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MONTHLY REPORTS, ADMIN SUB-COMMS.
AUG., SEPT. 1944

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3/7.7/48

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/F

21 September 1944.

SUBJECT : Report of the Finance Sub-Commission, HQ ACC - August 1944.

TO : Brig. G.R. UPJOHN,
Vice President,
Administrative Section.

1. Herewith, for your information, copy of the Report of the Finance Sub-Commission, HQ ACC, for August 1944.

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A.P. Grassby Smith
Colonel

Joint Director,
Finance Sub-Commission.

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SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/F

12 September 1944

REPORT OF THE FINANCE SUB-COMMISSION
HQ ACC FOR AUGUST, 1944

Col. A.P. Graffitey-Smith - Joint Director

Lieut-Comdr. J.J. Lawler, USCGR, Acting Joint Director (in place of Col. T.H. Foley, Jr. now in U.S. on temporary duty).

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D. Provincial Tax Appeal Commissions
E. Allied Financial Agency Report
F. Banking Statistics
G. Treatment of Suspended Public Employees

I. DEFASCISTIZATION

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APPENDICES

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I. DEFASCISTIZATION

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A. Progress made by Italian Government

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

2. It was first proposed that the Ministry of the Treasury should have three "Commissioni di Epurazione" and the Ministry of Finance one. The first of the Treasury Commissions was for the Administrative Staff, Central and Provincial, the second for Ragionerie dello State, Central and Provincial, and the third to deal with Banks, Enti, and miscellaneous financial institutions. After the Treasury was asked to state which of the Institutes it thought were dependent on it, it became clear that it would be advisable to make the third Commission serve both Finance and Treasury.

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3. On 16th August, a letter was addressed by Finance Sub-Commission to both Ministers, calling for a weekly statement under the following heads:

(a) List of names of officials against whom allegations have been made.
(b) List of names of officials whose cases have been decided with an indication of the Commission's decisions.
(c) List of names of officials whom the Commission has reported for judicial action to the courts.

On 17th August, the Commissions were handed 210 separate dossiers containing charges against individual officials which had been brought by employees of the Ministries on various grounds.

4. No weekly progress reports have as yet been received as the staffs of the Commissions are said to have been fully occupied in the work of preliminary organization. The composition of the Commissions is shown in Appendix A.

B. Plans for North Italy

1. Teams of Guardia di Finanza personnel are being trained to make preliminary surveys, for defascistization purposes, with respect to the financial centers of Northern Italy when this area comes under AMG control.

C. Further Implementation of the Sanctions Against Fascism

1. Sequestration of Fascist profits

(a) The Finance Sub-Commission is currently taking an active interest in the implementation of Part III of the decree of 27 July 1944 providing for sanctions against Fascism. This Section provides for the sequestration of profits derived from "participation in or adherence to the Fascist regime". The basic date for purposes of calculation has been fixed as 28 October 1922. References were made in this connection to the text of the decree which was attached to the monthly report of the Finance Sub-Commission for July 1944 as Appendix A. There is considerable confusion at the present time owing to the lack of clear directives as to what shall constitute unjust enrichment and the relationship of this to political Fascism as well as war profits.

(b) This Sub-Commission is presently engaged in assisting the High Commissioner charged with the administration of Part III of the decree in question to establish precise objectives and methods of procedure. The decree conflicts with the new tax bill providing for extraordinary levies on war profits and also with the proposed new war profits bill of the Ministry of Finance.

2. Commissioners for private enterprises

The Italian Government is prepared to issue a decree giving it the power to

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2. Commissioners for private enterprises

The Italian Government is prepared to issue a decree giving it the power to appoint commissioners to administer private enterprises the personnel of which are suspected of fascist activity. If drafted, the decree would allow too much opportunity for innocent enterprises to be looted by political interests. The Finance Sub-Commission is preparing an alternative proposal embodying strict judicial supervision both of the appointment and administrative activity of commissioners.

II. GOVERNMENT FINANCE

A. The Italian Government Deficit and Government Financial Operations

1. Reduction in interest rates

As has been mentioned in earlier monthly reports, commercial bank interest rates are based on the Banca d'Italia 4½% rediscount rate and this combination of rates necessarily is an important factor in maintaining the high interest rate paid on government borrowings. In preparation for floating a new long-term government loan at a rate lower than 5% when substantially all of Italy is liberated, many discussions have

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taken place looking toward a reduction of the rediscount rate, commercial rates, and B.T.O. rates. Agreement among Treasury representatives, Banca d'Italia representatives and commercial bankers has finally been achieved and it has been decided to lower the rediscount rate and the commercial rate one half of one per cent with a similar reduction to follow shortly in B.T.O. rates. A continuing study of the situation will be made in the hope of effecting another decrease of one half of one per cent within another month.

2. The deficit for July

The data available indicate that the Government deficit for July was approximately 4.5 billion lire, a substantial increase over the 3.4 billion lire figure registered for June. The total deficit for the period 1 July, 1943 through 31 July, 1944, is approximately 38 billion lire.

3. Investment in Buoni del Tesoro Ordinari

For the reasons explained in paragraph 4 below, statistics for the whole area of liberated Italy on the net investment in Buoni del Tesoro Ordinari (Treasury bills) are not available. However, the complete figures for the city of Rome have been furnished and are of great interest. For the period 1 - 31 August, the excess of purchases of Buoni del Tesoro Ordinari over payments was 3.5 billion lire. The significance of this development may be realized from the fact that the comparable figure for Rome in July was only 312 million lire. Net investment in BTOs for all of liberated Italy south of the 11 May, 1944 line (roughly south of the northern boundries of Naples - Campobasso Provinces) was approximately 2 billion lire; Rome city in one month has almost tripled this figure. It is striking evidence of financial confidence.

4. Current financial statistics for liberated Italy

(a) The July Report of Finance Sub-Commission described the considerable disruption that occurred in the Banca d'Italia's reporting mechanism when the Italian Government moved from Salerno to Rome. The forecast was made, too optimistically, that detailed financial information would soon be available for all of liberated Italy. However, the Banca d'Italia states that it is receiving only a scattering of reports from its branches, often quite delayed. There can be no doubt that the very great transport and communication difficulties (which are increasing rather than lessening) are largely to blame for the lag in reports. A further factor is the withdrawal of our finance officers from the southern areas of Italy; as of this date there are only five finance officers for the entire area of the mainland south of Naples, Sicily, and Sardinia. The constant contact of finance officers in the field with the various branches of the Banca d'Italia emphasized the necessity for prompt reports; this stimulant is now lacking.

(b) The preparation of the banking statistics regularly carried in this Report was under the supervision of a Finance Sub-Commission officer who is now on full-time temporary duty in the office of the Vice-President, Economic Section. Since his transfer to the new work, such statistics as have been presented by the Banca d'Italia have been poorly organized and in some cases so full of obvious errors as to preclude publication. [illegible] figures are presented in Appendix E.

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(c) The failure of the Banca d'Italia to establish promptly an efficient statistical service is being made a matter of immediate investigation by this Sub-Commission and aid is being given to Banca d'Italia by field finance officers in forwarding reports through official channels.

B. Taxation

1. Tax revision

(a) At the suggestion of this Sub-Commission, a letter was addressed to the President of the Council by the Acting Chief Commissioner of ACC, urging that measures relating to tax revision should receive early attention. This letter is reproduced in Appendix B.

(b) It was reported last month that the Cabinet had approved a decree amending the war profits tax and that at our request the Minister of Finance agreed to postpone its registration until we had had an opportunity of studying it. The points raised and

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the counter arguments advanced by the Minister were as follows:

(1) Coverage: Profits from sale of grain exempted. The Minister said that the Government was unanimous that at this time of urgent national need nothing should be done which might lead to a smaller quantity of grain being turned over to the Granai del Popolo. He proposed in his general tax revision scheme to increase the tax on farm profits. (In the draft received the tax on farm profits has been raised from 10% to 20%.) The Minister insisted that the black market profit clause should remain because assessing officers were often able to prove increased income but unable to prove the source. Provision for this contingency already exists in their taxation laws. The impression was gained that the clause was inserted in order to satisfy public demand that black market profits should not escape taxation.

(2) Rates and exemptions: no increase in rates. The Minister claims that a very considerable increase in revenue will ensue from the increased assessments resulting from the enforcement of the heavy penalties for failure to make returns or making incorrect returns, also from the repeal of certain sections of the existing decree under which Companies making large profits have been able to evade tax. (The sections repealed allowed an addition to the profits of 1938, which is the standard year on which the ascertainment of "war profits" is based, of a proportion of profits made in subsequent years from contracts for governmental supplies. Under our conception of a war profits tax, these are precisely the the profits at which the tax is aimed.)

(3) Penalties: The clause covering penalties for incorrect declaration of income contains no provision making it compulsory for proper accounts to be kept. The Minister thought this unnecessary as the Appeal Commissions had the power to call for accounts. This is not a satisfactory answer because all cases do not go to appeal. It is interesting to note here that the need for such provision has been suggested many times to three successive Finance Ministers without a sign of success.

(4) Assessment times: The period of limitation of action for assessing the tax, i.e., 31 December of the year subsequent to the one when the application of the tax shall finish, is too short. Six years was asked for; the Minister agreed to extend it from one to three years.

It is our conclusion that this tax contains many much needed amendments which will tighten up the machinery of assessment. A point in its favor is that it is the first step in educating the taxpayer to make returns of income. Though he may still avoid making a return by concluding a "concordato", there is a penalty attached to this amounting to a quarter as much again of the tax payable. The most serious objection to it is that it does not provide for an increase in rates. As regards the Minister's statement that without increased rates the amendments will result in a very considerable increase of revenue, there is no doubt that there will be an increase, but its extent on an unknown factor, the assiduity with which local officials apply the penalty provisions. The decree has now become law through final registration.

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(a) The special Committee formed to make a study of state and local taxation has met frequently throughout the month. After completing the work on the War Profits Tax, reported above, it decided to amalgamate in one decree amendments of the following taxes:

(1) Imposta di Ricchezza Mobile
(2) Esenzioni alle Famiglie Numerose
(3) Imposta sui Celibi
(4) Imposta ordinaria sul Patrimonio
(5) Imposta sui Terreni
(6) Imposta Complementare

The draft decree was received on the 31st August, and is in course of being translated and studied.

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(d) Ente Nazionale per la Distillazione: The Minister has been reminded throughout the month that the vexed question as to whether the distillery industry should continue to be subsidized by the tax on wine is still unsettled. He has endeavored without success to arrange a meeting between the Ministers of Agriculture, Industry and Commerce, and himself. The point will continue to be pressed.

2. Ministries of Treasury and Finance

(a) Security. The signature of the Ministers to a certificate that they were prepared to accept responsibility for the security of the buildings occupied by the various departments of the Ministries was obtained on the 2nd August, to take effect at 0900 hours, 4th August. The special security guards were duly relieved at that hour by the normal Guardia di Finanza. Up to the evening of 3rd August, the total number of passes issued, authorizing admission to Ministry buildings, was 1775. As from 4th August, no control has been exercised by ACC in this respect.

(b) Staff. At 31 August, the staff situation was as follows:

	In Service on 8th September 1944			
	Sent to North or Dismissed	Left in Rome	Resumed Service In Rome	Available but not yet taken into service
Ministry of Treasury:				
Administrative Departments	671	851	697	154
Ragioneria Gen. dello Stato	351	963	810	152
Ministry of Finance	81	628	407	221
	1,303	2,441	1,914	527

(c) Division of responsibilities as between the Ministers of Finance and Treasury. As has been reported, the formation of the Bonomi Government brought with it the revival of the Ministry of the Treasury, which last functioned separately in pre-Fascist days. On the 24th August, 1944, a Decree was enacted, determining in part which departments should fall under the Ministry of Finance and which under the Treasury. Extracts from the decree are reproduced in Appendix C.

3. Revenue Stimulation

(a) During the month, six officers of the Revenue Sub-Section have visited or have been attached to 5th Army and Regions IV, V, VI and VIII. In the forward areas and badly damaged zones, activity has been directed mainly at rehabilitation of destroyed and evacuated offices, granting of "tolleranza" applicable to June and August bimestrial collections, vesting of provincial and district officials with authority to deal with abnormal situations which experience has taught result in tax collection delays, authori-

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(b) The importance attached to the re-activation of central, provincial, and district commissions for the settlement of appeals against tax assessments has been mentioned in previous reports. Under the Decree of March 1944, the setting up of the District Commissions is done at Provincial level. Nominations for the Provincial Commissions have to be approved by the Minister of Finance. The Central Commission is the responsibility of the Minister and has to be the subject of a Decree. Every Italian tax official is aware of the large amounts of tax remaining unpaid as a result of the non-functioning of these Commissions and yet it is true of all levels, from the Minister down, that until Finance Sub-Commission officers have brought pressure to bear, little has been done to re-activate them. Taxpayers in increasing number are taking advantage of the position by entering appeals for no reason other than as an excuse to withhold payment of tax. CFO's Armies and RFO's forward Regions have been asked to keep the Provincial and District Commissions functioning as constituted at the time of liberation until such time as the Commissions under the provisions of the March 1944 decree can be set up. The Minister has been asked to prepare a decree setting up the Central Commission.

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It is proposed to maintain this drive and in order that progress may be recorded, a statement has been prepared showing the position as at 31 August, 1944 (See Appendix B).

(c) The compilation of information concerning the state of industries affected by manufacturing taxes with a view to re-activation of those not working is still proceeding. Factors affecting re-activation of such industries are shortage of fuel, power, and raw materials.

4. Revenue Collections

(a) The detailed records of State Revenue from which the State Accounts are compiled by the Ministry of the Treasury were examined. These records are very incomplete, not only for the south of Italy, but also for the central and northern provinces with which the Ministry was in recent contact. No real effect to maintain a centralized record of Italian State Revenue has been made since June 1943 and it will be some time before a current and detailed picture of the State Accounts can be obtained. It was impressed upon the Ministerial Officials responsible that their records should be brought up to date as soon as possible.

(b) As a result of the letter of instruction regarding the forwarding of State Revenue from the Provincial Centers (see July Report of Finance Sub-Commission), returns for July 1944 were received from 38 of the 45 liberated Provinces. These returns were made available to the Ministry of the Treasury and the Bank of Italy. Statements have been prepared by this Sub-Commission as follows:

(i) Total revenue collections for the 38 Provinces from which returns were received, for the 1943/44 fiscal year to 30 June 1944 and for the first month of the 1944/45 fiscal year.

(ii) The data contained in (i) above analysed over the main revenue heads.

(iii) An analysis of the main revenue collections for the year 1943/44 of the 27 liberated Provinces which have been under ACC/AMG control for some time.

(c) The total gross revenue collections for the 38 liberated Provinces for the year ended 30 June 1944 amounted to 13,105 million lire. Of this sum 5,435 million lire is in respect of the 27 old liberated Provinces. The equivalent figures for the first month of the fiscal year 1944/45 are 291 and 228 million lire respectively. The collection result of the newly liberated Provinces are naturally poor, due to almost complete lack of communications in the immediate battle area and in some cases to the destruction of tax offices or the evacuation of office staffs.

The results for the 27 liberated Provinces indicate that the improvement in revenue is being well maintained. The following tables on pages 7, 9 and 12 refer to the above sub-paras (i), (ii) and (iii) respectively.

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Annex F.

ITALIAN STATE REVENUE

Schedule showing gross cash collections for the fiscal year 1943-1944 (to 30 June, 1944), and gross cash collections for the first month of the fiscal year 1944-45 (July, 1944), analysed over Provinces from which returns have been received. (38 Provinces, of which 27 are "Old" and 11 "New").

(in millions of lire)

Administrative District (Compartimenti)	Province	Fiscal Year 1943-44 (to June 30, 1944) On Account of Current Revenue	On Account of Former Years' Arrears	Total Collections 1943-44	Fiscal Yr. 44/45 1st Mon. July 44. On Account of Current Revenue
Sicilia	Agrigento	60.0	2.5	62.5	3.8
	Caltanissetta	53.8	1.7	55.5	2.7
	Catania	199.0	5.6	204.6	19.2
	Enna	52.7	1.5	54.2	.9
	Messina	96.4	1.6	100.0	5.6
	Palermo	469.4	12.6	482.0	19.9
	Ragusa	55.2	.8	56.0	1.7
	Siracusa	68.2	.6	68.8	5.8
	Trapani	110.3	-	110.3	3.8
		1,167.0	26.9	1,193.9	63.4
Sardegna	Cagliari	305.0	26.6	331.6	6.1
	Nuoro	48.0	1.2	49.2	.4
	Sassari	173.5	2.5	176.0	2.3
		526.5	30.3	556.8	8.8
Puglie	Bari	1,366.1	29.5	1,395.6	39.3
	Brindisi	94.6	22.0	116.6	2.5
	Foggia	160.2	1.1	161.3	3.6
	Taranto	171.0	7.2	178.2	6.0
	Lecce	152.0	3.2	155.2	10.0
		1,943.9	63.0	2,006.9	61.4
Lucania	Matera	34.5	.8	35.3	.7
	Potenza	42.0	1.0	43.0	1.0
		76.5	1.8	78.3	1.7
Calabria	Catanzaro	101.9	2.9	104.8	3.6
	Cosenza	89.9	2.5	92.4	2.3
	R. Calabria	73.5	8.0	81.5	1.5
		265.3	13.4	278.7	7.4
				68.6	1.5

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	Catania	199.0	5.6	204.6	19.2
	Enna	52.7	1.5	54.2	.9
	Messina	98.4	1.6	100.0	5.6
	Palermo	469.4	12.6	482.0	19.9
	Ragusa	55.2	.8	56.0	1.7
	Siracusa	68.2	.6	68.8	5.6
	Trapani	110.3	-	110.3	3.8
		1,167.0	26.9	1,193.9	62.4
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	Sassari	173.5	2.5	176.0	2.3
		526.5	30.3	556.8	8.8
Puglie	Bari	1,366.1	29.5	1,395.6	39.3
	Brindisi	94.6	22.0	116.6	2.5
	Foggia	160.2	1.1	161.3	3.6
	Taranto	171.0	7.2	178.2	6.0
	Lecce	152.0	3.2	155.2	10.0
		1,943.9	63.0	2,006.9	61.4
Lucania	Matera	34.5	.8	35.3	.7
	Potenza	42.0	1.0	43.0	1.0
		76.5	1.8	78.3	1.7
Calabria	Catanzaro	101.9	2.9	104.8	3.6
	Cosenza	89.9	2.5	92.4	2.3
	R. Calabria	73.5	8.0	81.5	1.5
		265.3	13.4	278.7	7.4
Campania	Avellino	58.5	1.1	59.6	1.5
	Benevento	46.0	.3	46.3	.2
	Napoli	1,037.9	19.4	1,057.3	75.0
	Salerno	115.3	2.4	117.7	6.1
		1,257.7	23.2	1,280.9	82.8
	Forward	5,236.9	156.6	5,393.5	226.5

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(ITALIAN STATE REVENUE, Con't.)

Administrative District (Compartimenti)	Province	Fiscal Year 1943/44 (to June 30, 1944) On Account of Current Revenue	On Account of Former Years' Arrears	Total Collections 1943-44	Fiscal Yr. 44/45 1st Mon. July 44. On Account of Current Revenue
Forward		5,236.9	158.6	5,395.5	226.5
Abbruzzi e Molise	Aquila	76.8	1.2	78.0	.2
	Campobasso	39.3	.4	39.7	1.1
	Chieti	19.5	2.7	22.2	.1
	Pescara	-	(No returns)	-	-
	Teramo	29.8	.7	30.5	.7
		165.4	5.0	170.4	2.1
Lazio	Frosinone	11.1	1.1	12.2	-
	Littoria	-	(No returns)	-	-
	Rieti	34.0	1.1	35.1	.4
	Roma	4,890.3	642.4	5,532.7	46.7
	Viterbo	35.7	1.2	36.9	.5
		4,971.1	645.8	5,616.9	47.6
Umbria	Perugia	-	(No returns)	-	-
	Terni	-	(No returns)	-	-
		-	-	-	-
Marche	Ancona	261.7	1.8	263.5	-
	Ascoli Piceno	-	(No returns)	-	-
	Macerata	61.5	1.7	63.2	.4
	Pesaro	-	(No returns)	-	-
		323.2	3.5	326.7	.4
Toscana	Arezzo	-	(No returns)	-	-
	Firenze	1,219.3	19.4	1,238.7	12.9
	Grosseto	-	(No returns)	-	-
	Livorno	-	(No returns)	-	-
	Lucca	-	(No returns)	-	-
	Massa Carrara	-	(No returns)	-	-
	Pisa	-	(No returns)	-	-
	Pistoia	-	(No returns)	-	-
	Siena	354.5	2.6	357.1	1.6
		1,573.8	22.0	1,595.8	14.5
	Grand Total	12,270.4	834.9	13,105.3	291.1

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~~ANNEX~~ F

ITALIAN STATE REVENUE

Schedule showing Revenue Cash Collections for the fiscal year 1943/44 (to 30 June, 1944) and for the first month of the fiscal year 1944/45 (July 1944) analysed over the Main Revenue Heads.

(Million lire)

GRAND SUMMARY OF 38 PROVINCES

		Fiscal Year 1943/44 (to June 30, 1944)			Fiscal Year 1944/45 (July, 1944)
		On Account of Current Revenue	On Account of Former Years' Arrears	Total Collections 1943/44	On Account of Current Revenue
Capo I	Manuf. Taxes	395.3	21.7	417.0	19.6
" II	Customs & Harbourage	176.7	31.1	207.8	26.8
" IV	Monopolies	2,875.0	23.0	2,898.0	60.3
" V	Lotteries	105.9	12.6	118.5	4.8
" VI	Direct Taxes	3,145.4	66.0	3,211.4	16.6
" VIII	Indirect Taxes	3,696.3	65.9	3,762.2	148.4
OTHER REVENUE, Including Capo X, (Treasury).		1,875.7	614.8	2,490.5	14.7
	Total	12,270.3	835.1	13,105.4	291.2

1. Summary for Sicily (All nine Provinces)

Capo I	Manuf. Taxes	43.4	.2	43.6	3.0
" II	Customs & Harbourage	74.2	2.2	76.4	16.0
" IV	Monopolies	181.5	1.2	182.7	4.9
" V	Lotteries	16.0	.0	16.0	1.7
" VI	Direct Taxes	376.8	9.1	385.9	2.9
" VIII	Indirect Taxes	400.7	12.1	412.8	34.7
OTHER REVENUE, Including Capo X, (Treasury).		74.3	2.0	76.3	.3
	Total	1,166.9	26.8	1,193.7	63.5

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" II	Customs & Harbourage	176.7	31.1	207.8	26.8
" IV	Monopolies	2,875.0	23.0	2,898.0	60.3
" V	Lotteries	105.9	12.6	118.5	4.8
" VI	Direct Taxes	3,145.4	66.0	3,211.4	16.6
" VIII	Indirect Taxes	3,696.3	65.9	3,762.2	148.4
OTHER REVENUE, Including Capo X, (Treasury).		1,875.7	614.8	2,490.5	14.7
	Total	12,270.3	835.1	13,105.4	291.2

1. Summary for Sicily (All nine Provinces)

Capo I	Manuf. Taxes	45.4	.2	45.6	3.0
" II	Customs & Harbourage	74.2	2.2	76.4	16.0
" IV	Monopolies	181.5	1.2	182.7	4.9
" V	Lotterics	16.0	.0	16.0	1.7
" VI	Direct Taxes	376.8	9.1	385.9	2.9
" VIII	Indirect Taxes	400.7	12.1	412.8	34.7
OTHER REVENUE, Including Capo X, (Treasury).		74.3	2.0	76.3	.3
	Total	1,166.9	26.8	1,195.7	63.5

2. Summary for Sardinia (All three Provinces)

Capo I	Manuf. Taxes	13.6	.2	13.8	.8
" II	Customs & Harbourage	8.8	.2	9.0	2.0
" IV	Monopolies	150.4	21.7	172.1	-
" V	Lotteries	.2	.0	.2	.0
" VI	Direct Taxes	73.0	3.2	76.2	.1
" VIII	Indirect Taxes	115.3	1.4	116.7	4.6
OTHER REVENUE, Including Capo X, (Treasury).		165.0	3.5	168.5	1.2
	Total	526.3	30.2	556.5	8.7
	Forward	1,693.2	57.0	1,750.2	72.2

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B/Forward		1,693.2	57.0	1,750.2	72.2

3. Summary for Puglie (All five Provinces)

		Fiscal Year 1943/44 (to June 30, 1944)			Fiscal Year 1944/45 (July, 1944)
Capo I	Manuf. Taxes	89.7	10.9	100.6	10.8
" II	Customs & Harbourage	35.1	11.1	46.2	4.4
" IV	Monopolies	875.7	-	875.7	14.5
" V	Lotteries	10.2	2.0	12.2	.1
" VI	Direct Taxes	429.8	12.3	442.1	5.4
" VIII	Indirect Taxes	301.7	5.5	307.2	21.0
OTHER REVENUE, Including Capo X, (Treasury).		201.7	21.2	222.9	5.3
	Total	1,943.9	65.0	2,006.9	61.5

4. Summary for Lucania (Both Provinces)

Capo I	Manuf. Taxes	2.0	-	2.0	.1
" II	Customs & Harbourage	-	-	-	-
" IV	Monopolies	.7	-	.7	-
" V	Lotteries	.1	-	.1	-
" VI	Direct Taxes	34.2	1.2	35.4	.1
" VII	Indirect Taxes	32.1	.3	32.4	1.3
OTHER REVENUE, Including Capo X, (Treasury).		7.4	.2	7.6	.1
	Total	76.5	1.7	78.2	1.6

5. Summary for Calabria (All three provinces)

Capo I	Manuf. Taxes	8.2	.2	8.4	.4
" II	Customs & Harbourage	.4	-	.4	-
" IV	Monopolies	42.1	-	42.1	2.2
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	109.1	9.6	118.7	.6
" VIII	Indirect Taxes	93.9	3.1	97.0	4.1
OTHER REVENUE, Including Capo X, (Treasury).		11.4	.4	11.8	-
	Total	265.4	13.3	278.7	7.3

6. Summary for Campania (All four provinces)

Capo I	Manuf. Taxes	37.9	-	37.9	3.0
" II	Customs & Harbourage	27.9	-	27.9	4.4
" IV	Monopolies	275.7	-	275.7	29.3
" V	Lotteries	54.1	-	54.1	3.0
" VI	Direct Taxes	417.1	11.9		

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" VI	Direct Taxes	54.2	[illegible]	[illegible]	
" VII	Indirect Taxes	32.1	.3	32.4	1.3
OTHER REVENUE, Including Capo X, (Treasury).		7.4	.2	7.6	.1
	Total	76.5	1.7	78.2	1.6

5. Summary for Calabria (All three provinces)

Capo I	Manuf. Taxes	8.2	.2	8.4	.4
" II	Customs & Harbourage	.4	-	.4	-
" IV	Monopolies	42.1	-	42.1	2.2
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	109.1	9.6	118.7	.6
" VIII	Indirect Taxes	93.9	3.1	97.0	4.1
OTHER REVENUE, Including Capo X, (Treasury).		11.4	.4	11.8	-
	Total	265.4	13.3	278.7	7.3

6. Summary for Campania (All four provinces)

Capo I	Manuf. Taxes	37.9	-	37.9	3.0
" II	Customs & Harbourage	27.9	-	27.9	4.4
" IV	Monopolies	275.7	-	275.7	29.3
" V	Lotteries	54.1	-	54.1	3.0
" VI	Direct Taxes	417.1	11.9	429.0	3.7
" VIII	Indirect Taxes	372.5	8.3	380.8	36.6
OTHER REVENUE, Including Capo X, (Treasury).		72.5	2.9	75.4	4.0
	Total	1,257.7	25.1	1,280.8	84.0

7. Summary for Abbruzzi & Molise (Aquila, Campobasso, Chieti & Teramo)

Capo I	Manuf. Taxes	9.6	1.2	10.8	-
Capo II	Customs & Harbourage	-	.1	.1	-
" IV	Monopolies	-	-	-	-
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	51.6	2.5	54.1	-
" VIII	Indirect Taxes	51.9	.7	52.6	1.9
OTHER REVENUE, Including Capo X, (Treasury).		52.0	.5	52.5	-
	Total	165.4	2.0	170.4	1.9
	Forward	5,402.1	163.1	5,565.2	228.5

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(ITALIAN STATE REVENUE, Cont'd.)

	B/Forward	5,402.1	163.1	5,565.2	228.5

8. Summary for Lazio (Frosinone, Rieti, Rome, Viterbo).

Capo I	Manuf Taxes	91.9	8.9	100.8	.2
" II	Customs & Harbourage	19.5	17.6	37.1	-
" IV	Monopolies	681.6	-	681.6	9.5
" V	Lotteries	16.2	4.3	20.5	-
" VI	Direct Taxes	1,200.9	2.5	1,203.4	1.8
" VIII	Indirect Taxes	1,759.6	29.7	1,789.3	33.9
OTHER REVENUE, Including Capo X, (Treasury).		1,201.4	582.8	1,784.2	2.2
	Total	4,971.1	645.8	5,616.9	47.6

9. Summary for Umbria (No returns received)

10. Summary for Marche (Ancona & Macerata).

Capo I	Manuf. Taxes	14.3	-	14.3	-
" II	Customs & Harbourage	.9	-	.9	-
" IV	Monopolies	155.3	-	155.3	-
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	71.9	2.5	74.4	.1
" VII	Indirect Taxes	71.6	.6	72.2	.3
OTHER REVENUE, Including Capo X, (Treasury).		8.9	.3	9.2	-
	Total	323.2	3.4	326.6	.4

11. Summary for Tuscana (Firenze, Siena).

Capo I	Manuf. Taxes	84.6	-	84.6	1.2
" II	Customs & Harbourage	9.9	-	9.9	-
" IV	Monopolies	511.9	-	511.9	-
" V	Lotteries	8.2	6.2	14.4	-
" VI	Direct Taxes	381.1	11.0	392.1	1.8
" VIII	Indirect Taxes	497.1	4.0	501.1	10.0
OTHER REVENUE, Including Capo X, (Treasury).		81.1	.8	81.9	1.5
	Total	1,573.9	22.0	1,595.9	14.5

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10. Summary for Marche (Ancona & Macerata).

Capo I	Manuf. Taxes	14.3	-	14.3	-
" II	Customs & Harbourage	.9	-	.9	-
" IV	Monopolies	155.3	-	155.3	-
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	71.9	2.5	74.4	.1
" VII	Indirect Taxes	71.6	.6	72.2	.3
OTHER REVENUE, Including Capo X, (Treasury).		8.9	.3	9.2	-
	Total	323.2	3.4	326.6	.4

11. Summary for Tuscana (Firenze, Siena).

Capo I	Manuf. Taxes	84.6	-	84.6	1.2
" II	Customs & Harbourage	9.9	-	9.9	-
" IV	Monopolies	511.9	-	511.9	-
" V	Lotteries	8.2	6.2	14.4	-
" VI	Direct Taxes	381.1	11.0	392.1	1.8
" VIII	Indirect Taxes	497.1	4.0	501.1	10.0
OTHER REVENUE, Including Capo X, (Treasury).		81.1	.8	81.9	1.5
	Total	1,573.9	22.0	1,595.9	14.5

GRAND TOTAL	12,270.3	834.3	13,104.6	291.0

E 2352

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Two-monthly Comparative Statement of State Revenue Collections for the "27 old Liberated Provinces" for the 1943/44 Fiscal Year ending 30 June. 1944, analysed over the Main Revenue Heads

(millions of lire)

Revenue Head	Collections 6 mos. to 31 December 1943	Collections Jan.& Feb. 1944	Collections Mar.& Apr. 1944	Collections May & June 1944	Total for Fiscal Year 1943/1944
Direct Taxes	596.2	226.6	323.1	361.8	1,507.7
Indirect Taxes	323.6	209.0	321.7	508.6	1,362.9
Manufacturing Taxes	63.0	27.9	52.4	63.8	207.1
Lotterics	14.5	12.3	17.9	38.4	83.1
Monopolies	426.6	186.1	449.4	487.0	1,549.1
Customs and Harbourage	15.0	7.1	38.4	99.4	259.9
	1,438.9	669.0	1,202.9	1,559.0	4,869.8

5. Customs

In a previous report reference was made to draft instructions for the restoration of customs control and the suspension of duties on imports and exports. As, however, the liberation of all Italy and the resumption of commercial traffic over the land boundaries, and possibly in the Mediterranean, appear now to be very near, fresh draft instructions, restricting the temporary suspension of duties to Allied imports and exports, have been prepared for submission to the Economic Section. Practically all ACC/AMG imports for civilian use are sold below landed cost. The immediate revenue benefits which would accrue from the imposition of the normal import duties would be counterbalanced by an increase in the subsidies chargeable to the State. This is the principle argument for temporary suspension. Imports are, however, being kept under review individually and, if and when it can be justified in respect of particular goods, reimposition will be recommended. A study is being made of Italian tariffs, commercial treaties, trade agreements and of the changes made during the Fascist regime, for purpose of defascistization and revision. G-5 Section, AFHQ, are studying future trade and customs policy and will be advised of our conclusions and recommendations.

6. Lottery (Lotto)

(a) As communications improve, the Lotto is being extended to fresh areas. A proposal by the Lotto chief to introduce a "Lottery" for National Reconstruction, etc." with our comments thereon, is now being considered by the Ministry of Finance.

(b) A suggestion was made by a Press representative that the Lotto should be "boosted" in the "Union Jack", a British Army publication. He was advised that while a brief history of the Lotto in Italy might find interested readers, any direct encouragement to readers to participate would be contrary to our declared policy to discourage

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7. Monopolies

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

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(b) A requisition has been sent to the U.S. for supplies of cigarette machine fabric belting to be flown over, as local production cannot keep pace with increasing needs. Additional cigarette machines are to be requested from U.S. or U.K. They would pay for themselves in a very short time as the Government takes 80% of gross proceeds of sales. Four times the present production could be absorbed with a corresponding increase of revenue.

(c) Salt. Shortage of transport prevents adequate distribution of the huge stocks now lying at the salt pans and mines. The large modern salt plant at Volterra has been completely destroyed. The position, however, is improving.

C. Budgets and Expenditure Control

1. General

(a) State expenditure in Rome Region

The Special Account - Intendente di Finanza - which was opened in June was closed except for payments chargeable to June and July accounts. August payments for the Central Administration were made by the Tesoreria Centrale, and State disbursements for Rome province were made against credits authorized at the Provincial State Treasury by the Regional Finance Officer, Region IV, on the basis of approved budgets on forms S.B. A statement of the position of the Special Account - Intendente di Finanza, Rome as of 31 August 1944 is given in the following table.

(b) Transfer of provinces from AMG to Italian Government

On August 15th the provinces of Rome, Frosinone and Littoria were transferred to the jurisdiction of the Italian Government. The financial control of these provinces was, like that of the five provinces transferred in July, retained by Allied Military Government under 31 August 1944, at the request of the Italian Government. Accordingly budget figures for State agencies for these provinces are shown as under Allied Military Government.

(c) Budget estimates for state agencies in AMG territory

The new budget procedure continued to demonstrate the improved expenditure control effected by the S.B. forms. The following table shows in summary form the credits requested by State agencies for the quarter 1 July to 30 September 1944, the credits authorized on the approved budgets, and the economies effected. Although all State agencies are not included in this table, the budgets received represent the principal offices in each province; and, for the recently transferred provinces, these budgets have provided adequate data to enable the Italian Government to adjust the State Budget accordingly.

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Special Account - Intendenza di Finanza

Ministry	Credits Authorized for the period 1 June 20 July	21 July 31 August	Total	Amounts disbursed for the period 1 June 20 July	21 July 31 August	Total	Unexpended Bo for the per 1 June 20 July	21 31
Finance	46.0	59.3	105.3	18.1	23.0	41.1	27.9	3
Justice	12.6	6.4	19.0	1.0	3.5	4.5	11.6	
Foreign Affairs	7.1	7.3	14.4	2.5	.5	3.0	4.6	
Education	18.7	58.3	77.0	3.4	6.6	10.0	15.3	6
Interior	22.1	40.0	62.1	4.6	25.6	30.2	17.5	1
Public Works	7.8	9.8	17.6	2.6	1.1	3.7	5.2	
Communications	3.4	1.9	5.3	2.6	2	2.6	8	
War	50.1	2.4	52.5	43.0	11.5	54.5	7.1	
Navy	2.2	4.5	6.7	2.1	2.2	4.3	1	
Air Force	4.9	3.5	8.4	3.7	8	4.5	1.2	
Agriculture	5.4	13.1	18.5	1.9	4.4	3.3	3.5	
Industry & Commerce	4.2	6.2	10.4	1.8	2	2.0	2.4	
Monopolies	6.7	4.9	11.6	3.3	3	3.6	3.4	
Post & Telegraph	30.0	---	30.0	---	---	---	30.0	
Telephone	2.7	2.2	4.9	1.5	---	1.5	1.2	
Roads	14.8	3	15.1	5	1	6	14.3	
Total	[2]36.7	220.1	455.8	92.6	80.0	172.6	146.1	15

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Special Account - Intendenza di Finanza

	Amounts disbursed for the period			Unexpended Balance for the period		
Total	1 June 20 July	21 July 31 August	Total	1 June 20 July	21 July 31 August	Total
205.3	18.1	23.0	41.1	27.9	36.3	64.2
19.0	1.0	3.5	4.5	11.6	2.9	14.5
14.4	2.5	.5	3.0	4.6	6.8	11.4
77.0	3.4	6.6	10.0	15.3	51.7	67.0
62.1	4.6	25.6	30.2	17.5	14.4	31.9
17.6	2.6	1.1	3.7	5.2	8.7	13.9
5.3	2.6	2	2.8	.8	1.7	2.5
52.5	43.0	11.5	54.5	7.1	-9.1	-2
6.7	2.1	2.2	4.3	1	2.3	3.4
8.4	3.7	.8	4.5	1.2	2.7	3.9
18.5	1.9	4.4	6.3	3.5	8.7	12.2
10.4	1.8	2	2.0	2.4	6.0	8.4
11.6	3.3	3	3.6	3.4	4.6	8.0
30.0	---	---	---	30.0	---	30.0
4.9	1.5	---	1.5	1.2	2.2	3.4
15.1	5	1	6	14.3	2	14.5
458.8	92.6	80.0	172.6	146.1	150.1	286.2

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Budgets of State Agencies in Allied Military Government Territory
for Quarter 1st July to 30th September 1944

(in thousands of lire)

Province	No. of State Offices	Total credits requested by Agencies	Credits Authorized	Economies Effected
Benevento	41	265.056	179.345	85.711
Avellino	41	274.659	274.659	= =
Roma	12	511.530	465.992	45.538
Littoria	13	772.102	666.866	105.236
Frosinone	12	426.673	422.425	4.248
Foggia	8	84.890	60.303	24.587
Perugia	10	138.292	76.510	61.782
L'Aquila	16	78.791	51.578	27.213
Rieti	9	19.518	11.455	8.063
Viterbo	9	37.803	27.303	10.500
Terni	9	33.059	22.190	10.869
Total	180	2,642.373	2,258.626	383.747

(d) Blocked funds of suppressed Fascist organizations

As it was frequently found that suppressed Fascist organizations had no funds that could be blocked by AMG Finance Officers, on entry into newly occupied territory, an Investigating Committee is being set up by the Corte dei Conti with the object of tracing and recovering for the State any such funds irregularly dispersed.

(e) Governatorato of Rome

A proposed new decree abrogating Titolo 8 of RDL 3 March 1934 n. 383 (T.U. of Provincial and Communal Administrative Law) was objected to by the Finance Sub-Commission as the proposed draft did not retain for the comune of Rome the existing power to levy taxation, or provide for the continuance of the essential control functions exercised over the communal budget by the Central Commission for Local Finance.

(f) Repair of electrical generating plants

A plan has been agreed with Public Works and Utilities Sub-Commissions to facilitate the monthly payment of bills for approved contracts of work. In outline, the scheme provides that each project should be approved by the Italian Ministry of Public Works and by the Public Works and Utilities Sub-Commission. The Italian Ministry will then issue an "ordine di accreditamento" providing for the whole estimated expenditure and process it through the regular control channels - the Ispettorato Regionale Controllo and the Corte dei Conti. One copy of the ordine di accreditamento will be sent to the named Governo Provinciale and notification sent to the Genio Civile of the same province.

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Total 160

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(g) Payment of salaries of public employees.

With the publication of RDL 27 July 1944, n. 159, some confusion existed as to the treatment that should be accorded to public employees who had been suspended, dismissed or absent themselves from work. The present agreed policy may be summarized as follows:

(i) The payment of salaries of former employees dismissed by the Fascist Republican government is provided for in Executive Memorandum No. 73, Parts III and IV. This Memorandum is based on the policy that former employees dismissed by the Fascist Republican government were not legally dismissed and therefore are entitled to all back salary. A provision is made to the effect that the sum due for arrears shall not be paid in one lump sum if the arrears exceed two months' salary, in which case it is paid in instalments. This provision has a counter-inflationary purpose.

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(ii) All administrations of the Italian government have been notified of the treatment to be extended to former employees through a ministerial letter of the Minister of the Treasury dated Rome 31 July 1944, which letter contains the same provisions as Executive Memorandum No. 73, Parts III and IV.

(iii) Temporary employees ("avventizi") dismissed by the Fascist Republican government since September 8, 1943 will be paid a sum equal to one months earnings and thereafter will be considered as dismissed. Suggestion to this solution of the problem was given by Ministers Bonomi, Gullori and Ruini at a conference held on 12th August 1944 but evidently has not been presented to the Council of Ministers. The basis of this solution is that temporary employees are not paid under Italian law for periods in which they do not work, so that the payment of one month's salary must be regarded as a bonus.

(iv) The payment of salaries to employees suspended pursuant to the provisions of RDL 159, dated 27 July 1944 will be paid in accordance with Article 22, with the exception that the payment of salaries to employees falling within the categories mentioned in Article 14 is held up pending negotiations with the Italian government suggesting an amendment to Article 22 making no salary payable to such persons.

(v) Salaries of employees dismissed while under AMG jurisdiction will be paid according to the provision of the basic Italian law, RDL of 30 December 1923, No. 2960 dealing with dismissals from service. The sum to be paid depends on the decisions of the administration, the most severe of which is removal of the employee from the payroll, and forfeiture of all rights including pensions. This punishment may be mitigated by granting an allowance for food to the family of the dismissed employee. An extended statement on this subject is provided in Appendix G.

(h) Bonifiche - Pontine and Littoria

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

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(i) Anti-malarial measures

The following table gives a list of all approved projects for anti-malaria measures in Italian Government Territory. Only incomplete data has yet been received of approved projects in AMG territory.

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Approved Anti-Malaria Projects

(in thousands of lire)

(1) Italian Government Territory

Province	Number of Projects	Budget Estimate	Credits Authorized	Credits to be Authorized
Bari	6,651	170		
	13,284	347	477	107
	16,340	67		
Brindisi	917	800	400	400
Catanzaro	917	635	420	215
Cosenza	6,537	774	380	394
Lecce	837	200	155	45
Matera	1,899)	821)	580	1,150
	3,230)	909)		
Potenza	400)	140)	220	220
	5,265)	300)		
Reg. Calabria	10,000	1,256	600	656
Salerno	10,790	2,460	700	1,760
Taranto	1,073)	185)	95	355
	5,296)	265)		
Cagliari	52,006	6,667	2,335	4,332
Nuoro	3,706	2,750	2,395	2,359
Sassari	30,726	2,193	1,105	1,088

(2) Military Government Territory

Region VIII.				
Grosseto	---	1,385	400	400
Region IV.				
Littoria	---	2,703	2,703	---

(k) State Railways

The Italian State Railways formerly were controlled on a compartimento basis, centrally directed from Rome. As it is manifestly desirable to have one complete budget for all such autonomous State organizations, arrangements are in progress to re-institute [illegible] at the present time, it is necessary to provide some flexible

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Potenza	400) 5,265)	140) 300)	220	220
Reg. Calabria	10,000	1,256	600	656
Salerno	10,790	2,460	700	1,760
Taranto	1,075) 5,296)	185) 265)	95	355
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Nuoro	3,706	2,750	2,395	2,355
Sassari	30,726	2,193	1,105	1,088

(2) Military Government Territory

Region VIII.				
Grosseto	---	1,585	400	400
Region IV.				
Littoria	---	2,703	2,703	---

(k) State Railways

The Italian State Railways formerly were controlled on a compartimento basis, centrally directed from Rome. As it is manifestly desirable to have one complete budget for all such autonomous State organizations, arrangements are in progress to re-institute the former central control. At the same time, it is necessary to provide some viexible arrangement whereby the State Railways can take over the financial needs of new sections of line as soon as territory is liberated, thus relieving MG Finance Officers in the field of this work. A budget estimate for the whole of the area served by the Cassa Compartimentale of Rome has been approved for the quarter ending 30th September 1944, and credits authorized for 200 million lire - representing an economy of 100 million lire on the estimates.

(l) Special appropriations

The appropriation that was made to enable a special power line to be rehabilitated between Naples and Rome, was not found to be required, and the account has been closed. The work of clearing volcanic ash from the Vesuvius eruption was estimated to cost 140 million lire and an appropriation for this amount was made. It was considered that this estimate was excessive and accounts have been presented showing how the total sum was to be spent. After careful review it is considered that a sum of 100 million lire should be adequate, and Public Works Sub-Commission has been notified accordingly.

