disposal.

b. During the month, 150,000 lire has been advanced from Allied military government sources to enable work to be commenced in unearthing articles of considerable value owned by Sir Benjamin Guinness, a British subject. The Castle at Mignano, which was known to be the property of a British subject, was deliberately mined, and a valuable collection of pictures and other articles were buried.

ROME REGION

10. For the operating month of July, control over businesses and property, including real and personal having an Allied National interest, was obtained by the property Control office. Reports from the sequestrators were examined, the commercial concerns and the real and personal properties were inspected, and conferences were held between representatives of the commercial concerns, individual sequestrators and representatives of the property Control office.

Likewise, considerable emphasis was placed upon Fascist and para-statal properties, the objective being to protect and safeguard these properties until the Italian Government is in a position to take over the responsibility.

11. Commercial Concerns.

These are broken down into American, British and French, as follows:

23 American
26 British
14 French

Balance Sheets were obtained, inventory reports checked, and the sequestrators and representatives of the concerns conferred with representatives of the property Control office.

12. The following are the commercial concerns under control of RCP:

(1) American

(1) Agenzie Carboni - Importazione, Via Nove - Via Cavour 168, Rome.

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

ject, was deliberately mined, and a valuable collection of pictures and other articles were buried.

ROME REGION

10. For the operating month of July, control over businesses and property, including real and personal having an Allied national interest, was obtained by the property control office. Reports from the sequestrators were examined, the commercial concerns and the real and personal properties were inspected, and conferences were held between representatives of the commercial concerns, individual sequestrators and representatives of the property control office.

Likewise, considerable emphasis was placed upon fascist and para-statal properties, the objective being to protect and safeguard these properties until the Italian Government is in a position to take over the responsibility.

11. Commercial Concerns.

These are broken down into American, British and French, as follows:

23 American
26 British
14 French

Balance sheets were obtained, inventory reports checked, and the sequestrators and representatives of the concerns conferred with representatives of the property control office.

12. The following are the commercial concerns under control of RCP:

(1) American

(1) Agensie Carboni - Importazione, Via Nare - Via Cavour 168, Rome.
(2) Autelco Mediterranea S.A. Via Montebello 106, Rome. Monthly income sufficient to cover expenses. Bank accounts require property control signature together with manager Sig.Tommaso Telocchi.
(3) Burroughs Adding Machines, Via S.Maria in Via 3, Rome. It is expected that local collections for maintenance and repairs will cover expenses. Bank accounts require property control signature, together with Sig.Arsenio Mazzo, manager.
(4) Compagnia Generale di Elettricita, Via Torino 98, Rome.
(5) S.A. Lubrificante Emilio Felser, Group A.G.I.P.
(6) Fox Film S.A., Via Sardegna 50, Rome. In liquidation.
(7) S.A. Incremento Razza Canina da Corsa, Piazza SS. Apostoli 49, Rome. Balance sheet checked and accounts released. Signature of property control together with Sig. Marietti, manager, required for drawing of funds from Bank.
(8) Magrini & Co., Via Nazionale 82, Rome. No immediate revenue, some revenue anticipated from repair contracts. For release of funds, property control signature with that of Sig.Gismelli.

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

manager, required. Bank forms completed.

(9) Metro-Goldwyn-Mayer Co. S.A.I. Via Maria Cristina 5, Rome. Bank funds released and completed. Signature of Property Control and manager, Sig. Aldrovanti, required.

(10) S.A.I. di Cassa National, Corso Umberto 326, Rome. This company working at loss. New bank account opened with Banca Popolare Co-operativa Novara. Bank forms completed. Signature of Property Control together with Sig. Polli Fernando, Manager, required.

(11) Kodak S.A. Via Nazionale 26, Rome. Cash statement checked. New account opened with Credito Italiano - Agency 14. Signature of Property Control together with Sig. Boccatelli, Manager, required. Head Office - Milan.

(12) Otis S.A. Via Nazionale 230, Rome. Bank accounts released. Signature of Property Control with that of Sig. del Conte and Ing. Arturo Perucc required.

(13) Paramount Films S.A. Piazza Barberini 12, Rome. In liquidation. Expenses at present being borne by Messrs. Warner Bros.

(14) Soc. Naz. dei Radiatori, Via del Gambero 8, Rome. Statements 15 June rendered and checked, comments completed. New account opened with Credito Italiano, Piazza Argentina. Funds in name of Ing. Nesini transferred to Soc. Naz. dei Radiatori. Signature of Property Control with Ing. Nesini required for release of funds.

(15) Singer S.A. Via Collegio Romano 10, Rome. Monthly minimum expenses L.100,000.

(16) S.A. Compagnia Tessile, Via Ostiense 139, Rome. Group A.G.I.P.

(17) S.A. per Tutte le Borse. Via Perugina 17, Rome. No particulars yet to hand. Investigations continuing.

(18) United Artists Corp'n, Via Scipione 27, Rome. No accounts yet to hand. Inquiries being made.

(19) United Press of America, Via delle Mercede 54, Rome. No accounts yet to hand. Inquiries being made.

(20) Warner Bros., Piazza Barberinin 12, Rome. Bank accounts released. Signature of Property Control with Avv. Gino Pierantoni required.

(21) S.A. Watson Italiana, Via Veneto 1, Rome. New account opened with Banca Commerciale Italiana. Property Control signature required with Sig. Piomi, Manager. Surplus represents about 4 months activities.

(22) Western Electric Company of Italy, Piazza Lovatelli 1, Rome. Bank account released. Property Control signature required together with Mag. Dona delle Rose, agent.

(23) S.A. Immobiliare Vittorio Emanuele, Via del Traforo 133, Rome. Property Control signature only for withdrawal of cash from banks.

British

(1) S.A.I. Elizabeth Arden, Piazza di Spagna 19, Rome. Company working at a profit. Countess di Pontuate, agent. Signature of Property Control with that of agent required for withdrawal of funds.

(2) S.A.I. Canadian Pacific, Via del Tritone 30, Rome. Books closed in

Declassified E.O. 12356 Section 3.3/NND No. 785014

with credito Italiano, Piazza [illegible]. [illegible] Rosini transferred to Sec.Gen. dei Relatori. Signature of property control with Rag.Rosini required for release of funds.

(15) Singer S.A. Via Collegio Romano 10, Rome. Monthly minimum expenses L.100,000.

(16) S.A. Compagnia Tessile, Via Cetiense 139, Rome. Group A.G.I.P.

(17) S.A. per tutte le Borse. Via Merulana 17, Rome. No particulars yet to hand. Investigations continuing.

(18) United Artists Corp'n, Via Scipione 27, Rome. No accounts yet to hand. Inquiries being made.

(19) United press of America, Via delle Mercede 54, Rome. No accounts yet to hand. Inquiries being made.

(20) Warner Bros., Piazza Barberini 12, Rome. Bank accounts released. Signature of property control with Avv.Dino Pierantoni required.

(21) S.A. Watson Italiana, Via Veneto 1, Rome. New account opened with Banca Commerciale Italiana. Property control signature required with Sig.Pisani, manager. Surplus represents about 4 months activities.

(22) Western Electric Company of Italy, Piazza Fontanelli 1, Rome. Bank account released. Property control signature required together with Ing. Dona delle Rose, agent.

(23) S.A.Immobiliare Vittorio Emanuele, Via del Traforo 133, Rome. Property control signature only for withdrawal of cash from banks.

British

(1) S.A.I. Elizabeth Arden, Piazza di Spagna 19, Rome. Company working at a profit. Countess di Pontanto, agent. Signature of property control with that of agent required for withdrawal of funds.

(2) S.A.I. Canadian pacific, Via del Tritone 30, Rome. Books closed in 1940. Cash on hand L.6.65. Furniture deposited in storehouse in Ditta Bollinger, Piazza di Spagna, Rome.

(3) Compagnia Italiana Miniere Asfalti, Via delle Mercede 54, Rome.

(4) S.A. Cucirini Cantoni Coats, Corso Umberto 184, Rome. New account opened with Banca d'America e d'Italia; signature of property control together with employee of Coats Co., Signorina Tina Failoni, required. Cash in bank and on hand L.50,000. No business interests in Rome.

(5) S.A. Klah. No particulars to hand of this company.

(6) Soc. Industriale Cellulosesean Cucirini Italy, Corso Umberto 184, Rome. This company forms part of Cantoni Coats, Group HQ, Milan. No interests in Rome apart from small office open for keeping in contact with Government decrees. See S.A.Cucirini Cantoni Coats.

(7) Soc.Italiana Industria Cucirini S.A., Corso Umberto 184, Rome. See S.A. Cucirini Cantoni Coats Group.

(8) Mechanite Metal Corp'n, Pittsburgh. International Mechanite Co., Ltd., London. Avv.Luigi Cortini, legal adviser to above companies. All debtors are in northern Italy.

20.

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

(9) S.A. La Voce del P[illegible]one - Columbia - Marconiphone, [illegible] Firenze 18A, Rome. Estimated surplus L.96,172. Bank account opened with Banco di Roma, Agency 9. Signature of property control officer with manager, Corvio Bianchi, or sequestrator, Del Nero.

(10) Libreria Sacre Scritture, Via Foro dell'Impero Fascista 25, Rome. Stocks - L.65,047. Monthly expenses L.20,000 roughly. This company is working at a loss.

(11) Soc. Linotype Italiana, Via Condotti 11, Rome. Non bank account opened with Credito Italiano, Agency No.9. Property Control signature, together with manager, Sig. Giorgio Luigli. This company at present working at a loss.

(12) Societa Italiana Marconi, Via Condotti 11, Rome. Signature of property control required together with manager, Sig. Rodolfo Bertini. Bank account with Banco di Roma. Accounts presented under consideration. Company working at a loss.

(13) Compagnia Italiana Marconi, Via Condotti 11, Rome. Signature of property control required with manager's Sig. Rodolfo Bertini, for withdrawal of funds. Accounts presented under consideration. Present conditions render any activity almost impossible.

(14) S.A. Meridionale di Elettricita. No particulars of company to hand.

(15) S.A. Cotonificio Fratres Molinari, Corso Umberto 18A, Rome. See Cucirini Cantoni Coats Group.

(16) Societa Reuber, Via Condotti 55, Rome. No particulars of firm to hand at present.

(17) Soc. An. Italiana Radio Marittima, Via Condotti 11, Rome. Bank accounts require signature of property control officer together with manager, Sig. Rodolfo Bertini. Accounts presented. Company forms part of Marconi Group. Owing to present conditions company is working at a loss.

(18) S.A. La Radio Nazionale, Via Condotti 11, Rome. Bank account with Credito Italiano. Signature of property control required with manager's, Sig. Rodolfo Bertini. Accounts presented. This company forms part of Marconi Group. Owing to present conditions working at loss.

(19) S.A. Successori di Faustino Ricci.

(20) S.A. Cucirini Trobaso Fatra.

(21) S.A. Cucirini Italiani gia Davide Ribaldi.

(22) S.A. Cotonificio di Mandello.

(23) S.A. Sete Cucirini Rimitti

(24) S.A. Industria Sete Cucirini.

(25) S.A. Bozzi Videsnich & Co., Corso Umberto 18A, Rome. The above companies form part of Group Cucirini Cantoni Coats. Bank account opened with Banco d'America e d'Italia. Signature of property control officer together with employee of Coats. Signorina Tina Falconi, required. No interests in Rome.

(26) S.A. Tutto e presso Unico, Via S. Vito 2, Rome.

French

(1) S.A. Istituto Ortopedico Barrera, Via Cavour 57, Rome. Sig. Bianchini director at present, salaries cash at Banks. Steps not being

Declassified E.O. 12356 Section 3.3/NND No. 785014

(14) S.A. Meridionale di Elettricità. No particulars of [illegible]
(15) S.A. Cotonificio Fratrese Bolinari, Corso Umberto 184, Rome. See Cucirini Cantoni Coats Group.
(16) Società Weber, Via Condotti 55, Rome. No particulars of firm to hand at present.
(17) Soc. An. Italiana Radio Marittima, Via Condotti 11, Rome. Bank accounts require signature of Property Control Officer together with manager, Sig.Rodolfo Bertini. Accounts presented. Company forms part of Marconi Group. Owing to present conditions company is working at a loss.
(18) S.A. La Radio Nazionale, Via Condotti 11, Rome. Bank account with Credito Italiano. Signature of Property Control required with manager's, Sig.Rodolfo Bertini. Accounts presented. This company forms part of Marconi Group. Owing to present conditions working at loss.
(19) S.A. Successori di Faustino Ricci.
(20) S.A. Cucirini Trobano Intra.
(21) S.A. Cucirini Italiani già Davide Ribaldi.
(22) S.A. Cotonificio di Mandello.
(23) S.A. Sete Cucirini Riuniti
(24) S.A. Industria sete Cucirini.
(25) S.A. Rossi Vidoesich & Co., Corso Umberto 184, Rome. The above companies form part of Group Cucirini Cantoni Coats. Bank account opened with Banca d'America e d'Italia. Signature of Property Control Officer together with employee of Coats, Signorina Tina Pallioni, required. No interests in Rome.
(26) S.A. Tutto e presso Unico, Via S. Vito 2, Rome.

French

(1) S.A. Istituto Ortopedico Barrera, Via Cavour 57, Rome. Sig.Pierchini director at present, manages cash at banks. Steps are being taken for the control of bank accounts, the authorisation for withdrawal of funds with joint signatures of Property Control Officer to director of the company. Estimated surplus L.25,992. Profits likely to increase.
(2) Compagnie des Chemins de fer du Midi. Avv.Giovanni Pellicini, Via Cavour 238, Rome, legal representative. Investigations being made at present. No cash or property appear to be held in Rome.
(3) Emile Clavet, Via Sicilia 204, Rome. No further particulars to hand. A small store book.
(4) S.A. Fajella e R. Rubel, Via Nazionale 368, Rome. Bank accounts require signature of Sequestrator, Arnaldo Berta, or Director, Cardone, together with that of Property Control Officer. Surplus L.80,000.
(5) Fabbrica Italiana Lime di Precisione. No trace of this company at present.
(6) S.A. Italo-Francese Tabacchi Affini, Piazza di Pietra 36, Rome. Sindicator, Avv.Manicchi, Via Luvoini 46, Rome. Administration of

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

the company is in Milan - no cash accounts or proper result in Rome.

(7) S.A. Italiana Industria Gomma, Via Toscana 3, Rome. This company at the moment inactive. property control signature together with manager's sig.almei required for bank withdrawals.

(8) S.A. Joseph Cumsek, Corso Umberto 243, Rome. Firm sequestrated - de-sequestrated in 1942. Investigations in course.

(9) S.A. Phoenix Insurance, Via Nazionale 82, Rome. Bank accounts with Banco di Santo Spirito and Credito Italiano released. Property control signature not required.

(10) S.A. Radio Italia, Via due Macelli, Rome. At present no particulars.

(11) Societa Italo-Francese pour le Commerce du Gaz, Via Regina Elena 47, Rome. Balance sheets presented and investigations being made. Further particulars will follow.

(12) Soc. Romana Costruzioni Generali Opere Pubbliche, Via Castelfidardo 6, Rome. Balance sheets presented. Investigations being made.

(13) S.A. Vetrerie San Paolo, Via Catanese 159, Rome. Re-opening on the 26th of July 44, after investigations have been checked. Authority to draw on bank accounts allowed to Sig. Armando Lojodi and Ing. Ottavio Grandi (procuratore) jointly with officer of property control.

(14) S.A. Michelin Italiana, Via Castro Pretorio 46, Rome. Statement of accounts received.

13. Banks

There are three banks; two American and one British.

Banca d'America e d'Italia

The Bank was placed under sequestration by ministerial decree dated 14 January 42. Comm. Forza, manager of the Banca d'Italia, Milan, was appointed sequestrator and took up his duties on 7 Feb 42. According to our best information the sequestrator is at present in Milan.

A balance sheet was struck on 16 June 44, which disclosed adequate liquid assets. Large cash holdings (over one hundred million lire) were kept locally with the Bank of Italy to cover emergencies - possible severance from Milan. The large assets consist of about L.61,500,000 current account overdrafts, and about L.15,000,000 bills discounted. The overdrafts appear to be safe, being mostly well covered by government scrip, except for L.6,700,000 unsecured, but of the bills discounted about L.9,500,000 were unpaid and extended at maturity as a result of moratoriums imposed. These bills are likely to be further extended in view of the moratorium still in force. The matter has been referred to the Finance Division, and it is understood that legal opinion is being sought to determinate the position.

As in the case of other Allied banks the Banca d'America e d'Italia has incurred losses during these last few years. However, the bank enjoys a large clientele over its 30 branches in Italy, and is well equipped to resume banking facilities throughout Italy when circumstances permit.

Deposits locally are increasing, and authority has been given to invest L.70,000,000 in government treasury bills.