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2. Government expenditures

(a)

(i) Revised budget estimates for that part of liberated Italy under Italian Government jurisdiction are summarized in the following table. These estimates cover 23 provinces and include Rome central administration and Rome province. All "per memoria" appropriations have been excised. As explained in last month's report, the State budget can in future be extended as, and when, new provinces are brought under Italian Government jurisdiction; the existence of approved budgets for such provinces on forms S.B., provide all essential data to enable such adjustment to be readily made. The expansion of the estimates is now being made to include the recently transferred provinces of Frosinone, Littoria, Benevento, Avellino, Naples (except the commune of Naples), and Foggia.

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

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Estimate of Revenues and Expenditures for Financial Year 1 July 1944 to 30 J

(Millions of lire)

(23 provinces and Central Administration)

Ministry	Ordinary Effective Revenues and Expenditures	Extraordinary Effective Revenues and Expenditures	Extraordinary Movimento di Capitali	Extraordinary Total	Tota Effective Revenues and Expenditures	d
Finance	1.043	57	-	57	1.100	
Justice	397	1	-	1	398	
Foreign Affairs	384	200	200	400	584	
Italian Africa	50	376	-	376	426	
Education	1.574	77	77	1.651	-	
Interior	1.066	7.007	-	7.007	8.073	
Public Works	224	615	-	615	839	
Communications	286	139	-	139	425	
Agriculture	131	974	24	998	1,165	
Industry & Commerce	112	54	-	54	166	
Treasury	8.123	8.598	2.225	10.821	18.715	
Army	4.156	10.390	31	9.621	13.776	
Navy	2.952	3.808	160	4.048	6.840	
Air Force	2.030	707	20	727	2.737	
Total Expenditures	22.558	33.081	2.666	35.741	55.633	
Total Revenues	9.349	80	1.100	1.189	9.429	
Difference	13.209	33.001	1.551	34.552	46.210	

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enues and Expenditures for Financial Year 1 July 1941 to 30 June 1945 (as requested)

(Millions of lire)

(23 provinces and Central Administration)

Extraordinary			Together		
Effective Revenues and Expenditures	Movimento di Capitali	Total	Effective Revenues and Expenditures	Movimento di Capitali	Net Total
57	-	57	1.100	-	1.100
1	-	1	398	-	398
200	200	400	554	200	754
378	-	378	426	-	426
77	77	1.651	-	-	1.651
7.007	-	7.007	8.073	-	8.073
615	-	615	839	-	839
139	-	139	425	-	1.125
974	24	998	1,105	24	1.129
54	-	54	166	-	166
8.598	2.225	10.821	16.719	2.225	18.944
10.390	31	9.621	13.776	31	13.807
3.888	160	4.048	6.840	160	7.000
707	20	727	2.737	20	2.757
33.091	2.600	35.741	55.659	2.600	58.299
80	1.109	1.189	9.429	1.109	10.538
33.001	1.551	34.552	46.210	1.551	47.761

23.47.

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Estimate of Revenues and Expenditures for Financial Year 1 July 1944 to 30 June

Ministry	Ordinary effective revenues	Extraordinary Effective expenditure	Extraordinary Movements di Capitali	Extraordinary Total	Together Effective Revenues	Together Movements di Capitali
Finance	635	38	---	38	673	---
Justice	387	1	---	1	388	---
Foreign Affairs	165	9	---	9	174	---
Italian Africa	44	376	---	376	420	---
Education	1,608	23	---	23	1,631	---
Interior	1,652	5,331	---	5,331	6,983	---
Public Works	549	210	---	210	759	---
Communication	231	84	---	84	315	---
Agriculture	612	166	25	191	778	25
Industry & Commerce	108	28	---	28	136	---
Tresury	7,593	4,027	1,269	5,316	11,620	1,269
Army	4,298	9,589	27	9,616	13,887	27
Navy	3,110	3,725	160	3,885	6,835	160
Air Force	1,576	597	20	617	2,173	20
Totall	22,568	24,204	1,521	25,725	46,772	1,521
Revenue	9,229	80	1,109	1,189	9,309	1,109
Difference	13,339	24,124	412	24,534	36,463	412

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Revenues and Expenditures for Financial Year 1 July 1944 to 30 June 1945 (as approved)

Extraordinary			Together		
Effective Expenditures	Movimento di Capitali	Total	Effective Revenues	Movimento di Capitali	Net Total
38	---	38	673	---	673
1	---	1	388	---	388
9	---	9	174	---	174
376	---	376	420	---	420
23	---	23	1,631	---	1,631
331	---	5,331	6,983	---	6,983
210	---	210	759	---	759
84	---	84	315	---	315
166	25	191	778	25	903
28	---	28	136	---	136
027	1,289	5,316	11,620	1,289	12,909
689	27	9,616	13,887	27	13,914
725	160	3,885	6,835	160	6,995
597	20	617	2,173	20	2,193
204	1,521	25,725	46,772	1,521	48,293
80	1,109	1,189	9,309	1,109	10,418
124	412	24,534	36,163	412	37,575

(iii) With the approval of this budget an extended system of reporting expenditures has been inaugurated. This will provide detailed information, month by month, of all expenditures charged to each capitolo of the State budget, giving inter alia the following detailed figures: appropriation in the budget, credits authorized, balance remaining to be authorized, mandati issued, disbursements, balance of unexpended credits. In normal times no "rendiconto" was struck until the end of the financial year, but now, for the first time, it will be possible to know the extent of actual Government spending, month by month. The financial situation called for the adoption of this expedient in view of the effect of government expenditure on the inflationary trend. The figures will be reported one month in arrear.

(b) Estimated disbursements for August

From now on the State administration will be controlled on the basis of a comprehensive approved budget for the current financial year. The table formerly given under this heading is no longer necessary and will therefore be discontinued. In the following table are given the estimated expenditures for the Ministries of Air, War and Marine for the months of July and August. As previously reported all military expenditures are controlled from the central office of the ministry in Rome and cover all liberated Italy, whether under Italian jurisdiction or Allied Military Government. The increases noted are fairly uniform throughout all sections of expenditure and reflect the overall increase due to the extension of the territory covered.

Outstanding Increases in Estimates for August
(millions of lire)
Ministry of Marine

Capitolo No.	Denominazione	July	August	Increase
25	Salaries and allowances for officers	6.4	18.8	12.4
28	Salaries and wages for NCO's and personnel of C.R.E.M.	17.4	20.6	3.2
64/2	Subsidies, bonuses, etc.	12.1	13.9	1.9
64/5	" " "	--	1.0	1.0
31	C.R.E.M. Subsistence	19.2	29.1	9.9
60/2	Marinarmi - Arsenals	--	4.0	4.0
113	Coastal defenses, munition dumps repair and maintenance	5	2.4	1.9
116	Extraordinary allowance dependent on the State of war - Marinarmi	23.1	34.9	11.0
116/4	" " " " - Maricorpi	48.6	69.7	21.1
114/4	" " " " - Maricommil	9.9	36.6	26.7
116/7	" " " " - Marinaff	8	1.8	1.0
43/1	Marine Institutions (Naval Academy, etc)	--	2.0	2.0
51	Water Rates and Rentals	--	1.2	1.2
	Total	136.8	236.0	97.2
	Total estimates	398.5	458.9	60.4

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Given under this heading [illegible]

In the following table are given the estimated expenditures for the Ministries of Air, War and Marine for the months of July and August. As previously reported all military expenditures are controlled from the central office of the ministry in Rome and cover all liberated Italy, whether under Italian jurisdiction or Allied Military Government. The increases noted are fairly uniform throughout all sections of expenditure and reflect the overall increase due to the extension of the territory covered.

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(millions of lire)

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64/5	" " "	--	1.0	1.0
31	C.R.E.M. Subsistence	19.2	29.1	9.9
60/2	Marinarmi - Arsenals	--	4.0	4.0
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114/4	" " " " - Marigenfil	9.9	36.6	26.7
116/7	" " " " - Marinaff	8	1.8	1.0
43/1	Marine Institutions (Naval Academy, etc)	--	2.0	2.0
51	Water Rates and Rentals	--	1.2	1.2
	Total	136.8	236.0	97.2
	Total estimates	398.5	458.9	60.4

Ministry of Air

40	Subsistence Allowance	31.6	34.2	2.6
37	Fuel, Lubricants, etc.	1.7	4.5	2.8
	Total	33.3	38.7	5.4
	Total estimates	166.5	127.4	39.1

Ministry of War

No figures available for July.
The total estimates for August are 1,040

(c) Actual disbursements for June

The next table shows the actual cash disbursements for the 22 provinces under Italian Government by regions, as reported by the Tesoreria of the Bank of Italy, and a comparison is made by ministry of the May and June figures. The figures do not show any notable features except the reduction in the Suspension Account from 2,664 to 854 million lire. The July figures are not yet available.

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Cash Disbursements for liberated Italy for June 1944

Ministry	Sardegna	Sicilia	Calabria	Lucania	Puglia	Campania	Ro
Finance	97.9	72.6	16.5	6.2	40.2	80.3	3
Justice	5.6	16.9	4.8	1.0	5.8	9.8	1
Foreign Affairs						5.9	
Italian Africa						.1	
Education	13.6	31.0	10.3	.7	5.6	26.9	1
Interior	1.3	140.0	133.5	1.2	229.7	91.4	
Public Works	12.2	14.5	7.6	.4	9.2	29.9	2
Communications	.3	80.9	6.1		22.5	78.8	
Agriculture	1.7	9.7	.5	.6	1.6	4.9	
Industry & Commerce	.2	1.0	.1	.2	.1	3.9	
Popular Culture							
Foreign Exchange							
Total Civil	132.8	368.5	179.4	10.5	314.7	301.9	
	156.0	31.3	1.3	.3	524.0	2.3	
Army	34.7	1.8	.3		402.7	2.9	
Navy	16.3				180.4		
Air Force							
Total Military	211.0	33.1	1.6	.3	1,207.1	5.2	
Total Budget Disbursements	343.8	399.7	181.0	10.6	1,521.8	307.1	
Disbursements outside Budget	2.5	615.7	11.0	6.9	51.9	92.6	
Transfer of Funds	67.0	256.1	245.2	74.0	459.5	170.7	
Autonomous Administrations							
Total	413.3	1,271.5	437.2	91.5	2,036.2	570.4	
	-11.7	174.1	4.9	.8	-44.6	522.3	
Payment in Suspense	401.6	1,445.6	442.1	92.3	1,991.6	1,092.7	
Total General Payments	340.0	573.0	107.5	26.5	1,268.4	675.3	
Special Accounts	.3	325.0	.2	.3	2.0	1.0	
Temporary Cash Deposits							
Total	741.9	2.243.6	549.8	119.1	3,262.0	1,769.0	

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sh Disbursements for liberated Italy for June 1944

Sicilia	Calabria	Lucania	Puglie	Campania	Foggia	Campobasso	Totale	
72.6	16.5	6.2	40.2	50.3	8.4	2.0	294.1	
16.9	4.8	1.0	5.8	9.8	1.1	.4	45.4	
				5.9			5.9	
				.1			.1	
31.0	10.3	.7	5.6	26.9	1.9	.3	90.3	
140.0	133.5	1.2	229.7	91.4	.2	.2	597.5	
14.5	7.6	.4	9.2	29.9	2.7		76.5	
80.9	6.1		22.5	78.8			188.6	
9.7	.5	.6	1.6	4.9	1.0		20.0	
1.0	.1	.2	-.1	5.0			5.6	
366.6	179.4	10.3	314.7	301.9	15.3	2.9	1,323.9	1
31.3	1.3	.3	524.0	2.3	.2	.2	717.6	2
1.8	.3		492.7	2.9	.1		532.5	
			190.4				206.7	1
33.1	1.6	.3	1,207.1	5.2	.3	.2	1,456.8	
399.7	181.0	10.6	1,521.8	307.1	15.6	3.1	2,782.7	
615.7	11.0	6.9	54.9	92.6	3.2	1.3	788.1	
258.1	245.2	74.0	459.5	170.7	9.7	1.0	1,263.2	
1,271.5	437.2	91.5	2,036.2	570.4	28.5	5.4	4,854.0	
174.1	4.9	.8	-44.6	522.3	140.4	67.8	884.0	
1,445.6	442.1	92.3	1,991.6	1,092.7	168.9	73.2	5,708.0	
575.0	107.5	26.5	1,268.4	675.3	118.5	25.2	3,134.4	
225.0	.2	.3	2.0	1.0			226.8	
2,243.6	549.8	119.1	3,262.0	1,769.0	287.4	98.4	9,071.2	

Comparison of Cash Disbursements for Liberated Italy, May - June, 1944
(millions of lire)

Ministry	May	June
Finance	238.7	294.1
Justice	38.9	45.4
Foreign Affairs	3	5.9
Italian Africa	6	1
Education	101.6	90.3
Interior	496.4	597.5
Public Works	61.2	76.5
Communications	189.3	188.6
Agriculture	19.3	20.0
Industry & Commerce	3.6	5.5
Popular Culture		
Total	1,150.6	1,323.9
Military		
War	889.4	727.6
Navy	325.5	532.5
Air Force	84.4	208.7
Total military	1,299.3	1,468.8
Total Budget Disbursements	2,445.9	2,782.7
Disbursements outside Budget	968.5	788.1
Transfer of Funds	31.7	
Autonomous Administrations	954.4	1,283.2
Total	4,400.5	4,854.9
Payments in Suspense	2,664.8	854.0
Total General Payments	7,065.3	5,708.0
Special Account	2,953.6	3,134.4
Temporary cash deposits	12.7	228.8
	10,031.6	9,071.2

(d) Authorizations to spend issued by the Italian Government

The following table gives by ministry the ordini di accreditamenti issued during the months of June and July. No fruitful comparison can be made of these figures as the data are too fragmentary and the month of June is the last month of the old financial year. Moreover, consequent on the change in the seat of government from Salerno to Rome during July the several Ministries did not begin to function fully until the middle of August.

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War		885.4	717.6
Navy		325.5	532.5
Air Force		84.4	208.7
	Total military	1,295.3	1,458.8
Total Budget Disbursements		2,445.9	2,782.7
Disbursements outside Budget		968.5	786.1
Transfer of Funds		51.7	
Autonomous Administrations		954.4	1,283.2
	Total	4,420.5	4,854.9
	Payments in Suspense	2,664.8	854.0
Total General Payments		7,065.3	5,708.0
Special Account		2,953.6	3,134.4
Temporary cash deposits		12.7	228.6
		10,031.6	9,071.2

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Comparison of Accreditamenti Issued by the Italian State Government
(millions of lire)
June - July 1944

Ministry	June	July
Treasury	--	1
Finance	46.5	1
Monopolies	7.8	33.0
Justice	12.8	2
Foreign Affairs	6.4	2.0
Italian Africa	1	
Education	12.5	2.1
Interior	272.5	
Public Works	1.0	23.8
Communications	81.8	
Agriculture	5.7	
Industry & Commerce	1.1	4
Total Civil	448.2	61.7
Military		
Army	--	--
Navy	--	71.2
Air Force	--	100.4
Total Military	--	171.6
Total Government	448.2	233.3

3. Provinces and Communes

(a) Italian Government Territory

(i) The Ministry of Interior has now received 463 budgets of provinces and communes for the current calendar year; 106 of which have been examined and recommendations made to the Central Commission for Local Finance. The economies effected by the Ministry are shown hereunder:

Provincial and Communal Budgets
Year 1944
(in thousands of lire)

Number of budgets	Funds requested	Recommended to C.C.L.F.	Economies effected
106	93,284	60,156	33,668

Information is still incomplete as to the provisional grants made by

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Industry & Commerce	--	--
Total Civil	448.2	61.7
Military		
Army	--	--
Navy	--	71.2
Air Force	--	100.4
Total Military	--	171.6
Total Government	448.2	233.3

3. Provinces and Communes

(a) Italian Government Territory

(i) The Ministry of Interior has now received 463 budgets of provinces and communes for the current calendar year; 106 of which have been examined and recommendations made to the Central Commission for Local Finance. The economies effected by the Ministry are shown hereunder:

Provincial and Communal Budgets
Year 1944
(in thousands of lire)

Number of budgets	Funds requested	Recommended to C.C.L.F.	Economies effected
106	93,284	60,156	33,668

Information is still incomplete as to the provisional grants made by Prefects. The followint table gives the latest available figures.

(ii) Two new draft decrees were approved during the month: the first naming the officials constituting the Central Commission for Local Finance; and the second providing for the integration of communal and provincial budget deficits. The principal provisions of the latter measure are: direct grants may be made by the State; debt service repayments on authorized new loans will be guaranteed by the State; payment by the State of 50% of debt service repayments of former loans; the suspension of debt repayments due to the State.

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Communal and Provincial Budgets
Calendar Year 1944 Italian Government Territory

Summary of budgets received at Prefetture and provisional grants made
(in thousands of lire)

	Number of Communes	Credits requested	Credits Authorized	Economies effected
Province of Bari				
Provincial Administration	--	--	700	--
Capital of Province	--	--	5,150	--
Communes	28	--	8,624	--
Province of Brindisi				
Provincial Administration	--	3,890	450	3,440
Capital of Province	--	1,770	--	--
Communes	16	6,873	100	--
Province of Taranto				
Provincial Administration	--	11,299	--	--
Capital of Province	--	28,650	--	--
Communes	21	3,209	--	--
Province of Potenza				
Provincial Administration	--	5,535	3,003	2,532
Capital of Province	--	2,340	820	1,520
Communes	70	8,430	726	7,704
Province of Matera				
Provincial Administration	--	1,839	1,414	425
Capital of Province	--	2,380	--	--
Communes	31	7,495	1,155	6,340
Province of Reggio Calabria				
Provincial Administration	--	21,741	5,987	15,754
Capital of Province	--	25,347	11,265	14,082
Communes	80	15,618	7,008	8,610
Province of Cosenza				
Provincial Administration	--	--	1,560	--
Capital of Province	--	--	700	--
Communes	96	--	6,516	--
Province of Catanzaro				
Provincial Administration	--	--	--	--
Capital of Province	--	--	--	--
Communes	116	13,314	7,353	6,061

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Communes	16	6,875	100	--
Province of Taranto				
Provincial Administration	--	11,299	--	--
Capital of Province	--	28,650	--	--
Communes	21	3,209	--	--
Province of Potenza				
Provincial Administration	--	5,535	3,003	2,532
Capital of Province	--	2,340	820	1,520
Communes	70	8,430	726	7,704
Province of Matera				
Provincial Administration	--	1,839	1,414	425
Capital of Province	--	2,320	--	--
Communes	31	7,495	1,155	6,340
Province of Reggio Calabria				
Provincial Administration	--	21,741	5,987	15,754
Capital of Province	--	25,347	11,265	14,082
Communes	80	15,618	7,008	8,610
Province of Cosenza				
Provincial Administration	--	--	1,560	--
Capital of Province	--	--	700	--
Communes	96	--	6,516	--
Province of Catanzaro				
Provincial Administration	--	--	--	--
Capital of Province	--	--	--	--
Communes	116	13,314	7,353	6,061
Province of Agrigento				
Provincial Administration	--	13,719	4,048	9,771
Capital of Province	--	7,999	2,489	5,510
Communes	39	34,855	9,588	25,267
Province of Caltanissetta				
Provincial Administration	--	15,800	6,238	9,562
Capital of Province	--	29,970	8,760	21,210
Communes	21	15,279	7,286	7,993
Province of Enna				
Provincial Administration	--	11,772	2,744	9,028
Capital of Province	--	4,151	1,172	2,989
Communes	19	15,618	7,007	8,611
Province of Messina				
Provincial Administration	--	--	13,500	--
Capital of Province	--	--	30,749	--
Communes	61	--	2,719	--

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	Number of Communes	Credits requested	Credits Authorized	Economies Effected
Province of Siracusa				
Provincial Administration	--	14,170	10,247	3,923
Capital of Province	--	18,700	4,435	14,265
Communes	18	15,279	7,286	7,993
Province of Ragusa				
Provincial Administration	--	6,100	--	--
Capital of Province	--	6,900	--	--
Communes	11	3,430	7,262	1,168
Province of Trapani				
Provincial Administration	--	8,518	9,076	--
Capital of Province	--	26,065	10,538	15,527
Commune	17	18,720	19,986	--
Province of Cagliari				
Provincial Administration	--	--	--	--
Capital of Province	--	--	10,000	--
Communes	1	--	1,500	--
Province of Sassari				
Provincial Administration	--	--	--	--
Capital of Province	--	--	900	--
Communes	1	--	100	--

Allied Military Government
Quarter 1 July to 30 September, 1944

Provincial and Communal Budgets
(in thousands of lire)

1. Provincial Administration

Name of Province	Credits Requested	Credits Approved	Economies effected
Benevento	2,946	2,800	146
Littoria	18,087	11,487	6,600
Viterbo	13,677	6,249	7,428
Rieti	8,531.6	8,531	.6
Perugia	5,678	1,816	3,862
Ancona	7,497	3,297	4,200
Totals	56,417	34,180	22,237

2. Provincial Capitals

	Credits	Credits	Economies

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Province of Sassari				
Provincial Administration	--	--	--	--
Capital of Province	--	--	900	--
Communes	1	--	100	--

Allied Military Government
Quarter 1 July to 30 September, 1944

Provincial and Communal Budgets
(in thousands of lire)

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Perugia	5,678	1,816	3,862
Ancona	7,497	3,297	4,200
Totals	56,417	34,180	22,237

2. Provincial Capitals

Name of Commune	Credits requested	Credits approved	Economies effected
Avellino	1,266	1,266	--
Benevento	6,281	3,530	2,751
Perugia	11,232	2,672	8,560
Viterbo	9,976	4,976	5,000
Littoria	4,327	3,389	937
Frosinone	5,704	2,734	2,970
Totals	38,787	18,568	20,219

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3. Other Communes

Province	Number of Communes	Credits requested	Credits Authorized	Economies effected
Benevento	43	9,562	6,845	2,717
Frosinone	41	44,944	10,747	34,197
Roma	41	80,470	21,786	58,684
Littoria	11	11,952	4,307	7,644
Viterbo	7	5,020	1,743	3,277
Perugia	10	4,557	764	3,792
Pescara	10	933	777	156
Totals	163	157,440	46,970	110,470

Recapitulation

Provinces	56,417	34,180	22,237
Capitals of Provinces	38,787	18,568	20,219
Other Communes	157,440	46,970	110,470
Grand Total	252,644	99,970	152,926

(b) Allied Military Government

Relatively speaking there is more available information on the financial condition of provinces and communes in territory under Allied Military Government than under Italian Government. This is primarily due to the requirement that no authorisations of credit shall be made except on the basis of properly approved budgets. The effectiveness of the new procedure is evident in the economies effected. The preceeding table relates to provincial and communal budgets for the quarter 1 July to 30 September, 1944. Some of these provinces have, since 1 September, been transferred to the jurisdiction of the Italian Government.

III. OPERATIONS OF ALLIED FINANCIAL AGENCY & CURRENCY AND EXCHANGE PROBLEMS

A. Remittances from the United States and United Kingdom

1. Preparations are now well under way for the operation of the remittance system in Italy by the Banco d'Italia. It is intended that the Banco d'Italia will eventually provide the entire machinery. However, at first the Banco will serve the area north of the provinces of Rome, Frosinone and Campobasso, for dollar remittances, and the whole of Italy for sterling remittances. Meanwhile approval by CCS is awaited for the Banco di Napoli to effect remittances in the provinces of Rome (including Rome city), Littoria, Frosinone and Campobasso.

2. In centralizing as much as possible in the Banco d'Italia the entire remittance

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

3. Correspondent banks in the United States and United Kingdom have been chosen by the Banca d'Italia, which is presently engaged in assembling the necessary letters and relevant documents to be forwarded to the selected correspondents. Requests that remittances be authorized to residents in newly-liberated provinces will be made from time to time as and when the Italian civilian postal service is restored, after the approval of CCS has been given to the proposed agreement with the Banca d'Italia.

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4. Upon the confirmation by CCS of the proposed agreement with the Banca d'Italia, it has been suggested that remittances for all areas of liberated Italy open to remittances from the sterling area should be channelled only through the correspondent banks in the United Kingdom of the Banca d'Italia. This arrangement would conform to the views of the Bank of England that the service should be handled by commercial banks, to which the British Treasury is prepared to issue a permit to open post-liberation blocked accounts. In this way the Bank of England would be relieved of the detailed work of transmitting remittance orders.

6. With respect to payments in excess of the limitations on dollar amounts as set forth in General License No. 32 A as amended, both the Banco di Sicilia and the Banco di Napoli have been notified to effect such payments without definitive instructions, placing the responsibility for compliance on the remitting bank. It has been suggested, however, that, all special payments and special remittances for any part of liberated Italy which are in excess of the general limitations authorized, be channelled through the correspondent banks of the Banca d'Italia, as soon as possible.

7. The following is the text of the agreement reached with the Banca d'Italia concerning dollars, sterling and other foreign exchange proceeds accruing to Italy as a result of remittances to Italy, or of exports from Italy or other foreign transactions. This agreement must be approved by CCS before any remittances are paid into the correspondents of the Banca d'Italia:

(a) "It is agreed that all dollars, sterling and other proceeds, which have accrued or will accrue after 1 July, 1943 in our accounts in foreign countries as a result of remittances to Italy or of exports from Italy or other foreign transactions, will be held by the Banca d'Italia for account of the Italian Government, subject to the conditions given in para (b) below.

(b) "It is understood that, without prejudice to eventual agreements which might take place between the Allied Governments and the Italian Government, the utilisation of the balances of the accounts must be subject to the approval and direction of the Finance Sub-Commission, ACC. The Banca d'Italia agrees to effect promptly all such payments from the dollars, sterling or other foreign accounts as specified in the previous paragraph, by means of payment orders to its correspondents abroad, as shall be directed from time to time, by the Finance Sub-Commission, ACC. No payments from these dollars, sterling or other foreign accounts will be effected without the prior approval of the Finance Sub-Commission.

(c) "The Banca d'Italia undertakes to supply from its own funds the lire required to effect payments to the beneficiaries of remittances received from the United States and the United Kingdom and for the payment of exports from Italy. It is understood that responsibility for payment of normal remittances may be delegated by the Banca d'Italia to such other Italian banks, as are approved by the Finance Sub-Commission. The Banca d'Italia will exercise such control as may be deemed necessary by the Finance Sub-Commission, to carry out the general instructions as to policy, which are transmitted to it from time to time by the Finance Sub-Commission, with respect to the maximum allowed to be received by any one beneficiary, the area in which the Banca [illegible] and all other questions

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correspondents of the Banca d'Italia:

(a) "It is agreed that all dollars, sterling and other proceeds, which have accrued or will accrue after 1 July, 1943 in our accounts in foreign countries as a result of remittances to Italy or of exports from Italy or other foreign transactions, will be held by the Banca d'Italia for account of the Italian Government, subject to the conditions given in para (b) below.

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(d) "The Banca d'Italia undertakes to effect payments of remittances in excess of the normal limits, transmitted under specific approval of the United States or United Kingdom treasuries, which will, in most cases, be effected directly through branches of the Banca d'Italia. Furthermore, the Bank will prevent the payment of any remittance whatsoever to any personal or corporate beneficiary in the territory under its supervision, who is acting on behalf of an enemy of the United Nations or whose past connections with the Fascist Government of Italy or with enemy governments is such as would warrant any economic penalty such as blocking of lire accounts, suspension of employment, or similar action.

(e) "The Banca d'Italia will maintain such records of all transactions appertaining to its dollar, sterling and other foreign currency accounts, as may be required from time to time by the Finance Sub-Commission and will render to that Sub-Commission all reports and details of transactions, which may be requested by the Finance Sub-Commission.

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(f) "All expenses in Italy, including postage, related to financial transactions resulting from exports, remittances or other sources of foreign currency will be borne by the Banca d'Italia. To the beneficiary of a remittance from the United States or the United Kingdom may be charged a total commission, which does not exceed one per cent of the remittance or 100 lire, whichever is the lower of the two figures, with a minimum of 25 lire."

B. Emergency Financial Assistance to British and American Nationals

1. Since the inception of the plan to aid needy British and American nationals, funds have been distributed to those claiming citizenship. In some cases this has been done without definitive proof, as it was our intention to avoid hardship to American and British citizens.

2. However, in order to systematize the practice of assisting British and American nationals, the Allied Financial Agency prepared Executive Memorandum No. 38 in February, which was issued after much delay on the PC and MC Section in May 1944. This contained the regulations that guide finance officers in the field in making payment to nationals based upon presentation of passports, consular letters and/or other official documents. In those situations where citizenship cannot be clearly established, Executive Memorandum No. 38 provides for the submission of the application for assistance to AFA, HQ., for onward transmission to the American Consul-General or the British High Commissioner for a ruling.

3. This arrangement has continued in effect despite the inherent delay as consular officials must frequently communicate with Washington or London to determine citizenship status. However, with the reduction in AMG personnel and establishments throughout liberated Italy, the difficulties involved in handling requests for assistance are apparent. In-as-much as the major part of such requests involves determination of citizenship status - a consular responsibility - negotiations are under way with a view to having the consular services handle all applications for advances.

4. With respect to release of assets in the United Kingdom to British subjects in liberated Italy, Executive Memorandum No. 7b was issued on 14 August, 1944. It is intended that applicants for advances shall apply to the appropriate Regional Finance Officer for the release of their property and/or assets now held under the Custodian of Enemy Property in Great Britain. Applications are received and inquiries made to determine whether applicants are found to be free associates during war with activities disloyal to the Allied cause. Upon approval of such application, the assets are returned to the bank in the U.K., which originally acted for the British subject, and this bank will be the agent for exercising exchange control and for seeing that remittances to Italy are made within the prescribed limits.

C. Mutilated and Worn All Lire Notes

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4. With respect to release of assets in the United Kingdom to British subjects in liberated Italy, Executive Memorandum No. [illegible] was issued on 14 August, 1944. It is intended that applicants for advances shall apply to the appropriate Regional Finance Officer for the release of their property and/or assets now held under the Custodian of Enemy Property in Great Britain. Applications are received and enquiries made to determine whether applicants are found to be free association during war with activities disloyal to the Allied cause. Upon approval of such applications, the assets are returned to the bank in the U.K., which originally [illegible] the British subject, and this bank will be the agent for exercising exchange control and for seeing that remittances to Italy are made within the prescribed limits.

C. Mutilated and Worn AM Lira Notes

1. In order to obtain more uniform rules and regulations governing worn and mutilated AM Lira notes, it has been recommended that:

(a) TAM Airgram 3, dated 3 February, 1944, be amended so as to make [illegible] mutilated AM lira notes redeemable when more than ½ of a note is presented instead of the presently prescribed requirement: (b) that para 2b of TAM Airgram 3, which provided for exchange of notes whose area qualified less than three-fifths of the whole, be completely deleted. It is noted that the Banca d'Italia exchanges for face value only when the note equals more than ½ the original and when the serial numbers are decipherable. No exchange is permitted when the note is found in area to less than half, with the exception of those notes belonging to the Allied forces, which are accompanied by an affidavit.

2. In may the authority contained in the regulations for destruction of AM Lire notes was extended to include medical officers in all areas where British paymasters were not available, so that accumulated sums of unnecessary currency could be disposed of. However, upon the advice of the British War Office, which has pointed out that since a medical officer is not borne on the establishment of each Graves Registration and Concentration Unit and that a medical officer may not therefore be available in the vicinity of operations, authority is now given in the absence of a medical officer to any British Officer, provided he is independent of the Graves Registration Unit carrying out the operation.

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3. The Banca d'Italia has extended the rules and regulations regarding the exchange of worn and mutilated currency to include all new areas of liberated Italy.

D. Foreign Exchange Data

1. The gold position remains unchanged, pending information from Brescia and Italian Banks in northern Italy. However, detailed data has now become available regarding the following:

(a) Assets: gold, foreign currency holdings, bank balances and other evidence of credit and ownership.

(b) Liabilities: bank credits and other debts.

(c) Clearing Accounts: a statement regarding the most recent data on the position of the various clearing accounts with each of the European countries.

(d) A description of the nature of the various clearing accounts.

(e) A statement regarding the clearing and compensation agreements in effect with the various European countries.

(f) A statement of various transfers effected through the clearing agreements since January 1943, showing the name of the account, the type of merchandise and the amount involved.

2. The National Foreign Exchange Control Institute (Istcambi) has completed a detailed report on the foreign exchange position of Italy as of 31 December 1943. More recent information will not be available until Brescia, the capital of the Republican Fascists, is liberated.

It will be remembered that an attempt was made in the Rome Report of the Finance Sub-Commission, to provide the best available data on Italian foreign exchange assets. Material was included showing gold movements for the past year. Concurrently, the Institute was requested to prepare a more elaborate study. Owing to the necessity of editing and reorganizing this report, some time must elapse before it becomes available. It is anticipated that within a short period of time distribution to London and Washington will be possible.

3. For some time the Government has discussed with the Finance Sub-Commission the problem of which institution shall be charged with foreign exchange control in Italy. This has involved the decision as to the future role of the Fascist National Foreign Exchange Institute (Istcambi). It is believed that any new institution will have to include Istcambi's functions since the pre-armistice and pre-war relations between Italy and the particular countries involved will have to form part of the new position, e.g., the liquidation of clearing balances and other financial debits and credits. It is hoped that this matter can be resolved as soon as possible.

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(e) A statement regarding the clearing and compensation agreements in effect with the various European countries.

(f) A statement of various transfers effected through the clearing agreements since January 1943, showing the name of the account, the type of merchandise and the amount involved.

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E. Production of New Currency for Italy

1. Due to the excellent cooperation of the Transportation Sub-Commission, ACC, the machinery of the Banca d'Italia paper mill located in l'Aquila is being moved to Rome on schedule. It is believed that the entire machinery for paper making will be completely transported to Rome by the 15th September.

2. It is estimated that a period of 4 or 5 weeks will be required for the assembly, installation and preparation of the machinery so that the manufacture of the first paper may be expected about 30 of October. The expected production of the paper mill is estimated to be from 20 to 25 quintals of bank note paper per day.

3. The paper mill of Sordini & Sons, Pale di Foligno, expects to begin producing currency paper about 15 October. They are at present awaiting the completion of certain water-mark metallic plates by Banca d'Italia, which are scheduled for completion in 3 weeks. They have experienced difficulty in securing transportation necessary for collection of raw materials and in having part of the output of their hydraulic electric generating plant requisitioned by the prefectural authorities in Perugia.

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Steps have been taken however to clear these difficulties. A conference was held in Rome on 6 September, 1944 attended by Signor Sordini, his local representative Signor Maggioli, and by representatives of the Bank of Italy and the Finance Sub-Commission and a full discussion was had of the progress being made to get the Sordini paper mill into production again. Attention is again called to the fact that the condition of facilities formerly used by Banca d'Italia in northern Italy, in such cities as Novara, Milan, Bergamo, and Como, as well as in Fabriano, are still obscure. If these currency producing plants are not damaged too badly, it may be possible to better the present production schedule of the new currency.

4. The Istituto Poligrafico dello Stato has completed the designs for the 1, 2, 5 and 10 lire Bank of Italy notes and these designs are presently awaiting approval.

5. The full use of the Staderini currency printing facilities in Rome has been assured to the Bank of Italy by the Psychological Warfare Board which has agreed to release this equipment within a week or two.

F. Transfers of Metropolitan Lire

1. In order to transfer surplus amounts of Metropolitan lira notes from Sicily to the mainland, the Banca d'Italia arranged in July for the concentration of 300 million lire in Palermo for transmission via Messina and Catanzaro to Bari. However, upon further examination of the currency position of the Island, it was determined that only 90 million could be transferred without endangering the reserve position of the Banca d'Italia in Sicily. This amount was transferred.

G. Currency Exchange for Refugees

1. Analysis of figures compiled on the currencies exchanged for refugees travelling to Palestine and the United States disclose that 787 receipts were issued among 1,551 refugees, an average of L. 16,247 per receipt and L. 8,244 per refugee.

2. The largest percentage of receipts (36$\frac{1}{3}$%) are for quantities of lire from between 3,000 - 10,000, and the smallest($\frac{1}{2}$ of 1%) are for receipts in excess of 200,000 lire.

3. The total represented by these receipts amounts to 12,786,394 lire.

4. Other currencies involved are: U.S. Dollars, Canadian dollars, Sterling, Sterling (South Africa), Egyptian pounds, Swiss francs, Yugoslav dinars, Palestine pounds, French francs, Algerian francs, Syrian pounds, Belgian francs, Dutch florens, Albanian francs, Serbian dinars, Yugoslav kunas, Reichmarks.

H. AFA Branch Organization

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H. AFA Branch Organization

1. The officer formerly in charge of the Palermo Branch, AFA, was transferred in late July to Headquarters in order to prepare the organization of the Forward Area Branch. Due to military operations, the establishment of this branch at Florence has been delayed. However, much preliminary work was done at Headquarters.

2. Two officers and one enlisted man departed on 29 August with a quantity of lire to set up the new office in Florence; while on this mission in the forward area it is intended that the large consignment of AM Lire recently arrived at Piombino be stored in Siena, or in Florence if adequate facilities can be found.

3. During the first week in August, Branch Managers were afforded the opportunity of visiting Headquarters in order to present their local problems personally and become acquainted with the over-all activities of AFA. The principal item of the agenda concerned the new central accounting system which was recently installed.

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J. Expenditures of U.S. Government Civilian Agencies in Italy

1. It has been suggested by the U.S. Department of State that the procedure for handling salary and allowances for American Foreign Service establishments and certain other civilian agencies of the United States Government be effected by means of U.S. Treasury checks or State Department drafts, which would be cashed by Italian banks and forwarded to the United States for collection of the proceeds in post-liberation accounts. Similar arrangements would be made for other items not chargeable to occupation costs from time to time, while expenses chargeable to occupation costs would continue to be made from lire drawn from U.S. Finance Officers. If this is to be done, it is hoped that the technical regulations of the U.S. Treasury regarding endorsements, maximum time interval outstanding, and similar matters affecting Treasurers' checks and State Department drafts will be so interpreted as not to involve the Italian banks in losses and excessive correspondence.

K. Supply of AM Lire Currency

1. Disbursements of AM lire to paymasters of Allied military forces in July were very much larger than monthly disbursements in the first five months of 1944. Moreover, of the 5.8 billions so disbursed, preliminary estimates suggest that 5.3 billions may have been in turn paid out by the paymasters to the troops and to the civilians. Advance reports from AFA branches indicate further calls on AFA by the paymasters in the amount of 4.2 billion lire in August despite the fact that the U.S. forces did not make their usual monthly drawing during August.

2. As a result of the July disbursements, the total amount of AM lire held in unopened boxes in Italy, by AFA and the Italian banks, was reduced to 16,081 million lire at the end of July. An additional amount of 10,304 million lire was expected to arrive in August and September. Therefore the total supply of lire in unopened boxes at the end of September may be estimated at about 18 billion lire. However, large denominations will make up only about 10 billion lire of this total.

3. The first shipments by water of large denominations are not expected in Italy, from the new order of 30 billion lire, until the end of October, at which time the reserve of large notes might be reduced to 6 or 7 billion lire, solely by reason of military demands. Recently it has become apparent that the cash reserves of the Banca d'Italia, after remaining stable since March, are declining rather rapidly. During the last ten days of August the reserves of the Banca d'Italia fell from 6.2 billion lire to 5.8 billion lire. Apparently the demand for notes in rural areas is greater than the return to the banks of notes spent by Allied troops in urban areas. Moreover, the current practice of redeeming existing deposits and existing assegni and vaglia in areas newly liberated results in a substantial outflow of currency to each newly-liberated town. Should a large area be taken over quickly in the Po valley, this drain would prove very severe. There is as yet no reason to believe that any banks in this area will be found in possession of appreciable reserves of currency.

4. As evidence of this trend in the reserves of the Banca d'Italia, it proved necessary at the end of August to make an emergency deposit of AM lire in a branch of the

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4. As evidence of this trend in the reserves of the Banca d'Italia, it proved necessary at the end of August to make an emergency deposit of AM lire in a branch of the Banca d'Italia to alleviate a shortage of currency, for the first time in many months. The sum of 128 millions was deposited at Foggia, by the U.S. Army Finance Officer there, for AFA account, as there was not time to organize a shipment of funds from any other city.

5. In view of the possibility that current procedures may require the release of substantial amounts of AM lire to the Banca d'Italia, especially in large denominations, and in view of the uncertain dates and places of arrival of water shipments which may even be diverted to French ports, it was suggested to COS that one shipment of larger denominations might be sent to Italy by air, to arrive in the month of October.

6. At longer range, the supply of AM lire, including the new order of 30 billion lire, should cover disbursements of the two large denominations at the July rate until May 1945. While this seems at first glance an ample supply, it must suffice to replace all worn and mutilated notes in Italy, and to cover all military and banking requirements, until such time as the new lire currency has been produced, transported, stored and then actually exchanged for all outstanding notes, under the proposed conversion program.

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None of the new currency can be used until the conversion has actually been completed.

L. Review of Reserve Position of Banca d'Italia

1. The total currency holdings of the Banca d'Italia in liberated Italy amounted to 6,301 million lire on 10 August, 1944, as compared to 6,330 million lire held on 10 July.

2. Despite the very large flow of AM Lire from AFA to Allied troops, the reserve holdings of the Banca d'Italia showed a decrease of approximately 29 million lire.

M. Accounting

1. Statement of Receipts and Disbursements for the period ending 31 July 1944

This statement, together with the detailed supporting schedules, was prepared for the first time from the new machine - posted records. It should be noted that the Schedules contain full details concerning "Receipts in Respect of AMG/ACC Revenue"and "Disbursements in Respect of AMG/ACC Expenditure" which were formerly reported separately by the Office of the Chief Accountant. It is planned to continue this procedure, so that the Allied Financial Agency Statements from now on will be complete in themselves. The July AFA Report is contained in Appendix E.

2. Drafts drawn under Travelers Letters of Credit

Instructions for the accounting treatment of transactions involving the encashment of drafts drawn under certain Travelers Letters of Credit issued by U.S. banks were issued to AFA branches. The Dollar proceeds will be credited to post-liberation blocked AF accounts in the name of Banco di Napoli, and AFA will provide the lire for the encashment of such drafts in Italy. Separate accounts have been opened on AFA's books to record these transactions.

3. Funds of the Controller of Property

In order to clarify several pending matters, a conference was arranged with the Controller of Property at which the following agreements were reached:

(a) Enemy Funds. The Ministry of the Treasury has been instructed to collect all blocked enemy state funds and hand them over to AFA. Private enemy funds will be kept by the CP and will not be reflected in AFA's books. Enemy statal or parastatal funds (including Army Funds and any doubtful categories, such as accounts of banks) will be credited on AFA's books to a new Head "Sequestrated Enemy State and Army Funds", with a Sub-Head for each enemy Nation. This means that the amount of lire 2,163,650 recently received from RFO Region IV and credited to "Receipts in Respect of AMG/ACC Revenue - Confiscated and Captured Supplies - Cash" will now be transferred to the new Head under appropriate sub-heads. Likewise the amount of lire 1,948,527 shown in the July accounts [illegible] by Others - Enemy Unit Funds" will be similarly transferred.

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(b) Allied Funds. These will be held by the Controller of Property in bank accounts in his name, and in no event will they be shown on AFA's books (except temporarily in a few isolated instances, until they can be paid over to the Controller of Property). Therefore, we shall immediately transfer to "Deposits by Others - AGIP" the present balance of lire 10,000,000 in "Deposits by Others - Controller of Property - AGIP", as we understand that the Controller has relinquished his custody of this concern's property. Furthermore, the remaining balance in "Deposits by Others - Controller of Property" will be cleared as soon as possible.

4. Deposits by AMG/ACC Divisions

Revised instructions for securing details in respect of such deposits were sent to AFA branches, and in the interests of simplification the branch managers were requested to encourage the use of intermediate bank accounts on the part of Economics and Supply Division and Public Health Division officers, as permitted by Executive Memorandum No. 59.

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5. Non-legal tender currencies deposited by Jewish refugees departing for Palestine and the United States

Accounting instructions covering the recording of these currencies of AFA's books were issued to our Rome branch which received these funds from the Internees and Displaced Persons Sub-Commission.

6. Depreciation on ACC vehicles made available to certain Italian road haulage organications

The Italian companies to which these trucks have been made available for the purpose of transporting civilian supplies under ACC direction are required to pay to AFA Lire 2.02 per vehicle kilometer to cover the estimated depreciation. Because of the fact that these funds will be used to reduce the price paid for the trucks in case they are not returned, it has been decided to credit these payments to "Deposits by Others" and to maintain a separate subsidiary account for each company in AFA's books.

N. Italian Funds held by Controllers of Enemy Property in Occupied African Territories

1. Many Italians having funds and property in the custody of the Controller of Enemy Property in Eritrea and Ethopia have approached Finance Sub-Commission to request release of such assets and their transfer to Italy. The question was put to the War Office as a matter of policy and a ruling was received that no such transfers would be allowed at the present time.

O. Finance of Relief Activities

1. The representatives in Italy of the American Jewish Joint Distribution Committee have raised with Finance Sub-Commission the terms and conditions on which they might borrow funds locally for relief operations. Before the liberation of Rome a local committee had borrowed large sums of lire from individuals against promises to repay in dollars. We have provisionally advised J.D.C. here that no such dollar repayments may be effected until the whole problem has been reviewed by CCS and a directive laid down. We understand that J.D.C. is attempting to repay as large a proportion as possible of such loans with lire funds received through remittances from the United States. In view of a telegram received by the local committee in May through the British Foreign Office stating that authority was given to borrow against dollar credits, CCS has been requested to indicate whether it is to be our policy to require that funds for relief be transferred to Italy through the remittance system, or whether additional funds may be borrowed locally against dollar reimbursement. CCS was reminded that if the latter procedure is allowed, it would constitute a departure from our present policy of centralizing the foreign exchange accruals of Italy for such eventual disposition as the British and American Governments may direct.