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

Declassified E.O. 12356 Section 3.3/NND No. 785014

26th of July 44, after investigations have been [illegible]
to draw on bank accounts allowed to Sig. Armando Tojetti and Dr.
Attilio Brundi (procuratore) jointly with Officer of Property Control.

(14) S.A. Michelin Italiana, via Castro Pretorio 46, Rome. Statement of accounts received.

15. Banks

There are three banks; two American and one British.

Banca d'America e d'Italia

The bank was placed under sequestration by ministerial Decree dated 14 January 42. Comm.d'Orza, manager of the Banca d'Italia, Milan, was appointed sequestrator and took up his duties on 7 Feb 42. According to our best information the sequestrator is at present in Milan.

A balance sheet was struck on 16 June 44, which disclosed adequate liquid assets. Large cash holdings (over one hundred million lire) were kept locally with the Bank of Italy to cover emergencies - possible severance from Milan. The large assets consist of about L.61,500,000 current account overdrafts, and about L.15,000,000 bills discounted. The overdrafts appear to be safe, being mostly well covered by government scrip, except for L.6,700,000 unsecured, but of the bills discounted about L.9,500,000 were unpaid and extended at maturity as a result of moratoriums imposed. These bills are likely to be further extended in view of the moratorium still in force. The matter has been referred to the Finance Division, and it is understood that legal opinion is being sought to determinate the position.

As in the case of other Allied banks the Banca d'America e d'Italia has incurred losses during these last few years. However, the bank enjoys a large clientele over its 30 branches in Italy, and is well equipped to resume banking facilities throughout Italy when circumstances permit.

Deposits locally are increasing, and authority has been given to invest L.70,000,000 in government treasury bills.

20:16

American Express S.A.I.

The company was sequestrated by ministerial decree dated 6 Jun 42, published in Official Gazette No.34, and transfer of the company to the sequestrator Comm.Cerretoni was effected on 11 Feb 42.

Balance sheet was struck on 5 June 44, and on 16 June 44. It was found that the services of the sequestrator were not required, and he was consequently removed from office on 12 July 44. Sr.Luigi Perutti, assistant manager, was appointed acting manager as of 12 July 44. Transfer of property, documents and correspondence is in process.

The main liability is customers' deposits amounting to about eleven million lire, of which about seven million, being Allied accounts, are dormant. This liability is fully covered by cash and investments in government bonds, which are considered safe.

The company has suffered losses during the period of sequestration, losses which are acceptable in view of the cessation of foreign exchange and tourist business caused by the war. ~~Recently it is reported that the process of~~

Barclays Bank S.A.I.

The company was sequestrated by Ministerial Decree dated 6 Aug 40, and was published in Official Gazette No.202 dated 29 Aug 40, and the sequestrator Dott. e. Boncinelli took up his office on 1 Sept 40. The removal of the sequestrator and the appointment of Dott. Vigna as acting manager is being contemplated. A balance sheet was struck on 16 June 44, and the figures disclosed a very liquid position. Advances against Government Bonds are well covered, and unsecured advances are considered safe. Large holdings were kept with the Bank of Italy locally at short notice (15 days), and L.5,000,000 of this has been invested in Government Treasury Bills (10 months) 5%. The 1939 valuation of the building is considered to be far below the present value, and the furniture and fittings do not figure on the balance sheet. Of the capital of L.50,000,000, L.34,994,250 is unpaid, and it is understood that the shares are in London.

Losses have been incurred since 1939, but the balance sheet for the period 1 Jan 44 to 30 June 44 shows a small profit.

14. Bank accounts.

Lists of all accounts blocked by the Post Office and the several banks have been received from the Finance Division.

15. Istcambi.

The new director appointed by the Finance Division has furnished the information set forth in paras 16 to 19 inclusive, with respect to the operations of this organisation.

16. Foreign Securities.

No question of these arises as all Italian owned securities were taken over by the Government in 1935 and liquidated, holdings of foreigners then being exempt. On the outbreak of war no action was taken against such holders, presumably on the assumption that since 1935 all such holdings not disposed of would have been deposited outside Italy. If any such holdings remain they should be found in the owners' banks on normal blocked accounts.

17. Bank Balances.

All foreign bank balances were paid over by the banks to Istcambi's account at the Bank of Italy. Subsequently Istcambi drew cheques for round amounts in favour of the Italian Government, and all funds have been so paid over to the Government with the exception of a small balance which amounts to somewhere in the region of eight million lire (L.8,000,000).

All the Istcambi books have been taken north, and in order to give us the information we require, it has been necessary to reconstitute the records from the original forms of deposit. This is now in progress and we have agreed the form which it will take

Declassified E.O. 12356 Section 3.3/NND No. 785216

have been incurred since 1939, but the balance sheet for the period 1 Jan 44 to 30 June 44 shows a small profit.

14. Bank accounts.

Lists of all accounts blocked by the Post Office and the several banks have been received from the Finance Division.

15. Istcambi.

The new director appointed by the Finance Division has furnished the information set forth in paras 16 to 19 inclusive, with respect to the operations of this organization.

16. Foreign securities.

No question of these arises as all Italian owned securities were taken over by the Government in 1935 and liquidated, holdings of foreigners then being exempt. On the outbreak of war no action was taken against such holders, presumably on the assumption that since 1935 all such holdings not disposed of would have been deposited outside Italy. If any such holdings remain they should be found in the owners' banks on normal blocked accounts.

17. Bank Balances.

All foreign bank balances were paid over by the banks to Istcambi's account at the Bank of Italy. Subsequently Istcambi drew cheques for round amounts in favour of the Italian Government, and all funds have been so paid over to the Government with the exception of a small balance which amounts to somewhere in the region of eight million lire (L.8,000,000).

All the Istcambi books have been taken north, and in order to give us the information we require, it has been necessary to reconstitute the records from the original forms of deposit. This is now in progress and we have agreed the form which it will take.

18. Securities.

No securities were actually deposited with Istcambi, as they were merely blocked in the owners banks to Istcambi's order. Istcambi is preparing a duplicate card index of these for the use of this office, which will enable us to check up on the individual banks returns. Both the above lists are being prepared on a national basis, subdivided into provinces, so that full information will eventually be available from these records for all AMG and ACC regions.

Declassified E.O. 12356 Section 3.3/NND No. 785014

19. Credits.

Debts owing to Allied nationals not having representatives on places of business in Italy by Italian citizens and corporations were also paid into Istcambi. We have received a list of these from the Intendente di Finanza, and will check these with the Istcambi returns in due course.

20. Real and personal properties.

Real and personal properties having a United Nations interest which have been sequestrated by the Italian government have been either under the administration of individual sequestrators supervised by the Intendente di Finanza or managed by the Credito di Pendiario and supervised by ECALI.

The real and personal properties having a United Nations interest are broken down as follows:

95 American
92 British
44 French
3 Russian
2 Brazilian
6 Jugo-slav
3 Greek
9 Nationality undetermined

In addition, there are certain personal properties privately stored in warehouses which the Regional Property Control Office has taken protective custody over. They are as follows:

28 American
36 British
1 Canadian
8 South African
2 French

General: These properties have all been posted with notices stating that the property is under the control of this office. Individual sequestrators have been interviewed and have furnished inventories and other information. Certain of the properties have been requisitioned by A.A.C., and the Real Estate Section is informing us before additional requisitions are made. 8 properties have been returned to the owners or lawful representatives after approval of the Legal Division.

21. Fascist, para-statal, etc.

Under date of 25 July 44 the Regional Commissioner ordered that Fascist property belonging to the organizations abolished by order of 13 June 44 be placed under the protective control of this office. Steps were taken immediately to place protective notices, and obtain inventories of the main properties, pending the time when they can be turned over to the Italian government. Because of the many political factors involved in those instances where premises have been occupied by voluntary anti-Fascist groups, the em[illegible] has been placed upon protecting the assets. Bank balances are of

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

6 Yugo-Slav
3 Greek
9 Nationality undetermined

In addition, there are certain personal properties privately stored in warehouses which the Regional Property Control Office has taken protective custody over. They are as follows:

28 American
36 British
1 Canadian
8 South African
2 French

General: These properties have all been posted with notices stating that the property is under the control of this office. Individual sequestrators have been interviewed and have furnished inventories and other information. Certain of the properties have been requisitioned by A.A.C., and the Real Estate Section is informing us before additional requisitions are made. 8 properties have been returned to the owners or lawful representatives after approval of the Legal Division.

21. Fascist, Para-statal, etc.

Under date of 23 July 44 the Regional Commissioner ordered that Fascist property belonging to the organizations abolished by order of 13 June 44 be placed under the protective control of this office. Steps were taken immediately to place protective notices, and obtain inventories of the main properties, pending the time when they can be turned over to the Italian government. Because of the many political factors involved in those instances where premises have been occupied by voluntary anti-Fascist groups, the emphasis has been placed upon protecting the assets. Bank balances are of course blocked.

22. The Rome Region property control office has been requested to take custody of certain para-statal enterprises such as E.N.I.C. With respect to E.N.I.C., the Film Section of PWB has supported the request, but as there was no showing that the assets were being dissipated, the committee agreed that no such steps were necessary at the present time. Likewise, a similar request was made with respect to I.R.I.C.E., but as its offices are occupied by PWB no steps are contemplated until the Italian government takes action. Requests from C.I.C. and PWB that the Rome Region property control office take over Italcable and Italradio are being considered.

REGION IV

23. Our report for June 44 covered activities in this region from 27 June (when a property control officer was first assigned to the region) to 8 July. The following is for the balance of the month of July:

24. Property of three additional Allied owners has been reported since

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

submission of last report. In two cases, the properties listed are in Rome City. Total number of properties in this Region (exclusive of bank accounts and securities) is 43.

25. German army funds in amount of L.1,000,000 and Italian Republican National Guard funds of L.264,472.60 have been reported by Finance Division. These are in process of transfer to the PCP.

26. During the period covered by this report, 17 properties were inspected and posted in the provinces of Littoria, Frosinone, Rome and Terni.

(a) Terni Province. Conditions were found to be fair. Although of the four properties inspected three apparently were hit by shells, actual damage is not great and repairs can be accomplished at a small cost. All but one are occupied. Estimates and reports are being prepared by local representative of Credito Fondiario, who was found in the Commune of Terni.

(b) Frosinone Province. Situation here is bad. Germans had occupied properties in this area for more than eight months, there has been shell and bomb damage, and land mines have caused farms to remain uncultivated. In one case, the town is being used by Allied troops as a school for House to House Fighting, with live ammunition (Commune of Cervaro). Not even the expense of a caretaker is justified under existing conditions.

(c) Rome Province. In this province conditions vary from comparatively very good, as in Tivoli, where two villas have been found to be in good shape, to the situation in Anzio, Nettuno and Grottaferrata, where damage is great. Though not totally destroyed, cost of repairs would exceed the cost of new building. Sequestrators were taken on a tour of inspection, and their reports have been received.

27. With respect to the aluminium plant at Gravina, conditions are good. The plant is being put back into shape, and efforts are being made to locate the ten cars of equipment which the Germans had planned to send to Germany. Engineering Division of Region IV is attempting to obtain Corsican coal and equipment sufficient for the manufacture of electrical power for sale to part of Civitavecchia and perhaps Rome. Weekly conferences are held with Signor Mangioli, General Manager, and means of earning some income for the company are being explored. In this connection, there have been inquiries from AMG for use of some parts of plants as storage warehouses for food under plant direction. Further reports in this connection will be submitted.

28. In co-operation with Finance Division, lists of all blocked accounts in all provinces of the Region are being examined for assets of Allied nationals and of enemy states.

REGION V

29. During the month of July the PCP, who had been assigned to tempo-

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

Shell and bomb damage. [illegible] are uncultivated. In one case, the town is being used by Allied troops as a school for House to House Fighting, with live ammunition (Comune of Cervaro). Not even the expense of a caretaker is justified under existing conditions.

(c) Rome Province. In this province conditions vary from comparatively very good, as in Tivoli, where two villas have been found to be in good shape, to the situation in Anzio, Nettuno and Grottaferrata, where damage is great. Though not totally destroyed, cost of repairs would exceed the cost of new building. Sequestrators were taken on a tour of inspection, and their reports have been received.

27. With respect to the aluminium plant at Aurelia, conditions are good. The plant is being put back into shape, and efforts are being made to locate the ten cars of equipment which the Germans had planned to send to Germany. Engineering Division of Region IV is attempting to obtain Corsican coal and equipment sufficient for the manufacture of electrical power for sale to port of Civitavecchia and perhaps Rome. Weekly conferences are held with Signor Pungioli, general manager, and means of earning some income for the company are being explored. In this connection, there have been inquiries from AMG for use of some parts of plants as storage warehouses for food under plant direction. Further reports in this connection will be submitted.

28. In co-operation with Finance Division, lists of all blocked accounts in all provinces of the Region are being examined for assets of Allied nationals and of enemy states.

REGION V

29. During the month of July the PCP, who had been assigned to temporary duty as a CAO, returned to his property control duties.

30. Officials of Chieti, Pescara and Aquila provinces were interviewed, and will submit reports before 12 Aug 44 as to all properties under sequestration.

31. Six church properties belonging to the Wesleyan Methodist Missionary Society of London, located in Aquila, Teramo and Pescara provinces, were inspected, listed and reported upon to the PCC, as were the properties of eight American citizens. Inspections of properties on list furnished by MMLI is going forward.

32. Italian state and fascist properties are all in the hands of some branch of our forces or of the Italian Government.

REGION VI

33. There is nothing new to report from this Region, where all matters

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

are being well cared for.

REGION VII (see Region II)

REGION VIII

34. Property control officers have been operating under 5th and 8th armies. On 4 July 44 office of PCO was established in Siena, where it functioned for the remainder of the month. Lists of real properties were compiled for all provinces in the Region, except Florence, and excellent progress has been made in preparing for the assumption of effective control.

REGION IX

35. Nothing to report except that plans are in course of preparation.

NUMBERS OF OWNERS AND OF PROPERTIES WHICH ARE OR HAVE BEEN UNDER CONTROL OF PROPERTY CONTROL SUB-COMMISSION UP TO 31 JULY 1944

NATIONALITY OF OWNER	REAL ESTATE		INDUSTRIAL & COMM.		SECURITIES MISCELL.		TOTALS	
	owners	prop'ts	owners	prop'ts	owners	prop'ts	owners	prop'ts
American	312	368	38	38	3333	3333	3683	3739
British	144	199	34	34	231	231	409	464
French	112	168	15	15	71	71	198	274
Russian	6	6	-	-	2	2	8	8
Greek	22	30	2	2	2	2	26	34
Jugo-slav	3	3	-	-	4	4	7	7
Brasilian	6	6	-	-	1	1	7	7
Other Allies	4	5	6	6	146	146	156	157
Italian	1	1	-	-	-	-	1	1
Ital.State & para-stat.	17	17	-	-	-	-	17	2642

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

NUMBERS OF OWNERS AND OF PROPERTIES WHICH ARE OR HAVE BEEN UNDER CONTROL OF PROPERTY CONTROL SUB-COMMISSION UP TO 31 JULY 1944

NATIONALITY OF OWNER	REAL ESTATE		INDUSTRIAL & COMM.		SECURITIES MISCELL.		TOTALS	
	owners	prop's	owners	prop's	owners	prop's	owners	prop's
American	312	368	38	38	3333	3333	3683	3739
British	144	159	34	34	231	231	409	424
French	112	168	15	15	71	71	198	274
Russian	6	6	-	-	2	2	8	8
Greek	22	30	2	2	2	2	26	34
Jugo-slav	3	3	-	-	4	4	7	7
Brasilian	6	6	-	-	1	1	7	7
Other Allies	4	5	6	6	146	146	156	157
Italian	1	1	-	-	-	-	1	1
Ital.State & para-stat.	17	17	-	-	-	-	17	2042
Ital.Fascist organ's.	-	-	-	-	21	21	21	21
German	1	1	1	1	3	3	5	5
TOTALS	628	824	96	96	3814	3814	4538	4734

Charles Carroll

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

9 August 1944

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

2529

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Subcommissione for Monuments Fine Arts and Archives
(Tel. 489081, ext. 442 & 664; 478480)

ETDW/mb

20340/MFAA

14 August 1944.

Subject: Monthly Reports

To : Adm Sec, attn. Lt. Col. White.

Submitted herewith in duplicate the summary required by your 2/3B/AS of 12 August 1944.

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

581

2530

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

20340/MFAA

14 Aug 1944

1. General. MFAA problems of Regions 1, 2, 6 and 7 being in hands of Italian Government, and Region 3 about to be handed over, the major concentration of works is in the devastated portions or Lazio and in Tuscany.

2. Work with Armies. Four MFAA officers are at present at work in the forward areas with 5 and 8 Armies. One of these belonging to Region VIII is in charge of controlling and protecting the deposits in the vicinity of Florence where most of the art objects from that city are stored.

3. Rome Region. MFAA officer is busy with repair work in vicinity of Rome and with arranging two great exhibitions of works of art for Allied Troops in Rome.