IV. BANKING, POSTAL SAVINGS, AND OTHER FINANCIAL DEVELOPMENTS

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IV. BANKING, POSTAL SAVINGS, AND OTHER FINANCIAL DEVELOPMENTS

A. Banking and Stock Exchanges

1. Stock Exchanges

The Stock Exchange of Rome opened on 1 August, 1944, for cash transactions in government and parastatal issues only. On 4 August, 1944, the exchange closed for its usual August vacation. Prices those first four days were up half a point from the prior prices on private sales as reported by the banks. Prices since resumption of trading have held steady on a very thin market.

The Stock Exchange of Naples did not open until 21 August 1944 the delay having been occasioned first by communication difficulties and then by the usual August vacation. It has had a very slight volume of trading and prices have held steady.

On the Rome exchange a moratorium of one month on future transactions maturing on and prior to 22 May 1944, the last trading day prior to the fall of the city, was extended for one month.

Requests have been received from the brokers of Rome and the Italian Treasury to open the exchange to all normal types of trading. The press has demanded the resumption of normal trading, regarding the present restrictions as an imputation on Italian

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procurement agency and the franc account were interlocked with Reciprocal Aid with the result that the French were gaining dollars and sterling pro tanto, an incentive which was sufficient to ensure the success of the scheme. In Italy the circumstances are entirely different. The Allies are dealing with a dispirited nation which has not the status of an ally. The procurement of goods and services are on a vastly greater scale than in North Africa; and the Italian Government considers that the country is being despoiled by its conquerors.

(b) The establishment of an Italian procuring agency and the institution of a lira account postulate that the Italian Government will be kept informed of the amount spent on the payment of goods and services. The Chief Commissioner referred the proposed to the British High Commissioner and the American Delegate to the Advisory Council who agreed that the information which would be thus made available to the Italian Government, might be used to the detriment of the Allies to demonstrate the severe treatment accorded to Italy; and that it was likely that the Italians would raise countless queries on the propriety and price of purchases. They also consider that there are obvious disadvantages in furnishing information to the Italian Government at a time when the granting of Reciprocal Aid to Italy is under consideration. It was therefore recommended to AFHQ that (i) no attempt should be made to establish an Italian procuring agency, (ii) the existing procedure whereby funds are drawn by the paymasters and finance officers from the Allied Financial Agency should be maintained, and (iii) Administrative Memorandum No. 31 should be withdrawn and the proposals re-examined if and when Reciprocal Aid facilities are granted to Italy. A reply is awaited to this recommendation.

2. Blocking program

(a) Responsibility for all matters pertaining to blocked accounts and blocked checks, except those in the category of "Governments or nationals of the United Nations, including the French Government and French nationals", in that part of Italy comprising Region I, Southern Region, Region VI and the provinces of Rome, Fresinone and Littoria in Region IV, has been transferred to the Italian Ministry of the Treasury. Henceforth all pending applications for unblocking, except as noted, will be addressed to the Direttore Generale del Tesoro or his duly authorized Provincial representative.

(b) Conversences have been held with representatives of the Italian Treasury who are charged with the above responsibility. Suggested instructions by the Italian Treasury to their provincial representatives, to the banks through the Bank of Italy and its branches to the Post Offices through the Ministry of Communications, have been prepared by this Sub-Commission and transmitted to the Treasury. These include instructions for the unblocking of personal accounts under 10,000 lire, withdrawals from blocked accounts for personal living expenses up to 6,000 lire per month and instructions for handling blocked assegni circolari, assegni bancari , vaglia bancari, vaglia postali & bonifichi. There are an estimated 10,000 blocked accounts remaining in Rome city alone, and an indeterminate number of blocked checks. The matter of personnel required to handle this responsibility has been discussed at length with the Treasury but little progress appears to have been made yet by the Italian Treasury in this respect.

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(c) Instruction No. 1 (Control of Financial Institutions), in English, has been circulated to all R.F.O.'s in that part of liberated Italy not yet returned to the Italian Government. It sets forth the procedure to be followed in handling blocked assegni circolari, assegni bancari, vaglia bancari, vaglia postali and Bonifichi. Copies of the same instruction, in Italian, have been printed for distribution by RFOs to all banks, post offices and other interested institutions. A standard application blank (CFI Form 1) has been printed, which may be distributed to banks to be used, in requesting authority to pay blocked checks.

(d) Instruction No. 2 (Control of Financial Institutions) has been circulated to all RFOs concerned setting forth the policy to be followed in handling blocked checks (assegni circolari, assegni bancari, etc.) which require prior AMG authority before they may be paid. Further instructions designed to simplify the handling of blocking matters under a uniform policy will be issued from time to time. "Control of Financial Institutions Instruction No. 3" will constitute a recapitulation of all blocked account policies and instructions. The part that comprises instructions to financial institutions will be reproduced in Italian in sufficient number to permit direct distribution to all banks, etc. There also will be provided for distribution forms to be used in applying for authority to make a specific withdrawal from a blocked account.

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integrity. The requests have been refused and the demands ignored since the present volume of trade does not indicate the existence of a widespread need for trading facilities and such prices as have come to our attention in non-governmental securities on the Milan exchange indicate that no useful purpose would be served by removing the present restrictions on trading.

B. Postal Savings

1. Because of the failure of the Banca d'Italia's reporting mechanism to produce adequate figures for July, it is impossible to draw any useful general conclusions regarding movements in postal savings accounts and bonds during the month. Such data as are available appear in Table 4 of Appendix F. The net investment trend noted in June appears to have continued in July.

2. Supply of postal bonds

Prior to our entry into Rome, one of the principal difficulties encountered by Finance Officers was the shortage or complete absence of postal bonds. A temporary certificate had to be provided to meet this situation.

Facilities are now available in Rome for printing further bonds, and it has been possible to resume the supply of these, through the Ministry of Posts and Telecommunications of the Italian Government.

As the provinces now being opened up will have been cut off from supplies at Rome for progressively longer periods, will no doubt find that stocks on hand in these provinces require replenishment before, or soon after, the service is restored. In such cases, printing of an estimated 2 - 3 months supply, based on statistics available in Rome, can be furnished at short notice if the Communications Sub-Commission is furnished, through Finance Sub-Commission, simply with the names of the Post Offices for which bonds are required. Supplies will then be printed and transmitted to PFOs by AMG courier service for distribution by such means as they have at their disposal. This arrangement applies only to the period prior to the operation of the normal mail services. As soon as such services become available they will, as before, be used for the submission of requisitions for bonds by the Provincial Directors to their Headquarters, and for the dispatch of stocks direct to each office, in normal course.

C. Other Financial Developments

1. Implementation of Administrative Memorandum No. 95.

(a) In the Finance Sub-Commission's Report for June, 1944, it was mentioned that AFHQ had objected to the voucher system under which the Italian Government would pay suppliers for goods and services furnished to the Allied forces, and were preparing instructions for the institution of a lire account on the same lines as the franc account set up in North Africa. Early in August these instructions were received in the form of Administrative Memorandum No. 91. In this Memorandum the Allied Control Commission was allotted two tasks:

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(i) To cause to be set up within the Italian Ministry of Finance an Agency to accept and fill those requests for supplies, facilities and services passed to it by the Allied forces.

(ii) To require the Italian Government to establish a lire account. It has been strongly represented to AFHQ that there are objections to both proposals. In the first case the Ministry of Finance, which is designed to superintend the collection of revenue, is entirely unable to provide any staff to perform the highly specialised functions of procuring goods and sources for the Allied forces. Enquiries were then made with a view to ascertaining if the Italian Army Commissariat could handle this work. A categorical reply was received that the Italian Army was unable to undertake such a commitment owing to a lack of competent staff; and that if this method were adopted the Allied forces would not receive what they required. In the second case it has been indicated to AFHQ that the working of the franc account in North Africa cannot be regarded as a precedent for the institution of a lire account in Italy. In North Africa both the

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3 3. Safe deposit boxes

Responsibility for the initial opening of presently blocked safe deposit boxes and sealed packages in that part of Italy comprising Region I, Southern Region, Region VI and the provinces of Rome, Frosinone and Littoria in Region IV has been transferred to the Italian Treasury and by it delegated to the Bank of Italy. All pending and future applications and inquiries in this field will be directed to the appropriate branch of the Banca d'Italia except for the province and city of Rome where they will be directed to the Amministrazione Centrale, Banca d'Italia, Rome. The Bank of Italy has not yet made complete a procedure for handling this work.

4. Economic Warfare program

The occupation of Rome brought under our control a substantial number of head offices of Italian banks and offered the possibility to the Italian Government of bringing foreign branches of Italian banks under control. Accordingly, to remind the Government of its obligation and to tighten the foreign exchange control in liberated Italy, the following letter was addressed by the Joint Director of the Finance Sub-Commission to the Minister of the Treasury:

"The Governments of the United States and Great Britain have for some time been conducting an increasingly successful economic warfare campaign against Germany and German-occupied countries. As part of this campaign, the Ministry of Economic Warfare and the Foreign Economic Administration have recently suggested a number of measures which they desire to see taken by your Government.

"In that part of Italy now liberated are located the head offices of a number of Italian banks having foreign branches in the European and Latin American neutral countries. The Allied Governments have reason to be concerned about the activities of these branches, as evidence has come to hand that some of these branches are engaging in financial and economic activities which aid the enemy. In some cases the foreign branches were placed on the British Statutory List and the US Proclaimed List for trading with the enemy. Examples are the Banco Nazionale del Lavoro, Madrid, and the Banco di Napoli, Buenos Aires. Likewise, the position and activities of the Banco di Roma and the B.C.I., Istanbul are regarded as unsatisfactory by the Allied Governments, as the managers of these branches are still acting on instructions coming from German-occupied Italy.

"I suggest, therefore, that your Government direct the head offices of banks in Liberated Italy to advise their foreign branches substantially along the following lines:

(a) that instructions received from purported head offices located outside liberated Italy are to be ignored and no action taken thereon, and,

(b) that the managers of such branches are to communicate as soon as possible with the American and British Embassies or Legations accredited to the countries in which the branches are located. Each American and British mission has attached to it foreign service officers in charge of economic

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"Requests for deletion from the British and American lists cannot of course even be considered by the two Governments until they are assured beyond all doubt that any foreign branch that can be controlled from liberated territory has met the requirements of Allied economic warfare policy. I would suggest that foreign branches and officials be warned of all the sanctions and penalties that may be applied to them under Italian law if they continue to aid the enemy. As for those branches of banks whose head offices are still in German-occupied Italy, I feel that the Italian Government itself should give the instructions set out in (a) and (b) above to such branches, calling on the staffs as loyal Italians to sever all connections with the enemies of their country. I should be glad to receive through you statements from the various banks, detailing the measures they have taken to render secure their control over their foreign branches, and the responses received.

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"We have also been informed of numerous violations by banks in liberated Italy of the prohibitions against foreign exchange transactions and communications relating thereto. As an example, the B.C.I., Catania, recently instructed a Swedish bank to pay certain funds to the B.C.I., Milan. The Allied Governments take a most serious view of such transactions. I would suggest that your Government address a circular to all branches and agencies in liberated Italy, regardless of the location of their head offices, instructing them that no foreign exchange transaction or communication relative thereto may be effected or despatched without a specific authorization from your Government or the Allied Control Commission, as the case may be. Such circulars should except from the prohibition communications to banks in the U.S. or the sterling area in connection with the remittance system already established. Similarly, banks should be instructed to disregard communications received from abroad, except when received through your Government or Allied military channels. We are arranging for evidence of future violations, if any, to be furnished to the Finance Sub-Commission and it will be brought to your attention for appropriate action.

"London and Washington have been requested to put forward further measures that could usefully be taken by your Government in the field of economic warfare. In the meantime, I suggest, if you are in accord, that the program embodied in this letter should be executed without delay."

The Minister has issued appropriate instructions embodying our suggestions to the banks.

V. PRICES AND THE COST OF LIVING

A. Preparation of Cost-of-Living Index by the Instituto Centrale di Statistica

1. The July Report of Finance Sub-Commission contained the first comprehensive cost-of-living study for liberated Italy, prepared by the Italian Government's central statistical office. It has been decided to transfer at this time to the Instituto Centrale di Statistica responsibility for the compilation and maintenance of the cost-of-living index. This transfer is in line with ACC's policy of shifting operating functions to the Italian Government, and is necessitated by the depletion of finance officers in the southern regions of liberated Italy. Formerly the price returns were received through ACC finance officers.

2. The Instituto Centrale di Statistica has arranged to receive price data through its own channels and has sent out comprehensive instructions. The change-over prevents our presenting cost-of-living data in this Report; it is hoped that next month a series of complete studies can be inaugurated.

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B. The Price of Wheat

1. The price to be fixed for wheat when north Italy is occupied has been the subject of further consideration by the interested Sub-Commissions in the Economic Section. The Finance Sub-Commission remains firmly of the opinion that the price of wheat is too high and that the consequent effect upon the Italian Government's deficit and upon the general level of prices and incomes in Italy is serious. We therefore wish to reduce the price wherever it is yet possible to do so. Inasmuch as the present price has been limited to Central and Southern Italy, we are very anxious that steps be taken now (a) to determine the lowest price at which reasonably willing deliveries will be made to the Granai del Popolo, and (b) to prevent the posting of the old price in areas not yet liberated. However, this view has been rejected by Economic Section and it has recommended to the Italian Government that the same prices as fixed for south and central Italy be applied to north Italy.

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VI. INSURANCE

A. Italian Government

1. On 23 August, Finance Sub-Commission was notified (not officially) of the formation on 8 August, by a Ministerial Order, of a Direzione Generale for both social and commercial insurance in the Ministry of Industry, Commerce and Labor. The Direzione Generale is composed of four divisions for social insurance and one for commercial insurance. It was learned that approval of the Decree had been given on 21 August by the Labor Sub-Commission without reference to the Finance Sub-Commission. For the reasons given below, steps were at once taken to place before the Italian Government our objection to the proposed organization of a combined Direzione for both Social and Commercial Insurance. It is hoped to be able, if not to stop the Decree, to delete this particular Section of it, pending reconsideration.

2. The organization of the Direzione itself is considered unsatisfactory. The scheme places both social and commercial insurance, with their widely differing problems, under one general direction, which is in sharp contradistinction to all previous arrangements. The case for a strong independent section directly under the Minister, to deal exclusively with commercial insurance (and the Instituto Nazionale delle Assicurazioni) is indisputable. This is made the more imperative as the proposed section heads have had no technical experience in commercial insurance, both having been connected with Labor and Social Insurance matters in previous administrations under the former Ministry of Corporations.

3. The appointment of one Michele d'Addezio as head of the proposed commercial insurance Division is most unsatisfactory. He was for some years head of the old Servizio for commercial insurance directly under the former Minister of Corporations. He was one of the directors of the Istituto Nazionale delle Assicurazioni not reappointed by Marshal Badoglio in 1943 (see Appendix to Report for July 1944), and was a member of the Italo-German Insurance Commission in 1941. He is also an "aderente" member of the Italian Institute of Actuaries, that is, he is not qualified by internationally recognized standards.

B. Commercial Insurance

1. General

With the opening up of Regions in Northern Italy, and the apparent approach of access to the Head offices of the majority of companies, the need of a CCS policy on insurance generally, and on the international aspect of Italian reinsurance particularly, becomes a matter of urgency.

Tentative plans have been made for handling insurance in the north in the same way as was done in Rome, but the number of head offices involved (there are fifty-three in Milan alone), the possibility of entry of Allied troops from other directions, and the technical problems that will arise, complicate matters and will make the presence of a headquarters officer essential in the north. It will be vitally necessary to do all

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2. Communications

(a) It cannot be too strongly emphasized that the absence of communications, especially for transmission of heavy commercial mail, essential in insurance administration, continues to prevent the proper functioning of head offices and temporary head offices in Rome. Formation of the courier service proposed by the Istituto Nazionale delle Assicurazioni (see Report for July) has not been possible up to the end of August since, although possessing vehicles, the Institute has not been able to obtain the necessary permits and fuel.

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(b) Taking the Institute itself as an example, it has had no accounting documents from Sicily and most of Italy south of Rome since June 1943, or from Italy north of Rome since January 1944 (from Milan, since May 1943). The Commissioner of the Institute has used the word "disaster" in this connection, and it is difficult not to agree. For lack of information on policy status and the relative accounting documents, the Institute has been unable to complete its valuation of policy reserves at 31 December 1943, and it is estimated that arrears of work for lack of proper documents already involve the punching alone of two million tabulating machine cards. It was learned at the end of the month that 1 October has been fixed for reopening of postal services for commercial mails. The Communications Sub-Commission have just authorized the Ministry of Communications to accept the Institute's mails at once, but even so, it will probably be several weeks before the mass arrives in Rome. Several tons weight are involved.

3. Non Italian companies

By agreement with the Property Control Sub-Commission, supervision of all non-Italian insurance companies was transferred to the Insurance Department during August. An expression of policy has been requested from London on the handling of British companies, for which there are blocked accounts, to be released when authorized representation is met in Milan.

4. "Screening" of insurance personnel

(a) A little progress has been made on the screening of directorates and management. Some 140 "schede personali" are in the hands of the Security Branch, ACC, but only 4 reports had been received to the end of August.

(b) The following personnel reported in the Finance Sub-Commission's Report for July as having been removed from Banks, are also Insurance directors:

Giuseppe Veroi	Consigliere, Assicurazioni Generali
Ignazio Thaon de Revel	" " "
Nestore Carosa-Martinozzi	Consigliere M.I.A.B.

(c) The arrest, by order of the High Commissioner for Epuration, was announced in the Italian press on 18 August of:

Fulvio de Suvich	(President, Riunione Adriatica. (President, Assicuratrice Italiana. (Vice President, Compagnia di Roma.

A report received from the Security Branch confirms the necessity for his removal from these appointments. On 28 August, the Italian press announced the suspension from office in the Societa' Romana di Elettricita', by order of the High Commissioner for Epuration, of:

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Enrico Parisi	(Vice President, Riunione Adriatica. (Consigliere, Europea.
Filippo Pennaveria	(Consigliere, Riunione Adriatica.

Security reports have been received on the following, and confirm that their dismissal will be necessary:

Ignazio Giordani	(Ex-Direttore Generale, Istituto Nazionale (delle Assicurazioni. (Consigliere, Compagnie di Roma. (Vice President, Fiume. (Consigliere, Soc.Italiana di Assicurazioni (Credito. (ex-Vice President, Assicurazioni d'Italia (ex-Consigliere, Praevidentia. (Consigliere, Consorzio Rischi Rarati. ("aderente" (unqualified) member, Italian (Institute of Actuaries.

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Luigi Baroffio (Direttore Generale, Alleanza Securitas
(Esperia.

Security report on the following is sufficiently unfavorable to warrant dismissal:

Michele Sulfina (Direttore Generale, Assicurazioni Generali.

The taking of direct action to effect dismissal passed from the hands of Finance Sub-Commission on 15 August and these reports were received after that date. Steps will be taken to contact the appropriate Italian Epuration committee as soon as it is functioning.

6. Reopening of insurance offices

Satisfaction was obtained on the Rome organization of the following companies, which were therefore authorized to reopen on an all-liberated Italy basis on the same terms and conditions as those opened in July.

Savoia (under Government Commissioner)
Societa' Assucuratrice Industriale
Ausonia
Fiume.

The same satisfaction was given after 15 August in the cases of Europa and Levante, and action was taken by the Italian Government.

7. Italian Insurance Offices Association

Towards the end of August, announcement was made of the formation of an Italian Insurance Offices Association (Associazione Nazionale fra Imprese Assicuratrici), to come into effect at once. A copy of the articles of association has been received, which sets out the purposes of this body as:

(a) To protect the interests of member companies before any public administration, public Authority or other association. (Reference to the Italian Ministry and Committee is clearly meant.)

(b) To supervise, in the interests of member companies, relations with employees, trade unions, associations, etc., and to negotiate in disputes.

(c) To undertake the study of questions of technical, financial, administrative, legal and social character affecting the insurance industry, and to promote collaboration therein between member companies.

(d) To collate information and data of common interest, and to publish it in a journal.

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(c) To undertake the study of questions of technical, financial, administrative, legal and social character affecting the insurance industry, and to promote collaboration therein between member companies.

(d) To collate information and data of common interest, and to publish it in a journal.

(e) Generally to promote collaboration between member companies.

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All Commercial Insurance Companies authorized to operate in Italy may apply for membership, as may the State or Parastatal institutions, the latter being, however, excluded from labor questions. Member companies may only be represented in the Association by a legal representative, a General Manager (Direttore Generale), or by their immediate understudies. The Association is intended to be non-political.

There appears to be nothing in the Articles of Association to which exception can be taken. In fact, the Association may, if properly conducted, become a valuable one to the Companies. The Companies are in need of collaboration in order to present agreement in the Government Committee, while the formation of such an Association may enable certain problems not needing Government action to be settled mutually outside the Government Committee.

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S. Italian Institute of Actuaries

According to the Secretary-General of the Institute, the Institute has not been immune from political pressure, and was in fact closed by its own professional and non-political elements as from 1 January 1943 for this reason. Members were admitted up to 1931 without attaining the internationally recognized standards, only three having been admitted through proper examination. Two sets of the Journal of the Italian Institute of Actuaries for the period January 1940 to the last issue in 1942 prior to cessation of publication have been obtained and forwarded to Washington and London. They contain reports on insurance developments decrees, etc. in Italy and occupied countries during the war, some of which may be of interest to London and Washington.

C. Social Insurance

1. Progress of negotiations

A new plan has been prepared for insurance of direct employees of the Allied forces covering all civilians directly employed by Allied forces. This was approved by the Wages Sub-Committee of AAI at their meeting in Naples on 16 August and by the Wages and Labor Control Committee of AAI at their meeting in Rome on 25 August. It now goes to the Local Resources Board for final action by Allied Forces. Meanwhile it has been cleared by the Ministry of Industry, Commerce and Labor on technical grounds, and has been subritted to the Ministry of the Treasury for consideration on financial grounds.

2. Commissioners

In conjunction with Labor Sub-Commission approval was given to the following appointments and changes made by the Bonomi Ministry in Commissioners for liberated Italy of Social Insurance institutions:

Istituto Nazionale della Previdenza Sociale
Avv. Vincenzo Romanelli (no change)

Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro
Prof. Vezio Cristofulli (vice Avv. Leopoldo Ranucci)

Ente della Mutualita' - Istituto Nazionale per l'Assistenza di Malattia ai Lavoratori
On. Achille Grandi (vice Dott. Livio Malfettani)

Ente di Previdenza per i Dipendenti da Enti di Diritto Pubblico
Dott. Vincenzo Scognamiglio

Ente Nazionale di Previdenza e Assistenza per i Dipendenti Statali
Avv. Ferdinando Carbone

Istituto Nazionale di Previdenza per i Dipendenti dell'Azienda del Gas
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3. 60 day limit relaxed for unemployed in forward areas

(a) Under Articles 77 and 129 of RDL No. 1927 of 4 October 1935, insured persons must apply for unemployment benefit within 60 days from the date on which they become eligible (the 8th day after dismissal). Strict application of these articles has worked great hardship in areas recently liberated owing to activities of the German secret police and compulsory recruiting for work in German-operated factories. Our declared intention to assure payment of benefits due to those who have withheld cooperation from the enemy (see July Report, p. 25, para 2(e)), has accordingly been implemented by issuance on 29 August with our approval, of an instruction to provincial offices of Previdenza together with a letter to Finance Offices.

(b) The provincial offices of Istituto Previdenza Sociale are authorized to honor claims of unemployed workers who failed to register during German occupation for 30 days following publication of the instruction, provided proper documentation is furnished. Applicants must meet the following specifications, among others:

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(i) became legally entitled to claim unemployment indemnity subsequent to 3 July 1943, but failed to do so for fear of detection by German police or deportation for forced labor;

(ii) possess a social security card, a work book, and a dismissal notice;

(iii) sign a statement that he knows penalties for false declarations and that he must reimburse Previdenza if they are shown to be false.

The exceptional character of this concession is shown in that it does not apply in Sardinia, Sicily, Calabria, Lucania, Puglie or Campania, but only in recently liberated territory. Provincial offices are directed to investigate doubtful cases through the Inspectorates of Industry and Labor, the Public Safety Authority and the Carabinieri. Finance officers are urged to confer with Labor officers regarding assistance in effecting this new policy which has been jointly agreed upon by the Finance and Labor Sub-Commissions.

4. Pension increase for Previdenza employees

Istituto Previdenza Sociale, through its National Commissioner, applied to ACC for authorization to grant the graduated percentages of increase (70%, 60%, 30%) to monthly pensions due to retired employees of the Institute. This was granted in a letter of 26 August. Authorization was based on Article 8 of RDL No. 85 of 13 March: "The auxiliary bodies of the State, the public institutions for assistance and beneficence, the parastatal bodies and in general the bodies and institutes of public rights, are authorized to extend to their pensioners, following consideration by the competent organs, the provisions of the preceding articles, with power to grant smaller concessions than those fixed in the aforesaid provisions". RDL No. 85 was extended to military government territory by action of the Executive Commissioner on 29 July. It is accordingly now in effect wherever the National Commissioner of the Istituto has authority.

5. Unblocking of social insurance funds

Recent communications to this Headquarters have indicated some confusion with regard to the policy of Finance Sub-Commission regarding unblocking of accounts of social insurance institutions. At a regional or provincial level, accounts have, in some cases, only partially unblocked as of some such date as 5 June. A related decision by a provincial sede of Previdenza has resulted in blocking payments of benefits in respect of claims prior to 31 March. Basis for this action was a sentence in the Instruction of 4 July concerning payments to dependents of persons called to arms: "Payments provided by law will be resumed immediately, retroactive to 31 March 1944, for dependents of men whose last known status was that of a member of the Italian Armed Forces in liberated territory and whose families were deprived of further benefits by the Fascist Republican Government on 31 March 1944."

Regarding this sentence, the stipulation refers only to those who were cut off from benefit on 31 March 1944, and in no sense was it intended to establish a date as of which claims should be split and subsequent payments due permitted while prior payments due were denied. The governing policy of Finance Sub-Commission has been stated (see July Report, p. 25, para 2(e)) in the revised section 4 of Proclamation No. 4. The

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(a) Istituto Nazionale della Previdenza Sociale;

(b) Istituto Nazionale per l'Assicurazione contro gl'Infortuni sul Lavoro;

(c) Istituto per l'Assistenza di Malattia ai Lavoratori.

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6. Wage policy regarding banks

(a) Pressure for wage adjustments for bank employees has recently taken three principal forms: (i) "equalisation" of emergency payments authorized under contracts or directives as among their several branches; (ii) authorization of additional payments provided in Italian law for workers who do not take the vacations to which they are entitled, and (iii) authorization of a mess allowance (indennita' mensa) to compensate for higher living costs.

(b) Emergency payments taking the form of additional "mensilita'" were ordered by collective agreement or by the Directions of several banks of national interest, including the Banca d'Italia and the Banca Commerciale Italiana. The latter, for example, arranged by contract of 1 April 1944 at Milan for payment of three mensilita'. They have asked "equal treatment" for employees at Naples where this was not effectuated. Obviously the contract concerned has no legal force in Naples since actions under the Fascist Republican Government are not recognized in liberated areas. Since the Bari and Palermo branches had paid a single mensilita' equal treatment in this sense was accorded the Naples employees. Beyond this point the equalisation principle would be so far reaching as to have dangerous inflationary implications.

(c) Earlier action of the Direction General of the Banca d'Italia (13 September 1943) has been upheld, partly because this was before the influence of the Fascist Republican Government had been exerted, and partly because in any case the equalization affected only branches in early liberated areas, some of which had, while others had not, acted under the directive. In some cases the authorized payments had been exceeded, in some cases not fully made. Repayment was ordered in the former situation, and payment up to the limit allowed was authorized in the latter situation.

(d) After studying the Italian law on vacations and payments, it has been concluded that there is no reason for upsetting the prevailing practice. Accordingly banks have been authorized to make payments provided by law to employees who have refrained from taking vacations to which they are legally entitled.

(e) A decision on the mess allowance is still pending. The proposal is to pay L. 15 daily to each employee or L. 25 to a family head. It is clearly a wage increase, however it is paid, for the ultimate effect is to increase the funds in each employee's possession which he devotes to expenditures outside of the bank's "food store" or "mess". The differential for family responsibilities would better be handled by authorizing the increase in family allowances currently receiving consideration. The whole question should be considered a part of the pressure for wage increases, especially as regards non-manual workers. It seems wiser to grant a definite wage increase in the form of an increase in the temporary war indemnity than to create an additional indemnity for the already complicated Italian wage structure.

7. L'Istituto per l'Assistenza Sociale nell'Africa Italiana

This Institute was established by a decree of the Chief of the Government on 27 December 1941 to replace the "Fondo per l'Assistenza Malattia nell'Africa Italiana",

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(c) Earlier action of the Direction General of the Banca d'Italia (15 September 1943) has been upheld, partly because this was before the influence of the Fascist Republican Government had been exerted, and partly because in any case the equalization affected only branches in early liberated areas, some of which had, while others had not, acted under the directive. In some cases the authorized payments had been exceeded, in some cases not fully made. Repayment was ordered in the former situation, and payment up to the limit allowed was authorized in the latter situation.

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8. Contributi Unificati in Agricoltura

(a) Collection of Contributi Unificati in Agricoltura in the regions north of Rome has been complicated by the publication of a Republican Fascist Decree dated 26 February which increased all rates of contributions for 1944 by approximately 50%. This was notified by the Confederazioni Fasciste degli Agricoltori e dei Lavoratori dell' Agricoltura in a Circular No. 12 dated 1 March 1944 and addressed to all Uffici Provinciali Contributi Agricoli Unificati for the information of all Unioni Provinciali Fasciste degli Agricoltori and Unioni Provinciali Fasciste dei Lavoratori dell'Agricoltura.

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(b) As the preparation of the 1944 Ruoli are known to be well advanced the abrogation of this decree from the date of occupation would present many administrative difficulties. It has, therefore, been decided that all contributions for 1944 will be based on the instructions contained in Circular No. 12 as amended by the provisions of General Order No. 2. No definite decision has been made regarding the basis of contributions for the 1945 rolls as the Italian Government is of the opinion that new rates of contribution will be approved before the 1945 rolls are due to be issued. The Finance Sub-Commission does not share this optimism as any revision of social insurance contributions would have to be considered in relation to the whole social insurance problem which is the subject of investigation by a Royal Commission. Detailed instructions are being prepared setting out, inter alia, method of elimination of contributi sindacali, collection of arrears due to date of Allied occupation and remission of contributi sindacali as a result of successful appeals to the provincial commissions.

(c) The Ufficio Centrale Contributi Unificati in Rome is in the process of being reorganized. In December the head office was transferred to Venice by the Fascist Government but very little equipment was got away due to obstructionist tactics by loyal members of the staff. Complete summaries exist in Rome for all the communes in Italy. Out of a total staff of 103 only 10 employees went north; the remaining staff has been further depleted by evacuations from Rome, epuration, and separations for other reasons. The office is without funds and the Ministry of Industry, Commerce and Labor is actively interested in the reorganization being carried out.

VII. ACCOUNTING

A. Supply Accounting

1. (Supply accounts for the month of June are now being reviewed and prepared for consolidation at Headquarters. Reports for June have been forwarded by all Regions, except Region V. The delay in this instance has been caused by difficulty in compiling records in the field for receipts and sales of supplies by the AMG 8th Army, whose activities were widely extended during June. The progress report of the supply accountant handling these transactions indicates the report thereon will be submitted during the first week in September. In view of the advance of the 5th and 8th Armies, and the activation of Regions VIII and IX, covering large areas of occupied territory, the status of supply accounting is considered satisfactory.) After the close of each month the Regional supply accountant in the field must consolidate the provincial supply reports on commodities and verify the proceeds of sales. With the difficulties encountered in respect of communication and transportation, especially in those areas where the Armies are moving forward, the verification of transactions in the Regional office and the submission of reports, even under optimistic estimates, will require from 30 to 60 days. At present reports for rear areas are being submitted within 30 days, while those for the forward areas ordinarily take a somewhat longer time. It is hoped that through changes in the procedure for handling supplies much of the accounting work now performed by ACC/AMG personnel can be transferred to Italian Governmental agencies. If so, summary reports can be prepared shortly after the close of each month.

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2. One difficulty encountered in supply accounting is the large volume of transactions to be processed in connection with sales of foodstuffs and other supplies. In many instances numerous sales to communes, consorzii, alimentazioni, and other consignees are made in relatively small quantities, considering the magnitude of supply activities in Italy. As the result of this condition, an inordinate volume of work has been thrown on the supply officers and supply accountants. Due to the limited number of officers and EM/ORs available in the field, the pressure of work has been exceedingly heavy. This is evidenced by repeated requests for additional assignment of personnel, which have been corroborated by reports of the field supervisor operating from Headquarters. In recognition of conditions to be faced, Finance Sub-Commission early initiated recommendations looking to arrangements whereby imported foodstuffs would be turned over at dockside to the Italian Government or a national agency controlled by and accountable to the Italian Government. Almost without exception AMG/ACC officials handling supplies have endorsed the project. Nevertheless, little progress was made for some time, primarily because the Italian Government during the formative period had no departmental organization and no staff in the field. Faced with this condition Italian officials were reluctant to undertake the responsibility. As the Government became stronger the prospects of an ultimate arrangement increased. Within the past month negotiations were

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concluded whereby the Italian Government in the area comprising the large Southern Region (formerly Regions II, III, VII, Foggia and Campobasso) will receive and distribute foodstuffs through the Direzione Generale dell'Alimentazione.

3. Under the arrangements consummated, this agency will coordinate and control all phases of the supply of essential foodstuffs. Plans and policies of the Direzione Generale dell'Alimentazione will be put into execution by a new national body to be called UNADA (Ufficio Approvvigionamento Distribuzione Alimentari). Working through this agency the Direzione Generale will assume control of, and accounting and financial responsibility for, all imported foodstuffs. The Italian Government or its agent will accept delivery of imports at the ports of arrival on the basis of the ships' manifests, and will thereafter bear any loss between the ship and the wholesaler. It is not intended that the Italian Government will make any interim settlements in lire in respect of imported foodstuffs. Accounts for all such supplies are maintained in London and Washington in sterling and dollars, the question of settlement being deferred till a later date.

4. The Direzione Generale has appointed the Federazione Italiana dei Consorzii Agrari to be the distributing and controlling agent throughout Italy. This organization will assume the accounting and financial responsibilities effective from 1 September 1944 in the Southern Region and it is hoped to extend the scheme to other Regions in the immediate future. ACC supervision of food distribution will continue exactly as before. No change whatever will be made in the channels of physical distribution. Under this arrangement the Federazione dei Consorzii Agrari now has the responsibility of accounting to the Italian Government for the collection on sales of foodstuffs. The shifting of this responsibility will have a material effect in reducing the work of the ACC/AMG Regional supply officers and accountants.

5. It is hoped that in the near future similar arrangements can be placed in effect for other supplies which are now increasing. A satisfactory working plan has already been placed into operation in respect to petroleum, oil and lubricants, which are distributed in rear areas by the Comitato Italiano Petroli. Under this arrangement CIP issues POL products to the Italian armed forces, public utilities, and essential civilian consumers. Petroleum Section, AFHQ, notifies the Chief Accountant of the quantities turned over to CIP each month, confirmation is thereupon required from CIP who make payment in lire. Complete accounting on these commodities has been effected through 31 May 1944. As the work involved for ACC under this plan is relatively light, the arrangement is considered satisfactory.

6. Accounting for coal, of which large quantities are used by public utilities, war industries, other minor consumers such as hospitals, bakeries, etc., has involved considerable work, primarily because of lack of records maintained by supply officers. Statements have been received from the Coal Section, ACC, as to the amounts of coal allocated and issued by the Armies, but the matter of effecting collection thereon has been a burdensome task. Through assignment from headquarters of staff accountants on this work accounting for issues of coal has been effected through 31 May, consignees have been billed and collections made on the major portion of the issues. Consideration is now being given to utilizing a single agency, the Italian State Railways, to distribute coal as agent for the Italian Government. Some complications remain to be resolved, so that the plan is still in the formative stage.

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7. In previous Reports of this Sub-Commission reference was made to difficulties encountered in securing an accounting for medical supplies. The situation arose partly from a delay in issuing instructions and price lists, but more particularly because of the inadequacy of the accounting personnel in the provincial medical units. A tentative report has been submitted by a staff officer of Finance Sub-Commission through 31 May. The data furnished the officer was fragmentary in some Regions. From the available records, however, an accounting was developed for medical imports and supplies drawn from Allied Armies, sales, other issues, and the inventory on hand at 31 May 1944.

8. The handling of medical supplies during the spearhead operations was performed by various units including other Army services, many of which left no records. Later the situation was partially corrected. Since 31 March, 1944, the field records show improvement, but much is left to be desired. During the past month the Public Health Sub-Commission considered plans whereby medical supplies would be turned over to the Italian Government for distribution. Here again, the Italian Government has no agency organized and staffed to handle this activity. As an alternate arrangement, consideration is now being given to a plan to sell imported medical supplies (except those required in forward areas) to a syndicate formed of wholesalers. If and when the plan is placed in execution that agency will take over all inventories of medical supplies on hand in the

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central depot (except a few items required for forward areas). Thereafter it will receive medical supplies as unloaded at dockside.

9. The accounting for supplies issued to the Italian armed forces both for ship deliveries and issues from depots is current through 31 May 1944. The present procedure under which the Army Sub-Commission, ACC, makes an administrative review of issue vouchers before entry in the accounts of this office has tended to reduce much of the detail necessitated in the earlier accounting. There is however some doubt as to whether the earlier reports of the several depots completely covered all issues. In as much as depot issues have substantially declined during the past several months, the earlier problem in this respect is not considered serious.

10. The accounting for issues to Italian internees and displaced persons is satisfactory. The issues by both the British and American Armies have been consolidated through 31 May, 1944. All commodities have been priced, in the case of British issues at landed cost values, and in the case of American issues at base U.S. prices (such items to be subject to additions for transportation and handling expenses).

11. During the month an Executive Memorandum was issued prescribing the accounting procedure for issues of supplies to ACC/AMG from Army depots. The Memorandum requires that all ACC/AMG officers requisitioning supplies from Army depots must show whether such items are for the use of ACC/AMG (e.g. rations, quartermaster stores for messes, etc.), or whether the items are for issue to Italian civilians. Shipping tickets and issue vouchers must be receipted by the officer drawing the supplies. In the case of commodities received for civilian use, the officer transmits the copy of the shipping ticket to the Regional supply accountant, who uses the same as a supporting document for his monthly stock movement reports.

12. The extension of territory covered by the supply operations of the AMG 5th & 8th Armies and the activation of Regions VIII, IX, and XII has necessitated the reassignment of more than half of the supply accounting officer personnel to forward areas. In addition to this personnel, many enlisted men and other ranks have been moved forward to assist in handling the increased volume of work. This action has necessarily resulted in the thinning out of the accounting personnel to where little more than skeleton organizations remain in the Southern Region, Sicily and Sardinia. Although imports have dropped off in these areas, the accounting for the months of July and August must be performed by greatly reduced staff. Foreseeing this contingency the central office made an intensive review of supply operations in every Region. The force has been redistributed so as to ensure against a repetition of the conditions encountered in the early supply operations in Sicily and Southern Italy. Fortunately procedures and records have been established in the older sections and the backlog of accumulated work has been brought to a reasonably current basis. The situation faced in carrying on the work in rear areas will be acute for some time. The position is by no means critical, but it is considered such that possible delays in reports may arise. The clearing of this work will place the supply accounting on practically a current basis.

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B. Financial Accounting Reorganisation

1. The centralization of the Regional financial accounting at ACC Headquarters has worked out even better than expected, in spite of one officer having to be detailed entirely to auditing and recasting the accounts for one region which, on investigation, proved to be in an unsatisfactory condition. The centralization has resulted in two officers and one NCO being liberated for other work and in four officers being made available for new regions. Region IV has now been wholly brought into the centralized system and Regions V and VIII will be included in the immediate future.

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C. Financial Accounting Directives and Instructions

1. During the month Sub-Accountants' Instruction No. 2, reducing the number of certain accounting forms previously considered necessary, was issued.

2. In view of the proposal that all civilian employees in requisitioned hotels and all hotels running expenses should be paid by the Italian Comando Genio, all regions were instructed to obtain lists of payments made by the managements of such hotels so that a refund may be obtained from the Comando Genio.

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VIII. PERSONNEL

A. During August Colonel E.H. Foley, Jr., Joint Director, went to the United States on temporary duty in connection with the preparation of a new Italian currency and other matters.

B. Operations of Finance Sub-Commission Headquarters have been affected adversely by the temporary attachment to the office of the Vice President of the Economic Section for duty of Captain Andrew Kamarck, Lieut. J.E. Hicks, USCGR and Lieut. G.H. Willis, USNR, three of the four Joint Editors of these Reports. During August the Finance Sub-Commission was called upon to prepare an unusually large number of special studies. These included a report for the Vice-President, Economic Section, on the progress and achievements of the Sub-Commission covering the period July 1943 - August 1944; an extensive memorandum of comment on the report of the U.S. War Department Accounting Mission, which visited the theatre in March, 1944; a report on all decrees passed by the Italian Government in which Finance Sub-Commission had an interest; a redefinition of the functions of this Sub-Commission; and a revision of all Executive Memoranda affecting financial operations.

C.P. Bromley Smith
Capt. USN

Joint Director,
Finance Sub-Commission.

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APPENDIX " A."

Composition of Defascistisation Commissions -Ministries of Treasury and Finance.

1. Ministry of the Treasury.

(a) - Uffici Amministrativi Centrali e provinciali :

S.E. Avv. Armando Assisi, Presidente di Sezione Onorario della Corte di Cassazione - Presidente ;

S.E. Avv. Achille De Martino - Prefetto a riposo - Delegato dall'Alto Commissario per le sanzioni contro il fascismo e

Comm. Dott. Francesco Pallottino - Direttore Capo Divisione reggente l'Ufficio centrale del Personale - Membro.

(b) - Uffici centrali e provinciali della Ragioneria Generale dello Stato :

S.E. Avv. Armando Assisi, - Presidente;

S.E. Avv. Achille De Martino e

Comm. Dott. Benvenuto Ricci, Ispettore Generale della Ragioneria Generale dello Stato - Membro.

(c) - Per gli Enti ed Istituti dipendenti o vigilati :

Comm. Avv. Pietro Traina - Sostituto Procuratore Generale presso la Corte di Cassazione - Presidente ;

S.E. Avv. Achille De Martino e

Cav. Attilio Milanesi, Ispettore Superiore della Banca d'Italia - Membro.

2. Ministry of Finance.

(a) - Per il personale del Ministero :

S.E. Gr. Cr. Dott. Andrea Ferrara - Presidente di Sezione della Suprema Corte di Cassazione - Presidente ;

Comm. Dott. Dante Crudele - Direttore Capo Divisione nel Ministero delle Finanze - Membro;

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(b) - Uffici centrali e provinciali della Ragioneria Generale dello Stato :

S.E. Avv. Armando Assisi, - Presidente;

S.E. Avv. Achille De Martino e

Comm. Dott. Benvenuto Ricci, Ispettore Generale della Ragioneria Generale dello Stato - Membro.

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2. Ministry of Finance.

(a) - Per il personale del Ministero :

S.E. Gr. Cr. Dott. Andrea Ferrara - Presidente di Sezione della Suprema Corte di Cassazione - Presidente ;

Comm. Dott. Dante Crudele - Direttore Capo Divisione nel Ministero delle Finanze - Membro;

Cav Uff. Francesco Maffei - Direttore Superiore nella Amministrazione delle Dogane - Membro - in rappresentanza dell'Alto Commissariato per l'Epurazione . -

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APPENDIX B

TAX REVISION - COPY OF LETTER TO PRESIDENT OF THE COUNCIL.

31 August, 1944

My dear Mr.Prime Minister:

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

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

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

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

I am sure that you will agree that it is essential that the whole problem of

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

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

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

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

Yours very truly, M 2330

(signed) ELLERY W. STONE,
Captain, USNR
Acting Chief Commissioner

His Excellency IVANOE BONOMI
The President of Council of Ministers
Italian Government

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APPENDIX "C"

DIVISION OF RESPONSIBILITIES BETWEEN MINISTRIES OF FINANCE AND TREASURY.

(Extracts from Decree dated 24 August 1944).