4. Region 5. Damages are minor except in Ancona City, where they are heavy.

5. Relations with Italian Government and Church. Close relations established and maintained with Italian Director General of Monuments and Staff and with Director General of Archives at Rome. Relations also established with President of the Pontifical Commission for Sacred Art; Vatican Fine Arts authorities have given every facility for checking the deposits stored in Vatican. Check of art objects stored at Vatican from the deposit at Montecassino completed with note of German pillage.

6. Relations with MFAA, Other Theaters. Information passed to SHAEF about matters of interest re MFAA in the Western Theatre. Works of art in Italy from centres outside of Italy being traced.

7. Field trips. By Director and Deputy Director to Region 4 and to forward areas.

8. Publications. The Lists of Protected Monuments have been completed. Soldier's Guides to Rome and Florence published.

2531

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Subcommission for Monuments Fine Arts and Archives
(Tel. 489081, ext. 442 & 664; 478480)

JBWP/mb

20340/MFAA

10 August 1944.

Subject: Ninth Monthly Report, for July 1944.

To : Chief Commissioner.

GENERAL CONSIDERATIONS.

1. The arrival of the remaining HQ Staff in Rome from Naples on July 4 has enormously facilitated the work of the Subcommission. The absence of any centralized Italian authority with whom to deal has also now been met by the appointement of a new Director General of Belle Arti.

2. This Central Italian authority is increasingly necessary as MFAA problems in Regions 1, 2, 6 and 7 are already wholly in the hands of the Italian Government, and Region 3 will shortly follow suit. Meanwhile the rapid expansion of commitments in the north has necessitated a strong concentration of effort in two directions: (a) on the sadly devastated monuments of Lazio, (b) in Tuscany.

3. An aspect of MFAA activities which is daily increasing in volume and importance is the registry of all displaced works of art. The greater part of the movable works of art in Italy have been removed once or more times since the outbreak of war in an effort to protect them from damage. Many have been exposed to serious possibilities of loss, and investigation has revealed at least one case of organized German theft. There are also numerous objects on loan to Italy from collections in her former colonies.

20 of 3

2532

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

4. The major difficulty remains that of transport. This is equally true at the level of the Italian Officials, who are quite unable to exercise their routine functions in the field and thus throw a heavy additional burden on the MFAA officer. The degree of utility of the Subcommission is absolutely controlled by this limiting factor.

PERSONNEL

5. a. Major J. I'a. Bromwich (B) attached on T.D. 24 July 44, from 5 Bn, No. 1 I.R.T.D. Held at HQ. and employed in Region IV.

b. Capt. R.E. Enthoven (B) assigned to Subcommission 6 Aug 44. Held at HQ.

c. Capt. Pinsent attached 1 July 44 on T.D. with Region VIII. Since held at HQ. and employed in Region IV.

d. Capt. Marriott posted 1 Aug 44 from Region IV to Region Z. His duties assumed by Lt. Cott of Rome Region on the amalgamation of the two regions.

e. Capt. Croft-Murray retained at Naples on temporary attachment to Region III in connection with transfer of works of art deposited in Caserta Palace.

f. Pfo R.J. Jennings, clerk, was relieved of his assignment with the Subcommission and assigned to Region VIII.

REGIONAL REPORTS

6. a. Region III. Major Gardner reports on progress to repairs in NAPLES and CAMPANIA. This officer will shortly be withdrawn in accordance with policy, leaving the whole of Southern Italy under Italian Governmental Control.

b. Region IV. In the continued absence of suitable transport, monuments in the badly damaged provinces to the south of Rome were, through no fault of the MFAA Officer, almost wholly neglected for the greater

2533

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

part of the month. This represents the worst failure in MFAA matters in Italy since very early days. The Subcommission in consequence requested and obtained permission to deal directly in the matter, and inspections are now complete for VITERBO and LITTORIA provinces and in progress for FROSINONE. VITERBO city has suffered more disastrously than any city in Italy in respect of its major monuments, but the province is relatively undamaged. UMBRIA has escaped with very modest damage, the worst sufferer being PERUGIA.

c. Rome Region. Lt. Gott reports on inspection of monuments in Rome Region. He further reports that difficulties of transport and materials have hindered even most urgent repairs. Yet another commission of enquiry, of which the MFAA Officer was a member, has sat in exhuastive examination of damage to non-military objectives in Rome City by bombing. Arrangements are well advanced for two exhibitions of great works of art for Allied troops in Rome.

d. Region V. Capt. F.H. Maxse reports on inspections of monuments in Region V. Owing to heavy commitments in Tuscany of MFAA Officers with 8 Army, Capt. Maxse has also taken over responsibility for monuments within the 8 Army area on the east coast. In general the condition of monuments is:

(i) Provinces of Aquila, Campobasso, and Pescara - minor damage.
(ii) Province of Chieti - more serious damage.
(iii) Provinces of Teramo, Ascoli Piceno, and Macerata - very little damage.
(iv) Province of Ancona - reports awaited. Ancona city has been heavily damaged.

e. Region VIII. S/Lt. Hartt has been working in close cooperation with AMG 8 Army with very good results. Repairs are already under way on several major monuments, and thanks to this cooperation the initial occupation and subsequent take-over have been very

2037

2534

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

smooth. Apart from the cities near the Gothic line the major headaches have been caused by the deposits of art-treasures outside the cities.

REPORTS FROM ARMY WITH ARMIES

7. a. General. Officers with AMG Armies have been very well forward throughout the advance and they report that cooperation from C.A.O.s and from the ground forces has been increasingly good. Notable instances have been the occupation of S. Gimignano and the precautions taken over the deposits of works of art around FLORENCE.

b. Inspections. The following sites were inspected and first-aid measures taken wherever possible:

(i) 5 Army: Abbadia d'Isola, Abbadia S.Galgano, Abbadia S. Salvatore, Acquapendente, Arcevia, Arcidosso, Asciano, Bagnaia, Bolsena, Buonconvento, Caporonte, Ceprarola, Certaldo, Colle Val d'Elsa, Cosa, Castelnuovo dell'Abbate, Gradoli, Grosseto, Grotti, Livorno, Lucignano, Magliano in Toscana, Mansano, Massa Marittima, Mensanello, Montefiascone, Monticino, Monteoliveto Maggiore, Monteriggioni, Onano, Orbetello, Paganico, Pienza, Pitigliano, Poggibonsi, Porceno, Radicofani, Sonciglione, Saturnia, S. Fiora, S. Gimignano, S. Martino al Cimino, Siena, Sorana, S. Quirico d'Orcia, Staggia, Sovano, Sutri, Tarquinia, Valentano, Vetralla, Volterra, Vulci.

(ii) 8 Army: Arezzo, Asciano, Castiglione del Lago, Chianciano, Città della Pieve, Città di Castello, Cortona, Cortona, Farneto, Gubbio, Lucignano, Magione, Montefollonico, Montelabate, Montepulciano, Montisi, Monte S. Savino, Narni, Panicale, Ponoli, S. Giovanni d'Asso, Sinalunga, Spoleto, Terni, Umbertide.

2036

2535

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

RELATIONS WITH ITALIAN GOVERNMENT.

8. The series of fortnightly meetings, formerly held in HARLEY with the Acting Director General, have been resumed weekly with the new Director General. Close liaison is maintened also through the Inspectors General. The Archives Officer for Rome Region has been in direct contact with the Director General of Archives in Rome and through him with the various Italian Ministries.

RELATIONS WITH ECCLESIASTICAL AUTHORITIES.

9. a. The titular Archbishop of Colosse, President of the Pontifical Commission for Sacred Art, has kindly undertaken to circulate to all dioceses a questionnaire as to the condition of church treasuries and collections. Information on these subjects has not in all cases been readily forthcoming to MFAA officers.

b. The Vatican Fine Arts Authorities have given every facility for the checking of Fine Arts material stored within the Vatican City.

RELATIONS WITH MFAA WORK IN OTHER THEATRES.

10. a. Information has been passed to SHAEF about enemy Fine Arts personnel operating in Europe and about other matters of interest to the Western theatre.

b. Progress has been made in tracing works of art from N. AFRICA, ALBANIA, and DALMATIA, at present in Italy.

c. Col H.C. Newton, Adviser to the War Department, Washington, has remained in Italy throughout the month.

FIELD TRIPS

2035

11. In addition to short trips in Region IV the following field-trips have been undertaken by the Director and Deputy Director:

2536

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

a. Director, accompanied by Col H.C. Newton, to Army areas in Umbria and Tuscany (ORVIETO, TERNI, VITERBO, PERUGIA, PISA, ASSISI, SIENA).

b. Deputy Director, VITERBO Province.

WORKS OF ART FROM THE DEPOSIT AT MONTECASSINO.

12. After exhaustive personal checking by the Director a preliminary report was issued on the deposits of art-treasures removed from Montecassino and eventually deposited in the Vatican. This revealed unquestionable traces of deliberate looting en route by the Germans.

ARCHIVES

13. Protection of Archives in forward areas remains in the hands of Captain Ellis and Captain Keller with AMG Armies. In Rome Capt. Brooke has concerned himself primarily with the many problems arising from the use of modern administrative archives for G-2 purpose, their protection from destruction by careless handling, and the location of similar deposits in the north. Close contact has been kept with the Italian governmental archive-officials and ministries possessing archives. A visit of inspection was made to Naples and Salerno in company with the State Superintendent of Archives and the Senior Vatican Archivist.

ENEMY PROPAGANDA.

14. This follows well-worn lines:

a. Exaggeration to, or invention of, bomb-damage to monuments.

b. Accusations that Allied troops are preparing to strip Italy of her art treasures. MFAA officer with 5 Army reports that this propaganda is in part effective and has in some cases hindered his work.

a. A particularly ripe specimen is the 20th cent

2537

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

that the Ponte S. Trinith at Florence, (confessedly blown by the Germans) has been destroyed by Allied gunfire. The leaning tower at Pisa has been reported similarly destroyed.

PUBLICATIONS.

15. a. Lists of Protected Monuments-Italy. All lists now published.

b. Soldiers Guide to Rome. A 2nd edition printed.

c. Soldiers Guide to Florence prepared in collaboration with Morale Services Section, HQ., SOS, MATOUSA.

J.B. WARD PERKINS
Major, R.A.
Deputy Director.

As above and duly Directed

Copies to:

20 ...

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

2/3-5

10 AUG 1944

HEADQUARTERS
REGION IX
ALLIED MILITARY GOVERNMENT

REPORT ON REGION IX FOR MONTH OF JULY 1944

PART I - GENERAL

1. The re-activation of Region IX began with the appointment of Lt. Col. ALFRED C. BOWMAN as Regional Commissioner (HQ ACC Gen Order #16, dated 26 June 44).

2. The territory to be administered by this Region has NOT yet been reached by the Armies and this report deals solely with the preparations which have been made to move forward when the time comes.

Location of HQ

3. The first task was to find a headquarters which had good road communications with Rome and was located conveniently for sending Provincial Teams forward as required.

4. It was found that the majority of towns which satisfied these considerations were either considerably damaged or already full of troops. After extensive reconnaissance over a wide area it was decided to establish Main Headquarters at Orvieto and to maintain a small Rear Headquarters in Rome to keep in close touch with HQ A.C.C.

5. At that time HQ Region VIII was at Orvieto, and in addition to extending hospitality, gave valuable help to Region IX Advance Party.

6. A temporary headquarters was set up 13 July 44, and on 18 July Headquarters was established in the CASERMA AERONAUTICA.

Personnel

7. The first officer assigned to the Region, other than the Regional Commissioner, reported for duty 29 June 44. Close liaison was maintained with G-1 Branch, A.C.C., and officers and men began to arrive as quickly as the other Regions could release them.

8. Strength at 31 July 44 is as follows:

Officers		EM/CRs	
Administrative	8	Clerks	16
Specialists	19	Drivers	21
Provincial Officers	19	Others	34
Total	46	Total	71

3. The first task was to find a headquarters which [illegible] communications with Rome and was located conveniently for sending Provincial Teams forward as required.

4. It was found that the majority of towns which satisfied these considerations were either considerably damaged or already full of troops. After extensive reconnaissance over a wide area it was decided to establish Main Headquarters at Orvieto and to maintain a small Rear Headquarters in Rome to keep in close touch with HQ A.C.C.

5. At that time HQ Region VIII was at Orvieto, and in addition to extending hospitality, gave valuable help to Region IX Advance Party.

6. A temporary headquarters was set up 13 July 44, and on 18 July Headquarters was established in the CaSERMA aERONAUTICA.

Personnel

7. The first officer assigned to the Region, other than the Regional Commissioner, reported for duty 29 June 44. Close liaison was maintained with G-1 Branch, A.C.C., and officers and men began to arrive as quickly as the other Regions could release them.

8. Strength at 31 July 44 is as follows:

Officers		EM/ORs	
Administrative	8	Clerks	16
Specialists	19	Drivers	21
Provincial Officers	19	Others	34
Total	46	Total	71
Total all ranks	117		

Special Divisions

9. The specialist officers shown above include representatives of the following Special Divisions:

Public Health	1
Public Safety	6
Finance	4
Property Control	1
Economics & Supply	4
Public Works	1
Industry	1
Agriculture	1
	19

203

Edwin Sec (433)

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

10. The following Special Divisions were unrepresented on 31 July:

Legal	Labour
Education	Monuments & Fine Arts
Transportation	

Equipment

11. Stores. Stores likely to be required, with the exception of a few items NOT immediately available, were all procured by 24 July.

12. Motor Transport. A provisional Table of Equipment/War Establishment was drawn up by G-4 providing for a total of 59 vehicles excluding 2 Water Carts, 10 Motorcycles and 10 Trailers. This is considerably less, proportionately, than numbers found necessary by other Regions in the past, and while this Region will make every effort to economize in the use of transport, application will undoubtedly be made for additional vehicles.

13. The majority of the transport authorized has been supplied. A detailed statement is given at Appendix "A".

Provincial Teams

14. On 1 Aug 44 Provincial Teams for the Provinces of FORLI and BOLOGNA were forme complete with personnel, vehicles and stores, while a third team was in process of forming for a Province as yet undesignated. Details are shown at Appendices "B" and "C".

PART II

(a) Political Reactions and Popular Opinion

Nothing to report.

(b) Local Government - Provincial

Provincial teams for FORLI and BOLOGNA were set up. A third team is forming. See Appendices "B" and "C".

(c) Economics & Supply

The necessary provincial pro-formas have been prepared. An estimate has been rendered to Coal Division, A.C.C. as to quantities of coal required in the Region next winter.

(d) Agriculture

A pro-forma for the collection of vital information has been pre-

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

13. The majority of the transport authorized has been supplied. A detailed statement is given at Appendix "A".

Provincial Teams

14. On 1 Aug 44 Provincial Teams for the Provinces of FORLI and BOLOGNA were formed complete with personnel, vehicles and stores, while a third team was in process of forming for a Province as yet undesignated. Details are shown at Appendices "B" and "C".

PART II

(a) Political Reactions and Popular Opinion

Nothing to report.

(b) Local Government - Provincial

Provincial teams for FORLI and BOLOGNA were set up. A third team is forming. See Appendices "B" and "C".

(c) Economics & Supply

The necessary provincial pro-formas have been prepared. An estimate has been rendered to Coal Division, A.C.C. as to quantities of coal required in the Region next winter.

(d) Agriculture

A pro-forma for the collection of vital information has been prepared. Notices in connection with the hemp-growing industry are being printed.

(e) Labour

Nothing to report.

(f) Public Works & Utilities

Normal planning activities.

2031

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

(g) Public Safety

Stocks of forms for use by Provinces have been allocated, and copies of directives made ready for distribution to Provinces.

(h) Public Health

Nothing to report.

(i) Education

Nothing to report.

(j) Refugees

Nothing to report.

(k) Communications

Nothing to report.

(l) Property Control

Nothing to report.

(m) Finance

Normal planning activities.

ACB/eah

ALFRED C. BOWMAN, Lt Col,
Regional Commissioner.

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

(l) **Property Control**
Nothing to report.

(m) **Finance**
Normal planning activities.

ALFRED C. BOWMAN, Lt Col,
Regional Commissioner.

ACB/eah

-3-

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

COMBINED VEHICLE STATE

Type	Allotment	Issued	Balance Due
Staff Car	1	1	0
Command Car	2	1	1
Jeep	27	16	11
P.U.	10	5	5
3/4 W/Carrier	4	5 *	0
15 cwt	10	5	5
2½ Ton	2	2	0
3 Ton	3	3	0
	59	38 *	22
Water Cart	2	2	0
M/Cycle	12	7	5
	73	47	27
Trailers, ½ Ton	6	6	0
Trailers, 1 Ton	4	4	0

* Includes one Weapons Carrier issued additional to allotment.