I. Ministry of Finance.

A. The following General Directions and General Inspectorate are part of the Ministry of Finance:

1. General Direction of Affairs and Personnel
2. General Direction of Catasto and Technical State services
3. General Direction of "Demanio" except for Demanio Mobiliare, which is provided for in last paragraph of this section
4. General Direction of Taxes and Indirect Taxes on Business
5. General Direction of Customs and Indirect Taxes
6. General Direction of Direct Taxes
7. General Direction for Local Finance
8. General Inspector of Lotteries
9. Office of Fiscal Co-ordination, Legislation, Studies dependent upon the Minister

A forthcoming decree will be issued determining the sphere of activity of Demanio Mobiliare; until such time as the decree is issued, all decisions relating to the functioning of the services of Demanio Mobiliare will be undertaken in agreement between the two Ministries of Finance and Treasury. (Note: The point at issue here is the control of IRI). The following departments form part of the Ministry of Finance :

10. State Monopolies
11. Corps of the Guardia di Finanza

B. The following General Directions, General Inspectorate and Offices are dependent on the Treasury :

1. General Direction for Personnel, Ordinary Pensions and General Filing Office
2. General Direction of the Treasury and Provincial Offices of the Treasury
3. State Accountancy Office, including dependent Accountancy offices of the Intendenze di Finanza and other Accountancy offices
4. General Direction of Public Debt, including Sinking Fund Office
5. General Direction of Deposit, Loan Banks and Insurance Companies
6. General State Provveditorate with relative powers concerning the Istituto Poligrafico dello Stato, excluding Servizio Patrimoniale, Clerical Funds and related accounting service, which are entrusted to the General Direction of Demanio
7. General Direction for War Pensions
8. [illegible] of Credit to State Employees

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6. General Direction
7. General Direction for Local Finance
8. General Inspector of Lotteries
9. Office of Fiscal Co-ordination, Legislation, Studies dependent upon the Minister

A forthcoming decree will be issued determining the sphere of activity of Demanio Mobiliare; until such time as the decree is issued, all decisions relating to the functioning of the services of Demanio Mobiliare will be undertaken in agreement between the two Ministries of Finance and Treasury. (Note: The point at issue here is the control of IRI). The following departments form part of the Ministry of Finance :

10. State Monopolies
11. Corps of the Guardia di Finanza

B. The following General Directions, General Inspectorate and Offices are dependent on the Treasury :

1. General Direction for Personnel, Ordinary Pensions and General Filing Office
2. General Direction of the Treasury and Provincial Offices of the Treasury
3. State Accountancy Office, including dependent Accountancy offices of the Intendenze di Finanza and other Accountancy offices
4. General Direction of Public Debt, including Sinking Fund Office
5. General Direction of Deposit, Loan Banks and Insurance Companies
6. General State Provveditorate with relative powers concerning the Istituto Poligrafico dello Stato, excluding Servizio Patrimoniale, Clerical Funds and related accounting service, which are entrusted to the General Direction of Demanio
7. General Direction for War Pensions
8. General Inspectorate for extension of Credit to State Employees

C. The Ente Nazionale di Previdenza ed Assistenza per i dipendenti statali (Insurance and loan Company for assistance to civil servants) are placed under the supervision of the Treasury.

All powers of the Ministry of Finance with respect to national institutions concerned with houses for civil servants are transferred to the Ministry of Treasury.

D. The library situated in the buildings housing the two Ministries is a service of the Provveditorato Generale dello Stato and belongs to both Ministries. A Commission of three members appointed by agreement between the two Ministers will supervise the library, purchase books and reviews and handle all other details which will ensure the perfect functioning of the library. The same Commission will choose the personnel dependent on the Provveditorato Generale dello Stato who is to work in the library.

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E. Until such time as the two Ministries are divided, the personnel who formed part of the Ministry of Finance at the moment this decree went into effect and was working for the Ministry of the Treasury at the time, will be administered by the same Ministry so far as their pay is concerned while all others will be administered by the Ministry of Finance.

F. Organically, the Intendenze di Finanza depend on the Ministry of Finance. Nevertheless, for all services which come under the Ministry of Treasury, they are dependent upon the Treasury.

G. All powers, which, on the basis of existing rules are part of the Ministry of Finance, are transferred over to the Treasury when they concern matters which are the competence of the latter Ministry, in accordance with orders contained in the preceding articles.

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APPENDIX D

Position with regard to Provincial Tax Appeal Commissions.

A. Commissions formed.

Agrigento	Lecce
Avellino	Messina
Bari	Nuoro
Cagliari	Palermo
Caltanisetta	Potenza
Catania	Ragusa
Catanzaro	Reggio Calabria
Cosenza	Salerno
Enna	Taranto
Foggia	Trapani

B. Under correspondence

Benevento	Campobasso
Brindisi	Matera
	Siracusa

C. Nominations not yet received

Ancona	Macerata
Aquila	Naples
Arezzo	Perugia
Ascoli	Pescara

Caltanisetta	Potenza
Catania	Ragusa
Catanzaro	Reggio Calabria
Cosenza	Salerno
Enna	Taranto
Foggia	Trapani

B. Under correspondence

Benevento	Campobasso
Brindisi	Matera
	Siracusa

C. Nominations not yet received

Ancona	Macerata
Aquila	Naples
Arezzo	Perugia
Ascoli	Pescara
Chieti	Rieti
Frosinone	Rome
Grosseto	Teramo
Littoria	Terni
Livorno	Viterbo

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D. The Commissions formed are shown because it does not necessarily follow that they are functioning and Finance Officers in the field may wish to enquire into this point.

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APPENDIX "E"

ALLIED FINANCIAL AGENCY

CONSOLIDATED

STATEMENT OF RECEIPTS AND DISBURSEMENTS
for Period to 31 July 1944
(Expressed in Lire)

ITEM SCHEDULE No.	No.			Total to 30 Ju
1	-	CASH ON HAND IN BANKS AT BEGINNING OF PERIOD (Including Mutilated and Unfit AM Lire notes on hand)		
-	-	RECEIPTS DURING PERIOD		53,33
2	I	NEW A.M. LIRE NOTES RECEIVED		16
3	-	NEW A.M. STAMPS RECEIVED		79
4	II	DEPOSITS BY AMG/ACC DIVISIONS (pending allocation to revenue or other accounts)		
5	III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD		18
6	IV	DEPOSITS		
7	-	CURRENCY OF ITALIAN GOVERNMENT PLACED TO CREDIT OF AFA (under agreed program to sterilize surplus currency)		2,10 1,55
8	V	PROCEEDS OF SALES IN ITALY OF SUPPLIES		16
9	VI	RECEIPTS IN RESPECT OF AMG/ACC REVENUE		
10	-	METROPOLITAN LIRE NOTES IMPORTED BY BRITISH FORCES		
11	VII			58,4
12	VIII			1
13	-			58,5
14	IX	CONTRA ACCOUNTS		
15	-	TOTAL RECEIPTS DURING PERIOD	LIRE	58,5
16	-	TOTAL FUNDS AVAILABLE		

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APPENDIX "E"

F/F 20.

IED FINANCIAL AGENCY

CONSOLIDATED

STATEMENT OF RECEIPTS AND DISBURSEMENTS
for Period to 31 July 1944
(Expressed in Lire)

	Total to 30 June 1944	Current month	Total to 31 July 1944
INNING OF PERIOD (Entit AM Lire notes on hand)	N I L	16,589,903,115	N I L
ED	53,338,074,139	8,988,745,450	62,326,819,589
	169,336,000	-	169,336,000
	792,943,095	897,420,874	1,690,363,969
ONS			
evenue or other accounts)			
AND OTHERS BY ACCOUNTING	10,500	(10,500)	-
	189,445,772	31,046,570	220,492,342
MENT PLACED TO CREDIT OF AFA			
o sterilize surplus currency)	2,100,000,000	-	2,100,000,000
OF SUPPLIES	1,592,178,821	180,777,590	1,772,956,411
/ACC REVENUE	158,863,793	13,962,447	172,826,240
PORTED BY BRITISH FORCES	66,174,450	-	66,174,450
	58,407,026,570	10,111,942,431	68,518,969,001
	143,867,896	127,953,842	271,821,738
	58,550,894,466	10,239,896,273	68,790,790,739
PERIOD LIRE	58,550,894,466	26,829,859,388	68,790,790,739

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-	-	DISBURSEMENTS DURING PERIOD	
20	-	MUTILATED AM LIRA CURRENCY DESTROYED	16,626,521
21	-	* FUNDS HELD BY ACCOUNTING OFFICERS IN THE FIELD (Pending allocation to expenditure or other accounts)	614,384,876
22	XII	AM STAMPS ISSUED TO POST OFFICE AND ON HAND	169,336,000
23	XIII	PURCHASES IN ITALY OF SUPPLIES	669,983,387
24	XIV	STORAGE, HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES.	38,236,669
25	XV	ADVANCES (Including advances to Italian State, Provinces & Communes)	6,289,347,659
26	XVI	LOANS (Maturity date or interest rate fixed in advance	2,400,290
27	XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES	33,756,500
28	XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS	9,356,641
29	XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	3,544,393
30	XX	ADVANCES TO ALLIED ARMED FORCES	33,813,777,648
31	XXI	DISBURSEMENTS IN RESPECT OF AMG/ACC EXPENDITURE	86,150,011
32	-	METROPOLITAN LIRE ADVANCED TO BRITISH PAYMASTERS	66,174,450
33	XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY	1,988,420
34	XXIII		
35	XXIV		
36	XXV		
37	XXVI		41,817,063,455
38	-		143,867,896
39	XXVII	CONTRA ACCOUNTS	41,960,931,351
40	-	TOTAL DISBURSEMENTS DURING PERIOD	16,589,963,115
41	XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (including Mutilated and Unfit AM Lira Notes on hand)	
42	-	TOTAL DISBURSEMENTS AND CASH BALANCES	58,550,894,466

( ) - Red Figures

* Note: There is a lag of at least one month between (i) the time transactions of Accounting O... tion of such transactions in this Statement; however, advances made by Allied Financial ... by them to Allied Financial Agency are reflected in this account currently.

/s/: H. G. Crawshaw
/t/ H. H. CRAWSHAW
Colonel
Chief Accountant

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	18,626,521	7,848,643	26,475,164
ROYED	614,384,876	(119,785,507)	494,599,369
RS IN THE FIELD			
iture or other accounts)	169,336,000	-	169,336,000
AND ON HAND	669,[illegible],387	190,059,554	860,042,[illegible]1
EXPENSES IN CONNECTION WITH	38,236,669	17,034,368	55,271,037
SUPPLIES.	6,289,347,659	46,697,858	6,336,045,517
Ita lian State, Provinces & Communes)	2,400,280	(1,300,280)	1,100,000
t rate fixed in advance			
ACCOUNT OF REMITTANCES FROM ALLIED	33,756,500	30,755,045	64,511,545
	9,356,641	1,963,845	11,320,486
OF ALLIED NATIONS	3,544,393	2,583,012	6,127,405
STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	33,813,777,648	5,725,770,973	39,539,548,621
S	86,150,011	17,538,608	103,688,619
/ACC EXPENDITURE	66,174,450	-	66,174,450
BRITISH PAYMASTERS	1,968,420	5,505,506	7,493,926
CIL FOR ITALY			
	41,817,063,455	5,924,671,625	47,741,735,080
	143,867,896	127,953,842	271,821,738
	41,960,931,351	6,052,625,467	48,013,556,818
ERIOD	16,589,963,115	20,777,233,921	20,777,233,921
END OF PERIOD			
nfit AM Lira Notes on hand)			
BALANCES	58,550,894,466	26,829,859,388	68,790,790,739

he month between (1) the time transactions of Accounting Officers take place and (ii) in the alloca this Sta tement; however, advances made by Allied Financial Agency to such Officers and refunds made gency a re reflected in this account currently.

/s/ James H. Penick
/t/ JAMES H. PENICK
Major
Chief of A.F.A.

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ALLIED FINANCIAL AGENCY

SCHEDULES TO STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD F

(EXPRESSED IN LIRE)

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CU
I	NEW A.M.LIRA NOTES RECEIVED		
	(a) As Notified to Washington	53,338,528,000	8,
	(b) Overages Revealed on Opening Boxes	-	
	(c) Shortages Revealed on Opening Boxes	(1,130)	
	(d) Defective A.M.Lira Notes Returned to Washington	(452,731)	
	Lire	53,338,074,139	8,
II	DEPOSITS BY AMG/ACC DIVISIONS		
	(a) Economic and Supply Division - Supplies	691,653,497	
	(b) " " " " - Deposits on Returnable Containers	30,304,275	
	(c) Public Health Division	61,205,173	
	(d) Legal Division	9,752,450	
	(f) Other Division	27,700	
	Lire	792,943,095	
III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD		
	(a) From Others	10,500	

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ALLIED FINANCIAL AGENCY

F/F 1

ENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO 31 JULY 1944

Page N

(EXPRESSED IN LIRE)

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
on	53,338,528,000	8,988,800,000	62,327,328,000
ening Boxes	–	400	400
pening Boxes	(1,130)	–	(1,130)
s Returned to Washington	(452,731)	(54,950)	(507,681)
Lire	53,338,074,139	8,988,745,450	62,326,819,589
dation - Supplies	691,653,497	895,419,071	1,587,072,568
- Deposits on Returnable Containers	30,304,275	(9,631,184)	20,673,091
	61,205,173	11,305,037	72,510,210
	9,752,450	327,950	10,080,400
	27,700	–	27,700
Lire	792,943,095	897,420,874	1,690,363,969
OTHERS BY ELD	10,500	(10,500)	–

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SCHEDULE No. IV		TOTAL TO CLOSE OF PREVIOUS MONTH	CUR
	DEPOSITS		
	(a) Controller of Property		
	(1) Region I - A.G.I.P.	10,000,000	
	(2) Region III - Miscellaneous	1,744,473	
		11,744,473	
	(b) By U.S. Army Units	74,340,097	
	(c) By Others		
	(1) "A" Force	936,500	(
	(2) Pasquale Esposito	108,600	
	(3) Comitato Italiano Petroli	95,475,750	1
	(4) Enemy Unit Funds	1,948,527	
	(5) Jewish Refugees Departing for Palestine	4,373,893	
	(6) Italian Road Haulage Organisations (Depreciation on A.C.C. Vehicles)	260,471	
	(7) Post Office, Vasto Marina, Chieti Province (Pending Receipt of Additional Information)	-	
	(8) Provincial Finance Officer, Viterbo, Region IV (Pending Receipt of Additional Information)	-	
	(9) Supply Officer, Messina (Pending Receipt of Additional Information)	-	
	(10) Various (Under Lire 100,000 each)	257,461	
	Lire	189,445,772	3

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	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	10,000,000	-	10,000,000
eous	1,744,473	4,209,102	5,953,575
	11,744,473	4,209,102	15,953,575
	74,340,097	5,820,193	80,160,290
	936,500	(1,374,583)	(438,083)
	108,600	-	108,600
oli	95,475,750	18,019,773	113,495,523
	1,948,527	-	1,948,527
ing for Palestine Organisations	4,373,893	(84,779)	4,289,114
. Vehicles)	260,471	978,960	1,239,431
ino, Chieti Province Additional Information)	-	173,000	173,000
ficer, Viterbo, Region IV Additional Information)	-	1,891,000	1,891,000
a Additional Information)	-	1,248,697	1,248,697
00,000 each)	257,461	165,207	422,668
Lire	189,445,772	31,946,570	220,492,342

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SCHEDULE No. V		TOTAL TO CLOSE OF PREVIOUS MONTH
	PROCEEDS OF SALES IN IT LY OF SUPPLIES	
	(a) Economic and Supply Division	
	(1) Supplies Imported or Drawn from Armies	1,561,391,422
	(2) Supplies Purchased Locally	16,354,919
	(b) Public Health Division	
	(1) Supplies Imported or Drawn from Armies	14,427,980
	(2) Supplies Purchased Locally	4,500
	Lire	1,592,178,821

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E SUPPLIES	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
vision			
Drawn from Armies	1,561,391,422	121,864,470	1,683,255,892
ocally	16,354,919	463,864	16,818,783
Drawn from Armies	14,427,980	58,449,256	72,877,236
ocally	4,500	-	4,500
Lire	1,592,178,821	180,777,590	1,772,956,411

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F/F 21.
page 4.

ALLIED FINANCIAL AGENCY

TO STATEMENT OF RECIEPTS AND DISBURSEMENTS FOR THE PERIOD TO 31 JULY 1944.

(EXPRESSED IN LIRE)

TOTAL A.M.G.	TO CLOSE A.C.C.	OF PREVIOUS A.F.A.	MONTH NOTE 1	TOTAL	CURRENT MONTH	TOTAL TO DATE
IES:						
12,889,572	465,765	-	50,879	13,406,216	224,167	13,630,383
13,709,408	1,514,064	-	-	15,223,472	68,710	15,292,182
1,653,479	159,882	-	-	1,813,361	-	1,813,361
1,513,625	(206,950)	-	4	1,306,675	(192,900)	1,113,775
195,013	87,632	-	-	282,645	208,363	491,008
34,145,336	887,903	-	-	35,033,239	18,800	35,052,039
4,455,585	93,933	-	-	4,549,518	265,678	4,815,196
4,009,103	(146,500)	-	-	3,862,603	-	3,862,603
1,133,109	31,441	-	-	1,164,550	36,062	1,200,612
3,232,363	-	-	-	3,232,363	[illegible]	3,231,983
1,189,166	175,520	-	-	1,364,626	325,702	1,690,328
5,435,974	516,255	-	67,200	6,019,429	112,161	6,131,590
83,561,673	3,578,945	-	118,079	87,258,697	1,070,163	88,328,860
50,887,140	2,354,235	-	-	53,241,375	12,257,637	65,499,012
11,279,007	2,048,736	-	-	13,327,743	75,454	13,403,197
506,575	280,900	-	-	789,475	43,050	832,525
9,277	17,951	3,481,868	-	3,509,096	346,065	3,855,161
689,857	47,005	545	-	737,407	170,078	907,485
12,486,716	2,394,592	3,482,413	-	18,363,721	634,647	18,998,368
146,935,529	8,327,772	3,482,413	118,079	158,863,793	13,962,447	172,826,240

(es)

e VI of AFA Accounts at 30 June 1944 as "AMG/ACC Revenue Received by AFA direct in Current Month".
l be made to segregate transactions in the Accounts as between AMG, ACC and AFA and, consequently,
in future Accounts

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	C
IX	CONTRA ACCOUNTS		
	+ Deposits for Remittances (A.F. Accounts)		
	(a) U.S. Dollars ($ 2,609,471.77)	137,188,040	
	(b) Sterling (£ 27,186 . 8 . 0)	6,679,856	
	Lire	143,867,896	
	+ The amount of Deposits for Remittances is equal to the total of Payments Remittances from Allied Countries (see Item No. 27) plus "Funds Deposite Payments (see Schedule XXVIII (e) 3)		
XII	A.M. STAMPS ISSUED TO POST OFFICE AND ON HAND		
	(a) Issued to Post Office	25,514,000	
	(b) A.M. Stamps on Hand	143,822,000	
	Lire	169,336,000	
XIII	PURCHASES IN ITALY OF SUPPLIES		
	(a) For Export to		
	(1) United States of America	50,798,150	
	(2) Great Britain	373,789,848	
	(3) North Africa	27,970,815	
	(4) Corsica	644,778	
	(5) Malta	172,025,349	
		625,228,940	
	(b) For Stockpiling Pending Export	-	
	(c) For Re-Sale in Italy	44,754,447	
	Lire	669,983,387	

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		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
F. Accounts)				
471.77)		137,188,040	123,759,137	260,947,177
. 8 . 0)		6,679,856	4,194,705	10,874,561
	Lire	143,867,896	127,953,842	271,821,738

emittances is equal to the total of Payments to Persons in Italy on Account of tries (see Item No. 27) plus "Funds Deposited with Italian Banks for Remittance I (e) 3)

E AND ON HAND

		25,514,000	3,120,000	28,634,000
		143,822,000	(3,120,000)	140,702,000
	Lire	169,336,000	-	169,336,000
rica		50,798,150	210,758	51,008,908
		373,789,848	111,078,163	484,868,011
		27,970,815	3,218,824	31,189,639
		644,778	-	644,778
		172,025,349	40,241,186	212,266,535
		625,228,940	154,748,931	779,977,871
g Export		-	22,567,415	22,567,415
		44,754,447	12,743,208	57,497,655
	Lire	669,983,387	190,059,554	860,042,941

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CUR
IV	STORAGE, HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES		
	(a) Emoluments of Civilian Personnel	16,072,808	
	(b) Repairs to Warehouses and Approach Roads	1,501,885	
	(c) Rent of Warehouses	2,764	
	(d) Transport and Shipping Charges	16,670,956	
	(e) Other Expenses	3,988,256	
	Lire	38,236,669	
XV	ADVANCES		
	(a) To Italian State Treasury, Armed Forces, and State Institutions	4,583,412,717	
	(b) To Provinces	488,275,595	
	(c) To Communes	1,205,895,088	2
		6,277,583,400	4
	(d) To Others		
	(1) Items included on Sub-Accountants' Reports, not yet allocated, pending receipt of proper vouchers or more complete information	4,519,867	
	(2) Advisory Council for Italy	1,761,580	
	(3) Societe Acquedotto, Napoli	3,000,000	
	(4) Sanetoda Caputa	1,000,000	
	(5) Villa Rosa Mental Hospital	1,000,000	
	(6) Casa delle Madre e del Bambino Principessa Maria Gabriella - Ischia	100,000	
	(7) Cost of Forms printed for Ministry of Agriculture, pending acknowledgement of indebtedness	-	
	(8) Intergovernmental Committee for Refugees (pending return of receipts for deposits-see Sch IV(c)5)	-	
	(9) Miscellaneous (Under Lire 100,000 each)	382,812	
	Lire	6,289,347,659	46

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	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
EXPENSES IN CONNECTION SUPPLIES			
rsonnel	16,072,808	4,519,043	20,591,851
Approach Roads	1,501,885	85,449	1,587,334
	2,764	–	2,764
erges	16,670,956	8,912,246	25,583,202
	3,988,256	3,517,630	7,505,886
Lire	38,236,669	17,034,368	55,271,037
, Armed Forces,			
	4,583,412,717	17,801,753	4,601,214,470
	438,275,595	1,965,196	440,240,791
	1,205,895,088	25,768,870	1,231,663,958
	6,277,583,400	45,535,819	6,323,119,219
ccountants' Reports, not receipt of proper vouch- formation	4,519,867	(1,696,497)	2,823,370
aly	1,761,580	(1,761,580)	–
oli	3,000,000	–	3,000,000
	1,000,000	–	1,000,000
ital Bambino	1,000,000	–	1,000,000
riello - Ischia	100,000	–	100,000
For Ministry of Agricult- gement of indebtedness	–	3,980,400	3,980,400
ittee for Refugees (pend- for deposits-see Sch IV(c)5)	–	600,000	600,000
re 100,000 each)	382,812	39,716	422,528
Lire	6,289,347,659	46,697,848	6,336,045,517

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SCHED-ULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT
XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (Including Mutilated and Unfit A.M.Lire Notes on Hand)		
	(a) Current Cash - Lire	242,267	
	(b) Reserve Cash - A.M. Lire	12,299,472,000	3,567,
	(c) Bank Current Accounts - Lire		
	(1) Banco d'Italia	1,359,084,718	230,
	(2) Banco di Napoli	45,063,807	34,
	(3) Banco di Sicilia	348,265,867	291,
	(4) Credito Italiano	2,776,600	
	(5) Banca Commerciale Italiana	7,118,010	
	Total Bank Current Accounts	1,762,309,002	556,
	Total Lire Funds	14,062,023,269	4,123,
	(d) Non-Lire Currency on Hand or in Banks		
	(1) Yellow Seal Dollars ($ 1,303,231:64)	126,166,441	(5,
	(2) B.M.A. Pounds (£ 420,682.13. 2)	209,390,459	(37,
	(3) Francs (Frs. 35,000)	-	
	Total Non-Lire Currency	341,556,902	(42,
	(e) Other Balances with Banks		
	(1) Banca d'Italia No.2 Account	1,600,000,000	-
	(2) AFA Rome Letter of Credit Account	400,000,000	-
	(3) Funds Deposited with Italian Banks for Remittance Payments	110,111,396	97,
	(4) Funds Deposited by U.S.Army Units(See Sch.IVb)	74,340,097	5,
	Total Other Balances with Banks	2,184,451,493	103,
		16,588,031,664	4,184,
	MUTILATED AND UNFIT A.M.LIRA NOTES ON HAND	1,931,451	3,
	Lire	16,589,963,115	4,187,

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AT END OF PERIOD (Inclusive of Lire Notes on Hand)	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	242,267	84,979	327,246
Lire	12,299,472,000	3,567,584,000	15,867,056,000
s -- Lire			
	1,359,084,718	230,508,517	1,589,593,235
	45,063,807	34,750,865	79,814,672
	348,265,867	291,062,211	639,328,078
	2,776,600	-	2,776,600
Italiana	7,118,010	-	7,118,010
k Current Accounts	1,762,309,002	556,321,593	2,318,630,595
e Funds	14,062,023,269	4,123,990,572	18,186,013,841
Hand or in Banks			
s ($ 1,303,231.84)	136,166,443	(5,843,259)	130,323,184
(£ 420,662.13. 2)	205,390,459	(37,117,395)	168,273,064
(Frs. 35,000)	-	70,000	70,000
-Lira Currency	341,556,902	(42,890,654)	298,666,248
Banks			
2 Account	1,600,000,000	-	1,600,000,000
Credit Account	400,000,000	-	400,000,000
th Italian Banks			
Payments	110,111,396	97,198,797	207,310,193
U.S.Army Units(See Sch.IVb)	74,340,097	5,820,193	80,160,290
er Balances with Banks	2,184,451,493	103,018,990	2,287,470,483
	16,588,031,664	4,184,118,908	20,772,150,572
A NOTES ON HAND	1,931,451	3,151,898	5,083,349
Lire	16,589,963,115	4,187,270,806	20,777,233,921

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SCHEDULE No.			TOTAL TO CLOSE OF PREVIOUS MONTH	CURRE
XVI	LOANS			
	(a) To Banks		2,400,000	(1,
	(b) To Others		250	
		Lire	2,400,250	(1,
XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES			
	(a) Remittances from United States of America		33,692,300	30,
	(b) Remittances from Gt. Britain & the Ster.Area		64,200	
		Lire	33,756,500	30,
XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS			
	(a) Emergency Financial Assistance to			
	(1) U.S.Nationals			3,451,800
	(2) British "			1,760,655
	(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 "			99,075
	(14) Russian "			11,200
	(15) Yugoslav "			175,005
		Lire		5,737,160
	(b) Expenses in Connection with Refugee Camps			1,243,481
	(c) Payments to Allied Nations Missions(Belgian)			13,000
	(d) Payments to Allied Nations Missions			
	(2) Czechoslovak Military Mission			240,000
	(3) Netherlands "			565,000
	(4) Norwegian Military Mission			164,000
	(5) Polish " "			994,000
	(6) Royal Yugoslav " "			400,000
		Lire		9,356,641

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	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	2,400,000	(1,300,000)	1,100,000
	280	(280)	-
Lire	2,400,280	(1,300,280)	1,100,000
ITALY ON ACCOUNT			
UNITED COUNTRIES			
United States of America	33,692,300	30,588,745	64,281,045
Gt. Britain & the Sterling Area	64,200	166,300	230,500
Lire	33,756,500	30,755,045	64,511,545
SUBJECTS OF ALLIED NATIONS			
Civil Assistance to	3,451,800	559,500	4,011,300
	1,760,555	456,800	2,217,355
	8,000	13,000	21,000
	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
"	99,075	-	99,075
"	11,200	-	11,200
"	175,005	-	175,005
Lire	5,737,160	1,029,300	6,766,460
In connection with Refugee Camps	1,223,431	745,545	1,969,026
Allied Nations Missions(Belgian(1)	13,000	-	13,000
Military Mission	210,000	45,000	255,000
"	565,000	500,000	1,065,000
"	164,000	44,000	208,000
Military Mission	994,000	-	994,000
" "	400,000	(400,000)	-
Lire	9,356,641	1,963,845	11,320,486

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MO
XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES ETC.		
	(a) Maintenance of Internees +	-	1,046,21
	(b) Payments in Respect of Italian Refugees +	3,396,755	1,536,66
	(c) Emergency Financial Assistance Payments to Other than Allied Nationals		
	(1) Albanian Nationals	16,633	-
	(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	29,100	-
	(12) Unknown	40,685	-
	Lire	3,544,393	2,583,0

+ A substantial portion of the amounts charged to these Sub-Heads will be State Treasury, Armed Forces and State Institutions", on receipt of the

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AN STATE ES ETC.	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
es +	-	1,046,212	1,046,212
Italian Refugees +	3,396,755	1,536,800	4,933,555
sistance Payments to onals			
	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	3,544,393	2,583,012	6,127,405

the amounts charged to these Sub-Heads will be transferred to "Advances to Itali ces and State Institutions", on receipt of the appropriate vouchers.

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	TOTAL TO CLOSE OF PREVIOUS MONTH				
	A.M.G.	A.C.C.	A.F.A.	NOTE 1	TOTAL
SPECIAL EXPENDITURES:					
Purchase of Office Furniture & Equipment	2,207,965	2,467,597	95,699		4,771,
Purchase of Furniture & Equipment for Billets & Messes	49,576	339,586			389,
	894,237	1,142,872	60,015		2,097,
Reconditioning of Offices, Billets & Messes	135,316	-			196,
Army Services & Works	4,766	-			1,
Navy Services & Works	30,285	25,200			55,
Purchase of Cash Boxes & Safes	3,382,165	3,975,255	155,714		7,513,
TOTAL EXPENDITURE LIRE	50,064,675	30,781,370	5,209,338	14,628	86,150,

NOTES (1) Items described on Schedule XXI of AFA Accounts at 30 June 1944 as "AMG/ACC Disbursements made ... Henceforth, no attempt will be made to segregate transactions in the Accounts as between AMG, ... note will not appear in future Accounts.

(2) The amount of Lire 10,881,390 to 30 June 1941 for "Printing and Stationary" includes cost of ... Ministry of Agriculture, which will be refunded by or charged to the Ministry when the Precise ...

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TOTAL TO CLOSE OF PREVIOUS MONTH A.M.G.	A.C.C.	A. F. A.	NOTE 1	TOTAL	CURRENT CMONTH	TOTAL TO DATE
				4,771,281	254,893	5,020,174
2,207,985	2,467,597	95,699				
				389,162	10,920	400,082
49,576	339,586			2,097,124	2,042,143	4,139,267
894,237	1,142,872	60,015		195,316	101,890	297,206
195,316	-			4,766	-	4,76
4,708	-			55,485	4,630	60,115
30,285	25,200					
3,382,165	3,975,255	155,714		7,513,134	2,422,476	9,935,610
50,064,675	30,701,370	5,209,336	14,628	86,150,011	17,538,608	103,688,619

FA Accounts at 30 June 1944 as "AMG/ACC Disbursements made by AFA direct in current month". te segregate transactions in the Accounts as between AMG, ACC and AFA and, consequently, this nts.

June 1941 for "Printing and Stationary" includes cost of printing certain forms for the Italian he refunded by or charged to the Ministry when the Precise amount thereof has been established.

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY	
	(a) U.S. Delegation	263,700
	(b) British Delegation	153,241
	(c) Russian Delegation	1,164,617
	(d) Yugoslav Delegation	164,717
	(e) Greek Delegation	169,893
	(f) French Delegation	72,252
	Lire	1,988,420 +
	+ The "Current Month" disbursements include June and July expenditures	
XXVII	CONTRA ACCOUNTS	
	(a) Foreign Exchange Due from Banco di Sicilia	
	(1) U.S. Dollars ($ 1,091,040.82)	66,080,108
	(2) Sterling (£ 27,166. 8. 0)	6,679,856
	(b) Foreign Exchange Due from Banco di Napoli	
	(1) U.S. Dollars ($ 1,518,430.95)	71,107,932
	Lire	143,867,896

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COUNCIL FOR ITALY

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	263,700	106,672	370,372
	153,241	223,987	377,228
	1,164,617	3,437,771	4,602,388
	164,717	677,300	842,017
	169,893	982,918	1,152,811
	72,252	76,858	149,110
Lire	1,938,420	+ 5,505,506	7,493,926

Disbursements include June and July expenditures

s from Banco di Sicilia			
,091,040.82)	66,080,108	43,023,974	109,104,082
7,186. 8. 0)	6,679,856	4,194,705	10,874,561
e from Banco di Napoli			
,518,430.95)	71,107,932	80,735,163	151,843,095
Lire	143,867,896	127,953,842	271,821,738

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRE
XX	ADVANCES TO ALLIED ARMED FORCES		
	(a) To American Army		
	(1) Paid in Lire	15,913,128,000	2,753,
	(2) Paid in Yellow Seal Dollars ($ 1,505,300)	150,530,000	
	(b) To American Navy		
	(1) Paid in Lire	231,064,000	
	(2) Paid in Yellow Seal Dollars ($ 788,000)	63,300,000	15,
	(c) To British Army		
	(1) Paid in Lire	12,995,607,830	1,652,
	(2) Paid in B.M.A. Pounds (£ 2,508,696. 5. 0)	869,576,500	113,
	(d) To British Navy		
	(1) Paid in Lire	28,032,800	4,
	(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	3,521,832,000	1,170,
	(g) To Brazilian Armed Forces		
	(1) Paid in Lire		14,
		Lire 33,013,777,648	5,725,

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	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	15,913,128,000	2,753,920,000	18,667,048,000
ers ($ 1,505,300)	150,530,000	–	150,530,000
	231,064,000	–	231,064,000
ars ($ 788,000)	63,300,000	15,500,000	78,800,000
	12,995,607,830	1,652,528,000	14,648,135,830
2,508,896. 5. 0)	889,576,500	113,982,000	1,003,556,500
	28,032,800	4,820,000	32,852,800
915)	31,830	–	31,830
	18,035,000	–	18,035,000
19,844)	2,639,688	–	2,639,688
	3,521,832,000	1,170,432,000	4,692,264,000
	–	14,588,973	14,588,973
Lire	33,013,777,648	5,725,770,973	39,539,548,621

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ALLIED FINANCIAL AGENCY

SCHEDULE XXI TO STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO 31 JULY 1944.

(Expressed in lire)

	TOTAL TO CLOSE OF PREVIOUS MONTH - -			
	A. M. G.	A. C. C.	A. F. A.	NOTE 1
DISBURSEMENTS IN RESPECT OF AMG/ACC EXPENDITURE				
EMOLUMENTS OF CIVILIAN PERSONNEL (Excluding Storage and handling Charges & Mess Servants):				
Postal Section (Re-Censorship)	261,921	1,642,830		
Traffic Control in conjunction with Field Security Section	1,916,590	-		
All Other Divisions	26,057,641	13,180,451	114,906	
	28,236,152	14,823,281	114,906	
STORAGE AND HANDLING OF CONFISCATED OR CAPTURED SUPPLIES:				
Emoluments of Civilian Personnel	880,659	85,414		
Salvage Expenses	1,152,982	46,014		
Other Expenses	669,045	54,932		
	2,702,686	186,360		
MOTOR TRANSPORT (All Divisions)				
Hire of Vehicles	1,132,233	104,675		
Maintenance of Vehicles	3,875,441	1,592,405	1,035	
	5,007,674	1,697,080	1,035	
OTHER ADMINISTRATIVE EXPENSES (All Divisions)				
Printing & Stationary (Note 2)	6,620,041	4,221,513	39,836	
Rent of Offices and Billets	119,658	122,428	-	
Maintenance of Offices & Billets	1,195,002	1,651,437	4,410	
Maintenance of Office Equipment	273,553	88,265	1,905	
Messing & Out-of-pocket Expenses(Including Emoluments of Civilian Personnel)	1,559,891	3,667,586		
Transport & Travelling(Civil. Person.)	98,558	81,374		
Presents & Rewards	173,738	82,800		
Compensation	25,165	-		
Witness Fees and Expenses	12,334	8,185		
Bank Interests & Expenses	338	338	4,970,168	
Entertain. of Officials of Allied Mission & of the Italian Government	49,200	32,870		
Sundries	606,520	148,598	1,284	14,628
	10,735,998	10,105,394	5,017,883	14,628

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ED FINANCIAL AGENCY

E DISBURSEMENTS FOR THE PERIOD TO 31 JULY 1944.

(Expressed in lire)

TOTAL TO CLOSE OF PREVIOUS MONTH					CURRENT MONTH	TOTAL TO DATE
M. G.	A. C. C.	A. F. A.	NOTE 1	TOTAL		
B):						
161,921	1,642,830			1,904,751	586,322	2,491,073
916,590	-			1,916,590	1,185,170	3,101,760
057,641	13,180,451	114,906		39,352,998	7,582,557	46,935,555
236,152	14,823,281	114,906		43,174,339	9,354,049	52,528,388
880,659	85,414			966,073	25,770	991,843
152,982	40,014			1,192,996	-	1,192,996
669,045	54,932			723,977	-	723,977
702,686	180,360			2,883,046	25,770	2,908,816
132,233	104,675			1,236,908	155,127	1,392,035
875,441	1,592,405	1,035		5,468,881	936,159	6,405,040
007,674	1,697,080	1,035		6,705,789	1,091,286	7,797,075
620,041	4,221,513	39,636		10,881,390	2,600,209	13,481,599
119,650	122,420	-		242,086	-	242,086
195,002	1,651,437	4,410		2,850,849	600,818	3,451,667
273,553	88,265	1,985		363,803	105,645	469,448
559,891	3,667,586			5,227,477	1,112,102	6,339,579
98,556	81,374			179,932	39,842	219,774
173,738	82,800			256,538	2,000	258,538
25,165	-			25,165	-	25,165
12,334	8,185			20,619	2,050	22,569
338	338	4,970,168		4,970,844	110	4,970,954
49,200	32,870			82,070	7,000	89,070
608,520	148,598	1,284	14,628	773,030	175,251	948,281
735,923	10,105,384	5,017,583	14,628	26,873,703	4,645,027	30,518,730

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ALLIED FINANCIAL AGENCY
REMITTANCE LISTS HANDED TO ITALIAN BANKS
TO 31 JULY, 1944

(a) BANCO DI SICILIA

(1) DOLLAR REMITTANCE LISTS

	No. of Items.	Amount $
Bank of America, San Francisco	1791	81,274.-
Bank of the Manhattan Company, New York	89	2,868.-
Central National Bank in Chicago	410	8,344.-
Central National Bank of Cleveland	93	2,873.-
Continental Illinois Nat. Bank & Trust Co. of Chicago	989	18,639.-
Chase National Bank of the City of New York	767	53,052.32
First National Bank of Boston, Boston	957	27,905.-
First National Bank of Chicago, Chicago	331	9,591.50
Irving Trust Company, New York	17114	504,070.25
Manufacturers Trust Company, New York	7062	235,236.50
Merchantile Commerce B. - T.Co.St.Louis,Mo.	33	667.-
National Bank of Detroit	947	31,460.50
National Shawmut Bank of Boston	240	11,637.-
National City Bank of New York	2668	84,655.75
National City Bank of Cleveland, O.	33	1,173.-
Philadelphia National Bank, Philadelphia	409	14,480.50
Union Trust Co. of Maryland	4	130.-
Whitney National Bank of New Orleans	66	2,963.50
	32343	1091,040.82

(2) STERLING REMITTANCE LISTS

Bank of England	2270	27,186-8-1

Note: In addition to the British Isles, Bank of England payment schedules include remittences from Canada, New Zealand, Australia, Peru, Argentine, Venezuela, Uruguay, Switzerland, Malta, Palestine, Tripolitania and the Vatican City.

Note: Figures do not include $206,455.18 and £14,389-2-0 put through as of 1 Aug. 44.

(b) BANCO DI NAPOLI

(1) DOLLAR REMITTA

Amalgamated Bank of
American Express Co
Bank of America, Sa
Bank of Manhattan
Central Hanover Ban
Chase National Bank
Central Bank of Chi
Central National Ba
Cleveland Trust
Columbus National B
Continental Illinoi
Corn Exchange Bank,
Corn Exchange Bank
First National of B
First National of C
Industrial Trust Co
Irving Trust Co of
Liberty Title & Tr
Linares & Rencigno,
Manufacturers Natio
Manufacturers Trust
Marine Midland Tru
Mellon National Ba
Merchants Bank of
National Bank of Co
National Bank & Tr
National City Bank
National Bank of De
National City Bank
National Shawmut Ba
New York Trust Co.

Cart

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ANNEX I.

ALLIED FINANCIAL AGENCY

REMITTANCE LISTS HANDED TO ITALIAN BANKS

TO 31 JULY, 1944

	No. of Items.	Amount $
	1791	81,274.-
# York	89	2,868.-
	410	8,344.-
d	93	2,872.-
Trust Co. of Chicago	989	18,639.-
f New York	767	53,052.32
ston	957	27,905.-
Chicago	331	9,591.50
	17114	504,070.25
York	7062	235,236.50
.Louis,Mo.	33	667.-
	947	31,460.50
	240	11,637.-
	2008	64,655.75
O.	33	1,173.-
delphia	409	14,480.50
	4	130.-
ons	66	2,963.50
	33343	1091,040.82
	2270	27,186-8-1

sles, Bank of England payment
s from Canada, New Zealand,
Venezuela, Uruguay, Switzerland,
ia and the Vatican City.

455.18 and £14,389-2-0 put

(b) BANCO DI NAPOLI

(1) DOLLAR REMITTANCE LISTS

	No. of Items.	Amount $
Amalgamated Bank of N. Y.	38	1,185.-
American Express Co.	7662	321,764.30
Bank of America, San Francisco	725	31,969.-
Bank of Manhattan - N.Y.	160	5,373.-
Central Hanover Bank of N.Y.	27	1,195.-
Chase National Bank	378	5,[illegible]20.13
Central Bank of Chicago	1621	49,847.-
Central National Bank of Cleveland	28	663.50
Cleveland Trust	47	1,631.-
Columbus National Bank of Providence	47	1,713.-
Continental Illinois Trust Co.	273	13,343.-
Corn Exchange Bank, Phila.	8	455.-
Corn Exchange Bank of N. Y.	109	4,836.50
First National of Boston	347	11,073.-
First National of Chicago	542	21,222.-
Industrial Trust Co of Providence	40	1,433.-
Irving Trust Co of N. Y.	215	9,507.-
Liberty Title & Trust, Phila.	293	12,295.50
Linares & Reseigno, Paterson, N. J.	238	6,127.-
Manufacturers National of Detroit	76	4,[illegible]27.-
Manufacturers Trust Co.	2590	661,331.13
Marine Midland Trust	179	6,596.-
Mellon National Bank of Pittsburgh	353	17,276.50
Merchants Bank of N. Y.	146	16,[illegible]03.-
National Bank of Commerce, Seattle	51	1,272.-
National Bank & Trust Co. N. Y.	700	30,817.50
National City Bank of Cleveland	6	310.-
National Bank of Detroit	303	13,2[illegible]1.-
National City Bank of New York	1066	55,714.99
National Shawmut Bank of Boston	58	5,127.40
New York Trust Co.	6	155.-
Carried forward	18632	1371,899.45

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ANNEX I (a).

(b) BANCO DI NAPOLI (1) DOLLAR REMITTANCE LISTS	Number of Items	Amount
Brought forward	18,632	1,371,690.4
Pan American Trust Co.	326	11,709.5
Perara Bank	608	30,461.5
Phila National Bank	328	17,277.-
Stabile Bank of Boston	501	12,700.5
Sterling National Bank	233	9,012.5
United States Lines	1949	65,379.5
	22,577	1,518,430.9

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S E C R E T

ALLIED FINANCIAL AGENCY

SUPPLY OF A.M. LIRE BY DENOMINATIONS 31 JULY 1944

(In millions of Lire)

	1000 LIRE	500 LIRE	100 LIRE	50 LIRE	10 L
1. AVAILABLE IN RESERVE CASH	7152	4362	1600	1992	33
2. HELD BY ITALIAN BANKS IN UNOPENED BOXES	-	-	10	104	
3. TOTAL UNUSED SUPPLY IN UNOPENED BOXES	7152	4362	1610	2096	3
4. DISBURSEMENTS TO 31 JULY 1944	23468	10820	8694	2507	4
5. TOTAL AMOUNT RECEIVED FROM WASHINGTON	30620	15182	10304	4603	7
6. AMOUNT IN WASHINGTON OR IN TRANSIT TO ITALY	2040	2716	3060	546	
7. TOTAL AMOUNT PRINTED TO DATE ++	32660	18898	13364	5149	13
8. AMOUNT ORDERED FROM WASHINGTON-MAT.6 JY 44.	20100	6000	2100	1800	-
9. TOTAL AMOUNT ORDERED AND PRINTED (7+8)	52760	24898	15464	6949	13
10. AMOUNT DISBURSED IN JULY 1944	3248	1300	735	90	
11. RATIO OF DISBURSEMENTS TO AMOUNT RECEIVED IN ITALY	76.6	71.2	84.3	54.5	5
12. " " " TO AMOUNT PRINTED (7)	71.8	57.2	64.3	48.7	2
13. " " " TO AMOUNT ORDERED & PRINTED (9)	44.5	43.5	56.2	36.1	2
14. NUMBER OF MONTHS SUPPLY AVAILABLE IN ITALY +	2.2	3.4	2.2	23.3	1
15. DITTO, IN TRANSIT & IN WASHINGTON--NOT INC.MAT 6, (8) +	2.8	5.2	6.2	29.4	3
16. " , DITTO, INCL. ORDER OF 6 JULY MAT 6 (9)+	9.0	10.8	9.2	49.3	3

+ BASED ON JULY 44 DISBURSEMENTS

++ EXCLUDING AMOUNT LOST

NARA Date 3-18-23

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ALLIED FINANCIAL AGENCY

ANNEX II.

OF A.M. LIRE BY DENOMINATIONS 31 JULY 1944

(In millions of Lire)

	1000 LIRE	500 LIRE	100 LIRE	50 LIRE	10 LIRE	5 LIRE	2 AND 1 LIRE	TOTAL
	7152	4362	1600	1992	338	373	50	15867
XES	-	-	10	104	12	47	41	214
	7152	4362	1610	2096	350	420	91	16081
YES	7152	4362	1610	2096	350	420	91	16081
	23468	10820	8694	2507	406	239	114	45248
TON	30620	15182	10304	4603	756	659	205	62329
O ITALY	2040	3716	3060	546	600	299	43	10304
	32660	18898	13364	5149	1356	958	248	72633
6 JY 44.	20100	6000	2100	1800	-	-	-	30000
(7+8)	52760	24898	15464	6949	1356	958	248	102633
	3248	1300	736	90	29	12	6	5421
CEIVED IN ITALY	76.5	71.2	84.3	54.5	53.7	36.3	55.6	74.4
INTED (7)	71.8	57.2	64.3	48.7	29.9	24.9	46.0	63.1
PRINTED (9)	44.5	43.5	56.2	36.1	29.9	24.9	46.0	45.1
IN ITALY +	2.2	3.4	2.2	23.3	12.1	35.0	15.0	3.3
NOT INC.MAT 6, (8) +	2.8	6.2	6.2	29.4	32.8	59.9	22.3	4.3
MAT 6 (9)+	9.0	10.8	9.2	19.3	32.8	59.9	22.3	10.4

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SECRET

ESTIMATED DISBURSEMENTS OF ALLIED ARMED FORCES TO CIVI

(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	20
In February		1,534	1,033	15
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	2,161 (Revised)	53
In July		1,562	2,380	1,36
Cumulative Total to 31 July		12,753	14,306	4,08

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ANNEX IV

DISBURSEMENTS OF ALLIED ARMED FORCES TO CIVILIANS

(including unreported items)

ted	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	2,161 (Revised)		
			534	4,773
	1,562	2,380	1,366	5,308
	12,753	14,306	4,087	31,146

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 Revised	31 JULY Preliminary
New AM Lire received (after deduction of shortages)	53.338.074.139	62.326.819.509
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	18.191.097.190
AM Lire Outstanding	39.274.119.419	44.135.722.399
Deduct -		
AM Lire Held by Finance Officers of Armed Forces :		
U.S. Finance Officers :-		
Funded through AFA Palermo-Army	125.087.995	-
" " " " -Navy	59.263.002	55.507.260
" " " Naples	3.465.625.834	3.851.327.894
" " " Bari	859.155.769	1.039.159.628
" " " Sassari	100.000.000 ≠	100.000.000 ≠
Total U.S. Finance Officers	4.609.132.600	5.045.994.810
British Paymasters, Italy ++	2.947.140.203	3.120.055.519
French Paymasters	595.514.034	600.000.000 ≠
Total Held by Finance Officers of All Allied Armed Forces	8.151.786.837	8.766.050.329
AM Lire Held by Accounting Officers of AMG/ACC in Cash +	500.000.000 ≠	370.000.000 ≠
Total Deductions	8.651.786.837	9.136.050.329
Total AM Lire in Hands of the Banks and the Public	30.622.332.582	34.999.672.070
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	1.604.000.000	1.229.173.785

≠ Estimated

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Deduct -		
AM Lire Held by Finance Officers of Armed Forces :		
U.S. Finance Officers :-		
Funded through AFA Palermo-Army	125.087.995	-
" " " " -Navy	59.263.002	55.507.208
" " " Naples	3.465.625.834	3.851.327.894
" " " Bari	859.155.769	1.039.159.620
" " " Sassari	100.000.000 ≠	100.000.000 ≠
Total U.S. Finance Officers	4.609.132.600	5.045.994.810
British Paymasters, Italy ++	2.947.140.203	3.120.055.519
French Paymasters	595.514.034	600.000.000 ≠
Total Held by Finance Officers of All Allied Armed Forces	8.151.786.837	8.766.050.329
AM Lire Held by Accounting Officers of AMG/ACC in Cash +	500.000.000 ≠	370.000.000 ≠
Total Deductions	8.651.786.837	9.136.050.329
Total AM Lire in Hands of the Banks and the Public	30.622.332.582	34.999.672.070
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	1.604.000.000	1.229.173.765

≠ 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.

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ALLIED FINANCIAL AGENCY

Statement of Disbursements and Receipts on account of Civilians, Allied Arme
June and July 1944 (expressed in lire)

	JUNE 1944 Revised
Disbursements on Civilian Account	
Purchases in Italy of Supplies for Export or Resale locally	82,598,098
Advances to Italian State, Provinces and Communes, and to Others	(19,241,226)
Excess of Disbursements over Receipts -- AMG/ACC Divisions	7,303,596
Remittances from Allied Countries	20,328,050
	90,988,518
Receipts on Civilian Account	
Sales in Italy of Supplies Imported, Drawn from Armies or Purchased Locally by AMG/ACC	543,095,425
Deposits by Controller of Property and by Others	53,383,628
Excess of Receipts over Disbursements -- AMG/ACC Divisions	-
	596,479,053
Net Disbursements on Civilian Account	(505,490,535)
Advances to Allied Armed Forces	5,921,982,190
Total Disbursements on Account of Civilians and Allied Armed Forces	5,416,491,655
Receipts from Banks	
Commercial Banks -- Repayments of Loans	600,000
Bank of Italy - Surplus Currency Sterilization Program	-
Total Receipts from Banks	600,000
Net Disbursements on Account of Civilians, Allied Armed Forces, and Banks	Lire 5,415,891,655

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ALLIED FINANCIAL AGENCY — ANNEX VII.

...d Receipts on account of Civilians, Allied Armed Forces and Banks,
... July 1944 (expressed in lire) ( ) = Red Figures

	JUNE 1944 Revised	JULY 1944
...Export or Resale locally	82,598,088	190,059,554
...es and Communes, and to Others	(19,241,226)	51,244,715
...pts - AMG/ACC Divisions	7,303,596	3,576,161
	20,328,050	30,755,045
	90,988,518	275,635,475
...ed, Drawn from Armies or Purchas-	543,095,425	1,078,198,464
...und by Others	53,383,628	25,226,377
...nts - AMG/ACC Divisions	-	-
	596,479,053	1,103,424,841
...t	(505,490,535)	(827,789,366)
	5,921,982,190	5,725,770,973
...vilians and Allied Armed Forces	5,416,491,655	4,897,981,607
...Loans	600,000	1,300,000
Sterilization Program	-	-
	600,000	1,300,000
...lians, Allied Armed Forces, Lire	5,415,891,655	4,896,681,607

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	26.481.022.481	2.715.670.654
30 June 1944 (Revised)	30.622.332.582	4.141.310.101
31 July 1944	34.999.672.070	4.377.339.488
	34.999.672.070	

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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		26.481.022.481	2.715.670.654
30 June 1944	(Revised)	30.622.332.582	4.141.310.101
31 July 1944		34.999.672.070	4.377.339.488
			34.999.672.070

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APPENDIX F

BANKING STATISTICS

TABLE I

Cash Position of the Banca d'Italia, 31 July 1944.
(millions of lire)

Branch	Bank Notes	State Notes	AM Lire	BMA Pounds	Dollars	Emergency Italian Currencies	TOTAL
Matera	20	2	5	1	-	-	28
Potenza	26	5	50	-	-	-	81
Catanzaro	51	6	101	-	-	-	158
Cosenza	13	1	21	-	-	-	35
Reggio Calabria	128	4	88	-	-	-	220
Avellino	40	3	94	-	-	-	137
Benevento	24	10	81	-	-	-	115
Caserta	31	-	97	-	-	-	128
Castellammare	38	-	142	1	-	-	181
Napoli	301	4	483	12	1	-	801
Salerno	33	10	364	2	-	-	405
Bari	201	38	98	3	-	-	340
Barletta	33	2	109	1	-	-	145
Brindisi	7	-	18	-	-	-	25
Foggia	54	5	109	3	-	-	252
Lecce	15	6	10	1	-	-	32
Taranto	27	38	25	1	-	-	91
Cagliari	19	-	16	-	-	-	35
Nuoro	23	1	4	-	-	-	28
Sassari	100	5	11	1	-	3	120
Agrigento	7	6	94	1	-	3	108
Catania	99	8	108	-	-	-	215
Caltanissetta	60	47	27	1	-	-	135
Enna (20 July)	27	4	19	1	-	-	51
Messina	117	-	7	8	-	-	132
Ragusa	1	2	11	-	-	-	14
Palermo	103	16	165	-	-	-	284
Siracusa	2	1	55	-	-	-	58
Trapani	4	-	25	-	1	-	30
Aquila	62	2	-	-	-	-	64
[illegible]	116	5	29	-	-	-	180

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Reggio Calabria	140						
Avellino	40	3	94	-	-	-	137
Benevento	24	10	81	-	-	-	115
Caserta	31	-	97	-	-	-	128
Castellammare	38	-	142	1	-	-	181
Napoli	301	4	483	12	1	-	801
Salerno	33	10	360	2	-	-	405
Bari	201	38	98	3	-	-	340
Barletta	33	2	109	1	-	-	145
Brindisi	7	-	18	-	-	-	25
Foggia	54	5	109	3	-	-	252
Lecce	15	6	10	1	-	-	32
Taranto	27	38	25	1	-	-	91
Cagliari	19	-	16	-	-	-	35
Nuoro	23	1	4	-	-	-	28
Sassari	100	5	11	1	-	3	120
Agrigento	7	6	94	1	-	3	108
Catania	99	8	108	-	-	-	215
Caltanissetta	60	47	27	1	-	-	135
Enna (20 July)	27	4	19	1	-	-	51
Messina	117	-	7	8	-	-	132
Ragusa	1	2	11	-	-	-	14
Palermo	103	16	165	-	-	-	284
Siracusa	2	1	55	-	-	-	58
Trapani	4	-	25	-	1	-	30
Aquila	62	2	-	-	-	-	64
Campobasso	146	5	29	-	-	-	180
Chieti	44	-	17	-	-	-	61
Pescara	20	-	-	-	-	-	20
Teramo	41	2	1	-	-	-	44
Roma (Cassa Cent.)	570	3	-	-	-	-	573
Roma (Sede)	211	1	2	1	-	-	215
Roma (Succursale)	117	40	239	-	1	-	397
Roma (Agenzie)	82	-	2	-	-	-	84
Civitavecchia	5	-	-	-	-	-	5
Frosinone	4	-	-	-	-	-	4
Littoria	4	1	3	-	-	-	8
Rieti	11	-	3	1	-	-	15
Sora	3	-	-	-	-	-	3
Viterbo	19	3	2	-	-	-	24
Perugia	44	14	3	-	-	-	61
Terni	67	1	1	-	-	-	69
Grosseto (29 July)	41	2	3	-	-	-	46
Ascoli (15 July)	38	3	-	-	-	-	41
GRAND TOTAL	3,143	301	2,819	39	3	3	6,308

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Table 2

Appendix F,
page 2.

Current Liabilities of the Banca d'Italia - 29 February, 30 June, 31 July, 1944 for the provinces south of the 11 May, 1944 line.
(in millions of lire)

	by area				by type		
	29 Feb.	30 June	11 July		29 Feb.	30 June	31 July
Salerno	246	424	431	DUE TO BANKS			
Lucania	236	262	229	CURRENT ACCOUNTS			
Calabria	656	687	732	Non-interest bearing	229	33	55
Puglia (less Foggia)	2,111	3,633	3,801	Interest bearing	5,856	14,779	16,936
Sardinia	998	1,456	1,616	Residual Available on advances	2,647	3,163	3,366
Sicily	2,927	4,642	5,020				
Total Italian Gov't Territory	7,174	11,104	11,829	Sub Total	8,732	17,975	20,357
Campania (less Salerno)	2,866	10,419	11,828	DUE TO OTHERS CURRENT ACCOUNTS			
Foggia	89	152	304	Non-Interest bearing	754	3,033	2,897
Campobasso	69	196	148	Interest bearing	210	314	332
				Residual available on advances	502	549	533
Total AMG Territory	3,025	10,767	12,290		1,466	3,946	3,762
Grand Total Liberated Italy	10,198	21,871	24,119		10,198	21,871	24,119

Table 3

Postal Savings June 1944 & July 1944
(thousands of lire)

	Postal Savings Bonds	Postal Savings Books	Current Accounts	TOTAL	Postal Savings Bonds	Postal Savings Books	Current Accounts	TOTAL
Caltanissetta	- 1,802	1,167	5,330	4,695	719	1,002	3,710	5,431
Catania	-724	3,355	-9,974	-7,343	-	-	-	-
Enna	-1,712	299	3,292	1,879	322	450	1,990	2,762
Messina	-5,248	1,536	5,437	1,725	-	-	-	-
Palermo	-	-	27	27	-	-	15,150	15,150
Trapani	-3,270	1,689	4,230	2,649	-3,765	2,108	-131	-1,788
					-	-	-	-

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Salerno)	2,866	10,419	11,828	DUE TO OTHERS			
Foggia	89	152	304	CURRENT ACCOUNTS			
Campobasso	69	196	148	Non-Interest bearing	754	3,033	2,897
				Interest bearing	210	314	332
				Residual available on advances	502	549	533
Total AMG Territory	3,025	10,767	12,290		1,466	3,946	3,762
Grand Total Liberated Italy	10,198	21,871	24,119		10,198	21,871	24,119

Table 3

Postal Savings June 1944 & July 1944
(thousands of lire)

	Postal Savings Bonds	Postal Savings Books	Current Accounts	TOTAL	Postal Savings Bonds	Postal Savings Books	Current Accounts	TOTAL
Caltanissetta	- 1,802	1,167	5,330	4,695	719	1,002	3,710	5,431
Catania	-724	3,355	-9,974	-7,343	-	-	-	-
Enna	-1,712	299	3,292	1,879	322	450	1,990	2,762
Messina	-5,248	1,536	5,437	1,725	-	-	-	-
Palermo	-	-	27	27	-	-	15,150	15,150
Trapani	-3,270	1,689	4,230	2,649	-3,765	2,108	-131	-1,788
Bari	14,351	-1,811	-17,538	-4,998	-	-	-	-
Brindisi	1,417	-771	3,312	3,958	-	-	-	-
Lecce	6,171	-248	5,393	11,316	-	-	-	-
Potenza	1,883	3,265	2,013	7,161	-	-	-	-
Taranto	6,384	-487	2,275	8,172	-	-	-	-
Cosenza	-756	1,756	3,370	4,370	-	-	-	-
Reggio Calabria	-81	3,763	59	3,741	-	-	-	-
Avellino	1,539	6,372	3,615	11,526	6,596	4,778	1,405	12,779
Napoli	29,788	12,373	-83,391	-41,230	-	-	-	-
Salerno	11,023	6,741	19,438	37,202	-	-	-	-
Cagliari	-	-	8,292	8,292	-	-	-5,522	-5,522
Sassari	650	1,094	8,138	9,882	-	-	-	-
Benevento	1,763	941	-	2,704	-	-	-	-
T O T A L	61,376	41,034	-36,682	65,728	3,872	8,338	16,602	28,812
	(19 Provinces)				(6 Provinces)			

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APPENDIX "C"

TREATMENT OF SUSPENDED OR DISMISSED PUBLIC EMPLOYEES

Part I.

1. Employees of the State, parastatal offices, autonomous state organisations, provinces or communes who are suspended from duty for Fascist reasons by A.M.G. officers will be treated as follows :-

2. If suspension occurred
(a) Because of Fascist activities after the liberation of the area by the Allies.
No salary, wages or any other allowances shall be paid; unless, exceptionally, some payment shall be expressly authorised by the Regional Commissioner, to the dependant for assistance; (see para:6);

(b) Under the provisions of R.D.L. 27 July 1933. n. 159.

Basic salary will be paid from the date of suspension under the provisions of art. 22 of R.D.L. 159, except that no payment of salaries will be made to employees within the categories mentioned in Art. 14, viz :-

Squadrista
Sansepolcrista
Antemarcia
Marcia su Roma
Soiarpa Littorio
Former members of M.V.S.N.

(Basic salary does not include addition for active service, family allowance, indemnity of bombardment or any other allowance bonus or premium.)

3. Suspended officials shall thereafter be subject to the provisions of R.D.L. 159. If a suspended official is reinstated his salary and grade will be one for decision by the High Commission as provided in Art. 21.

Part II.

4. Officials who were suspended from duty by the Republican Fascist Government since 8th Sept. 1943 or who were constrained to absent themselves from duty since that date, because of their anti-Fascist views, will be treated as unier:-

(a) Payment of such a sum as will represent the difference between full salary (with addition for active service, family allowance and any other appropriate allowances, subsidy or bonus to which the official would have been entitled had he been at work), and the sum he actually received during the same period. In the interests of these officials such arrears of salary and allowances shall be paid in the manner provided for in Executive Memorandum n. 73, Parts III and IV.

(b) If such officials were compulsorly retired in advance of the normal [illegible] "possibile" they shall be paid

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Squadrista
Sansepolcrista
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(a) Payment of such a sum as will represent the difference between full salary (with addition for active service, family allowance and any other appropriate allowances, subsidy or bonus to which the official would have been entitled had he been at work), and the sum he actually received during the same period. In the interests of these officials such arrears of salary and allowances shall be paid in the manner provided for in Executive Memorandum n. 73, Parts III and IV.

(b) If such officials were compulsorily retired in advance of the normal age of retirement, or treated as "impiegato disponibile" they shall be paid arrears the difference between full salary and allowance and the sums they actually received as salary, wages or pension during the period in question.

(c) Temporary employees (avventizi) dismissed by the Republican Fascist Goverment since 8th September 1944, will be paid a sum equal to one month's earnings and thereafter will be considered as dismissed.

Part III.

5. Officials who were suspended from duty prior, or subsequent to 8th September 1943, for any other causes, shall be dealt with as provided in R.D.L. 30 December 1923 n. 2960 (Gaz. Uff. 21st January 1924 n. 17).

This decree in addition to SUSPENSION deals also with EARLY RETIREMENT, COMPULSORY RETIREMENT and DESMISSAL, from service.

6. SUSPENSION - (La sospensione dal grado).

-Arts 62 and 63-. This is temporary in nature varying from one to six months, but

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in more serious cases it may be prolonged indefinitely and may involve dismissal. Suspension is inflicted for major disciplinary offences and it is always imposed when an employee is under prosecution for a penal offence.

Suspension involves deprivation of salary but a proportionate part of an employee's salary may be conceded in favour of his dependants as a food allowance (art. 57).

7. EARLY RETIREMENT - (La dispensa dal servizio).

-Art. 51- Officials may be retired from service, before the normal age for retirement when they are considered to be incompetent; in permanent bad health; unfitted to perform the duties of their grade; lacking in industry or zeal, untrustworthy or whose actions are incompatible with the political directions of the government.

Early retirement does not deprive an employee of pension rights, if any.

8. COMPULSORY RETIREMENT - (La revoca dall'impiego).

-Art. 64- This penalty is inflicted for a serious abuse of authority or of trust or for any major shortcoming which has shown a moral defect.

Compulsory retirement does not involve the loss of pensions rights.

9. DISMISSAL - (La Destituzione).

-Art. 65- This is inflicted following conviction for a penal offence, or for serious abuses of the duties of office, or grave acts of insubordination, etc.

Dismissal usually involves the loss of all pension rights (see T.U. on pensions, Arts. 183 and 187 of R.D.L. 21 February 1895 n. 70 and R.D.L. 3 June 1938 n. 1052).

10. All salary payments cease with (a) EARLY RETIREMENT (b) COMPULSORY RETIREMENT and (c) DISMISSAL.

11. Employees removed from employment by the Allied authorities are regarded as COMPULSORILY RETIRED (La revoca dall'impiego). This penalty involves the loss of all salary but not the loss of pension rights.

According to the law an employee so retired cannot be reinstated in service unless a disciplinary commission finds that the reasons for such compulsory retirement were insubstantial. But even in such a case the payment of arrears of salary is not permitted (see Art. 67).

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
ADMINISTRATIVE SECTION

2/3 B/AS 15 Sep 44.

SUBJECT : Monthly Reports - Admin Sec.

TO : PC&MG Section.

Reference your 497/14 CA of 8 Aug 44.

Herewith (1) Summary of Admin Sec Sub-Comms' Reports for the month of August and (ii) 35 copies each of the u/m Sub-Commissions Reports.

Interior
Legal
Education
Public Health
Public Safety
Property Control
MFA&A

R.R. CHIPPS, Colonel,
for VP Admin Section

Ext. 608
RRC/mt

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HEADQUARTERS
ALLIED CONTROL COMMISSION
INTERIOR SUB COMMISSION
APO 394

ACC/27/B/Int 9 September 1944

SUBJECT: Report of activities for the month of August 1944

TO : Vice President, Administrative Section

1. PREFECTS AND OTHER ADMINISTRATION OFFICIALS

A number of discussions have taken place with officials of the Ministry of Interior regarding arrangements for maintaining the supply of Prefects and subordinate government officials available for forward provinces. In collaboration with the Ministry and at the request of AMG, new Prefects have, after screening, been sent to the provinces of ASCOLI and ANCONA and a Prefect and Consigliere to LIVORNO. They were personally interviewed by the Director.

The above arrangements are not confined to the immediately liberated Provinces, but have included plans to meet the necessity of providing suitable senior officials in the near future for the 45 Provinces still in enemy hands in north Italy. Their liberation may bring to light a number of reliable officials who have been dismissed by or who have been in hiding from the Germans, but failing this, the required personnel will have to be sent forward.

To meet the existing shortage of satisfactory Prefects at the disposal of the Italian Government, it has been strongly suggested to the Ministry of Interior that they should promote efficient Vice-Prefects and also transfer from the south Prefects who are capable of working in Provinces close to the line. Arrangements for the purpose are in hand.

2. LOCAL GOVERNMENT

(i) To overcome difficulties which had arisen regarding the number of members of the Deputazione Provinciale, the Italian Government have passed a Decree slightly amending the constitution.

(ii) A short summary of the steps to be taken for the temporary reorganization of local government in newly conquered territory or the abolition of the previously existing Fascist institutions has been prepared and distributed to AMG, 5th and 8th Armies.

(iii) The Italian plan for the reorganization of the Rome City Administration (referred to in last month's report, following the abolition of the Fascist created Governatorato, has raised certain financial and administrative points which are being considered by the appropriate Sub-Commissions.

(iv) Following interviews with Bonomi and other representatives of the Ministry of Interior, the Director of the Sub-Commission visited FLORENCE in connection with the appointment of a Prefect and Sindaco by AMG. Arrangements have since been completed for these appointments. Contact throughout all stages has been maintained with the Government.

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(v) Special arrangements were necessary for the Island of Elba which, in normal times, is included in the administration of the Province of LIVORNO. In view of present conditions, it was decided that the presence on the Island was required of an official to take charge of the Italian organs of administration. The Government have nominated an official of the Ministry of Interior and arrangements for his appointment as Vice-Prefect Inspector are in hand.

(vi) A staff officer gave a short series of lectures on Italian local government and administration to new officers of Region Z.

3. TOURS

(i) The Director and a Staff Officer visited General Hume, SCAO 5th Army and Colonel Mayne at LIVORNO, in connection with Prefectural appointments and other matters affecting local administration in Army areas. The Staff Officer remained with 5th Army HQ for some days during which he visited AMG spearhead officers to assist and advise on local government reorganization in various places in LIVORNO and PISA Provinces including VOLTERRA and SIENNA. A number of Italian officials, Sindaci and representatives of the Committee of National Liberation were interviewed.

(ii) FLORENCE. See 2(iv)

(iii) Staff officers surveyed the state of local administration in the Provinces of AQUILA and CHIETI (Region V) and RIETI and VITERBO (Region IV). Various matters arising therefrom were, by arrangement with the Regions, taken up with the Ministry of Interior. In addition, an officer has spent some days at GROSSETO assisting the Provincial Commissioner in connection with the same subject in that newly liberated district.

4. INTERVIEWS

(i) Aldisio, previously Minister of Interior and now High Commissioner for Sicily, called upon the Director and discussed Prefectural appointments throughout the Island. He explained his desire to effect a number of changes of office. The proposals require the consent of ACC.

(ii) A number of meetings have taken place with Berruti, Capo di Gabinetto to the Minister of Interior, and other officials on routine matters and other detailed arrangements affecting appointments, removals and transfers of personnel, salary, and service arrangements, etc.

/s/ R. G. B. Spicer
/t/ R. G. B. SPICER
Colonel
Director
Interior Sub-Commission

MHL/jgt

HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission
APO 394

ACC/14027/PS 12 September, 1944.

SUBJECT : Monthly Report for August 1944.

TO : Vice - President, Administrative Section.

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

A. POLICE

Royal Carabinieri.

1. Commanding General.

General Taddeo ORLANDO, who was appointed to command the Carabinieri on 21st July, 1944, has co-operated very closely with this Headquarters.

2. Policing forward areas.

The Mobile Carabinieri attached to Fifth and Eighth Armies have proved invaluable in assisting AMG in the occupation of new territory. Despite adverse conditions, they have shown enthusiasm and devotion to duty, winning the respect of AMG officers working with Armies.

Their presence in the early stages has had the effect of restoring law and order and keeping a firm check on pseudo patriot bands who had seized arbitrary police powers.

As soon as the Mobile CC.RR move on, teams of CC.RR attached to Regions are sent forward from Replacement Centres to take up permanent duty. In many areas Public Safety Officers attached to Regions have taken charge of the CC.RR

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As soon as the Mobile CC.RR move on, teams of CC.RR attached to Regions are sent forward from Replacement Centres to take up permanent duty. In many areas Public Safety Officers attached to Regions have taken charge of the CC.RR replacements at the request of AFHQ Fifth and Eighth Armies. This scheme has worked very smoothly to the advantage of Armies and of the Regions who subsequently assume control.

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3. Replacement Centres.

It has been the policy to establish Replacement Centres as far forward as possible in order that CC.RR reserves can be despatched with the least possible delay. At the end of the month a new centre was established in Florence to hold 2,000 CC.RR, and arrangements are in hand to form another centre in Ancona.

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4. Uniforms and Equipment.

Little or no progress has been made in securing uniforms and equipment from the Italian Army through Army Sub-Commission.

Royal Finance Guards.

5. Rations.

As was to be expected the reduction of the rations supplied to the Finance Guards by reason of their being taken off the Italian Army ration scale has aroused considerable protest. Their appeal to be restored to the original scale, which has the support of this Sub-Commission, has been referred to higher Authority.

Agents of Public Security.

6. Appointment of Vice Director.

The recommendation of the Ministry of the Interior to appoint Dr. Amerigo De Bonis as Vice Director General of Public Security was rejected by this Sub-Commission because of his unsatisfactory reputation during the Fascist regime. After some delay Dr. Carlo ROSATI was appointed as Vice Director.

7. Pool of Questori.

At the request of Army A.C. Questori were supplied for the Provinces of Livorno and Pescara.

It was reported that conditions in the Questura at Siena were unsatisfactory. An Inspector from the Ministry of the Interior was sent to investigate and advise the Regional Public Safety Officer. As a result of his inspection the Questore was removed and replaced by the Vice Questore and a number of junior officials transferred.

It is a disappointment to find that the only officials available to fill the posts of Questore are not of a very high standard. It is to be hoped that better material will be found in the north of Italy.

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8. Inspectors of Police.

Acting on the advice of this Sub-Commission, the Ministry of the Interior has selected Inspectors to visit Regions and report on public security conditions. During the month Dr. Ianzaffi set off for Sicily on a tour of inspection while Dr. Pennetta visited Sardinia. In the past it has been observed that Government departments have been completely out of touch with what is happening in the Provinces. This may partly have been due to difficulties of communication, but it must be said that Government officials have shown very

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little desire to keep themselves informed. These personal inspections should do much to remedy this state of affairs.

9. Rations.

Requests have been received from the Ministry of the Interior to increase the scale of rations allowed to Agents of Public Security.

This Sub-Commission agrees that the police should be adequately fed to preserve their morale and remove any temptation to corruption. Representations have been forwarded to the proper quarters.

In this matter, as in many others, it has been noted that the Ministry is chiefly concerned with conditions in Rome and tends to ignore the difficulties experienced in the Provinces. It has been necessary on several occasions to point out that the Ministry should be less conscious of Rome and more concerned about other parts of Italy.

10. O.V.R.A.

It has been agreed with the Ministry of the Interior that the O.V.R.A. organisation as such must be immediately disbanded. This has already been done, the Inspectorate in Sardinia having been finally dissolved on 28th August, 1944.

All O.V.R.A. officials will be suspended from duty until they appear before the Public Security Epuration Commission.

The Commission will give priority to the consideration of all ex-O.V.R.A personnel and will have the power :

(a) to recommend those guilty of crimes for trial in accordance with the Decree for Sanctions against Fascism;

(b) to dismiss undesirable officials from duty;

(c) to re-instate suitable personnel in positions in the Corps of Agents of Public Security, provided those who have previously served together are split up and sent to different districts.

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11. Police Bulletins.

Arrangements are in hand for the publication of Police Bulletins, circulating to Police Forces details of criminals wanted, property stolen etc. In the meanwhile a circular giving the description of stolen cars has been published to police agencies.

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B LAW ENFORCEMENT

1. Public order has been well maintained, no major disturbances having taken place.

On the whole crime (apart from the universal black market) has not presented any serious problem.

2. Patriots

A good deal of the time of Public Safety Officers in the former areas has been occupied in dealing with patriots. The difficulty has been to distinguish between genuine partisans and undesirable characters who seize the opportunity to form themselves into armed bands, robbing and plundering the countryside. By constituting the CC.RR as the law enforcing authority and withdrawing weapons from patriots, the situation has been kept well in hand. To allow unauthorised persons to possess firearms might have dangerous consequences in the future, when party strife is not inconceivable, and it has been necessary to act firmly from the beginning.

3. Grain Collection.

All Police agencies have co-operated in enforcing the collection of grain in accordance with the Granai del Popolo scheme.

The greatest difficulty has been experienced in Sicily where, from the very beginning of the campaign, there has been general resistance to the amassing of grain. Police have been very active; large quantities of grain have been confiscated and 10,500 persons have been denounced for infringements of the regulations. Nevertheless, as Jeremy Bentham pointed out long ago, police measures alone cannot successfully enforce regulations which do not receive the support of the general population.

C CONDUCT OF ALLIED TROOPS

Conduct of Troops.

The behaviour of Allied troops cannot be regarded as satisfactory. The trouble is almost entirely caused by wine and women.

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It is satisfactory to note that some serious cases of murder and assault by French troops have been severely dealt with. Nevertheless the general attitude of junior French officers and even Provost Marshals has not changed from callous indifference to the wrongs inflicted on the Italian population.

In the southern provinces where Military Police are thinly spread, deserters from the Allied Forces are increasing in numbers and many instances of their depredations

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have been reported.

Relations with the American and British Military Police are excellent. In the large cities joint patrols of Allied and Italian police have proved a success.

D PRISONS

1. Director of Prisons.

During the past month close contact has been kept with the Ministry of Grace and Justice. A new Director of Prisons has been appointed - S. E. MUSILLAMI. The chief of personnel S.E. CHIEFFO has now retired. Several meetings have been held with MUSILLAMI and he has proved himself to be co-operative. As with other Rome officials, he does not fully understand the difference in functions in A.M.G. and A.C.C. territory. However, it is not expected that any real difficulty will arise, and in the near future there should be complete understanding.

2. Overcrowding.

When military prisoners are removed from the prisons of southern Italy, the overcrowding problem will be cleared. In some areas the prison population is decreasing. This is the result of the expiration of short term sentences imposed by A.M.G. since September 1943.

The prison situation in Sicily has become acute owing to the special drive on grain collection. A representative of the Public Works and Utilities Sub-Commission, Major Hyland, visited Sicily and inspected Ustica and Lipari Islands with a view to their use for prison purposes. It was found that in Ustica, the buildings were not secure. They have wooden roofs and are scattered throughout the town. This would make guarding very difficult. At Lipari repairs were necessary and use as a prison would have caused a school to be evacuated. The water supply on both islands was inadequate.

Major Hyland speeded up the repair work on Favignana, Augusta and Caltanissetta. This will be finished in two months and provide accommodation for an additional

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The old Italian Naval Barracks at Columbia are suitable for rebuilding as a Prison. The present capacity of 200 prisoners can be increased to 1,000 in 6 months. Plans and estimates have been received and bids are being received for repair and remolding.

The above programme will provide additional prison accommodation for about 2,000 prisoners. If this is insufficient and it is decided to build stockades it is

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agreed that they should be built on the mainland of Sicily and not on the islands of Ustica and Lipari.

3. Military Prisoners.

A policy on Italian Military prisoners has now been established. It is agreed that after 30 days they become a civil responsibility and will be fed on the civilian scale. It is not proposed to transfer military prisoners to civil jails as no accommodation is available. Arrangements are being made to transfer certain military jails to the civil authority. The accommodation thus made available will be sufficient to house all military prisoners, including those at present in civil jails. The effect of this arrangement should be that more accommodation will be available in civil jails for civil prisoners. For example it will enable 459 Military prisoners to be moved from E.R.I prison and 285 from LUCCA prison. The question of staffing the military prisons handed over is one of some difficulty, but it is hoped that some arrangement can be made with the Minister of War.

4. General

A survey is being made of the prison at Elba. It is a modern building in good repair, and should hold a large number of prisoners from the mainland.

No difficulty has arisen in connection with the requisitioning of civil prisons by Army authorities. The instruction on this subject issued by HQ. A.A.I. is being well observed.

Arrangements are in hand to prepare a building and repair programme for Region 4.

E. FIRE AND CIVIL DEFENCE SERVICES.

1. Mobile Fire Columns.

Pumps are being prepared for use with Mobile Fire Columns to move to the north of Italy. The Italian Government is providing a centre where firemen can be

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soners. For example it will enable 459 Military prisoners to be moved from BARI prison and 265 from LECCE prison. The question of staffing the military prisons handed over is one of some difficulty, but it is hoped that some arrangement can be made with the Minister of War.

4. General

A survey is being made of the prison at Elba. It is a modern building in good repair, and should hold a large number of prisoners from the mainland.

No difficulty has arisen in connection with the requisitioning of civil prisons by Army authorities. The instruction on this subject issued by HQ. A.A.I. is being well observed.

Arrangements are in hand to prepare a building and repair programme for Region 4.

E. FIRE AND CIVIL DEFENCE SERVICES.

1. Mobile Fire Columns.

Pumps are being prepared for use with Mobile Fire Columns to move to the north of Italy. The Italian Government is providing a centre where firemen can be trained.

2. Director General of Fire and Civil Defence Services.

The Directorate is not functioning well owing to the weakness of the present Director General. Pressure is being brought to bear on the Ministry to appoint a more suitable official.

3. Dogs for Rome Allied Area Command.

Dogs trained for guard duties have been lent by Fire Brigades to the Rome Area Allied Command for police purposes.

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F. REGISTRATION AND LICENSING SECTION.

1. Reale Automobile Club d'Italia.

The Central Seat of RACI has been re-activated, and an Inspectorate Staff formed from which appointments will be made to fill vacancies in the Provincial Seats. This Staff will be used to supervise the work of the Provincial Seats in both AMG and Italian Government territory.

Arrangements were made for Dott. Farina of the Central Seat to join the AMG 5th Army Staff for duty at Pisa.

A set of instructions have been issued to the Inspectorate Staff which were agreed to with Finance Sub-Commission.

Bollettari (tax receipts carried on the windscreen of motor cars) have been distributed to all R.C. Provincial Seats south of the Rear Army Control Line.

2. Control of Civilian Movement.

On the turn over of further territory to the Control of the Italian Government on 15th August, arrangements were made for the Minister of Interior to issue the necessary orders (through Prefetti) for the existing restrictions on movement to continue in force.

All memoranda with regard to the Control of Movement have been revised and consolidated and issued as Executive Memorandum No.77, dated 31st August, 1944.

The regulations were explained to Regional Commissioners by Major Ballance at the Chief Commissioner's Conference on 22nd August, 1944.

3. Circulation of Motor Vehicles.

The Executive Commissioner issued orders that the issue of permits in the case of Vatican and Diplomatic motor vehicles would be dealt with by this Sub-Commission.

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(a) Vatican Motor Vehicles.

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(i) A special Certificate of Registration will be issued in the case of vehicles bearing Vatican State registration plates "S.C.V."

(ii) Standard permits will be issued by Region IV in the case of all other vehicles on the receipt of a request from the Vatican Governatorato.

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N.B. Fuel supplies for all Vatican operated vehicles will be drawn from special pumps, the fuel supplies from which will be set against the Vatican bulk allocation.

(b) Diplomatic Motor Vehicles.

Standard permits, overprinted with the letters "CD" and endorsed by this Sub-Commission will be issued by the Italian Foreign Office who will screen all applicants, in accordance with the practice established for the screening of applicants for Diplomatic number plates.

Motor fuel will be drawn from a special pump.

4. Circulating Permits.

New type circulation permits for issue as from 1st October, 1944 were agreed to with the Italian Government and passed for printing.

G. EPURATION.

Commissions have been set up to carry out the epuration of all Police, Fire Brigade and Prison officials. The members of these Commissions have been checked and appear satisfactory. As yet these Commissions have made little progress.

H. TERRITORY TRANSFERRED TO ITALIAN GOVERNMENT.

1. The transfer of additional Provinces from Military Government to Italian Government jurisdiction was effected smoothly as far as Public Safety Agencies were concerned. The practice of working in A.M.G. territory in accordance with Italian procedure and as far as possible giving responsibility to Italian Officials has meant that the police, prison and Fire Services have been virtually unaffected by the transition.

2. It has been necessary to revise the regulations regarding civilian movement, but in the main the transfer

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2. It has been necessary to revise the regulations regarding civilian movement, but in the main the transfer has merely been matter of extending to the new Italian provinces regulations which have been in force under Military Government Authority, e.g. firearms regulations, aliens restrictions, etc.

I. PERSONNEL.

1. During the month a large number of Public Safety Officers have been moved forward to take up appointments with new Regions now in process of formation. The establishment

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of Regions has now been fixed as follows : -

Region	Strength	Regional Public Safety Officer.	
I	2	It. Col.	R... Snoo:
Southern	12	It. Col.	C.T. Francis
IV	11	It. Col.	J. Pollock
V	9	It. Col.	S. Pickering
VI	2	Captain	J. Hughes
VIII	10	It. Col.	... Rowlerson
IX	6	It. Col.	E. Pye
X	9	It. Col.	C. Briggs
Xa	7	Major	B.J. Hefford
XI	16	To be designated	
XII	16	It. Col.	R.T. Millhouse
5th Army	4	It. Col.	W. Doherty
8th Army	5	Major	E.J. Pullen
H.Q.	9		

2. H.Q. Staff.

The strength of Officers and W/ORs is as follows :

Officers.

Col.	Kirk	A	Director
Col.	Muncy	"	Head, Police Div.
It. Col.	Wilcox	B	Staff Officer
Major	Mason	B	Fire & C.D.
Major	Wilson	B	Prisons
Major	Bellance	B	Lic. & Regn.
Capt.	Mastroianni	A	Police
Capt.	Powell	B	Admin. Officer.

W/OR

S/Sgt.	McLennan	B
Cpl.	Robinson	B
L/Cpl.	Lisberg	B
Pfc.	Marinelli	A
Pfc.	Diaz	"

Major Bellance ceased to act as Chief Motor Transport Officer Region IV on 6th August 1944 and resumed

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8th Army H.Q.	5 9	Major	E.J. Pullen

2. H.Q. Staff.

The strength of Officers and W/ORs is as follows :

Officers.

Col.	Kirk	A	Director
Col.	Meaney	A	Head, Police Div.
Lt. Col.	Wilcox	B	Staff Officer
Major	Mason	B	Fire & C.E.
Major	Wilson	B	Prisons
Major	Bellance	B	Lic. & Regn.
Capt.	Mastroianni	A	Police
Capt.	Powell	B	Admin. Officer.

W/OR

S/Sgt.	McGennan	B
Cpl.	Robinson	B
L/Cpl.	Lisberg	B
Pfc.	Marinelli	A
Pfc.	Diaz	A

Major Bellance ceased to act as Chief Motor Transport Officer Region IV on 6th August 1944 and resumed duty at this Headquarters on 7th August 1944.

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W. E. Wilcox

W. E. YOUNG, Col.,
Acting Director
Public Safety
Sub-Commission.

G.

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

ACC/3016/PH 4 September 1944.

SUBJECT: - Monthly Report for August 1944,
Public Health Sub-Commission.

THRU : - VP Adm Sec.

TO : - Chief of Staff.

1. PERSONNEL:

(a) During August this Sub-Commission unfortunately lost the services of Lt. Colonel Wilson C. Williams, Deputy Director, who was assigned to another theater. Lt. Colonel Williams' work for Public Health, especially in the field of typhus control, was of outstanding quality. His departure deprived the Sub-Commission of the services of one of its ablest officers.

(b) On Lt. Colonel Williams' departure, Colonel Martin E. Griffin, Chief Medical Supply Branch, assumed in addition, the duties of Acting Deputy Director.

(c) A staff has been nominated for Region IX with Major Landon Snedeker (A) as RPHO, Captain Edmond A Turner (A) as Sanitary Officer and Captain Ransom F. Carver (A) as Welfare Officer. It is proposed to strengthen this team further when necessity dictates.

(d) Southern Region is now staffed by Lt.Colonel Walter H. Miles (A), Major Edward E. Carrier (A), Major W.D.R. Thompson (B) and Major John McSweeney (A). It is proposed to call forward Major Thompson in the near future.

(e) Following the amalgamation of Rome Region with Region IV, the Region IV Staff now consists of Lt. Colonel Orpheus J. Pizzozero (A), RPHO, Major H.B. Follit (B), Major Anthony Pino (A) and Major L.G. Norman (B), Public Health Officers, Lt. Colonel Herbert V. Spencer (A), Sanitary Officer, and Captain Ransom F. Carver (A) and Lt. George H. B. Brown (A), Welfare Officers.

(f) Staffs have already been nominated for the new forward regions.

(g) Lt. Colonel G.M. Priscilla (B) has been awarded the Efficiency Decoration of the Territorial Army.

2. POLITICAL:

(a) It is a pleasure to record two appointments made by the Italian Government in the Public Health Service. H.E. Solimena has been confirmed in his office as Director-General of the Sanita' Pubblica and Dr. Bartolomeo Vezzoso has been appointed Principal Medical Officer. H.E. Solimena has a wide and comprehensive grasp of Public Health matters and has from the early days of Salerno cooperated most cordially with this Sub-Commission. Dr. Vezzoso has acted as

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theater. Lt. Colonel Williams' work [illegible] of typhus control, was of outstanding quality. His departure deprived the Sub-Commission of the services of one of its ablest officers.

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(b) The Ministry of Interior has instituted a survey of existing public health legislation under the Fascist regime with a view to assessing its value in the light of present day knowledge. Should it be considered desirable, a comprehensive improvement of present legislation will be proposed and put into being. This study will naturally occupy a very considerable time.

(c) Following the confirmation of H.E. Solimena in his position as Director-General, a widespread re-organisation of the Central Staff of the Sanita' Pubblica has been undertaken and it is hoped that the new setup will shortly be functioning smoothly and efficiently.

3. PUBLIC HEALTH BRANCH:

(A) Typhoid Fever:

(i) A small outbreak of typhoid occurred in Benevento during March and April totalling 62 cases with 8 deaths. This subsided during May and June.

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(ii) In July and August, however, the outbreak flared up into epidemic proportions with 30 cases and 6 deaths in July and 172 cases and 21 deaths in August.

(iii) Lt. Colonel Miles, RPMO, and Major W.D.R. Thompson, Provincial Health Officer, conferred with the officers of the British School of Hygiene at Benevento, with the Medico Provinciale and Ufficio Sanitorio. In addition, Major Robert L. Cherry (A) was sent from this HQ to render every assistance possible.

(iv) The findings in brief, were that sanitation in the district was poor. Fresh vegetables were eaten, gathered from ground fertilized by human manure. There were many flies attracted by open sewers, and the river in which many people bathed was contaminated by fractured sewers. The case reporting was poor and all cases were not being isolated in hospitals.

(v) To combat these conditions the following measures were instituted: A campaign both from the pulpit and by poster, urging the populace to boil all water and milk before using, and to cleanse thoroughly all raw vegetables before eating. Immunization by innoculation rather than by oral vaccine was advocated. Six medical students are employed in visiting all houses where typhoid [illegible] occurred and gathering data. The City Engineer has furnished maps of the water and sewage systems and indicates where fractures have occurred. Repair of these fractures is being undertaken. Notices have been erected forbidding bathing in the river. Isolation of all cases in hospital is going undertaken. The Pathologist of the 106th General Hospital has undertaken to do stool cultures for carriers and supervise other laboratory procedures. The hospital accommodation (at present 80 beds) is to be doubled. A Sanitary Engineer will be sent from this HQ to assist in Sanitary surveys.

(vi) In conclusion this Sub-Commission wishes to express its gratitude for the exceptionally valuable cooperation rendered by the British School of Hygiene and by the Pathologist, 106th General Hospital.

(B) Venereal Disease:

( ) The Italian Government is endeavouring to assist the anti-VD campaign in every way possible, but unfortunately no report is available from the inspector appointed by the Government.

(ii) In Sicily, despite the decrease in garrison troops, active control measures are still being undertaken.

(iii) The latest available figures for the months of July and August are as follows:

	Incidence of VD in cases per thousand per week.	
Week ending:	Total British Tps in Theatre:	PBS.
22 Jul 44	1.27	7.3
29 Jul 44	1.02	6.5
5 Aug 44	1.29	5.3
12 Aug 44	1.04	8.1
19 Aug 44	1.1	6.8

The much higher incidence shown in the PBS figures is undoubtedly due to the high VD rate among colored troops.

(iv) In Rome, as in Naples, a Vice squad is active and on an average 10-12 women are arrested every night and taken to the Questura. The following

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(iv) In Rome, as in Naples, a vice squad is active and on an average 10-12 women are arrested every night and taken to the Questura. The following day they are examined at a clinic and those found infected are compulsorily detained and treated in hospital until they are considered free from infection. Those released as non-infective are compelled to be registered as prostitutes, unless cogent reasons to the contrary can be adduced, and are, under police regulations, required to report for inspection twice a week. Adequate hospital facilities exist for the treatment of infected women.