31 July 1944

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

2½ Ton	2		
3 Ton	3	3	0
	59	38 *	22
Water Cart	2	2	0
M/Cycle	12	7	5
	73	47	27
Trailers, ¼ Ton	6	6	0
Trailers, 1 Ton	4	4	0

* Includes one Weapons Carrier issued additional to allotment.

31 July 1944

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

2546

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

SECTION II

Tentative Provincial Assignments

	BOLOGNA PROVINCE	FORLI PROVINCE	
Proposed Temporary HQ	PERUGIA	MACERATA	SI
Provincial Commissioner	Lt Col F.R. THOMAS (A)	Lt Col R.G. PEETER (B)	Lt
Provincial Officers	Maj H.V. MOORE (A) Maj T.E.T BURBURY (B) Capt A CARTER (A) Capt J.Y ELLIOT (A) 1/Lieut G.W. HAINES (A)	Maj R.B. LOLLAR (A) Maj R. HAYNES (B) Capt C. PAINTER Capt R.E. CARRIGAN (A) 1/Lieut A. GERSTEIN (A)	Ma Ma Ca Ca
Public Safety or Police Officers	Capt L.A.E. HOLLINGS (B) 1/Lieut C.O. BIGHAM (A)	Maj E.I. CHANEY (A) Capt W.L. WILLIS (B)	Ca
Supply Officer	1/Lieut M. GRUPPUSO (A)	Maj A.M. WRIGHT	
Legal Officer			
Finance Officer	1/Lieut L. RAVARINO (A)	Maj D. McK. RALSTON (B)	1/L

2547

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

-20-

REGION IX

Tentative Provincial Assignments

1 August 1944

OGNA PROVINCE	FORLI PROVINCE	"X" PROVINCE
UGlA	MACERATA	SIENA
Col F.E. THOMAS (A)	Lt Col F.G. PEITER (B)	Lt Col R.W. WHINERY (B)
H.V. FIORE (A) T.E.T BURBURY (B) t A. CARTER (A) pt J.Y ELLIOT (A) Lieut G.W. HAMES (A)	Maj R.L. LOLLAR (A) Maj R. HAYNES (B) Capt C. PAINTER Capt R.R. CARRIGAN (A) 1/Lieut A. SERVENTE (A)	Maj J.W. McINTIRE (A) Maj E.G. COUSINS (B) Capt T.J. TAYLOR (A) Capt A. ROBERTSON (A)
pt L.A.M. MUMFORD (B) /Lieut C.D. BIGHAM (A)	Maj W.I. CHALET (A) Capt W.L. WILLIS (B)	Maj T.G. MACKENZIE (B)
/Lieut N. GRUPPUSO (A)	Maj A.M. WRIGHT	
L/Lieut M. NAVARINO (A)	Maj D. McW. RALSTON (B)	1/Lieut D.W. HAWKINS (A)

EM/OR and vehicles assigned to the FORLI PROVINCE 31 July 1944

				DUTY	VEHICLE	
Sgt	Herman A. Marchi	12036386	(A)	Interpreter		
Pfc	Matthew J. Bellucci	32033232	(A)	Driver	Jeep	20335176
Pvt	Salvatore Errante	32698289	(A)	"	W/Carrier	2115456
L/Cpl	T.R. Barrantt	10661006	(B)	Clerk		
Pte	R. White	5501717	(B)	Driver	Jeep	201149228
Pte	R. Jones	6016118	(B)	"	Jeep	20211022
Gdsm	A.R. Blackadder	2697636	(B)	"	P.U.(Hillman)	M-4776956
					M/Cycle	(U.S.A. 623380)
					¼-Ton Trailer	0162306

EM/OR and vehicles assigned to the BOLOGNA PROVINCE 2 August 1944

				DUTY	VEHICLE	
Pfc	Charles L. Angelo	32530102	(A)	Clerk		
Pvt	Fulvio D'Alessio	20223301	(A)	Driver		
Fus	L. Colebowrne	7344032	(B)	Driver	Jeep	2038690
Dvr	G. Gill	T/235592	(B)	"	3 Ton Chevrolet	L-126660
Pvt	Mario Grespani	36364898	(A)	Driver	Jeep	20211762
Pte	W.Walsh	4621769	(B)	"	Jeep	20220166
Dvr	S.M. Black	T/151724	(B)	"	P.U.(Standard)	M-524[illegible]
Pte	D.A. Newport	635522	(B)	"	P.U.(Hillman)	M-4775686
Pte	S. Walker	4279599	(B)	"	P.U.(Hillman)	M-5100059
Pte	C.W. Compton	S/2147680	(B)	"		
Pte	H. Hogarth	4459174	(B)	Driver	15 cwt Bedford	Z-4764605
					M/Cycle	(U.S.A. 623365)
					¼ Ton Trailer	0473094

ALLOTMENT OF VEHICLES TO PROVINCES

Type of vehicle	Bologna	Forli	"X" Province
Light	7	4	3
Medium	1	1	1
Heavy	1	-	-
	9	5	4
M/Cycles	1	1	1
Trailer, ¼ Ton	1	1	1

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

Dvr	G. Gill	[illegible]			rolet L-126660
Pvt	Mario Grespani	36364898	(A)	Driver	Jeep 20211762
Pte	W.Walsh	4621769	(B)	"	Jeep 20220166
Dvr	S.M. Black	T/151724	(B)	"	P.U.(Standard) M-524[illegible]
Pte	D.A. Newport	635522	(B)	"	P.U.(Hillman) M-4775686
Pte	S. Walker	4279599	(B)	"	P.U.(Hillman) M-5100059
Pte	C.W. Compton	S/2147680	(B)	"	
Pte	H. Hogarth	4459174	(B)	Driver	15 cwt Bedford Z-4764605
					M/Cycle (U.S.A. 623365)
					¼ Ton Trailer 0473[illegible]94

ALLOTMENT OF VEHICLES TO PROVINCES

Type of vehicle	Bologna	Forli	"X" Province
Light	7	4	3
Medium	1	1	1
Heavy	1	-	-
	9	5	4
M/Cycles	1	1	1
Trailer, ¼ Ton	1	1	1

2027

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

2550

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

[illegible]
A.F. [illegible]
A.P.O. 394
ADMINISTRATIVE SECTION

A/S.G/AS 16 Aug 44.

[illegible]
[illegible]

ADMIN SEC.

1 Refugees.

The new consolidating decree was published on the 29 July and is in the hands of AG officers in the Field and of Italian Prefects. The work of organising the Ministerial Commissions is in hand.

INTERIOR

2 Local Government.

During the period covered by the report the Italian Government submitted for approval a large number of names for appointment or for transfer. Having regard to experience gained by some of the nominees whilst working under AG considerable negotiation and screening has had to take place. After alternative proposals were made agreement has been reached on the appointment of 10 Prefects, 4 Directors General, a Secretary General and seven members of the Giunta Consultiva of Sardinia.

3 Executive Memorandum No 1) dealing with local government organisation and administration has been revised. This document summarises the position of and the arrangements connected with local government organisation, made since the Sicilian landing and its revision was necessary to give effect to developments which have occurred and experience gained since its original production. It has been issued by PB & MG Section.

4 Officials.

As mentioned in previous reports, experience has shown that AG with 5th and 8th Armies have at times found no administrative officials in newly liberated provinces. To cater for these circumstances, arrangements were made in collaboration with the Italian Government for the provision of a small team containing the minimum number of officials (including a Prefect) with would be necessary to restart the administration. Such teams had been prepared and were necessary to proceed to Perugia, Siena, Arezzo, Pescara, Teramo and Ascoli.

In the Provinces mentioned however, it was discovered that sufficient satisfactory officials had remained at their posts and the personnel who were ready to at short notice were not called forward.

1 Prefect however, was provided and sent to Macerata.

Similar preparations are being made to cover the following provinces should the need arise, viz: Pisa, Livorno, Florence, Pistoia, Lucca, Apuania and Ancona, and areas further North.

5 Interviews.

The Director has seen His Excellency Bonomi in his capacity of Minister of the Interior on frequent occasions. In addition, interviews have taken place with the Under-Secretary of State Casavori, Scarpentino, the Chief of Cabinet and his successor, Donarti. The subjects concerned have included nominations for Prefect and Syndico of Florence (each who was also seen), refugees going North and their interference with military movement, terms of officials, and other senior appointments.

2020

2551

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

PUBLIC SAFETY

6 Commanding General, Royal Carabinieri: On 21 Jul General Taddeo ORLANDO formerly Minister of War, was designated Commanding General of the Royal Carabinieri with HQs in Rome.

7 Public Security: On 27 Jul Dr Luigi FERRARI formerly President of the Court of Assisi in Rome, was appointed Director General of Public Security in the Ministry of the Interior. The Public Safety officials at the Ministry are now being reviewed.

8 Policing Forward Areas: During the month all requests from Armies and Region VIII for CC.RR to police newly occupied territory were met. New replacement centres were opened at Grosseto (west coast) and Chieti (east coast) to deal with CC.RR reporting for duty from liberated territory.

9 Strength of Royal Carabinieri: Urgent representations have been made that a total strength of 55000 officers and men is totally inadequate to cope with the duties which will devolve on the Royal Carabinieri when the whole of Italy is occupied. Already 41982 CC.RR are fully employed, and the thickly populated industrial north has yet to be policed.

10 Royal Finance Guards: The HQs of the Royal Finance Guards has been established in Rome with General Morrisco remaining in command. Owing to the ceiling imposed on CC. RR. & CC. FF. strength, on 31st July the CC. FF. were taken off the Italian Army ration strength and placed on civilian (Heavy workers) rations this being a substantial reduction in quantity.

11 Conduct of Troops: The behaviour of Allied troops generally leaves much to be desired. The conduct of French Colonial troops towards the Italian civil population is disgraceful, and the attitude of indifference adopted by French unit commanders when crimes are reported to them encourages indiscipline. At Taranto and Brindisi clashes between French soldiers and sailors and Italians in which firearms and hand grenades were used, resulted in five persons being killed and twenty injured. In three cases Allied Military police came to the assistance of the Italian police and in one instance machine guns were used to restore order.

12 Prisons: Overcrowding remains the chief problem in Prison administration but, apart from the question of military prisoners, the position is steadily improving. Progress is being made with the rebuilding problem, while a number of prisons requisitioned by Allied Military authorities have been released. The detention of Italian military prisoners in civil prisons is still under discussion with the authorities concerned.

PUBLIC HEALTH.

13 General: The lack of ambulances is a serious problem in both forward and rear areas. The question of the re-organisation of the Italian Nursing Service is one in which it is felt that the initial steps should be taken by the Italian Government.

2025

14 Supplies: Expected shipments of medical supplies to cover the inclusive July to December period have not yet arrived. Latest information indicates that they may be expected between the 19th and 19th August.

...../ There is

2552

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

There is an acute shortage of glass ampules due to scarcity of long flame coal, the lack of transport is hampering the distribution of other medical supplies but is hoped that the Italian Government will soon take over the responsibility for the distribution for medical supplies to Regions I, II, III, VI and VII.

15 Disease:

a VD: The VD incidence among troops in the PTO-Naples area has fallen to 120 per thousand per annum for June. In Region VI the venereal rate is very satisfactory, being as low as 60 per thousand per annum and in some units even 37 per thousand per annum. The hospital accommodation for infected women has improved in Region II and there is some diminution in the number of cases being admitted.

b Smallpox: Continues in Naples City and Province. Total number of cases to date is 870 and the total number of vaccinations is 446,257. The disease is in a mild form, six deaths only have occurred in debilitated children who might otherwise have been expected to recover.

c Malaria: As a result of enemy sabotage, large areas of country in Region IV and Rome Region are flooded. This will increase the incidence of malaria. Energetic measures, including airplane dusting are being taken to cope with the existing conditions.

16 Veterinary: Foot and mouth disease is now widespread in Southern Italy but the mortality is low and it is hoped that sufficient vaccine will soon be available. An incidence of Sheep Pox has occurred in Brindisi.
Large quantities of crystal violet hog cholera vaccine are now available.

17 Welfare: The condition of all Italian welfare agencies is such that it is felt that a strong governmental policy of complete re-organisation is essential.

LEGAL

18 Handled all legal matters connected with restoration of territory as of 20 Jul and proposed restoration as of 15 Aug 44; consideration of "sanctions against fascism" Decree and matters relating to unsatisfactory situation as to Italian Courts at Bari.

19 The Chief Council worked on the preparation of general orders having to do with the agricultural and general economy of Italy.

20 Defascistisation decree approved and passed on 27 Jul 44. Re-organisation of Ministry of Justice and High Court of Cassation well under way. New legislation promulgated to meet present conditions and eliminate all traces of fascist republican enactments. Judicial officials having taken refuge in Rome are gradually being reposted to their original seats.

21 Work in HQ and in the provinces was hampered by lack of personnel. The MENTEVERNA case was the first open General Court in Rome. As the accused was a communist and a patriot it became a political event. In Naples from 22 Dec 43 to 19 Jul 44 the Allied Military Courts disposed of 25,961 cases. Allied Military Courts in Rome have it is thought made a generally good impression.

...../Education.

2553

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

EDUCATION

a Italian Government Territory. The most pressing problems are : school buildings still to be derequisitioned, old or inactive or undependable provveditori, expurgated epuration, and in agricultural districts, absence of children from school.

b Littoria: In this devastated province all elementary schools except one and all secondary schools except two (2000 children) have been opened. Several hundred teachers have been brought from Rome and are working under primitive conditions. School officials have been looked out and 72 officials have been vetted and 21 dismissed. School lunches have been brought to six communes and 3,900 textbooks for each of the elementary grades.

c Rome: 76 members of the governing body of Rome University have been epurated.

PROPERTY CONTROL.

14 Command: The DEC, Lt Col C.R.S.Harris (B) was injured in a traffic accident on 9 Jul, and he has since been invalided to England. Col C.Carroll (A) is now acting DEC.

15 Field Work: Satisfactory progress in controlling and caring for Allied properties has been made in all areas which we have occupied. Plans have been made for taking over in the Northern Areas.

16 Policy: The following is under review:

a The degree of control to be exercised over commercial concerns in AMG areas and in transferred territory:

b De-sequestration and its consequences :

c Means of insuring a continuing responsibility of the Italian Government for the care of sequestrated properties:

d Liability for management fees:

e Return of properties to owners:

f Reports to owners.

MONUMENTS, FINE ARTS & ARCHIVES.

17 General: MFAA problems of Regions I, II, VI and VII being in the hands of the Italian Government, and Region III about to be handed over, the major concentration of works is in the devastated portions of Lazio and in Tuscany. Information passed to SHAEF about matters of interest re MFAA in the Western Theatre. Works of art in Italy from centres outside Italy are being traced.

18 Field Work:

a Armies: Four MFAA officers are at present at work in the forward areas with 5 and 8 Armies. One of these belonging to Region VIII is in charge of controlling and protecting the deposits in the vicinity of Florence where most of the art objects from that city are stored.

b Rome: MFAA officer is busy with repair work in the vicinity of Rome and with arranging two great exhibitions of works of art for Allied troops in Rome.

c Region V: Damages are minor except in Ancona City where they are heavy.

...../3

2554

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

27 3 Relations with Italian Government and Church.
Close relations established and maintained with Italian Director General of Monuments and Staff and with Director General of Archives at Rome. Relations also established with President of the Pontifical Commission for Sacred Art; Vatican Fine Arts authorities have given every facility for checking the deposits stored in the Vatican. Check of art objects stored at Vatican from the deposit at Montecassino completed with note of German pillage.

284 Publications: The Lists of Protected Monuments have been completed. Soldiers Guides to Rome and Florence published.

G.R. UPJOHN, Col
A/Head, Adm Sec

Ext: 525
/wb.

2024

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

SUMMARY OF JULY REPORT BY EDUCATION

I. Problems in Italian Territory.

The most pressing pedagogical problems in relinquished territory are: school buildings still to be derequisitioned, old or inactive or undependable provveditori, expurgated epuration, and absence of agricultural children from school.

II. One Man in one Car for one Month.

In AMG territory Captain Pratt has demonstrated what capacity and transportation can combined produce. In the devastated Province of Littoria, and against the deep undertow of good old summer time, he has opened all elementary schools save one, with seventeen thousand children in attendance, and all secondary schools save two, with two thousand children. He has transported several hundred teachers from Rome and has inppirited them to primitive living and high thinking. He has dug school officials out of academic fox-holes or, like Dan Matthews, has called them from the hills, to man the trenches against ignorance. 72 officials have been vetted and 21 dismissed. School lunches have been brought to six communes, and 3,900 textbooks for each of the elementary grades.

III. Yes, We Have no More Boloney at Rome (University).

Rome University is now pure, already to the tune of 76 promoters and more to come. Even the process of purification has been kept pure from politics. The Ministry has its own epuration committee appointed, and also a National Commission for all Italian universities. The hunt is on, but not for witches -- nor is it likely to discover any wizards among the shabby intellectual prostitutes of so putrid a pretence-economy of the mind.

2556