(v) The total number of cases of VD amongst Allied troops in Rome rose from 44 in June to 130 in July. These figures have no statistical value as there is no means of gauging the total number of Allied troops to be found in Rome over any given period.

(C) Typhus:

(i) The Typhus Control Branch has been reconstituted as the Typhus Control Unit within the Public Health Branch. Dr. Floyd S. Markham has been appointed as Officer in charge of the Unit.

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(ii) The Typhus Control Unit proposes during the autumn to send a demonstration team to large towns in Central and Southern Italy. Workers nominated by Medici Provinciali will attend these centers for demonstrations on dusting procedures and will be supplied with powder and sprayers. In this way, every province in the South should have, by the winter months, a team of trained anti-typhus workers capable of dealing instantly with any case which might occur.

(D) Smallpox:

(i) During August the campaign against smallpox in the Naples area was intensified. The Italian Government sent a Medico Provinciale to Naples with funds and special powers to do everything possible towards controlling the epidemic. The figures now obtained are very encouraging and it may be assumed that the outbreak is definitely subsiding.

(ii) Naples City:

a. The following figures, in ten day periods, are reported from Naples City:

	1st Ten Days	2nd Ten Days	3rd Ten Days	Total
February	2	--	--	2
March	--	--	--	0
April	1	17	14	32
May	38	44	42	124
June	25	25	36	86
July	29	44	31	104
August	34	32	15	81
				429

It will be seen that there has been a marked reduction in the figures for the last ten day period in August and later reports indicate that this diminution is being maintained. The daily notifications during this period are as follows:

August:	20	21	22	23	24	25	26	27	28	29	30	31
cases:	2	0	3	3	2	0	1	2	0	3	1	0

b. The type of the disease has been mild throughout and only 3 deaths have occurred in the total of 429 cases.

c. Mass vaccination has been instituted and by 28th August, 416,557 vaccinations had been performed. Of these over 150,000 were done in private houses; 195,000 in ambulance posts and approximately 70,000 in air-raid shelters.

(iii) Naples Province:

a. In the 130 communes of Naples Province a total of 413 cases have occurred with 12 deaths. The area most affected has been Afragola with a total of 179 cases. Out of the estimated population of 29,218, 21,234 vaccinations have been performed. Frattamaggiore with a population of 19,168 shows the next highest incidence of cases, the number to date being 75. In this area 17,074 vaccinations have been carried out.

b. Doctors, medical students and sanitary officers have been enrolled in the vaccination and re-vaccination campaign and vaccine has been supplied by the Institute of Public Health, Rome. As in Naples City, the notifications in the last ten day period are showing a marked reduction.

c. In conclusion it may be said that while at one time the epidemic was assuming alarming proportions, the measures of mass vaccination and re-vaccination

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c. In conclusion it may be said that while at one time the epidemic was assuming alarming proportions, the measures of mass vaccination and re-vaccination, case recording, isolation of contacts and immediate hospitalization of patients have shown very gratifying results.

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(E) Hospitals:

(i) The hospitals in Italian Government Territory are now under the control of the Ministry of Interior and the newly appointed Inspector of Hospitals has rendered a report to the Ministry on a tour of inspection made throughout Apulia.

(ii) While a number of hospitals are in good condition and have been untouched by the hazards of war, many are still partially or completely damaged, while others have been requisitioned by the Allied Forces.

(iii) The Inspector has made many recommendations to the Ministry regarding building programs, renovation of equipment, procurement of linen and provision of funds. The Ministry in turn instructs the Prefects of the provinces concerned as to the necessary measures to be adopted.

(iv) As with other reconstruction programs in Italy, it is anticipated that a considerable time will have to elapse before the hospital situation returns to normal. However, every effort is being made to effect the improvements which are possible at the moment.

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(F) Infant Mortality:

(i) At the present moment, accurate figures for infant mortality are difficult to obtain. (Infant mortality is the death rate per thousand live births among children under one year of age.) In Rome, the total figures - not to be confused with the mortality per thousand live births - for 1943 and 1944 are as follows:

	1943	1944
January	265	214
February	169	223
March	170	247
April	146	227
May	206	274
June	287	393
July	289	438

(ii) The August figures are not yet available but an estimate made at the moment suggests that they will be in the region of 250. This decrease is attributable to the distribution of powdered milk and it is anticipated that the decrease will continue, as the high figures of 1943 and 1944 have been due to nutritional deficiencies [illegible] believed are being rectified by the use of powdered milk.

(iii) It is estimated that the present Italian infantile death rate is in the region of 20%. This is approximately the same as was found at the end of 1918, while the 1914 figure was 13% and the 1940 figure 10.3%.

4. MALARIA CONTROL BRANCH:

(a) Members of the staff visited Regions II, III, V and VII, and about 22 Kgs of chocolate quinine for the treatment of children were distributed. Malaria rates in these Regions are in general lower than they were in 1943.

(b) A member of the Control Branch staff stayed in Region VI throughout July and for the first three weeks in August. All three provinces were visited. The present malaria rate is only one-half to one-third of that which obtained in 1943.

(c) Region IV received much attention during the month. Much work was done in connection with finance, distribution of drugs, spray-killing and in collaboration with the Army, spreading Paris green on the flooded Terracina areas. In conjunction with the Finance, Public Utilities and Agriculture Sub-Commissions, a 45 million lire appropriation was made available for canal clearing in Littoria Province. Due to German sabotage and resultant extensive flooding, malaria rates were higher in this Region than in 1943.

(d) Doctor Kuns of the Demonstration Unit of the Control Branch assumed charge of the spray-killing program in the Lido, Isola Sacra and Fiumicino areas while Professor Missiroli continued his control program in Maccarese, where several pumps were put into operation. In consequence, the Maccarese marsh was dry by 31st August and the Ostia marsh considerably reduced in area. As a result of the cooperative efforts of PWB, AFHQ, AAI, AAF, ACC, and civilian personnel and units, the

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4. MALARIA CONTROL BRANCH:

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(c) Region IV received much attention during the month. Much work was done in connection with finance, distribution of drugs, spray-killing and in collaboration with the Army, spreading Paris green on the flooded Terracina areas. In conjunction with the Finance, Public Utilities and Agriculture Sub-Commissions, a 48 million lire appropriation was made available for canal clearing in Littoria Province. Due to German sabotage and resultant extensive flooding, malaria rates were higher in this Region than in 1943.

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(e) In Region VIII the only malarious area of importance is Crocetto where there has been good control. The assistance of 5th Army and AAF in this work is gratefully acknowledged.

5. VETERINARY BRANCH:

(a) Foot and Mouth Disease continues to be one of the most pressing veterinary problems. The disease is still spreading and a second virus strain has made its appearance. The procurement of sufficient cattle for adequate vaccine production is an important factor in combatting the disease. Thirty-two cattle have arrived in Rome for this purpose from Ascoli Piceno and it is hoped that a further four hundred will be transported by rail from Perugia on or about 6th September. Rome has already produced sufficient vaccine to immunize half of the dairy cattle supplying milk for Rome. If however, sufficient cattle cannot be brought to Rome to enable large quantities of vaccine to be prepared, the spread of the disease will have serious results.

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(b) Rabies still continues with the highest incidence in Rome. Impounding continues apace in Rome and 95 stray dogs have been destroyed during the month. Veterinarians in all provinces are employing the strictest possible measures to control Rabies.

(c) Hog Cholera continues to be widespread. All the provinces in which it has occurred have been supplied with antiserum and vaccine. A fresh supply of antiserum is being requested from the U.S.A.

(d) Swine Erysipelas has occurred sporadically in several provinces and antiserum and vaccine have been distributed.

(e) Both animal and human Anthrax have been unofficially reported from Matera, Foggia, and Frosinone. Provincial veterinarians have been instructed with regard to methods of treatment and the proper disposal of infected carcasses.

(f) The cooperation of the Veterinarian, No.2 District is gratefully acknowledged in giving valuable assistance in eradicating Sheep Pox in Brindisi.

(g) Two cases of Glanders have been reported from Foggia and one from Bari. The animals have been slaughtered and contacts have been mallein tested.

(h) Sheep Scab is to be found in every province and the Tobacco Institute of Bari is supplying nicotine for Sheep dip to capacity. In addition, instructions have been circulated regarding the use of lime-salphur for dipping sheep.

(i) Veterinary biologicals to the value of three hundred thousand lire have distributed to Italian veterinarians during the past month, through medical supply channels.

(j) As few animals are being slaughtered in public abbatoirs, meat inspection requires little attention.

(k) The Central Milk Pasteurizing plant is operating very much below capacity owing to the insufficient and irregular supplies of milk.

6. MEDICAL SUPPLY BRANCH:

(a) During the month of August a small shipment of insulin and dental instruments was received from the U.S.A. Since then nothing has been off-loaded although a considerable shipment is in the roadstead of Naples awaiting opportunity of being discharged.

(b) Regions V, VIII, and Florence were visited to ascertain the supply situation. This appears to be much better than was anticipated and fair stocks were discovered in Florence and Ancona.

(c) As long flame coal, necessary for the manufacture of glass tubing is practically unobtainable, a requisition is being made through AFHQ for tubing in bulk. Unless this tubing can be obtained and utilized for the packing of biological preparations, it will be impossible to distribute these preparations which are perishable and

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(d) It is hoped that an Italian organization for the distribution of medical supplies throughout Italian Government Territory will be set up within a few weeks.

WELFARE BRANCH:

7. (a) The Ministry of Interior has at last issued a circular increasing the daily rates of assistance to political ex-internees. These rates for those living outside of camps are now L. 30 for the head of the family and L. 20 for each dependent, an increase of L. 10 and L. 10 respectively. For those living in camps the rates are L. 25 for the head of the family and L. 15 for each dependent, an increase of L. 5 and L. 5 respectively.

(b) The Ministry of Interior has reiterated its intention of re-organizing welfare activities. It is thought however that until the present epuration proceedings within the Ministry are concluded, no active steps will be taken in the matter.

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(c) The Italian Government has been asked to develop its policy regarding the law providing care for illegitimate children and also regarding the administrative re-organization of the ONMI.

(d) Suggestions have been made to the Ministry concerning the increase in payments for welfare and relief purposes.

(e) Welfare officers were circularized on the rates payable by the Italian Government for care in institutions.

SUMMARY:

(a) The departure of the Deputy Director to another theater is reported.

(b) Staffs have been nominated for new forward areas.

(c) The Italian Government has confirmed the Director General and Chief Medical Officer of the Sanita' Pubblica in their appointments.

(d) The Typhoid epidemic at Benevento is being thoroughly investigated and all possible prophylactic measures have been instituted.

(e) The campaign against Venereal Disease continues.

(f) The Typhus Control Unit will, during the autumn, instruct local teams throughout Central and Southern Italy in Typhus control measures.

(g) Smallpox figures in Naples City and Naples Province show a definite decrease.

(h) The Italian Government is making every possible effort to rehabilitate hospitals.

(i) Infant mortality figures in Rome are high but it is anticipated that the distribution of powdered milk will result in a definite decrease in these figures.

(j) The work of the Malaria Control Branch has been outstanding and has resulted, almost everywhere, in a marked reduction of cases in 1944 compared with those occurring in 1943.

(k) Foot and Mouth Disease and Hog Cholera are both widespread and everything possible is being done to combat them. Large supplies of veterinary biologicals have been distributed.

(l) Glass tubing is urgently required for the packing of biologicals produced locally.

(m) The Ministry of Interior has increased the rates of assistance to political ex-internees.

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FH/GMF/ja

M. E. GRIFFIN,
Colonel, M.C., Acting Director,
Public Health Sub-Commission

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Public Health Sub-Commission

ACC/3017/PH

1 September 1944

SUBJECT : Typhoid in Benevento.

TO : Lt. Col. Frizelle.

Herewith interim report on the typhoid fever situation (and paratyphoid B) in Benevento, where the writer spent the greater portion of the past 10 days.

It is erroneous however, to believe that this is a new epidemic, since typhoid fever reached epidemic proportions here in March and April of this year and there were cases in May and June.

Below is a table showing the typhoid experience by months for 1944. *(corrected report from Medico Provinciale gives 301 cases & 38 deaths).

	*Reported	Hospitalized	*Died
January	0	0	0
February	0	0	0
March	13	0	0
April	49	32	8
May	5	9	0
June	9	12	0
July	30	29	6
Aug. (thru 28)	172	70	21
	278	152	35

The following table shows Benevento's typhoid experience for the past five years 1939-43 Incl.

Year	Cases typhoid reported	Typhoid deaths
1939	13	2
1940	18	6
1941	7	0
1942	16	1
1943	22	4
	76	13

Conferences were held in Naples with Lt. Col. Miles and Maj. Thompson

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Below is a table showing the typhoid experience by months [illegible] year.
*(corrected report from Medico provinciale gives 301 cases & 33 deaths).

	*Reported	Hospitalized	*Died
January	0	0	0
February	0	0	0
March	13	0	0
April	49	32	8
May	5	9	0
June	9	12	0
July	30	29	6
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1943	22	4
	76	13

Conferences were held in Naples with Lt. Col. Miles and Maj. Thompson prior to going to Benevento. In Benevento conferences were held with the Regional Commissioner, Lt. Col. Armstrong, with Lt. Col. Martinos, Lt. Col. Morrison and Maj. Miller of the School of Hygiene, C.M.T.C. and with Maj. Gluckman, pathologist at the 106th Gen (South African) Hospital, as well as with the Medico Provinciale, the Officiale Sanitario and the City Engineer.

Findings, briefly in general;

1) No field epidemiological investigations, worthy of the name being carried on.
2) No up to date spot map of cases
3) Immunizations being offered 1 hr. daily, those by injection being negligible in amount. Oral vaccine generally used. Est. 18000 oral; 100 innoculation.
4) Sanitation poor, i.e., lack of screening, flies, open sewers, season for eating fresh vegetables (many grown on ground fertilized by human excreta)

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insufficient toilet facilties for emergency housing areas.

5) Water supply consistently giving bad samples (B.Coli)
6) Water in river where bathing practised is contaminated heavily from broken sewers.
7) Poor reporting of cases.
8) Cases not all being isolated in hospital.
9) No apparent interest or great effort on part of civilian public health officials to cope with situation.

Measures instituted (with help of Maj. Gluckman and School of Hygiene):

1) Manifestos placed over town on walls (no newspaper) urging boiling of milk, thorough cleansing of raw vegetables and immunization of all people by inoculation rather than by oral method.

2) Archbishop visited and agreed to have this proclaimed to people in his ten parishes, as well as to urge boiling of water until city supply could be chlorinated, to urge people to refrain from defecating on the [illegible] and to warn that river bathing was dangerous at this time. (This copy given to Lt. Col. Miles).

3) Epidemiological field record form drawn up and mimeographed.

4) Six medical students enlisted to visit all homes where typhoid has occurred this year and gather data for these records. This nearly completed.

5) 2nd City Engr. furnish * description of water and sewer systems and show both on a map which is being used by Maj. Gluckman and on which the Medical Students spot all cases daily. *(This given to Lt. Col. Miles).

6) Maj. Gluckman to do stool cultures for carriers and to assist and supervise in other lab procedures.

7) Morning, afternoon and night sessions now being held for immunization of civilians.

8) Medico provinciale agreed to indicate by sign at point used for bathing on river that river bathing dangerous now.

9) Conferred with Regional Welfare Officer who agreed to send several hundred mattress covers to hospital to be used as sheets on cots previously provided by Lt. Col. Miles.

10) Conferred with Maj. Hill, Region III, Naples who agreed to send a large quantity of "Flit" for use in typhoid wards in hospital.

11) Made arrangements for corpo scatter [illegible]

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11) Make arrangements for more scattered samples for regular bacteriological water analysis.

12) Since ambulance has broken down, made arrangements with Medico Provinciale to requisition horse drawn vehicle so that all patients should reach hospital.

13) Meeting arranged (within next few days) of all physicians to impress necessity for prompt reporting of all suspects and to discourage attempt to immunize orally.

14) At meeting of Health Committee, with sindaco, Maj. Miller, Maj. Gluckman, City Engr., Lt. Col. Morrison, town Major, Garrison Engr. others on nite of 29 Aug., above matters discussed and all agreed that until city water supply could be chlorinated, boiling notices should be issued although it was realized only small percentage would observe. Also, that if more people did not respond to advice to come to center for immunization, teams should make house to house attempts.

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15) Discussed with Lt. Col. Miles possibility of having Col. Hensley's office expedite approval of only sewer repair project not yet approved.

Conclusion

Water: While maps and survey were left with Maj. Gluckman (as were same on sewerage system) and Lt. Col. Miles, respectively, the sources are from separate places and come by 3 aqueducts. One is now of necessity raw as it has no chlorinating apparatus, one raw because they have no chlorinated lime (they were asked for estimates which amounted to 200 Kilo. of Ca hypochlorite per mo., based on 3000 meters of water daily) and the third is filtered and treated with chlorine gas. Distribution of cases indicates that the furnishing of Ca hypochlorite for the aqueduct with equipment is essential.

Sewerage: 1000 meters of sewer are still to be repaired and 3 mo. more work required. Approval not yet secured for the "Viale dei Ratore" project, the most important.

Hospitalization: 80 beds now available. This amount will be doubled, with cots made available by Lt. Col. Miles, when mattress covers arrive. May be still further increased.

Military Cases: 1 sister in So. African hospital, 1 Newfoundland soldier, 1 British Soldier. The two former give history of bathing in river. The latter probably arrived in Benevento with a Para S in the incubation stage.

Maj. Gluckman has had stool containers made in attempt to pick up carriers. Will isolate strains if possible and advise on of developments and percentages of patients with typhoid and Para. B.

The services of a Sanitary Engineer were sorely needed here in connection with survey and advice on water and sewerage and will continually be needed on any filth-borne epidemic. It is strongly urged that this Sub-Commission have one available for use in such instances on request.

ROBERT L. CHERRY,
Major, USPHS, M.C.,
Communicable Disease Officer.

RLC/mtc/ac.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
PUBLIC HEALTH SUB-COMMISSION
Malaria Control Branch

ACC/3005/PH

4 September 1944

SUBJECT: - August Report - Malaria Control Branch.

TO : - Brigadier G.S. Parkinson, Director,
Public Health Sub-Commission, ACC.

1. During August the Malaria Control Branch devoted time and attention to malaria control problems in Regions II, III, IV, V, VI, VII and VIII and the Rome Region, each of which was visited by one or more members of the staff of the Branch.

a. Regions II, III, V and VII:
Captain Manzelli spent 16 days during August visiting Regions II, III, V, and VII. He distributed about 22 Kgs. of chocolate quinine for treatment of children. Malaria rates in these Regions continued low, in most areas lower than in 1943.

Colonel Russell, Captain Tuzio and Lt. Wehrle also visited Region III during the month.

The Demonstration Unit continued its DDT control projects in the Volturno area of Region III.

b. Region VI:
Lieutenant Wehrle of the Control Branch who had been in Sardinia throughout July, remained until the last week of August, visiting all three provinces during the month. Doctor De Muro, also of the staff, spent two weeks in Sardinia. Malaria rates continued low, being only 1/3 to 1/2 those of 1943.

c. Region IV:
Colonel Russell, Major Anderson, and Captain Manzelli, as well as Doctors De Muro and Corradetti made several visits to Region IV during the month. A good deal of time and attention has been given to assisting the RPHO in connection with finance, distribution of drugs, spray-killing, and arrangements for Army Paris greening of Terracina flooded areas. Arrangements were also made to utilize the services of Professor Missiroli in the control of malaria among workers on hydro-electric plant reconstruction at Ceprano.

In conjunction with the Finance, Public Utilities and Agriculture Sub-Commissions, a 48 million lire appropriation was finally made available for essential canal clearance in Littoria Province.

Due to the extensive German sabotage with consequent flooding of vast areas, malaria rates in southern Littoria Province have been higher than in 1943.

d. Rome Region:
Colonel Russell, Major Anderson, and Captain Tuzio made numerous [illegible] Doctor Kumm of the Demonstration

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d. Rome Region:
Colonel Russell, Major Anderson, and Captain Tuzio made numerous visits to malarious areas in the Rome Region. Doctor Kumm of the Demonstration Unit of the Control Branch assumed full charge of the spray-killing program in the Lido, Isola Sacre, and Fiumcino, at the request of RAAC. Professor Missiroli continued his control program in Maccarese. As a result of the cooperative efforts of RAAC, AFHQ, AAI, AAF, ACC, and civilian personnel and units, the transmission of malaria may be said to have been stopped in the Lido, Isola Sacra, and Fiumcino areas and to be under good control elsewhere in the Rome Region.

During the month it was possible to get several pumps into operation so that by the 31st the Maccarese marsh was dry and the Ostia marsh very much reduced in area.

Weekly malaria control meetings of the RAAC have been attended by Colonel Russell, Major Anderson, and members of the Demonstration Unit.

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e. Region VIII:
Colonel Russell and Captain Tuzio made visits to Region VIII during the month. The only area of any malaria importance is Grosseto and here there has been good control, due to extensive and cooperative measures by the RPHO, Region VIII, the 5th Army, and the AAF.

2. Staff Changes:
There have been no staff changes during August, except that Dr. Soper left the theater on T/D 30 August.

3. Demonstration Unit:
A special report will be submitted when received.

PAUL F. RUSSELL
Colonel, M.C.
Chief, Malaria Control Branch.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Public Health Sub-Commission

ACC/3008/PH

1 September 1944

SUBJECT : Report of Veterinary Activities for period 1 August to 31 August, 1944.

TO : Director, Public Health Sub-Commission, HQs. ACC.

1. Foot-and-mouth disease continues to present one of the most serious problems to be solved. The disease continues to spread and has reached Frascati near Rome as well as Campobasso Province. The disease was reported in Perugia province on 30 August, the presence of the disease in Perugia indicates that a second strain of the virus (there are four in all) has appeared. This adds fuel to the fire in that it is entirely possible that a second wave of the disease could sweep southern provinces this year. It also means that all vaccine must be produced by using both strains of the new active virus. The problem of securing cattle in Rome for vaccine production has not yet been solved and no cattle have been secured from Perugia though a total of 32 have arrived from Ascoli Picono. Tentative plans have been made whereby rail transport for 400 cattle will be made available effective 6, September from Perugia to Rome. The undersigned intends to visit Perugia on or about 5 September with the hope of securing cattle for vaccine production in Rome. The Perugia strain of the virus will be harvested in a veterinary laboratory there beginning 4 September. This virus will be shipped to Rome for vaccine production. Enough vaccine has been produced in Rome to immunize one half of the dairy cattle supplying milk to Rome. This vaccine will be administered beginning 4 September. Due to a lack of knowledge about foot-and-mouth disease and its very rapid course with very serious losses, a delay of 20 days in the production of vaccine has occurred. This delay will result in many very valuable animals especially dairy cattle and breeding stock becoming infected with serious losses which could have been prevented. This problem of vaccine production has been engaged by the undersigned in the manner which in his opinion, would produce results most rapidly. There is one last means by which the necessary results may be obtained and that is a trip to Perugia. If this does not produce the necessary cattle, the vaccine cannot be produced unless drastic action is taken by those who possess the necessary authority to bring cattle to Rome.

2. Rabies is a serious problem in Rome and numerous cases in dogs with one human death in Bari have been reported. Rabies in dogs has been reported as follows: positive diagnosis Rome 26, Potenza 1, Avellino 1, Brindisi and Bari 2. Italian veterinarians in each of the provinces mentioned state that all sanitary police measures are being employed to control rabies. In Rome 95 stray dogs have been impounded and destroyed during the month and the impounding continues at a [illegible] handled by this Branch.

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3. Hog cholera is occurring in Campobasso, Foggia, Avellino, Bari, Cosenza, Salerno, Naples, Chieti, Ascoli Piceno, Teramo, Aquila, [illegible] Rieti, Viterbo and Grossato provinces. Both vaccine and antiserum have been made available for use in all of these provinces. It will be necessary to request an additional 1000 liters of antiserum from the United States. Loss of swine from this disease would have been enormous without the supplies and efforts which are being put forth to control it.

4. Swine Erysipelas is occurring sporadically in numerous provinces and in Teramo it is believed to have reached the epidemic state. A large supply of locally produced antiserum and culture vaccine for treatment and prevention has been distributed to Teramo with small quantities to Ascoli Piceno, Aquila and other provinces in need of it. Numerous Italian veterinarians are missing

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the differential diagnosis of hog cholera and swine erysipelas. It will be necessary to include a short course of study in veterinary schools here to prevent these errors in the future.

5. Anthrax in both humans and livestock have been unofficially reported as having occurred recently in Matera, Foggia and Frosinone. Instructions have been sent through the Ministry of the Interior for the provincial veterinarians involved to complete the total immunization of livestock in the provinces immediately, to employ the use of antiserum where necessary and to provide for the proper disposal of infected carcasses.

6. Sheep pox in Brindisi has been completely stamped out through the excellent cooperation of the veterinarian No. 2 District and the employment of sanitary police measures and administration of vaccine by the Provincial veterinarian, Brindisi.

7. The veterinarian No. 2 District has been consulted regarding the possibility of the sheep imported from the middle east bringing in Rinderpest. This is a very serious disease which results in great losses when it occurs. Every possible precaution will be taken to prevent its entry into Italy.

8. Two cases of glanders were reported in Foggia and one case in Bari. All three animals have been destroyed and numerous contact animals mallein tested, the results of which will be forthcoming soon.

9. Sheep scab is causing considerable concern in a few provinces and it is present in every province. Numerous requests have been received for nicotine with which to dip sheep. The Tobacco Institute at Bari is supplying to the limit of its capacity. Instructions in Italian regarding the procedure for the preparation of lime-sulphur dip have been circulated to provincial veterinarians. Lime-sulphur is a very efficient dip for sheep scab and can be prepared readily with lime and sulphur both of which are more plentiful than nicotine at this time.

10. Veterinary supplies other than biologics in the amount of 300,000 lire have been distributed to Italian veterinarians during the past month. These supplies as well as the hog cholera biologics are of great assistance to the Italian veterinarians and it has been through the fine cooperation of the Medical Supply Branch with this Branch that such urgently needed assistance has been afforded. Additional veterinary supplies are needed and a request will be forthcoming when the Ministry of the Interior gives assurance that payment will be made.

11. Meat inspection continues to require little attention because few animals are slaughtered in public abbatoirs as is required by law. The Central Milk pasteurizing plant in Rome is a very well equipped plant with three flash and two holding type pasteurizers. The plant is very poorly operated at the present time because the supply of milk is irregular and insufficient for such a large plant. Capacity of the plant is 250,000 liters daily and only 30,000 liters actually pass through the plant now. Responsible Italian officials are very much concerned about the failure of Italian veterinarians and A.C.C. to produce the necessary vaccine for foot-and-mouth disease so as to prevent the loss of the al-

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12. Italian veterinary personnel has required considerable attention during the past month. A two hour conference took place between the General Director, Public Health Division, Ministry of the Interior and the undersigned, the tentative plans agreed upon were as follows:

a. Every effort would be made by the General Director to enforce that portion of the Italian civil service regulations which requires that all veterinarians age 65 yrs. or over be retired. The enforcement of this regulation has resulted in the retirement of seven veterinarians formerly in the Ministry of the Interior and will place an additional 12 in retirement within the next two months. Replacement for these veterinarians has been tentatively arranged.

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b An acting temporary chief of the veterinary service to be appointed immediately. A permanent chief not to be appointed until all of Italy is liberated.

ROWLAND W. RUSHMORE
Major, Vet. Corps,
Chief, Vet. Branch

RWR/ae

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
PUBLIC HEALTH SUB-COMMISSION
Medical Supply Branch

ACC/3072/PH 4 September 1944

SUBJECT: - August Report - Medical Supply Branch.

TO : - Director, Public Health Sub-Commission, ACC.

1. During the month of August very few medical supplies were received from the U.S.A. A small shipment of Insulin and a few dental instruments were all that was received. There has been reported an expected arrival of 286 tons of medical supplies but at the end of the month these had not arrived. Shipments were however made from Central Medical Depot to Regions I and IV. Likewise, Regions north of Rome and the 5th and 8th Armies have been supplied. There is now however no supplies of Allied origin which can be supplied to the new Southern Region or to newly activated Regions unless this anticipated shipment is off-loaded soon.

2. Regions V, VIII, and Florence were visited by representatives of this Branch to help with supply problems. As far as could be ascertained the medical supply situation in the northern areas is better than was anticipated. Fair stocks were found in Florence and Ancona.

3. Additional effort has been made to obtain neutral glass tubing for the manufacture of vials necessary for packaging biologicals. A requisition being submitted to AFHQ since it did not appear likely that long flame coal would be made available to a glass factory in Naples in time to assure early production. This is an essential requirement if we are to continue obtaining necessary biologicals from local Italian facilities. Further correspondence has been initiated in an attempt to retrieve the medical manufacturing plant at Ancona from Ordnance who now occupy the building.

4. Several conferences have been held with the Italian Government officials of the Ministry of Interior, Public Health Department and with Italian wholesale druggists in an effort to assist the Italian Government to establish an agency which can handle distribution of medical supplies in liberated Italy. These conferences have progressed favorably and it is expected an organization will be perfected in another two weeks.

5. It had been anticipated that the Central Medical Depot would be turned over to the Italian Government for their use, however notice was received from G-5, AFHQ that it was proposed to use this installation and its personnel as an MTO Civilian Medical Depot.

6. With the departure from this theater of the Deputy Director, Public Health Sub-Commission, the Chief, Medical Supply Branch, became the Acting Deputy Director in addition to his other duties.

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M. E. GRIFFIN
Colonel, M.C.
Chief, Medical Supply Branch.

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
PUBLIC HEALTH SUB-COMMISSION
Welfare Branch

4 September 1944

ACC/3078/PH

SUBJECT: - August Report - Welfare Branch.

TO : - Director, Public Health Sub-Commission, ACC.

1. The Ministry of Interior has issued a circular establishing augmented rates for assistance to political ex-internees. For those in camps, the daily rate is L.25 for the head and L.15 for each dependent, and for those living outside of camps, the daily rate is L.30 for the head and L.20 for each dependent. Increases are L.5 for the first category and L.10 for the second.

2. The Ministry of Interior has reaffirmed in writing its intention to proceed with welfare legislation. However, nothing concrete has been formally proposed. It is doubtful, now that epuration proceedings are going on within the Ministry, that any proposal will be made for some time.

3. Assistance was given to the UNRRA Observation Mission in preparing an estimate of the number of children who might be served by a supplemental feeding program and in exploring the methods by which the feeding might take place. The ONMI, Italian maternal and child care organization, was used as one of the chief sources of information.

4. The Italian Government has been asked to develop its policy on the following problems:

a. The law providing care for illegitimate children - as under present arrangements, these receive more assistance than needy legitimate children.

b. The administrative re-organization of the ONMI. In respect to the latter point, there is need for clarification of the status of the Central Headquarters in relation to the Ministry of Interior and its subsections. Further, the provincial and communal branches of the organization should be reconstituted to remove formally the provisions for representation of Fascist groups in the local committees and to provide a new impetus for operation. This is considered by the Welfare Branch to be of great importance as the ONMI is the only Italian organization with the possibility of initiating the much needed corrections in the deplorable conditions existing in respect to needy children.

5. Discussions have been held with Italian Government officials about amounts allowed in their budget for welfare and relief purposes. The amounts proposed are low, but the Italian officials seem to have little interest in raising them.

6. Information was issued to Welfare Officers on the rates payable by the Italian Government for care in institutions, and on the relationship between institutions and government in regard to supervision, financing, and the placing of children in institutions.

7. No field trips were made because of lack of transport.

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Edward E. Silveira

EDWARD E. SILVEIRA,
Captain, Spec Res.
Chief, Welfare Branch. 2295

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
LEGAL SUB-COMMISSION
APO 394

/rlp.
ACC/4043/L. 10 September 1944.

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

TO : Acting Chief Commissioner, ACC.

1. The work of this sub-commission during the month of August 1944 in addition to advisory and legislative work has been principally as follows:

OFFICE OF CHIEF LEGAL OFFICER:

2. A meeting of all RLOs on 1 August at which various questions were discussed; preparation of documents and conferences with representatives of Italian Government with respect to restoration of territory to the Italian administration as of 15 August 1944; considering various proposed amendments to the decree of sanctions against fascism, proposed related legislation and numerous conferences with regard thereto; review of records of various cases involving espionage and other cases including those in which death sentences were given and making recommendations to Acting Chief Commissioner; conferences with ACC officers, Allied Military authorities and Italian Military authorities in Bari regarding unsatisfactory and uncooperative attitude taken by Italian Military Tribunal in connection with trial of cases involving Allied interests; appearance before man-power board to represent officer and enlisted personnel situation in Legal Sub-Commission Headquarters.

3. Continuing with repeated efforts to obtain additional legal officers for northern regions with mediocre success to such extent that at the present time it would be impossible to deal adequately with legal matters in northern regions if the regular form of AMG is to be followed; consideration of Property Control situation and preparation of memorandum and conferences with regard thereto; considering matter of jurisdictional friction between French and Italians in Corsica with regard to trial of Italian military personnel; examination of proposed decree for the restoration of property and other rights taken away under fascism on racial and political grounds; conferences with committee sponsoring decree and preparation of certain letters for Acting Chief Commissioner in this regard; visit to Headquarters, Region V for conferences with RLO of region; weekly conferences with Ministry of Justice.

OFFICE OF CHIEF COUNSEL:

4. Conferences with and advice to various sub-commissions; preparation of opinions for sections and sub-commissions; study of decrees of interest to Labor and Agriculture Sub-Commissions and Economic Section and conferences with Agriculture and Labor Sub-Commission and Economic Section with respect thereto; work on preparation of new preamble to Proclamation No. 1, Revised; proof-reading of English and Italian version of all General Orders submitted by RC&MG Section [illegible] conferences with Property Control Sub-Commission in re its future progra

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

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ITALIAN BRANCH:

5. Besides many legal matters which were the object of discussions with the Minister of Justice and are enumerated hereafter, the activities of the Italian Branch included also the supervision of "epuration" of the Magistracy under the provisions of RDL 159 of 27 July 1944.

6. As stated in the July report, there is no evidence that the fascist conception of justice affected to any great extent the judgments of the great

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majority of senior judges, and as a matter of fact there were more cases of resistance to fascist pressure than of decisions influenced by political intervention. This was not so true of the Public Prosecutor's Departments.

7. However, it was a known fact that a number of high judicial officials by opportunism or conviction had thought fit to indulge in active fascist propaganda. On the other hand a minority of younger elements did join the ranks not only of the fascist party, which in any case they had to do, but of the various categories of pseudo-military formations, such as the milizia, squadre, etc. Therefore, the role of the Ministerial "epuration commission" appeared to be clearly cut and it was expected that their investigations would be concluded in a very short time. On the contrary, until the end of the month very little progress was made and the great majority of officials whose names had been forwarded to the Minister for decision as to suspension, were those of many unfortunate junior officials, holders of some fascist distinction showing up in their record.

8. The few higher officials who also appeared on the lists had previously resigned or had already been dismissed under the provisions of earlier decrees or orders.

9. These facts can be explained by the general feeling that the Deputy High Commissioner intends to use the "epuration" legislation as a political purge and not as a social one, hence strong resistance from the Ministers belonging to other parties; the "esprit de corps" existing between members of the Commissions and officials of the Courts; and also the impression that the Allied authorities who are pressing for results are much more interested in quantity and percentage than in quality and importance. The fact remains that so far the names of fascist propagandists well known to the public have not appeared in any list. It is hoped that the new directives recently issued will help in solving, at least partially, some of the difficulties above stated, but it must be again pointed out that drastic cuts in the ranks of the magistracy cannot be justified by the general attitude of the bench during the fascist regime, that such grand scale "epuration" would only add to the disorganization of the administration of justice, that judges and magistrates, under present conditions are almost irreplaceable as existing salaries will deter any suitable candidates from entering the judicial career and finally that it is the responsibility of AGC to prevent as much as possible, not only the present but even the future breakdown of law and order in Italy.

10. Legal matters discussed with the Minister of Justice during the month of August included the following:

a. The method of appointing judicial officials in Military Government Territory with view of decentralizing the administration of personnel matters and leaving it in the hands of Regional and Provincial Legal Officers and local Italian authorities who would obtract the Ministry whenever it is necessary under Italian law.

b. Financial status and payment of salaries to officials removed by the republican fascist government.

c. The compilation of lists of judicial officials held as prisoners of war in North Africa with view of obtaining their repatriation in order to partially

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c. The compilation of lists of judicial officials held as prisoners of war in North Africa with view of obtaining their repatriation in order to partially alleviate the lack of judicial personnel.

d. Draft Decree abolishing the death sentence in Italian law except in respect to cases tried under military codes and the law on sanctions against fascism as proposed by the Minister.

e. Problem of improvement of drafting technique of the Italian legislation by concentrating the drafting in the Ministry of Justice.

f. Problems of judicial personnel in general.

g. The necessity of radical improvement in the operation of the Courts of Bari; consequent changes of personnel.

h. Recruitment of office personnel for the Courts of Sardinia by an emergency procedure.

i. Extention of the application of the Amnesty Decree to common offences committed during the Allied occupation in provinces since restored to the Italian Government; advisability of another general amnesty.

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j. Enactment of appropriate legislation to deal with the question of jewish, partisan and other antifascist property.

k. Continuation of the Court of Appeal Section at Lucera (Foggia) after the restoration of the Province of Foggia to the Italian Government.

l. Draft Decree on certain emergency amendments to the Code of Penal Procedure.

m. Draft Decree on reorganization of professional organizations of lawyers and notaries.

n. Reform of Codes.

o. Limitation of vacation period in Italian Courts.

p. Draft Decree increasing penalties for unlawful sale of liquor (requested by the Army).

q. Procurement of motor vehicles for various provincial judicial officials.

r. Establishment of a pool of judicial officials for assignments in Northern Italy.

s. Personnel changes in the various departments of the Ministry and in the Courts of Rome.

t. Policy for issuing travel permits for judicial officials, policy for allotting gasoline to cars used by the Ministry for official purposes.

u. Possibility to set up a mess for officials of the Ministry.

v. Necessity to increase salaries of judicial officials in view of the increased cost of living.

w. Reopening of the Military Tribunal at Rome.

x. Reestablishment of the Court at Orvieto (Terni Province) abolished by the fascist government.

y. Investigations of certain disturbances in Calabria and of the conduct of the local Procuratore del Regno.

z. Suggested modification of Art. 166 of the Public Safety Law concerning administrative measures in cases of political character.

aa. New proposals to amend the decree setting out the penalties for failure to deliver certain commodities to People's Granaries.

bb. Functioning of certain Courts of Assizes.

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cc. Interference by Allied authorities with arrests effected by Italian police of Italian civilians employees of Allied authorities.

dd. Method of removal of judicial personnel in Military Government Territory for political reasons.

ee. Local difficulties arising in Sicily out of the excessive number of violations of the People's Granaries law.

ff. Establishment of an Advisory Board of the Procuratore Generale at Sardinia to investigate cases of persons held in prison and awaiting

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11. The activities of the Italian Branch also included:

a. Various conferences with the representatives of the Ministry of Justice and the Ecclesiastical Authorities in respect to the draft of the decree on marriage of members of Allied Forces in Italy; final draft was submitted to AFHQ for approval.

b. Discussions with the representative of the Presidency of the Council of Ministers and study of draft decrees authorizing the Government to appoint Commissioners extraordinary to business enterprises of certain type.

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c. Conferences with representatives of the Jewish Community Committee of Rome and of the Intergovernmental Refugee Committee concerning the draft l undertaking to repeal the racial legislation and to provide a machinery for restoration of Jewish property to legal owners; study of the draft and translation.

d. Preparations for distribution of the reprints of the Brindisi-Salerno legislation and subsequent issues of Gazzetta Ufficiale in newly activated regions.

e. Translation of numerous draft laws by ministerial circulars from Italian into English and translation of several General Orders of the Allied Military Government from English into Italian and proof-reading.

f. Study of the death penalty in Italian law.

g. Numerous interviews with Italian judicial officials for whom transportation had to be obtained to proceed to recently liberated provinces.

OFFICE OF CHIEF JUDICIAL OFFICER:

12. The table below sets out the more serious cases received for review during the month of August:

ESPIONAGE CASES REVIEWED DURING THE MONTH OF AUGUST

(a) Death sentences confirmed.....3
(b) Death sentences commuted.....0
(c) Prison sentences affirmed.....2
(d) Defendants found not guilty.....0
(e) Cases awaiting review but whose appeal period has not expired.....5

SABOTAGE CASES REVIEWED DURING AUGUST

(a) Cases awaiting review but whose appeal period has not expired.....4

DEATH SENTENCES IN CASES OTHER THAN ESPIONAGE OR SABOTAGE

(a) Death sentences confirmed.....3
(b) Death sentences commuted.....1

13. The following items of interest have been reported from the various regions:

Region II - On August 18th an MG Court condemned CLAUDIO MARTIERE to 28 years imprisonment for the murder of an Allied soldier; and on 10th August it sentenced DE BIASE DE Michele to 20 years for theft and sabotage. Advantage was taken of those two cases to spread deterrent propaganda through the press. The Allied Military Police have expressed their full appreciation of the work of ACC Legal Office in this region.

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Region III - Figures have been prepared of the work of MG Courts in the provinces of Naples and Avellino during the month of August and we reproduce them below:

PROVINCE OF	SUMMARY COURT		SUPERIOR COURT		GENERAL COURT		TOTAL
	NG	G	NG	G	NG	G	
Naples	9	1135	-	45	2	7	1198
Avellino	3	15	-	7	-	3	25
TOTALS	12	1150	-	52	2	7	1223

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Region V - No General or Superior Courts held during August. The total of Summary cases dealt with amount to 568.

The RLO reports that with the arrival of troops in the region, proclamation offences are on the increase.

Region VIII - The Regional Commissioner has been authorized to review cases not being cases reserved for review by the Chief Commissioner, and has delegated this power to the RLO.

No General Courts were held in this region during August. Two Superior Court cases and 453 Summary cases were disposed of. The most common offences were infringements of curfew or travelling regulations (355).

Richard H. Wilmer

RICHARD H. WILMER,
Colonel, C.C.
Chief Legal Officer.

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Color Legal (11 x 8.5)

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Education Subcommission

CWW/ams

7 Sept. 1944

REPORT FOR AUGUST, 1944.

A General View

August, the first full month of school vacation, has been a time for taking stock, correcting errors, and preparing for the new educational year.

Preparatory to leaving Sicily and Southern Italy to the Italians without a professional Allied educator, Major Koopman has made two tours of inspection over most of the vast territory, returning to Headquarters with suggestions to the Ministry of Public Instruction for improvement, notably for improvement in the poor quality of administrative personnel.

Region VIII has been activated but not wholly active during August, and Region IX less active than VIII. The Regional Education Officer, Capt. Noe, in Region VIII, assisted by Capt. Milroe, has been busy, when not directly with education, then with errands useful for their colleagues in the Region. Capt. Pratt, for Region IX has spent time at Headquarters, revising all educational directives, effecting agreements with Subcommission for harmonious functioning of all specialists in the field, while clearing up his work as Deputy Educational Director for Region IV(whose detailed work in Littoria was memorialized in our report for July).

The most active work in education for August has been, therefore, in Regions IV and V, with some work in Vth and VIIIth Armies. Headquarters has also been busy with the Ministero in hammering out policies, purging personnel, and effecting new decrees, especially for decentralisation of administration and aid of schools.

A Sicilian Hang-over.

Early in August two of the three Rectors of Sicilian universities bummed a ride to Rome in a white heat of injustice done and full of corrective procedures. Word had reached them of public charges made against us by a group of Roman professors. These charges were broadside not too carefully aimed, which, thought they, had injured them as innocent bystanders. Now when a Sicilian is injured, he is seriously injured, as every Sicilian

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professors -- read to them by -- whom else than? -- an eloquent and fiery Sicilian orator, the Illustrious Rector of Messina University, Rettore Martino:-

His Excellency, the Minister
of Public Instruction.

My Dear Minister,

No doubt that there has come to your Excellency's attention, as to mine, certain criticism of the educational acts of the Allied Military Government in connection with Sicilian Universities. It is lately alleged in the press by the Italian Association of University Professors, for instance, that we acted perhaps in ignorance of Italian law and that the Sicilian Universities permitted us to do so --- and that as a result we filled many important university chairs, and did it contrary to Italian law and prejudicial to the professional rights of scholars not then and not now in liberated territory, proceeding ignorantly if not arbitrarily and without benefit of "Concorsi".

It is true that we filled important university posts; for we found whole faculties without a single titular professor (only 13 of Messina's 50, for instance, were present in Sicily). It is not true that we acted in ignorance, or arbitrarily; and it is inconsiderate to think and unjust to charge that the Sicilian Universities left us uninformed of the law in the premises. Indeed, this Subcommission gratefully acknowledges that but for Sicilian vigilance in informing us, we might well have made serious mistakes. They informed us not only of their rights under ancient law but of their wrongs under Fascist law; for all Italian scholars -- may we not say all Italians? -- appear alike in this: they do not believe in hiding their light under a bushel.

These are times, Your Excellency, that try men's souls, fraying their tempers while jeopardising their security. Transportation is tedious and communication is often inaccurate. When men know not what to trust, alas, they often trust they-know-not-what. In times like these, Your Excellency and I know as philosophers that patience is prudence and forbearance is wisdom. We know, too, from our daily fruitful collaboration, that naked facts are often enough to settle the most fretful problems.

The facts as to our university appointments

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corsi".

It is true that we filled important university posts; for we found whole faculties without a single titular professor (only 13 of Messina's 50, for instance, were present in Sicily). It is not true that we acted in ignorance, or arbitrarily; and it is inconsiderate to think and unjust to charge that the Sicilian Universities left us uninformed of the law in the premises. Indeed, this Subcommission gratefully acknowledges that but for Sicilian vigilance in informing us, we might well have made serious mistakes. They informed us not only of their rights under ancient law but of their wrongs under Fascist law; for all Italian scholars -- may we not say all Italians? -- appear alike in this: they do not believe in hiding their light under a bushel.

These are times, Your Excellency, that try men's souls, fraying their tempers while jeopardizing their security. Transportation is tedious and communication is often inaccurate. When men know not what to trust, alas, they often trust they-know-not-what. In times like these, Your Excellency and I know as philosophers that patience is prudence and forbearance is wisdom. We know, too, from our daily fruitful collaboration, that naked facts are often enough to settle the most fretful problems.

The facts as to our university appointments in Sicily are:

1) that we made no appointments save according to prevailing Italian law (Sicily was Italy to us, we were the Ministry to Sicily, and the prevailing law gave the Ministry great leeway, more leeway than we ever thought of taking);

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With the Ministers.

At least three scheduled conferences with the Minister of Public Instruction were held each week during the month, not to speak of the constant consultation of specialists in the Subcommission with specialists in the Ministry. Such interchange is necessary to keep the machinery going in such fashion that it will keep on going as territory passes from the initiative of the one to the initiative of the other. What is necessary at the level of routine becomes indispensable at the level of strategy, if the schools of Italy are not to suffer from vanity on the one side and hunger for power on the other.

Whether what is both necessary and indispensable will also prove effective depends largely upon the spirit of the enterprise. Since the Subcommission is bent on working itself out of a job as quickly as moving events require and justice permits, the attitude of the Italian educators becomes the permanently important thing to the success of that we have educationally intended in Italy.

The best way to communicate that spirit, with something of its content and much of its direction, is to include as part of our report the Minister's letter to his own constituency. The letter follows in toto:

> To all those who participate in the life of the school -- whether as teachers of any grade, as soldiers, as students, or as functionaries -- I send, with my cordial greetings, an invitation to collaborate with me in the work of educational reconstruction. This work, already underway during the past year in liberated regions, can today be furthered with added scope and efficiency, now that the victorious allied armies are rapidly extending

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MONTHLY REPORTS, ADMIN SUB-COMMS.
AUG., SEPT. 1944

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SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/F

21 September 1944.

SUBJECT : Report of the Finance Sub-Commission, HQ ACC - August 1944.

TO : Brig. G.R. UPJOHN,
Vice President,
Administrative Section.

1. Herewith, for your information, copy of the Report of the Finance Sub-Commission, HQ ACC, for August 1944. 2358

A.P. Grassby Smith
Colonel

Joint Director,
Finance Sub-Commission.

1950

SECRET

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394

13071/F

12 September 1944

REPORT OF THE FINANCE SUB-COMMISSION
HQ ACC FOR AUGUST, 1944

Col. A.P. Griffiey-Smith - Joint Director

Lieut-Condr. J.J. Lawler, USCGR, Acting Joint Director (in place of Col. D.H. Foley, Jr. now in U.S. on temporary duty).

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B. Letter to Italian Government on Tax Revision
C. Division of Responsibilities between Ministries of Finance and Treasury
D. Provincial Tax Appeal Commissions
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G. Treatment of Suspended Public Employees

I. DEFASCISTIZATION

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I. DEFASCISTIZATION

A. Progress made by Italian Government

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

2. It was first proposed that the Ministry of the Treasury should have three "Commissioni di Epurazione" and the Ministry of Finance one. The first of the Treasury Commissions was for the Administrative Staff, Central and Provincial, the second for Ragioneria dello Stato, Central and Provincial, and the third to deal with Banks, Enti, and miscellaneous financial institutions. After the Treasury was asked to state which of the Institutes it thought were dependent on it, it became clear that it would be advisable to make the third Commission serve both Finance and Treasury.

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3. On 16th August, a letter was addressed by Finance Sub-Commission to both Ministers, calling for a weekly statement under the following heads:

(a) List of names of officials against whom allegations have been made.
(b) List of names of officials whose cases have been decided with an indication of the Commission's decisions.
(c) List of names of officials whom the Commission has reported for judicial action to the courts.

On 17th August, the Commissions were handed 210 separate dossiers containing charges against individual officials which had been brought by employees of the Ministries on various grounds.

4. No weekly progress reports have as yet been received as the staffs of the Commissions are said to have been fully occupied in the work of preliminary organization. The composition of the Commissions is shown in Appendix A.

B. Plans for North Italy

1. Teams of Guardia di Finanza personnel are being trained to make preliminary surveys, for defascistization purposes, with respect to the financial centers of Northern Italy when this area comes under AMG control.

C. Further Implementation of the Sanctions Against Fascism

1. Sequestration of Fascist profits

(a) The Finance Sub-Commission is currently taking an active interest in the implementation of Part III of the decree of 27 July 1944 providing for sanctions against Fascism. This Section provides for the sequestration of profits derived from "participation in or adherence to the Fascist regime". The basic date for purposes of calculation has been fixed as 28 October 1922. References were made in this connection to the text of the decree which was attached to the monthly report of the Finance Sub-Commission for July 1944 as Appendix A. There is considerable confusion at the present time owing to the lack of clear directives as to what shall constitute unjust enrichment and the relationship of this to political Fascism as well as war profits.

(b) This Sub-Commission is presently engaged in assisting the High Commissioner charged with the administration of Part III of the decree in question to establish precise objectives and methods of procedure. The decree conflicts with the new tax bill providing for extraordinary levies on war profits and also with the proposed new war profits bill of the Ministry of Finance.

2. Commissioners for private enterprises

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2. Commissioners for private enterprises

The Italian Government is prepared to issue a decree giving it the power to appoint commissioners to administer private enterprises the personnel of which are suspected of fascist activity. If drafted, the decree would allow too much opportunity for innocent enterprises to be looted by political interests. The Finance Sub-Commission is preparing an alternative proposal embodying strict judicial supervision both of the appointment and administrative activity of commissioners.

II. GOVERNMENT FINANCE

A. The Italian Government Deficit and Government Financial Operations

1. Reduction in interest rates

As has been mentioned in earlier monthly reports, commercial bank interest rates are based on the Banca d'Italia 4½% rediscount rate and this combination of rates necessarily is an important factor in maintaining the high interest rate paid on government borrowings. In preparation for floating a new long-term government loan at a rate lower than 5% when substantially all of Italy is liberated, many discussions have

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taken place looking toward a reduction of the rediscount rate, commercial rates, and B.T.O. rates. Agreement among Treasury representatives, Banca d'Italia representatives and commercial bankers has finally been achieved and it has been decided to lower the rediscount rate and the commercial rate one half of one per cent with a similar reduction to follow shortly in B.T.O. rates. A continuing study of the situation will be made in the hope of effecting another decrease of one half of one per cent within another month.

2. The deficit for July

The data available indicate that the Government deficit for July was approximately 4.5 billion lire, a substantial increase over the 3.4 billion lire figure registered for June. The total deficit for the period 1 July, 1943 through 31 July, 1944, is approximately 38 billion lire.

3. Investment in Buoni del Tesoro Ordinari

For the reasons explained in paragraph 4 below, statistics for the whole area of liberated Italy on the net investment in Buoni del Tesoro Ordinari (Treasury bills) are not available. However, the complete figures for the city of Rome have been furnished and are of great interest. For the period 1 - 31 August, the excess of purchases of Buoni del Tesoro Ordinari over payments was 3.5 billion lire. The significance of this development may be realized from the fact that the comparable figure for Rome in July was only 312 million lire. Net investment in BTOs for all of liberated Italy south of the 11 May, 1944 line (roughly south of the northern boundries of Naples - Campobasso Provinces) was approximately 2 billion lire; Rome city in one month has almost tripled this figure. It is striking evidence of financial confidence.

4. Current financial statistics for liberated Italy

(a) The July Report of Finance Sub-Commission described the considerable disruption that occurred in the Banca d'Italia's reporting mechanism when the Italian Government moved from Salerno to Rome. The forecast was made, too optimistically, that detailed financial information would soon be available for all of liberated Italy. However, the Banca d'Italia states that it is receiving only a scattering of reports from its branches, often quite delayed. There can be no doubt that the very great transport and communication difficulties (which are increasing rather than lessening) are largely to blame for the lag in reports. A further factor is the withdrawal of our finance officers from the southern areas of Italy; as of this date there are only five finance officers for the entire area of the mainland south of Naples, Sicily, and Sardinia. The constant contact of finance officers in the field with the various branches of the Banca d'Italia emphasized the necessity for prompt reports; this stimulant is now lacking.

(b) The preparation of the banking statistics regularly carried in this Report was under the supervision of a Finance Sub-Commission officer who is now on full-time temporary duty in the office of the Vice-President, Economic Section. Since his transfer to the new work, such statistics as have been presented by the Banca d'Italia have been

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(c) The failure of the Banca d'Italia to establish promptly an efficient statistical service is being made a matter of immediate investigation by this Sub-Commission and aid is being given to Banca d'Italia by field finance officers in forwarding reports through official channels.

B. Taxation

1. Tax revision

(a) At the suggestion of this Sub-Commission, a letter was addressed to the President of the Council by the Acting Chief Commissioner of ACC, urging that measures relating to tax revision should receive early attention. This letter is reproduced in Appendix B.

(b) It was reported last month that the Cabinet had approved a decree amending the war profits tax and that at our request the Minister of Finance agreed to postpone its registration until we had had an opportunity of studying it. The points raised and

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the counter arguments advanced by the Minister were as follows:

(1) Coverage: Profits from sale of grain exempted. The Minister said that the Government was unanimous that at this time of urgent national need nothing should be done which might lead to a smaller quantity of grain being turned over to the Granai del Popolo. He proposed in his general tax revision scheme to increase the tax on farm profits. (In the draft received the tax on farm profits has been raised from 10% to 20%.) The Minister insisted that the black market profit clause should remain because assessing officers were often able to prove increased income but unable to prove the source. Provision for this contingency already exists in their taxation laws. The impression was gained that the clause was inserted in order to satisfy public demand that black market profits should not escape taxation.

(2) Rates and exemptions: no increase in rates. The Minister claims that a very considerable increase in revenue will ensue from the increased assessments resulting from the enforcement of the heavy penalties for failure to make returns or making incorrect returns, also from the repeal of certain sections of the existing decree under which Companies making large profits have been able to evade tax. (The sections repealed allowed an addition to the profits of 1938, which is the standard year on which the ascertainment of "war profits" is based, of a proportion of profits made in subsequent years from contracts for governmental supplies. Under our conception of a war profits tax, these are precisely the the profits at which the tax is aimed.)

(3) Penalties: The clause covering penalties for incorrect declaration of income contains no provision making it compulsory for proper accounts to be kept. The Minister thought this unnecessary as the Appeal Commissions had the power to call for accounts. This is not a satisfactory answer because all cases do not go to appeal. It is interesting to note here that the need for such provision has been suggested many times to three successive Finance Ministers without a sign of success.

(4) Assessment times: The period of limitation of action for assessing the tax, i.e., 31 December of the year subsequent to the one when the application of the tax shall finish, is too short. Six years was asked for; the Minister agreed to amend it from one to three years.

It is our conclusion that this tax contains many much needed amendments which will tighten up the machinery of assessment. A point in its favor is that it is the first step in educating the taxpayer to make returns of income. Though he may still avoid making a return by concluding a "concordato", there is a penalty attached to this amounting to a quarter as much again of the tax payable. The most serious objection to it is that it does not provide for an increase in rates. As regards the Minister's statement that without increased rates the amendments will result in a very considerable increase of revenue, there is no doubt that there will be an increase, but its extent on an unknown factor, the assiduity with which local officials apply the penalty

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(c) The special Committee formed to make a study of state and local taxation has met frequently throughout the month. After completing the work on the War Profits Tax, reported above, it decided to amalgamate in one decree amendments of the following taxes:

(1) Imposta di Ricchezza Mobile
(2) Esenzioni alle Famiglie Numerose
(3) Imposta sui Celibi
(4) Imposta ordinaria sul Patrimonio
(5) Imposta sui Terreni
(6) Imposta Complementare

The draft decree was received on the 31st August, and is in course of being translated and studied.

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(d) Ente Nazionale per la Distillazione: The Minister has been reminded throughout the month that the vexed question as to whether the distillery industry should continue to be subsidized by the tax on wine is still unsettled. He has endeavored without success to arrange a meeting between the Ministers of Agriculture, Industry and Commerce, and himself. The point will continue to be pressed.

2. Ministries of Treasury and Finance

(a) Security. The signature of the Ministers to a certificate that they were prepared to accept responsibility for the security of the buildings occupied by the various departments of the Ministries was obtained on the 2nd August, to take effect at 0900 hours, 4th August. The special security guards were duly relieved at that hour by the normal Guardia di Finanza. Up to the evening of 3rd August, the total number of passes issued, authorizing admission to Ministry buildings, was 1775. As from 4th August, no control has been exercised by ACC in this respect.

(b) Staff. At 31 August, the staff situation was as follows:

	In Service on 8th September 1944			
	Sent to North or Dismissed	Left in Rome	Resumed Service In Rome	Available but not yet taken into service
Ministry of Treasury:				
Administrative Departments	871	851	697	154
Ragioneria Gen. dello Stato	351	963	810	152
Ministry of Finance	81	628	407	221
	1,303	2,441	1,914	527

(c) Division of responsibilities as between the Ministers of Finance and Treasury. As has been reported, the formation of the Bonomi Government brought with it the revival of the Ministry of the Treasury, which last functioned separately in pre-Fascist days. On the 24th August, 1944, a Decree was enacted, determining in part which departments should fall under the Ministry of Finance and which under the Treasury. Extracts from the decree are reproduced in Appendix C.

3. Revenue Stimulation

(a) During the month, six officers of the Revenue Sub-Section have visited or have been attached to 5th Army and Regions IV, V, VI and VIII. In the forward areas and badly damaged zones, activity has been directed mainly at rehabilitation of destroyed and evacuated offices, granting of "tolleranza" applicable to June and August bimestrial collections, vesting of provincial and district officials with authority to deal with abnormal situations [illegible]

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(b) The importance attached to the re-activation of central, provincial, and district commissions for the settlement of appeals against tax assessments has been mentioned in previous reports. Under the Decree of March 1944, the setting up of the District Commissions is done at Provincial level. Nominations for the Provincial Commissions have to be approved by the Minister of Finance. The Central Commission is the responsibility of the Minister and has to be the subject of a Decree. Every Italian tax official is aware of the large amounts of tax remaining unpaid as a result of the non-functioning of these Commissions and yet it is true of all levels, from the Minister down, that until Finance Sub-Commission officers have brought pressure to bear, little has been done to re-activate them. Taxpayers in increasing number are taking advantage of the position by entering appeals for no reason other than as an excuse to withhold payment of tax. CFO's Armies and RFO's forward Regions have been asked to keep the Provincial and District Commissions functioning as constituted at the time of liberation until such time as the Commissions under the provisions of the March 1944 decree can be set up. The Minister has been asked to prepare a decree setting up the Central Commission.

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It is proposed to maintain this drive and in order that progress may be recorded, a statement has been prepared showing the position as at 31 August, 1944 (See Appendix D).

(c) The compilation of information concerning the state of industries affected by manufacturing taxes with a view to re-activation of those not working is still proceeding. Factors affecting re-activation of such industries are shortage of fuel, power, and raw materials.

4. Revenue Collections

(a) The detailed records of State Revenue from which the State Accounts are compiled by the Ministry of the Treasury were examined. These records are very incomplete, not only for the south of Italy, but also for the central and northern provinces with which the Ministry was in recent contact. No real effect to maintain a centralized record of Italian State Revenue has been made since June 1943 and it will be some time before a current and detailed picture of the State Accounts can be obtained. It was impressed upon the Ministerial Officials responsible that their records should be brought up to date as soon as possible.

(b) As a result of the letter of instruction regarding the forwarding of State Revenue from the Provincial Centers (see July Report of Finance Sub-Commission), returns for July 1944 were received from 38 of the 45 liberated Provinces. These returns were made available to the Ministry of the Treasury and the Bank of Italy. Statements have been prepared by this Sub-Commission as follows:

(i) Total revenue collections for the 38 Provinces from which returns were received, for the 1943/44 fiscal year to 30 June 1944 and for the first month of the 1944/45 fiscal year.

(ii) The data contained in (i) above analysed over the main revenue heads.

(iii) An analysis of the main revenue collections for the year 1943/44 of the 27 liberated Provinces which have been under ACC/AMG control for some time.

(c) The total gross revenue collections for the 38 liberated Provinces for the year ended 30 June 1944 amounted to 13,105 million lire. Of this sum 5,435 million lire is in respect of the 27 old liberated Provinces. The equivalent figures for the first month of the fiscal year 1944/45 are 291 and 228 million lire respectively. The collection result of the newly liberated Provinces are naturally poor, due to almost complete lack of communications in the immediate battle area and in some cases to the destruction of tax offices or the evacuation of office staffs.

The results for the 27 liberated Provinces indicate that the improvement in revenue is being well maintained. The following tables on pages 7, 9 and 12 refer to the above sub-paras (i), (ii) and (iii) respectively.

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Enclosure F.

ITALIAN STATE REVENUE

Schedule showing gross cash collections for the fiscal year 1943-1944 (to 30 June, 1944), and gross cash collections for the first month of the fiscal year 1944-45 (July, 1944), analysed over Provinces from which returns have been received. (38 Provinces, of which 27 are "Old" and 11 "New").

(in millions of lire)

Administrative District (Compartimenti)	Province	Fiscal Year 1943-44 (to June 30, 1944) On Account of Current Revenue	On Account of Former Years' Arrears	Total Collections 1943-44	Fiscal Yr. 44/45 1st Mon. July 44. On Account of Current Revenue
Sicilia	Agrigento	60.0	2.5	62.5	3.8
	Caltanissetta	53.8	1.7	55.5	2.7
	Catania	199.0	5.6	204.6	19.2
	Enna	52.7	1.5	54.2	.9
	Messina	98.4	1.6	100.0	5.6
	Palermo	469.4	12.6	482.0	19.9
	Ragusa	55.2	.8	56.0	1.7
	Siracusa	66.2	.6	66.8	5.8
	Trapani	110.3	-	110.3	3.8
		1,167.0	26.9	1,193.9	63.4
Sardegna	Cagliari	305.0	26.6	331.6	6.1
	Nuoro	48.0	1.2	49.2	.4
	Sassari	173.5	2.5	176.0	2.3
		526.5	30.3	556.8	8.8
Puglie	Bari	1,366.1	29.5	1,395.6	39.3
	Brindisi	94.6	22.0	116.6	2.5
	Foggia	160.2	1.1	161.3	3.6
	Taranto	171.0	7.2	178.2	6.0
	Lecce	152.0	3.2	155.2	10.0
		1,943.9	63.0	2,006.9	61.4
Lucania	Matera	34.5	.8	35.3	.7
	Potenza	42.0	1.0	43.0	1.0
		76.5	1.8	78.3	1.7
Calabria	Catanzaro	101.9	2.9	104.8	3.6
	Cosenza	89.9	2.5	92.4	2.3
	R. Calabria	73.5	8.0	81.5	1.5
		265.3	13.4	278.7	7.4

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Sicilia	Agrigento	60.0	2.5	62.5	3.8
	Caltanissetta	53.8	1.7	55.5	2.7
	Catania	199.0	5.6	204.6	19.2
	Enna	52.7	1.5	54.2	.9
	Messina	98.4	1.6	100.0	5.6
	Palermo	469.4	12.6	482.0	19.9
	Ragusa	55.2	.8	56.0	1.7
	Siracusa	66.2	.6	68.8	5.8
	Trapani	110.3	-	110.3	3.6
		1,167.0	26.9	1,193.9	63.4
Sardegna	Cagliari	305.0	26.6	331.6	6.1
	Nuoro	48.0	1.2	49.2	.4
	Sassari	173.5	2.5	176.0	2.3
		526.5	30.3	556.8	8.8
Puglie	Bari	1,366.1	29.5	1,395.6	39.3
	Brindisi	94.6	22.0	116.6	2.5
	Foggia	160.2	1.1	161.3	3.6
	Taranto	171.0	7.2	178.2	6.0
	Lecce	152.0	3.2	155.2	10.0
		1,943.9	63.0	2,006.9	61.4
Lucania	Matera	34.5	.8	35.3	.7
	Potenza	42.0	1.0	43.0	1.0
		76.5	1.8	78.3	1.7
Calabria	Catanzaro	101.9	2.9	104.8	3.6
	Cosenza	89.9	2.5	92.4	2.3
	R. Calabria	73.5	8.0	81.5	1.5
		265.3	13.4	278.7	7.4
Campania	Avellino	58.5	1.1	59.6	1.5
	Benevento	46.0	.3	46.3	3.2
	Napoli	1,037.9	19.4	1,057.3	73.0
	Salerno	115.5	2.4	117.7	6.1
		1,257.7	25.2	1,280.9	83.8
	Forward	5,236.9	158.6	5,395.5	226.5

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(ITALIAN STATE REVENUE, Con't.)

Administrative District (Compartimenti)	Province	Fiscal Year 1943/44 (to June 30, 1944) On Account of Current Revenue	On Account of Former Years' Arrears	Total Collections 1943-44	Fiscal Yr. 44/45 1st Mon. July 44. On Account of Current Revenue
Forward		5,236.9	158.6	5,395.5	226.5
Abbruzzi e Molise	Aquila	76.8	1.2	78.0	.2
	Campobasso	39.3	.4	39.7	1.1
	Chieti	19.5	2.7	22.2	.1
	Pescara	-	(No returns)	-	-
	Teramo	29.8	.7	30.5	.7
		165.4	5.0	170.4	2.1
Lazio	Frosinone	11.1	1.1	12.2	-
	Litteria	-	(No returns)	-	-
	Rieti	34.0	1.1	35.1	.4
	Roma	4,890.3	642.4	5,532.7	46.7
	Viterbo	35.7	1.2	36.9	.5
		4,971.1	645.8	5,616.9	47.6
Umbria	Perugia	-	(No returns)	-	-
	Terni	-	(No returns)	-	-
		-	-	-	-
Marche	Ancona	261.7	1.8	263.5	-
	Ascoli Piceno	-	(No returns)	-	-
	Macerata	61.5	1.7	63.2	.4
	Pesaro	-	(No returns)	-	-
		323.2	3.5	326.7	.4
Toscana	Arezzo	-	(No returns)	-	-
	Firenze	1,219.3	19.4	1,238.7	12.9
	Grosseto	-	(No returns)	-	-
	Livorno	-	(No returns)	-	-
	Lucca	-	(No returns)	-	-
	Massa Carrara	-	(No returns)	-	-
	Pisa	-	(No returns)	-	-
	Pistoia	-	(No returns)	-	-
	Siena	354.5	2.6	357.1	1.6
		1,573.8	22.0	1,595.8	14.5
	Grand Total	12,270.4	834.9	13,105.3	291.1

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~~ANNEXURE~~ 5

ITALIAN STATE REVENUE

Schedule showing Revenue Cash Collections for the fiscal year 1943/44 (to 30 June, 1944) and for the first month of the fiscal year 1944/45 (July 1944) analysed over the Main Revenue Heads.

(Million lire)

GRAND SUMMARY OF 38 PROVINCES

		Fiscal Year 1943/44 (to June 30, 1944)			Fiscal Year 1944/45 (July, 1944)
		On Account of Current Revenue	On Account of Former Years' Arrears	Total Collections 1943/44	On Account of Current Revenue
Capo I	Manuf. Taxes	395.3	21.7	417.0	19.6
" II	Customs & Harbourage	176.7	31.1	207.8	26.8
" IV	Monopolies	2,875.0	23.0	2,898.0	60.3
" V	Lotteries	105.9	12.6	118.5	4.8
" VI	Direct Taxes	3,145.4	66.0	3,211.4	16.6
" VIII	Indirect Taxes	3,696.3	65.9	3,762.2	148.4
OTHER REVENUE, Including Capo X, (Treasury).		1,875.7	614.8	2,490.5	14.7
	Total	12,270.3	835.1	13,105.4	291.2

1. Summary for Sicily (All nine Provinces)

Capo I	Manuf. Taxes	43.4	.2	43.6	3.0
" II	Customs & Harbourage	74.2	2.2	76.4	16.0
" IV	Monopolies	181.5	1.2	182.7	4.9
" V	Lotteries	16.0	.0	16.0	1.7
" VI	Direct Taxes	376.8	9.1	385.9	2.9
" VIII	Indirect Taxes	400.7	12.1	412.6	34.7
OTHER REVENUE, Including Capo X, (Treasury).		74.3	2.0	76.3	.3
	Total	1,166.9	26.8	1,193.7	63.5

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Capo I	Manuf. Taxes	395.3	2.7	417.0	19.8
" II	Customs & Harbourage	176.7	31.1	207.8	26.8
" IV	Monopolies	2,875.0	23.0	2,898.0	60.3
" V	Lotteries	105.9	12.6	118.5	4.8
" VI	Direct Taxes	3,145.4	66.0	3,211.4	16.6
" VIII	Indirect Taxes	3,696.3	65.9	3,762.2	148.4
OTHER REVENUE, Including Capo X, (Treasury).		1,875.7	614.8	2,490.5	14.7
	Total	12,270.3	835.1	13,105.4	291.2

1. Summary for Sicily (All nine Provinces)

Capo I	Manuf. Taxes	43.4	.2	43.6	3.0
" II	Customs & Harbourage	74.2	2.2	76.4	16.0
" IV	Monopolies	181.5	1.2	182.7	4.9
" V	Lotteries	16.0	.0	16.0	1.7
" VI	Direct Taxes	376.8	9.1	385.9	2.9
" VIII	Indirect Taxes	400.7	12.1	412.8	34.7
OTHER REVENUE, Including Capo X, (Treasury).		74.3	2.0	76.3	.3
	Total	1,166.9	26.8	1,193.7	63.5

2. Summary for Sardinia (All three Provinces)

Capo I	Manuf. Taxes	13.6	.2	13.8	.8
" II	Customs & Harbourage	8.8	.2	9.0	2.0
" IV	Monopolies	150.4	21.7	172.1	-
" V	Lotteries	.2	.0	.2	.0
" VI	Direct Taxes	73.0	3.2	76.2	.1
" VIII	Indirect Taxes	115.3	1.4	116.7	4.6
OTHER REVENUE, including Capo X, (Treasury).		165.0	3.5	168.5	1.2
	Total	526.3	30.2	556.5	8.7
	Forward	1,693.2	57.0	1,750.2	72.2

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B/Forward	1,693.2	57.0	1,750.2	72.2

3. Summary for Puglie (All five Provinces)

	Fiscal Year 1943/44 (to June 30, 1944)			Fiscal Year 1944/45 (July, 1944)
Capo I Manuf. Taxes	89.7	10.9	100.6	10.8
" II Customs & Harbourage	35.1	11.1	46.2	4.4
" IV Monopolies	875.7	-	875.7	14.5
" V Lotteries	10.2	2.0	12.2	.1
" VI Direct Taxes	429.8	12.3	442.1	5.4
" VIII Indirect Taxes	301.7	5.5	307.2	21.0
OTHER REVENUE, Including Capo X, (Treasury).	201.7	21.2	222.9	5.3
Total	1,943.9	63.0	2,006.9	61.5

4. Summary for Lucania (Both Provinces)

Capo I Manuf. Taxes	2.0	-	2.0	.1
" II Customs & Harbourage	-	-	-	-
" IV Monopolies	.7	-	.7	-
" V Lotteries	.1	-	.1	-
" VI Direct Taxes	34.2	1.2	35.4	.1
" VII Indirect Taxes	32.1	.3	32.4	1.3
OTHER REVENUE, Including Capo X, (Treasury).	7.4	.2	7.6	.1
Total	76.5	1.7	78.2	1.6

5. Summary for Calabria (All three provinces)

Capo I Manuf. Taxes	8.2	.2	8.4	.4
" II Customs & Harbourage	.4	-	.4	-
" IV Monopolies	42.1	-	42.1	2.2
" V Lotteries	.3	-	.3	-
" VI Direct Taxes	109.1	9.6	118.7	.6
" VIII Indirect Taxes	93.9	3.1	97.0	4.1
OTHER REVENUE, Including Capo X, (Treasury).	11.4	.4	11.8	-
Total	265.4	13.3	278.7	7.3

6. Summary for Campania (All four provinces)

Capo I Manuf. Taxes	37.9	-	37.9	3.0
" II Customs & Harbourage	27.9	-	27.9	4.4
" IV Monopolies	275.7	-	275.7	29.3

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Capo I	Manuf. Taxes	2.0	-	2.0	.1
" II	Customs & Harbourage	-	-	-	-
" IV	Monopolies	.7	-	.7	-
" V	Lotteries	.1	-	.1	-
" VI	Direct Taxes	34.2	1.2	35.4	.1
" VII	Indirect Taxes	32.1	.3	32.4	1.3
OTHER REVENUE, Including Capo X, (Treasury).		7.4	.2	7.6	.1
	Total	76.5	1.7	78.2	1.6

5. Summary for Calabria (All three provinces)

Capo I	Manuf. Taxes	8.2	.2	8.4	.4
" II	Customs & Harbourage	.4	-	.4	-
" IV	Monopolies	42.1	-	42.1	2.2
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	109.1	9.6	118.7	.6
" VIII	Indirect Taxes	93.9	3.1	97.0	4.1
OTHER REVENUE, Including Capo X, (Treasury).		11.4	.4	11.8	-
	Total	265.4	13.5	278.7	7.3

6. Summary for Campania (All four provinces)

Capo I	Manuf. Taxes	37.9	-	37.9	3.0
" II	Customs & Harbourage	27.9	-	27.9	4.4
" IV	Monopolies	275.7	-	275.7	29.3
" V	Lotteries	54.1	-	54.1	3.0
" VI	Direct Taxes	417.1	11.9	429.0	3.7
" VIII	Indirect Taxes	372.5	8.3	380.8	36.6
OTHER REVENUE, Including Capo X, (Treasury).		72.5	2.9	75.4	4.0
	Total	1,257.7	23.1	1,280.8	84.0

7. Summary for Abbruzzi & Molise (Aquila, Campobasso, Chieti & Teramo)

Capo I	Manuf. Taxes	9.6	1.2	10.8	-
Capo II	Customs & Harbourage	-	.1	.1	-
" IV	Monopolies	-	-	-	-
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	51.6	2.5	54.1	-
" VIII	Indirect Taxes	51.9	.7	52.6	1.9
OTHER REVENUE, Including Capo X, (Treasury).		52.0	.5	52.5	-
		165.4	5.0	170.4	1.9
	Forward	5,402.1	165.1	5,565.2	228.5

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(ITALIAN STATE REVENUE, Cont'd.)

	B/Forward	5,402.1	163.1	5,565.2	228.5

8. Summary for Lazio (Frosinone, Rieti, Rome, Viterbo).

Capo I	Manuf Taxes	91.9	8.9	100.8	.2
" II	Customs & Harbourage	19.5	17.6	37.1	-
" IV	Monopolies	681.6	-	681.6	9.5
" V	Lotteries	16.2	4.3	20.5	-
" VI	Direct Taxes	1,200.9	2.5	1,203.4	1.8
" VIII	Indirect Taxes	1,759.6	29.7	1,789.3	35.9
OTHER REVENUE, Including Capo X, (Treasury).		1,201.4	582.8	1,784.2	2.2
	Total	4,971.1	645.8	5,616.9	47.6

9. Summary for Umbria (No returns received)

10. Summary for Marche (Ancona & Macerata).

Capo I	Manuf. Taxes	14.3	-	14.3	-
" II	Customs & Harbourage	.9	-	.9	-
" IV	Monopolies	155.3	-	155.3	-
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	71.9	2.5	74.4	.1
" VII	Indirect Taxes	71.6	.6	72.2	.3
OTHER REVENUE, Including Capo X, (Treasury).		8.9	.3	9.2	-
	Total	323.2	3.4	326.6	.4

11. Summary for Tuscana (Firenze, Siena).

Capo I	Manuf. Taxes	84.6	-	84.6	1.2
" II	Customs & Harbourage	9.9	-	9.9	-
" IV	Monopolies	511.9	-	511.9	-
" V	Lotteries	8.2	6.2	14.4	-
" VI	Direct Taxes	381.1	11.0	392.1	1.8
" VIII	Indirect Taxes	497.1	4.0	501.1	10.0
OTHER REVENUE, Including Capo X, (Treasury).		81.1	.8	81.9	1.5
	Total	1,573.9	22.0	1,595.9	14.5

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9. Summary for Umbria (No returns received)

10. Summary for Marche (Ancona & Macerata).

Capo I	Manuf. Taxes	14.3	-	14.3	-
" II	Customs & Harbourage	.9	-	.9	-
" IV	Monopolies	155.3	-	155.3	-
" V	Lotteries	.3	-	.3	-
" VI	Direct Taxes	71.9	2.5	74.4	.1
" VII	Indirect Taxes	71.6	.6	72.2	.3
OTHER REVENUE, Including Capo X, (Treasury).		8.9	.3	9.2	-
	Total	323.2	3.4	326.6	.4

11. Summary for Tuscana (Firenze, Siena).

Capo I	Manuf. Taxes	84.6	-	84.6	1.2
" II	Customs & Harbourage	9.9	-	9.9	-
" IV	Monopolies	511.9	-	511.9	-
" V	Lotteries	8.2	6.2	14.4	-
" VI	Direct Taxes	381.1	11.0	392.1	1.8
" VIII	Indirect Taxes	497.1	4.0	501.1	10.0
OTHER REVENUE, Including Capo X, (Treasury).		81.1	.8	81.9	1.5
	Total	1,573.9	22.0	1,595.2	14.5

GRAND TOTAL	12,270.3	834.3	13,104.6	291.0

£ 2352

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

Two-monthly Comparative Statement of State Revenue Collections for the "27 old Liberated Provinces" for the 1943/44 Fiscal Year ending 30 June. 1944, analysed over the Main Revenue Heads

(millions of lire)

Revenue Head	Collections 6 mos. to 31 December 1943	Collections Jan.& Feb. 1944	Collections Mar.& Apr. 1944	Collections May & June 1944	Total for Fiscal Year 1943/1944
Direct Taxes	596.2	226.6	323.1	361.8	1,507.7
Indirect Taxes	323.6	209.0	321.7	508.6	1,362.9
Manufacturing Taxes	63.0	27.9	52.4	63.8	207.1
Lotteries	14.5	12.3	17.9	38.4	83.1
Monopolies	426.6	186.1	449.4	487.0	1,549.1
Customs and Harbourage	15.0	7.1	38.4	99.4	259.9
	1,438.9	669.0	1,202.9	1,559.0	4,869.8

5. Customs

In a previous report reference was made to draft instructions for the restoration of customs control and the suspension of duties on imports and exports. As, however, the liberation of all Italy and the resumption of commercial traffic over the land boundaries, and possibly in the Mediterranean, appear now to be very near, fresh draft instructions, restricting the temporary suspension of duties to Allied imports and exports, have been prepared for submission to the Economic Section. Practically all ACC/AMG imports for civilian use are sold below landed cost. The immediate revenue benefits which would accrue from the imposition of the normal import duties would be counterbalanced by an increase in the subsidies chargeable to the State. This is the principle argument for temporary suspension. Imports are, however, being kept under review individually and, if and when it can be justified in respect of particular goods, reimposition will be recommended. A study is being made of Italian tariffs, commercial treaties, trade agreements and of the changes made during the Fascist regime, for purpose of defascistization and revision. G-5 Section, AFHQ, are studying future trade and customs policy and will be advised of our conclusions and recommendations.

6. Lottery (Lotto)

(a) As communications improve, the Lotto is being extended to fresh areas. A proposal by the Lotto chief to introduce a "Lottery" for National Reconstruction, etc." with our comments thereon, is now being considered by the Ministry of Finance.

(b) A suggestion was made by a Press representative that the Lotto should be "boosted" in the "Union Jack", a British Army publication. He was advised that while a brief history of the Lotto in Italy might find interested readers, any direct encourage-

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1,498.9	669.0	1,202.9	1,599.0	4,869.8

5. Customs

In a previous report reference was made to draft instructions for the restoration of customs control and the suspension of duties on imports and exports. As, however, the liberation of all Italy and the resumption of commercial traffic over the land boundaries, and possibly in the Mediterranean, appear now to be very near, fresh draft instructions, restricting the temporary suspension of duties to Allied imports and exports, have been prepared for submission to the Economic Section. Practically all ACC/AMG imports for civilian use are sold below landed cost. The immediate revenue benefits which would accrue from the imposition of the normal import duties would be counterbalanced by an increase in the subsidies chargeable to the State. This is the principle argument for temporary suspension. Imports are, however, being kept under review individually and, if and when it can be justified in respect of particular goods, reimposition will be recommended. A study is being made of Italian tariffs, commercial treaties, trade agreements and of the changes made during the Fascist regime, for purpose of defascistization and revision. G-5 Section, AFHQ, are studying future trade and customs policy and will be advised of our conclusions and recommendations.

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(b) A suggestion was made by a Press representative that the Lotto should be "boosted" in the "Union Jack", a British Army publication. He was advised that while a brief history of the Lotto in Italy might find interested readers, any direct encouragement to readers to participate would be contrary to our declared policy to discourage troops from spending in Italy, would have an adverse effect on war savings, and could be objected to on moral grounds.

7. Monopolies

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

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(b) A requisition has been sent to the U.S. for supplies of cigarette machine fabric belting to be flown over, as local production cannot keep pace with increasing needs. Additional cigarette machines are to be requested from U.S. or U.K. They would pay for themselves in a very short time as the Government takes 80% of gross proceeds of sales. Four times the present production could be absorbed with a corresponding increase of revenue.

(c) Salt. Shortage of transport prevents adequate distribution of the huge stocks now lying at the salt pans and mines. The large modern salt plant at Volterra has been completely destroyed. The position, however, is improving.

C. Budgets and Expenditure Control

1. General

(a) State expenditure in Rome Region

The Special Account - Intendente di Finanza - which was opened in June was closed except for payments chargeable to June and July accounts. August payments for the Central Administration were made by the Tesoreria Centrale, and State disbursements for Rome province were made against credits authorized at the Provincial State Treasury by the Regional Finance Officer, Region IV, on the basis of approved budgets on forms S.B. A statement of the position of the Special Account - Intendente di Finanza, Rome as of 31 August 1944 is given in the following table.

(b) Transfer of provinces from AMG to Italian Government

On August 15th the provinces of Rome, Frosinone and Littoria were transferred to the jurisdiction of the Italian Government. The financial control of these provinces was, like that of the five provinces transferred in July, retained by Allied Military Government under 31 August 1944, at the request of the Italian Government. Accordingly budget figures for State agencies for these provinces are shown as under Allied Military Government.

(c) Budget estimates for state agencies in AMG territory

The new budget procedure continued to demonstrate the improved expenditure control effected by the S.B. forms. The following table shows in summary form the credits requested by State agencies for the quarter 1 July to 30 September 1944, the credits authorized on the approved budgets, and the economies effected. Although all State agencies are not included in this table, the budgets received represent the principal offices in each province; and, for the recently transferred provinces, these budgets have provided adequate data to enable the Italian Government to adjust the State Budget accordingly.

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The Special Account - Intendente di Finanza - which was opened in June was closed except for payments chargeable to June and July accounts. August payments for the Central Administration were made by the Tesoreria Centrale, and State disbursements for Rome province were made against credits authorized at the Provincial State Treasury by the Regional Finance Officer, Region IV, on the basis of approved budgets on forms S.B. A statement of the position of the Special Account - Intendente di Finanza, Rome as of 31 August 1944 is given in the following table.

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On August 15th the provinces of Rome, Frosinone and Littoria were transferred to the jurisdiction of the Italian Government. The financial control of these provinces was, like that of the five provinces transferred in July, retained by Allied Military Government under 31 August 1944, at the request of the Italian Government. Accordingly budget figures for State agencies for these provinces are shown as under Allied Military Government.

(c) Budget estimates for state agencies in AMG territory

The new budget procedure continued to demonstrate the improved expenditure control effected by the S.B. forms. The following table shows in summary form the credits requested by State agencies for the quarter 1 July to 30 September 1944, the credits authorized on the approved budgets, and the economies effected. Although all State agencies are not included in this table, the budgets received represent the principal offices in each province; and, for the recently transferred provinces, these budgets have provided adequate data to enable the Italian Government to adjust the State Budget accordingly.

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Special Account - Intendenza di Finanza

Ministry	Credits Authorized for the period 1 June 20 July	Credits Authorized for the period 21 July 31 August	Total	Amounts disbursed for the period 1 June 20 July	Amounts disbursed for the period 21 July 31 August	Total	Unexpended for the 1 June 20 July
Finance	46.0	59.3	105.3	18.1	23.0	41.1	27.9
Justice	12.6	6.4	19.0	1.0	3.5	4.5	11.6
Foreign Affairs	7.1	7.3	14.4	2.5	.5	3.0	4.6
Education	18.7	58.3	77.0	3.4	6.6	10.0	15.3
Interior	22.1	40.0	62.1	4.6	25.6	30.2	17.5
Public Works	7.8	9.8	17.6	2.6	1.1	3.7	6.2
Communications	3.4	1.9	5.3	2.6	2	2.8	8
War	50.1	2.4	52.5	43.0	11.5	54.5	7.1
Navy	2.2	4.5	6.7	2.1	2.2	4.3	1
Air Force	4.9	3.5	8.4	3.7	8	4.5	1.2
Agriculture	5.4	13.1	18.5	1.9	4.4	3.3	3.5
Industry & Commerce	4.2	6.2	10.4	1.8	2	2.0	2.4
Monopolies	6.7	4.9	11.6	3.3	3	3.6	3.4
Post & Telegraph	30.0	---	30.0	---	---	---	30.0
Telephone	2.7	2.2	4.9	1.5	---	1.5	1.2
Roads	14.8	3	15.1	5	1	6	14.3
Total	[2]38.7	220.1	456.8	92.6	80.0	172.6	146.1

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Special Account - Intendenza di Finanza

thorized period 21 July 31 August	Total	Amounts disbursed for the period 1 June 20 July	21 July 31 August	Total	Unexpended Balance for the period 1 June 20 July	21 July 31 August	Total
59.3	105.3	18.1	23.0	41.1	27.9	36.3	64.2
6.4	19.0	1.0	3.5	4.5	11.6	2.9	14.5
7.3	14.4	2.5	.5	3.0	4.6	6.8	11.4
58.3	77.0	3.4	6.6	10.0	15.3	51.7	67.0
40.0	62.1	4.6	25.6	30.2	17.5	14.4	31.9
9.8	17.6	2.6	1.1	3.7	5.2	8.7	13.9
1.9	5.3	2.6	2	2.8	8	1.7	2.5
2.4	52.5	43.0	11.5	54.5	7.1	-9.1	-2
4.5	6.7	2.1	2.2	4.3	1	2.3	2.4
3.5	8.4	3.7	6	4.5	1.2	2.7	3.9
13.1	18.5	1.9	4.4	6.3	3.5	8.7	12.2
6.2	10.4	1.8	2	2.0	2.4	6.0	8.4
4.9	11.6	3.3	3	6.6	3.4	4.6	8.0
---	30.0	---	---	---	30.0	---	30.0
2.2	4.9	1.5	---	1.5	1.2	2.2	3.4
3	15.1	5	1	6	14.3	2	14.5
220.1	456.8	92.6	80.0	172.6	146.1	180.1	286.2

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Budgets of State Agencies in Allied Military Government Territory
for Quarter 1st July to 30th September 1944

(in thousands of lire)

Province	No. of State Offices	Total credits requested by Agencies	Credits Authorized	Economies Effected
Benevento	41	265.056	179.345	85.711
Avellino	41	274.659	274.659	= =
Roma	12	511.530	465.992	45.538
Littoria	13	772.102	666.866	105.236
Frosinone	12	426.673	422.425	4.248
Foggia	8	84.890	60.303	24.587
Perugia	10	138.292	76.510	61.782
L'Aquila	16	78.791	51.578	27.213
Rieti	9	19.518	11.455	8.063
Viterbo	9	37.803	27.303	10.500
Terni	9	33.059	22.190	10.869
Total	180	2,642.373	2,258.626	383.747

(d) Blocked funds of suppressed Fascist organizations

As it was frequently found that suppressed Fascist organizations had no funds that could be blocked by AMG Finance Officers, on entry into newly occupied territory, an Investigating Committee is being set up by the Corte dei Conti with the object of tracing and recovering for the State any such funds irregularly dispersed.

(e) Governatorato of Rome

A proposed new decree abrogating Titolo 8 of RDL 3 March 1934 n. 383 (T.U. of Provincial and Communal Administrative Law) was objected to by the Finance Sub-Commission as the proposed draft did not retain for the comune of Rome the existing power to levy taxation, or provide for the continuance of the essential control functions exercised over the communal budget by the Central Commission for Local Finance.

(f) Repair of electrical generating plants

A plan has been agreed with Public Works and Utilities Sub-Commissions to facilitate the monthly payment of bills for approved contracts of work. In outline, the scheme provides that each project shall be approved by the Italian Ministry of Public Works and by the Public Works and Utilities Sub-Commission. The Italian Ministry will then issue an "ordine di accreditamento" providing for the whole estimated expenditure and process it through the regular control channels - the Ispo Regionire Centrale and the Corte dei Conti. One copy of the ordine di accreditamento will be sent to the naval

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Perugia	10	138.292	76.510	61.782
L'Aquila	16	78.791	51.578	27.213
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(g) Payment of salaries of public employees. 2349

With the publication of RDL 27 July 1944, n. 159, some confusion existed as to the treatment that should be accorded to public employees who had been suspended, dismissed or absent themselves from work. The present agreed policy may be summarized as follows:

(i) The payment of salaries of former employees dismissed by the Fascist Republican government is provided for in Executive Memorandum No. 73, Parts III and IV. This Memorandum is based on the policy that former employees dismissed by the Fascist Republican government were not legally dismissed and therefore are entitled to all back salary. A provision is made to the effect that the sum due for arrears shall not be paid in one lump sum if the arrears exceed two months' salary, in which case it is paid in instalments. This provision has a counter-inflationary purpose.

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(ii) All administrations of the Italian government have been notified of the treatment to be extended to former employees through a ministerial letter of the Minister of the Treasury dated Rome 31 July 1944, which letter contains the same provisions as Executive Memorandum No. 73, Parts III and IV.

(iii) Temporary employees ("avventizi") dismissed by the Fascist Republican government since September 8, 1943 will be paid a sum equal to one months earnings and thereafter will be considered as dismissed. [illegible] this solution of the problem was given by Ministers Bonomi, Scelba and Ruini at a conference held on 12th August 1944 but evidently has not been presented to the Council of Ministers. The basis of this solution is that temporary employees are not paid under Italian law for periods in which they do not work, so that the payment of one month's salary must be regarded as a bonus.

(iv) The payment of salaries to employees suspended pursuant to the provisions of RDL 159, dated 27 July 1944 will be paid in accordance with Article 22, with the exception that the payment of salaries to employees falling within the categories mentioned in Article 14 is held up pending negotiations with the Italian government suggesting an amendment to Article 22 making no salary payable to such persons.

(v) Salaries of employees dismissed while under AMG jurisdiction will be paid according to the provision of the basic Italian law, RDL of 30 December 1923, No. 2960 dealing with dismissals from service. The sum to be paid depends on the decisions of the administration, the most severe of which is removal of the employee from the payroll, and forfeiture of all rights including pensions. This punishment may be mitigated by granting an allowance for food to the family of the dismissed employee. An extended statement on this subject is provided in Appendix G.

(h) Bonifiche - Pontine and Littoria

Expenditure of 50 million lire was authorized for urgent public works made necessary by the flooding of the Pontine and Littoria marshes. Provision had already been made for expenditures for anti-malarial measures in these districts. No clear policy has yet been stated by the Italian Government regarding the repair or reconstruction of war damaged properties or the rehabilitation of devastated areas. In AMG territory, financial control is directed to ensure that any work approved is primarily of military necessity. Much additional work is urgent and vital to the resumption of civilian life; and with the approach of winter the situation becomes acute. The problem is one which cannot fairly be considered piecemeal, and the financial aspect of any program of national reconstruction is only one of other equally important facets, e.g. the availability of essential imports and the rehabilitation of key industries. The

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(j) Anti-malarial measures

The following table gives a list of all approved projects for anti-malaria measures in Italian Government Territory. Only incomplete data has yet been received of approved projects in AMG territory.

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Approved Anti-Malaria Projects

(in thousands of lire)

(1) Italian Government Territory

Province	Number of Projects	Budget Estimate	Credits Authorized	Credits to be Authorized
Bari	6,651	170		
	13,284	347	477	107
	16,340	67		
Brindisi	917	800	400	400
Catanzaro	917	635	420	215
Cosenza	6,537	774	380	394
Lecce	837	200	155	45
Matera	1,899)	821)	580	1,150
	3,230)	909)		
Potenza	400)	140)	220	220
	5,265)	300)		
Reg. Calabria	10,000	1,256	600	656
Salerno	10,790	2,460	700	1,760
Taranto	1,073)	185)	95	355
	5,296)	265)		
Cagliari	52,006	6,667	2,335	4,332
Nuoro	3,706	2,750	2,395	2,355
Sassari	30,726	2,193	1,105	1,088

(2) Military Government Territory

Region VIII.				
Grosseto	---	1,385	400	400
Region IV.				
Littoria	---	2,703	2,703	---

(k) State Railways

The Italian State Railways formerly were controlled on a compartimento basis, centrally directed from Rome. As it is manifestly desirable to have one complete budget for all such autonomous State organizations, arrangements are in progress to re-institute

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	5,290)	90)		
Potenza	400) 5,265)	140) 300)	220	220
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Salerno	10,790	2,460	700	1,760
Taranto	1,073) 5,296)	185) 265)	95	355
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Region IV.

Littoria	---	2,703	2,703	---

(x) State Railways

The Italian State Railways formerly were controlled on a compartimento basis, centrally directed from Rome. As it is manifestly desirable to have one complete budget for all such autonomous State organizations, arrangements are in progress to re-institute the former central control. At the same time, it is necessary to provide some flexible arrangement whereby the State Railways can take over the financial needs of new sections of line as soon as territory is liberated, thus relieving AMG Finance Officers in the field of this work. A budget estimate for the whole of the area served by the Cassa Compartimentale of Rome has been approved for the quarter ending 30th September 1944, and credits authorized for 200 million lire - representing an economy of 198 million lire on the estimates.

2348

(1) Special appropriations

The appropriation that was made to enable a special power line to be rehabilitated between Naples and Rome, was not found to be required, and the account has been closed. The work of clearing volcanic ash from the Vesuvius eruption was estimated to cost 140 million lire and an appropriation for this amount was made. It was considered that this estimate was excessive and accounts have been presented showing how the total sum was to be spent. After careful review it is considered that a sum of 100 million lire should be adequate, and Public Works Sub-Commission has been notified accordingly.

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2. Government expenditures

(a)

(i) Revised budget estimates for that part of liberated Italy under Italian Government jurisdiction are summarized in the following table. These estimates cover 23 provinces and include Rome central administration and Rome province. All "per memoria" appropriations have been excised. As explained in last month's report, the State budget can in future be extended as, and when, new provinces are brought under Italian Government jurisdiction; the existence of approved budgets for such provinces on forms S.B., provide all essential data to enable such adjustment to be readily made. The expansion of the estimates is now being made to include the recently transferred provinces of Frosinone, Littoria, Benevento, Avellino, Naples (except the commune of Naples), and Foggia.

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

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Estimate of Revenues and Expenditures for Financial Year 1 July 1941 to 30

(Millions of lire)

(23 provinces and Central Administration)

Ministry	Ordinary Effective Revenues and Expenditures	Extraordinary Effective Revenues and Expenditures	Extraordinary Movimento di Capitali	Extraordinary Total	To Effective Revenues and Expenditures
Finance	1.043	57	-	57	1.100
Justice	397	1	-	1	398
Foreign Affairs	384	200	200	400	584
Italian Africa	50	376	-	376	426
Education	1.574	77	77	1.651	-
Interior	1.066	7.007	-	7.007	8.073
Public Works	224	615	-	615	839
Communications	286	139	-	139	425
Agriculture	131	974	24	998	1,105
Industry & Commerce	112	54	-	54	166
Treasury	8.123	8.596	2.225	10.821	18.719
Army	4.166	10.390	31	9.621	13.776
Navy	2.952	3.888	160	4.048	6.840
Air Force	2.030	707	20	727	2.737
Total Expenditures	22.558	33.081	2.660	35.741	55.639
Total Revenues	9.349	80	1.109	1.189	9.429
Difference	13.209	33.001	1.551	34.552	46.210

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23417.

of Revenues and Expenditures for Financial Year 1 July 1944 to 30 June 1945 (as requested)

(Millions of lire)

(25 provinces and Central Administration)

Effective Revenues and Expenditures	Extraordinary: Movimento di Capitali	Extraordinary: Total	Together: Effective Revenues and Expenditures	Together: Movimento di Capitali	Together: Net Total
57	-	57	1.100	-	1.100
1	-	1	398	-	398
200	200	400	564	200	764
376	-	376	426	-	426
77	77	1.651	-	-	1.651
7.007	-	7.007	8.073	-	8.073
615	-	615	839	-	839
139	-	139	425	-	1.129
974	24	998	1,105	24	1.129
54	-	54	166	-	166
8.598	2.225	10.821	16.719	2.225	18.944
10.390	31	9.621	13.776	31	13.807
3.968	160	4.048	6.840	160	7.000
707	20	727	2.737	20	2.757
33.051	2.660	35.741	55.639	2.660	58.299
60	1.109	1.189	9.429	1.109	10.538
33.001	1.551	34.552	46.210	1.551	47.761

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Estimate of Revenues and Expenditures for Financial Year 1 July 1944 to 30 Ju

Ministry	Ordinary effective revenues	Extraordinary Effective expenditures	Extraordinary Movimento di Capitali	Extraordinary Total	Together Effective Revenues	Together Movimento di Capitali
Finance	635	38	---	38	673	---
Justice	387	1	---	1	388	---
Foreign Affairs	165	9	---	9	174	---
Italian Africa	44	376	---	376	420	---
Education	1,608	23	---	23	1,631	---
Interior	1,652	5,331	---	5,331	6,983	---
Public Works	549	210	---	210	759	---
Communication	231	84	---	84	315	---
Agriculture	612	166	25	191	778	25
Industry & Commerce	108	28	---	28	136	---
Treasury	7,593	4,027	1,269	5,316	11,620	1,269
Army	4,298	9,589	27	9,616	13,887	27
Navy	3,110	3,725	160	3,885	6,835	160
Air Force	1,576	597	20	617	2,173	20
Totall	22,568	24,204	1,521	25,725	46,772	1,521
Revenue	9,229	80	1,109	1,189	9,309	1,109
Difference	13,339	24,124	412	24,534	36,463	412

0045

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d Expenditures for Financial Year 1 July 1944 to 30 June 1945 (as approved)

dinary			Together		
Movimento di Capitali	Total	Effective Revenues	Movimento di Capitali	Net Total	
---	38	673	---	673	
---	1	388	---	388	
---	9	174	---	174	
---	370	420	---	420	
---	23	1,631	---	1,631	
---	5,331	6,983	---	6,983	
---	210	759	---	759	
---	84	315	---	315	
25	191	778	25	803	
---	28	136	---	136	
1,289	5,316	11,620	1,289	12,909	
27	9,616	13,887	27	13,914	
160	3,885	6,835	160	6,995	
20	617	2,173	20	2,193	
1,521	25,725	46,772	1,521	48,293	
1,109	1,189	9,309	1,109	10,418	
412	24,534	36,463	412	37,875	

(iii) With the approval of this budget an extended system of reporting expenditures has been inaugurated. This will provide detailed information, month by month, of all expenditures charged to each capitolo of the State budget, giving inter alia the following detailed figures: appropriation in the budget, credits authorized, balance remaining to be authorized, mandati issued, disbursements, balance of unexpended credits. In normal times no "rendiconto" was struck until the end of the financial year, but now, for the first time, it will be possible to know the extent of actual Government spending, month by month. The financial situation called for the adoption of this expedient in view of the effect of government expenditure on the inflationary trend. The figures will be reported one month in arrear.

(b) Estimated disbursements for August

From now on the State administration will be controlled on the basis of a comprehensive approved budget for the current financial year. The table formerly given under this heading is no longer necessary and will therefore be discontinued. In The following table are given the estimated expenditures for the Ministries of Air, War and Marine for the months of July and August. As previously reported all military expenditures are controlled from the central office of the ministry in Rome and cover all liberated Italy, whether under Italian jurisdiction or Allied Military Government. The increases noted are fairly uniform throughout all sections of expenditure and reflect the overall increase due to the extension of the territory covered.

Outstanding Increases in Estimates for August
(millions of lire)
Ministry of Marine

Capitolo No.	Denominazione	July	August	Increase
25	Salaries and allowances for officers	6.4	18.8	12.4
28	Salaries and wages for NCO's and personnel of C.R.E.M.	17.4	20.6	3.2
64/2	Subsidies, bonuses, etc.	12.1	13.9	1.8
64/5	" " "	--	1.0	1.0
31	C.R.E.M. Subsistence	19.2	29.1	9.9
60/2	Marinarmi - Arsenals	--	4.0	4.0
113	Coastal defenses, munition dumps repair and maintenance	5	2.4	1.9
116	Extraordinary allowance dependent on the State of war - Marinarmi	25.1	34.9	11.0
116/4	" " " " - Maricorpi	48.6	69.7	21.1
114/4	" " " " - Marigenmil	9.9	36.6	26.7
116/7	" " " " - Marinaff	8	1.8	1.0
43/1	Marine Institutions (Naval Academy, etc)	--	2.0	2.0
51	Water Rates and Rentals	--	1.2	1.2
	Total	138.8	236.0	97.2

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The following table are given the estimated expenditures for the Ministries of Air, War and Marine for the months of July and August. As previously reported all military expenditures are controlled from the central office of the Ministry in Rome and cover all liberated Italy, whether under Italian jurisdiction or Allied Military Government. The increases noted are fairly uniform throughout all sections of expenditure and reflect the overall increase due to the extension of the territory covered.

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64/5	" " "	--	1.0	1.0
51	C.R.E.M. Subsistence	19.2	29.1	9.9
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114/4	" " " " - Marigenmil	9.9	36.6	26.7
116/7	" " " " - Marinaff	8	1.8	1.0
43/1	Marine Institutions (Naval Academy, etc)	--	2.0	2.0
51	Water Rates and Rentals	--	1.2	1.2
	Total	130.8	236.0	97.2
	Total estimates	398.5	458.9	60.4

Ministry of Air

40	Subsistence Allowance	31.6	34.2	2.6
37	Fuel, Lubricants, etc.	1.7	4.5	2.8
	Total	33.3	38.7	5.4
	Total estimates	166.5	127.4	39.1

Ministry of War

No figures available for July.
The total estimates for August are 1.040

(c) Actual disbursements for June

The next table shows the actual cash disbursements for the 22 provinces under Italian Government by regions, as reported by the Tesoreria of the Bank of Italy, and a comparison is made by ministry of the May and June figures. The figures do not show any notable features except the reduction in the Suspension Account from 2,664 to 854 million lire. The July figures are not yet available.

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Cash Disbursements for liberated Italy for June 1944

Ministry	Sardegna	Sicilia	Calabria	Lucania	Puglia	Campania
Finance	97.9	72.6	16.5	6.2	40.2	50.3
Justice	5.6	16.9	4.8	1.0	5.8	9.8
Foreign Affairs						5.9
Italian Africa						.1
Education	13.6	31.0	10.3	.7	5.6	26.9
Interior	1.3	140.0	133.5	1.2	220.7	91.4
Public Works	12.2	14.5	7.6	.4	9.2	29.9
Communications	.3	80.9	6.1		22.5	78.8
Agriculture	1.7	9.7	.5	.6	1.6	4.9
Industry & Commerce	.2	1.0	.1	.2	.1	3.9
Popular Culture						
Foreign Exchange						
Total Civil	132.8	366.6	179.4	10.3	314.7	301.9
Army	156.0	31.3	1.3	.3	524.0	2.3
Navy	34.7	1.8	.3		492.7	2.9
Air Force	18.3				190.4	
Total Military	211.0	33.1	1.6	.3	1,207.1	5.2
Total Budget Disbursements	343.8	399.7	181.0	10.6	1,521.8	307.1
Disbursements outside Budget	2.5	615.7	11.0	6.9	54.9	32.6
Transfer of Funds						
Autonomous Administrations	67.0	256.1	245.2	74.0	459.5	170.7
Total	413.3	1,271.5	437.2	91.5	2.036.2	570.4
Payment in Suspense	-11.7	174.1	4.9	.8	-44.6	522.3
Total General Payments	401.6	1,445.6	442.1	92.3	1,991.6	1,092.7
Special Accounts	340.0	573.0	107.5	26.5	1,268.4	675.3
Temporary Cash Deposits	.3	225.0	.2	.3	2.0	1.0
Total	741.9	2.243.6	549.8	119.1	3,262.0	1,769.0

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Cash Disbursements for liberated Italy for June 1944

Sicilia	Calabria	Lucania	Puglia	Campania	Foggia	Campobasso	Totale	
72.6	16.5	6.2	40.2	50.3	8.4	2.0	294.1	
16.9	4.8	1.0	5.8	9.8	1.1	.4	45.4	
				5.9			5.9	
				.1			.1	
31.0	10.3	.7	5.6	26.9	1.9	.3	90.3	
140.0	133.5	1.2	229.7	91.4	.2	.2	597.5	
14.5	7.6	.4	9.2	29.9	2.7		76.5	
80.9	6.1		22.5	78.6			188.6	
9.7	.5	.6	1.6	4.9	1.0		20.0	
1.0	.1	.2	.1	3.9			5.5	
366.6	179.4	10.3	314.7	301.9	15.3	2.9	1,323.9	1
31.3	1.3	.3	524.0	2.3	.2	.2	717.6	22
1.8	.3		402.7	2.9	.1		532.5	
			180.4				208.7	1
33.1	1.6	.3	1,207.1	5.2	.3	.2	1,458.8	
399.7	181.0	10.6	1,521.8	307.1	15.6	3.1	2,782.7	
615.7	11.0	6.9	54.9	92.6	3.2	1.3	788.1	
256.1	245.2	74.0	459.5	170.7	9.7	1.0	1,283.2	
1,271.5	437.2	91.5	2.036.2	570.4	28.5	5.4	4,864.0	
174.1	4.9	.8	-44.6	522.3	140.4	67.8	854.0	
1,445.6	442.1	92.3	1,991.6	1,092.7	168.9	73.2	5.706.0	
575.0	107.5	26.5	1,268.4	675.3	118.5	25.2	3,134.4	
225.0	.2	.3	2.0	1.0			226.8	
2,213.6	549.8	119.1	3,262.0	1,769.0	287.4	98.4	9,071.2	

Comparison of Cash Disbursements for Liberated Italy, May - June, 1944
(millions of lire)

Ministry	May	June
Finance	258.7	294.1
Justice	38.9	45.4
Foreign Affairs	8	5.9
Italian Africa	6	1
Education	101.6	90.3
Interior	496.4	597.5
Public Works	61.2	76.5
Communications	189.3	188.6
Agriculture	19.5	20.0
Industry & Commerce	5.6	5.5
Popular Culture		
Total	1,150.6	1,323.9
Military		
War	686.4	717.6
Navy	325.5	532.5
Air Force	84.4	208.7
Total military	1,295.5	1,458.8
Total Budget Disbursements	2,445.9	2,782.7
Disbursements outside Budget	968.5	788.1
Transfer of Funds	31.7	
Autonomous Administrations	954.4	1,283.2
Total	4,400.5	4,854.9
Payments in Suspense	2,664.8	854.0
Total General Payments	7,065.3	5,708.0
Special Account	2,953.6	3,134.4
Temporary cash deposits	12.7	228.8
	10,031.6	9,071.2

(d) Authorizations to spend issued by the Italian Government

The following table gives by ministry the ordini di accreditamenti issued during the months of June and July. No fruitful comparison can be made of these figures as the data are too fragmentary and the month of June is the last month of the old financial year. Moreover, consequent on the change in the seat of government from Salerno to Rome during July the several Ministries did not begin to function fully until the middle of August.

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Agriculture		[illegible]
Industry & Commerce	19.5	20.0
Popular Culture	3.6	5.5
Total	1,150.6	1,323.9
Military		
War	885.4	717.6
Navy	325.5	532.5
Air Force	84.4	208.7
Total military	1,295.3	1,458.8
Total Budget Disbursements	2,445.9	2,782.7
Disbursements outside Budget	968.5	788.1
Transfer of Funds	31.7	
Autonomous Administrations	954.4	1,283.2
Total	4,400.5	4,854.9
Payments in Suspense	2,664.8	854.0
Total General Payments	7,065.3	5,708.0
Special Account	2,953.6	3,134.4
Temporary cash deposits	12.7	286.8
	10,031.6	9,071.2

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The following table gives by ministry the ordini di accreditamenti issued during the months of June and July. No fruitful comparison can be made of these figures as the data are too fragmentary and the month of June is the last month of the old financial year. Moreover, consequent on the change in the seat of government from Salerno to Rome during July the several Ministries did not begin to function fully until the middle of August.

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Comparison of Accreditamenti Issued by the Italian State Government
(millions of lire)
June - July 1944

Ministry	June	July
Treasury	--	1
Finance	46.5	1
Monopolies	7.8	33.0
Justice	12.8	2
Foreign Affairs	6.4	2.0
Italian Africa	1	
Education	12.5	2.1
Interior	272.5	
Public Works	1.0	23.8
Communications	81.8	
Agriculture	5.7	
Industry & Commerce	1.1	4
Total Civil	446.2	61.7
Military		
Army	--	--
Navy	--	71.2
Air Force	--	100.4
Total Military	--	171.6
Total Government	446.2	233.3

3. Provinces and Communes

(a) Italian Government Territory

(i) The Ministry of Interior has now received 463 budgets of provinces and communes for the current calendar year; 106 of which have been examined and recommendations made to the Central Commission for Local Finance. The economies effected by the Ministry are shown hereunder:

Provincial and Communal Budgets
Year 1944
(in thousands of lire)

Number of budgets	Funds requested	Recommended to C.C.L.F.	Economies effected
106	93,284	60,156	33,668

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Industry & Commerce	1.1	4
Total Civil	448.2	61.7
Military		
Army	--	--
Navy	--	71.2
Air Force	--	100.4
Total Military	--	171.6
Total Government	448.2	233.3

3. Provinces and Communes

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Provincial and Communal Budgets
Year 1944
(in thousands of lire)

Number of budgets	Funds requested	Recommended to C.C.L.F.	Economies effected
106	93,284	60,156	33,668

Information is still incomplete as to the provisional grants made by Prefects. The followint table gives the latest available figures.

(ii) Two new draft decrees were approved during the month: the first naming the officials constituting the Central Commission for Local Finance; and the second providing for the integration of communal and provincial budget deficits. The principal provisions of the latter measure are: direct grants may be made by the State; debt service repayments on authorized new loans will be guaranteed by the State; payment by the State of 50% of debt service repayments of former loans; the suspension of debt repayments due to the State.

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Communal and Provincial Budgets
Calendar Year 1944 Italian Government Territory

Summary of budgets received at Prefetture and provisional grants made
(in thousands of lire)

	Number of Communes	Credits requested	Credits Authorized	Economies effected
Province of Bari				
Provincial Administration	--	--	700	--
Capital of Province	--	--	5,150	--
Communes	28	--	8,624	--
Province of Brindisi				
Provincial Administration	--	3,890	450	3,440
Capital of Province	--	1,770	--	--
Communes	16	6,873	100	--
Province of Taranto				
Provincial Administration	--	11,299	--	--
Capital of Province	--	28,650	--	--
Communes	21	3,209	--	--
Province of Potenza				
Provincial Administration	--	5,535	3,003	2,532
Capital of Province	--	2,340	820	1,520
Communes	70	8,430	726	7,704
Province of Matera				
Provincial Administration	--	1,839	1,414	425
Capital of Province	--	2,580	--	--
Communes	31	7,495	1,155	6,340
Province of Reggio Calabria				
Provincial Administration	--	21,741	5,987	15,754
Capital of Province	--	25,347	11,265	14,082
Communes	80	15,618	7,008	8,610
Province of Cosenza				
Provincial Administration	--	--	1,560	--
Capital of Province	--	--	700	--
Communes	96	--	6,516	--
Province of Catanzaro				
Provincial Administration	--	--	--	--
Capital of Province	--	--	--	--
Communes	116	13,314	7,353	6,061

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Capital of Province	--	1,770	--	--
Communes	16	6,873	100	--
Province of Taranto				
Provincial Administration	--	11,299	--	--
Capital of Province	--	28,650	--	--
Communes	21	3,209	--	--
Province of Potenza				
Provincial Administration	--	5,535	3,003	2,532
Capital of Province	--	2,340	820	1,520
Communes	70	8,430	726	7,704
Province of Matera				
Provincial Administration	--	1,839	1,414	425
Capital of Province	--	2,380	--	--
Communes	31	7,495	1,155	6,340
Province of Reggio Calabria				
Provincial Administration	--	21,741	5,987	15,754
Capital of Province	--	25,347	11,265	14,082
Communes	80	15,618	7,008	8,610
Province of Cosenza				
Provincial Administration	--	--	1,560	--
Capital of Province	--	--	700	--
Communes	96	--	6,516	--
Province of Catanzaro				
Provincial Administration	--	--	--	--
Capital of Province	--	--	--	--
Communes	116	13,314	7,353	6,061
Province of Agrigento				
Provincial Administration	--	13,719	4,048	9,771
Capital of Province	--	7,999	2,489	5,510
Communes	39	34,855	9,588	25,267
Province of Caltanissetta				
Provincial Administration	--	15,800	6,238	9,562
Capital of Province	--	29,970	8,760	21,210
Communes	21	15,279	7,286	7,993
Province of Enna				
Provincial Administration	--	11,772	2,744	9,028
Capital of Province	--	4,151	1,172	2,989
Communes	19	15,618	7,007	8,611
Province of Messina				
Provincial Administration	--	--	13,500	--
Capital of Province	--	--	30,749	--
Communes	61	--	2,719	--

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	Number of Communes	Credits requested	Credits Authorized	Economies Effected
Province of Siracusa				
Provincial Administration	--	14,170	10,247	3,923
Capital of Province	--	18,700	4,435	14,265
Communes	18	15,279	7,286	7,993
Province of Ragusa				
Provincial Administration	--	6,100	--	--
Capital of Province	--	6,900	--	--
Communes	11	8,430	7,262	1,168
Province of Trapani				
Provincial Administration	--	8,518	9,076	--
Capital of Province	--	26,065	10,538	15,527
Commune	17	18,720	19,986	--
Province of Cagliari				
Provincial Administration	--	--	--	--
Capital of Province	--	--	10,000	--
Communes	1	--	1,500	--
Province of Sassari				
Provincial Administration	--	--	--	--
Capital of Province	--	--	900	--
Communes	1	--	100	--

Allied Military Government
Quarter 1 July to 30 September, 1944

Provincial and Communal Budgets
(in thousands of lire)

1. Provincial Administration

Name of Province	Credits Requested	Credits Approved	Economies effected
Benevento	2,946	2,800	146
Littoria	18,087	11,487	6,600
Viterbo	13,677	6,249	7,428
Rieti	8,531.6	8,531	.6
Perugia	5,678	1,816	3,862
Ancona	7,497	3,297	4,200
Totals	56,417	34,180	22,237

2. Provincial Capitals

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Commune	17	18,720	19,986	--
Province of Cagliari				
Provincial Administration	--	--	--	--
Capital of Province	--	--	10,000	--
Communes	1	--	1,500	--
Province of Sassari				
Provincial Administration	--	--	--	--
Capital of Province	--	--	900	--
Communes	1	--	100	--

Allied Military Government
Quarter 1 July to 30 September, 1944

Provincial and Communal Budgets
(in thousands of lire)

1. Provincial Administration

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Perugia	5,678	1,816	3,862
Ancona	7,497	3,297	4,200
Totals	56,417	34,180	22,237

2. Provincial Capitals

Name of Commune	Credits requested	Credits approved	Economies effected
Avellino	1,266	1,266	--
Benevento	6,281	3,530	2,751
Perugia	11,232	2,672	8,560
Viterbo	9,976	4,976	5,000
Littoria	4,327	3,389	937
Frosinone	5,704	2,734	2,970
Totals	38,787	18,568	20,219

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3. Other Communes

Province	Number of Communes	Credits requested	Credits Authorized	Economies effected
Benevento	43	9,562	6,845	2,717
Frosinone	41	44,944	10,747	34,197
Roma	41	80,470	21,786	58,684
Littoria	11	11,952	4,307	7,644
Viterbo	7	5,020	1,743	3,277
Perugia	10	4,557	764	3,792
Pescara	10	933	777	156
Totals	163	157,440	46,970	110,470

Recapitulation

Provinces	56,417	34,180	22,237
Capitals of Provinces	38,787	18,568	20,219
Other Communes	157,440	46,970	110,470
Grand Total	252,644	99,970	152,926

(b) Allied Military Government

Relatively speaking there is more available information on the financial condition of provinces and communes in territory under Allied Military Government than under Italian Government. This is primarily due to the requirement that no authorisations of credit shall be made except on the basis of properly approved budgets. The effectiveness of the new procedure is evident in the economies effected. The preceeding table relates to provincial and communal budgets for the quarter 1 July to 30 September, 1944. Some of these provinces have, since 1 September, been transferred to the jurisdiction of the Italian Government.

III. OPERATIONS OF ALLIED FINANCIAL AGENCY & CURRENCY AND EXCHANGE PROBLEMS

A. Remittances from the United States and United Kingdom

1. Preparations are now well under way for the operation of the remittance system in Italy by the Banca d'Italia. It is intended that the Banca d'Italia will eventually provide the entire machinery. However, at first the Banca will serve the area north of the provinces of Roma, Frosinone and Campobasso, for dollar remittances, and the whole of Italy for sterling remittances. Meanwhile approval by CCS is awaited for the Banco di Napoli to effect remittances in the provinces of Roma (including Roma city), Littoria, Frosinone and Campobasso.

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Grand Total	252,644	99,970	152,926

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Relatively speaking there is more available information on the financial condition of provinces and communes in territory under Allied Military Government than under Italian Government. This is primarily due to the requirement that no authorisations of credit shall be made except on the basis of properly approved budgets. The effectiveness of the new procedure is evident in the economies effected. The preceeding table relates to provincial and communal budgets for the quarter 1 July to 30 September, 1944. Some of these provinces have, since 1 September, been transferred to the jurisdiction of the Italian Government.

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

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3. Correspondent banks in the United States and United Kingdom have been chosen by the Banca d'Italia, which is presently engaged in assembling the necessary letters and relevent documents to be forwarded to the selected correspondents. Requests that remittances be authorized to residents in newly-liberated provinces will be made from time to time as and when the Italian civilian postal service is restored, after the approval of CCS has been given to the proposed agreement with the Banca d'Italia.

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4. Upon the confirmation by CCS of the proposed agreement with the Banca d'Italia, it has been suggested that remittances for all areas of liberated Italy open to remittances from the sterling area should be channelled only through the correspondent banks in the United Kingdom of the Banca d'Italia. This arrangement would conform to the views of the Bank of England that the service should be handled by commercial banks, to which the British Treasury is prepared to issue a permit to open post-liberation blocked accounts. In this way the Bank of England would be relieved of the detailed work of transmitting remittance orders.

6. With respect to payments in excess of the limitations on dollar amounts as set forth in General License No. 32 A as amended, both the Banco di Sicilia and the Banco di Napoli have been notified to effect such payments without definitive instructions, placing the responsibility for compliance on the remitting bank. It has been suggested, however, that, all special payments and special remittances for any part of liberated Italy which are in excess of the general limitations authorized, be channelled through the correspondent banks of the Banca d'Italia, as soon as possible.

7. The following is the text of the agreement reached with the Banca d'Italia concerning dollars, sterling and other foreign exchange proceeds accruing to Italy as a result of remittances to Italy, or of exports from Italy or other foreign transactions. This agreement must be approved by CCS before any remittances are paid into the correspondents of the Banca d'Italia:

(a) "It is agreed that all dollars, sterling and other proceeds, which have accrued or will accrue after 1 July, 1945 in our accounts in foreign countries as a result of remittances to Italy or of exports from Italy or other foreign transactions, will be held by the Banca d'Italia for account of the Italian Government, subject to the conditions given in para (b) below.

(b) "It is understood that, without prejudice to eventual agreements which might take place between the Allied Governments and the Italian Government, the utilisation of the balances of the accounts must be subject to the approval and direction of the Finance Sub-Commission, ACC. The Banca d'Italia agrees to effect promptly all such payments from the dollars, sterling or other foreign accounts as specified in the previous paragraph, by means of payment orders to its correspondents abroad, as shall be directed from time to time, by the Finance Sub-Commission, ACC. No payments from these dollars, sterling or other foreign accounts will be effected without the prior approval of the Finance Sub-Commission.

(c) "The Banca d'Italia undertakes to supply from its own funds the lire required to effect payments to the beneficiaries of remittances received from the United States and the United Kingdom and for the payment of exports from Italy. It is understood that responsibility for payment of normal remittances may be delegated by the Banca d'Italia to such other Italian banks, as are approved by the Finance Sub-Commission. The Banca d'Italia will exercise such control as may be deemed necessary by the Finance Sub-Commission, to carry out the general instructions as to policy, which are transmitted to it from time to time by the Finance Sub-Commission, with respect to the maximum

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This agreement must be approved by CCS before any remittances are paid into the correspondents of the Banca d'Italia:

(a) "It is agreed that all dollars, sterling and other proceeds, which have accrued or will accrue after 1 July, 1943 in our accounts in foreign countries as a result of remittances to Italy or of exports from Italy or other foreign transactions, will be held by the Banca d'Italia for account of the Italian Government, subject to the conditions given in para (b) below.

(b) "It is understood that, without prejudice to eventual agreements which might take place between the Allied Governments and the Italian Government, the utilisation of the balances of the accounts must be subject to the approval and direction of the Finance Sub-Commission, ACC. The Banca d'Italia agrees to effect promptly all such payments from the dollars, sterling or other foreign accounts as specified in the previous paragraph, by means of payment orders to its correspondents abroad, as shall be directed from time to time, by the Finance Sub-Commission, ACC. No payments from these dollars, sterling or other foreign accounts will be effected without the prior approval of the Finance Sub-Commission.

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(d) "The Banca d'Italia undertakes to effect payments of remittances in excess of the normal limits, transmitted under specific approval of the United States or United Kingdom treasuries, which will, in most cases, be effected directly through branches of the Banca d'Italia. Furthermore, the Bank will prevent the payment of any remittance whatsoever to any personal or corporate beneficiary in the territory under its supervision, who is acting on behalf of an enemy of the United Nations or whose past connections with the Fascist Government of Italy or with enemy governments is such as would warrant any economic penalty such as blocking of lire accounts, suspension of employment, or similar action.

(e) "The Banca d'Italia will maintain such records of all transactions appertaining to its dollar, sterling and other foreign currency accounts, as may be required from time to time by the Finance Sub-Commission and will render to that Sub-Commission all reports and details of transactions, which may be requested by the Finance Sub-Commission.

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(f) "All expenses in Italy, including postage, related to financial transactions resulting from exports, remittances or other sources of foreign currency will be borne by the Banca d'Italia. To the beneficiary of a remittance from the United States or the United Kingdom may be charged a total commission, which does not exceed one per cent of the remittance or 100 lire, whichever is the lower of the two figures, with a minimum of 25 lire."

B. Emergency Financial Assistance to British and American Nationals

1. Since the inception of the plan to aid needy British and American nationals, funds have been distributed to those claiming citizenship. In some cases this has been done without definitive proof, as it was our intention to avoid hardship to American and British citizens.

2. However, in order to systematize the practice of assisting British and American nationals, the Allied Financial Agency prepared Executive Memorandum No. 38 in February, which was issued after much delay by the PC and MF Section in May 1944. This contained the regulations that guide finance officers in the field in making payments to nationals based upon presentation of passports, consular letters and/or other official documents. In those situations where citizenship cannot be clearly established, Executive Memorandum No. 38 provides for the submission of the application for assistance to AFA, ftn., for onward transmission to the American Consul-General or the British High Commissioner for a ruling.

3. This arrangement has continued in effect despite the inherent delay as consular officials must frequently communicate with Washington or London to determine citizenship status. However, with the reduction in ACC personnel and establishments throughout liberated Italy, the difficulties involved in handling requests for assistance are apparent. In-as-much as the major part of such requests involves determination of citizenship status - a consular responsibility - negotiations are under way with a view to having the consular services handle all applications for advances.

4. With respect to release of assets in the United Kingdom to British subjects in liberated Italy, Executive Memorandum No. 74 was issued on 14 August, 1944. It is intended that applicants for advances shall apply to the appropriate Regional Finance Officer for the release of their property and/or assets now held under the Custodian of Enemy Property in Great Britain. Applications are received and inquiries made to determine whether applicants are found to be free association during war with activities disloyal to the Allied cause. Upon approval of such applications, the assets are returned to the bank in the U.K., which originally acted for the British subject, and this bank will be the agent for exercising exchange control and for seeing that remittances to Italy are made within the prescribed limits.

C. Mutilated and Worn AM Lira Notes

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3. This arrangement has continued in effect despite the inherent delay as consular officials must frequently communicate with Washington or London to determine citizenship status. However, with the reduction in AMG personnel and establishments throughout liberated Italy, the difficulties involved in handling requests for assistance are apparent. In-as-much as the major part of such requests involves determination of citizenship status - a consular responsibility - negotiations are under way with a view to having the consular services handle all applications for advances.

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C. Mutilated and Worn AM Lira Notes

1. In order to obtain more uniform rules and regulations governing worn and mutilated AM lira notes, it has been recommended that:

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(a) TAM Airgram 3, dated 3 February, 1944, be amended so as to make worn and mutilated AM lira notes redeemable when more than ½ of a note is presented instead of the presently prescribed requirements; (b) that para 2b of TAM Airgram 3, which provided for exchange of notes whose area equalled less than two-fifths of the whole, be completely deleted. It is noted that the Banca d'Italia exchanges for face value only when the note equals more than ½ the original and when the serial numbers are decipherable. No exchange is permitted when the note is equal in area to less than half, with the exception of those notes belonging to the Allied forces, which are accompanied by an affidavit.

2. In may the authority contained in the regulations for destruction of AM Lire notes was extended to include medical officers in all areas where British Paymasters were not available, so that accumulated sums of unnecessary currency could be disposed of. However, upon the advice of the British War Office, which has pointed out that since a medical officer is not borne on the establishment of each Graves Registration and Concentration Unit and that a medical officer may not therefore be available in the vicinity of operations, authority is not given in the absence of a medical officer to any British Officer, provided he is independent of the Graves Registration Unit carrying out the operation.

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3. The Banca d'Italia has extended the rules and regulations regarding the exchange of worn and mutilated currency to include all new areas of liberated Italy.

D. Foreign Exchange Data

1. The gold position remains unchanged, pending information from Brescia and Italian Banks in northern Italy. However, detailed data has now become available regarding the following:

(a) Assets: gold, foreign currency holdings, bank balances and other evidence of credit and ownership.

(b) Liabilities: bank credits and other debts.

(c) Clearing Accounts: a statement regarding the most recent data on the position of the various clearing accounts with each of the European countries.

(d) A description of the nature of the various clearing accounts.

(e) A statement regarding the clearing and compensation agreements in effect with the various European countries.

(f) A statement of various transfers effected through the clearing agreements since January 1943, showing the name of the account, the type of merchandise and the amount involved.

2. The National Foreign Exchange Control Institute (Istcambi) has completed a detailed report on the foreign exchange position of Italy as of 31 December 1943. More recent information will not be available until Brescia, the capital of the Republican Fascists, is liberated.

It will be remembered that an attempt was made in the Rome Report of the Finance Sub-Commission, to provide the best available data on Italian foreign exchange assets. Material was included showing gold movements for the past year. Concurrently, the Institute was requested to prepare a more elaborate study. Owing to the necessity of editing and reorganizing this report, some time must elapse before it becomes available. It is anticipated that within a short period of time distribution to London and Washington will be possible.

3. For some time the Government has discussed with the Finance Sub-Commission the problem of which institution shall be charged with foreign exchange control in Italy. This has involved the decision as to the future role of the Fascist National Foreign Exchange Institute (Istcambi). It is believed that any new institution will have to include Istcambi's functions since the pre-armistice and pre-war relations between Italy and the particular countries involved will have to form part of the new position, e.g., the liquidation of clearing balances and other financial debits and credits. It is hoped that this matter can be resolved as soon as possible.

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(e) A description of the nature of the various clearing accounts.

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E. Production of New Currency for Italy

1. Due to the excellent cooperation of the Transportation Sub-Commission, ACC, the machinery of the Banca d'Italia paper mill located in l'Aquila is being moved to Rome on schedule. It is believed that the entire machinery for paper making will be completely transported to Rome by the 15th September.

2. It is estimated that a period of 4 or 5 weeks will be required for the assembly, installation and preparation of the machinery so that the manufacture of the first paper may be expected about 30 of October. The expected production of the paper mill is estimated to be from 20 to 25 quintals of bank note paper per day.

3. The paper mill of Sordini & Sons, Palo di Foligno, expects to begin producing currency paper about 15 October. They are at present awaiting the completion of certain water-mark metallic plates by Banca d'Italia, which are scheduled for completion in 3 weeks. They have experienced difficulty in securing transportation necessary for collection of raw materials and in having part of the output of their hydraulic electric generating plant requisitioned by the prefectural authorities in Perugia.

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Steps have been taken however to clear these difficulties. A conference was held in Rome on 6 September, 1944 attended by Signor Sordini, his local representative Signor Maggioli, and by representatives of the Bank of Italy and the Finance Sub-Commission and a full discussion was had of the progress being made to get the Sordini paper mill into production again. Attention is again called to the fact that the condition of facilities formerly used by Banca d'Italia in northern Italy, in such cities as Novara, Milan, Bergamo, and Como, as well as in Fabriano, are still obscure. If these currency producing plants are not damaged too badly, it may be possible to better the present production schedule of the new currency.

4. The Istituto Poligrafico dello Stato has completed the designs for the 1, 2, 5 and 10 lire Bank of Italy notes and these designs are presently awaiting approval.

5. The full use of the Staderini currency printing facilities in Rome has been assured to the Bank of Italy by the Psychological Warfare Board which has agreed to release this equipment within a week or two.

F. Transfers of Metropolitan Lire

1. In order to transfer surplus amounts of Metropolitan lire notes from Sicily to the mainland, the Banca d'Italia arranged in July for the concentration of 300 million lire in Palermo for transmission via Messina and Catanzaro to Bari. However, upon further examination of the currency position of the Island, it was determined that only 90 million could be transferred without endangering the reserve position of the Banca d'Italia in Sicily. This amount was transferred.

G. Currency Exchange for Refugees

1. Analysis of figures compiled on the currencies exchanged for refugees travelling to Palestine and the United States disclose that 787 receipts were issued among 1,551 refugees, an average of L. 16,247 per receipt and L. 8,244 per refugee.

2. The largest percentage of receipts (36½%) are for quantities of lire from between 3,000 - 10,000, and the smallest(⅔ of 1%) are for receipts in excess of 200,000 lire.

3. The total represented by these receipts amounts to 12,786,394 lire.

4. Other currencies involved are: U.S. Dollars, Canadian dollars, Sterling, Sterling (South Africa), Egyptian pounds, Swiss francs, Yugoslav dinars, Palestine pounds, French francs, Algerian francs, Syrian pounds, Belgian francs, Dutch florens, Albanian francs, Serbian dinars, Yugoslav kunas, Reichmarks.

H. AFA Branch Organization

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H. AFA Branch Organization

1. The officer formerly in charge of the Palermo Branch, AFA, was transferred in late July to Headquarters in order to prepare the organization of the Forward Area Branch. Due to military operations, the establishment of this branch at Florence has been delayed. However, much preliminary work was done at Headquarters. - 2340

2. Two officers and one enlisted man departed on 29 August with a quantity of lire to set up the new office in Florence; while on this mission in the forward area it is intended that the large consignment of AM Lire recently arrived at Piombino be stored in Siena, or in Florence if adequate facilities can be found.

3. During the first week in August, Branch Managers were afforded the opportunity of visiting Headquarters in order to present their local problems personally and become acquainted with the over-all activities of AFA. The principal item of the agenda concerned the new central accounting system which was recently installed.

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J. Expenditures of U.S. Government Civilian Agencies in Italy

1. It has been suggested by the U.S. Department of State that the procedure for handling salary and allowances for American Foreign Service establishments and certain other civilian agencies of the United States Government be effected by means of U.S. Treasury checks or State Department drafts, which would be cashed by Italian banks and forwarded to the United States for collection of the proceeds in post-liberation accounts. Similar arrangements would be made for other items not chargeable to occupation costs from time to time, while expenses chargeable to occupation costs would continue to be made from lire drawn from U.S. Finance Officers. If this is to be done, it is hoped that the technical regulations of the U.S. Treasury regarding endorsements, maximum time interval outstanding, and similar matters affecting Treasurers' checks and State Department drafts will be so interpreted as not to involve the Italian banks in losses and excessive correspondence.

K. Supply of AM Lire Currency

1. Disbursements of AM lire to paymasters of Allied military forces in July were very much larger than monthly disbursements in the first five months of 1944. Moreover, of the 5.8 billions so disbursed, preliminary estimates suggest that 5.3 billions may have been in turn paid out by the paymasters to the troops and to the civilians. Advance reports from AFA branches indicate further calls on AFA by the paymasters in the amount of 4.2 billion lire in August despite the fact that the U.S. forces did not make their usual monthly drawing during August.

2. As a result of the July disbursements, the total amount of AM lire held in unopened boxes in Italy, by AFA and the Italian banks, was reduced to 16,081 million lire at the end of July. An additional amount of 10,304 million lire was expected to arrive in August and September. Therefore the total supply of lire in unopened boxes at the end of September may be estimated at about 13 billion lire. However, large denominations will make up only about 10 billion lire of this total.

3. The first shipments by water of large denominations are not expected in Italy, from the new order of 30 billion lire, until the end of October, at which time the reserve of large notes might be reduced to 6 or 7 billion lire, solely by reason of military demands. Recently it has become apparent that the cash reserves of the Banca d'Italia, after remaining stable since March, are declining rather rapidly. During the last ten days of August the reserves of the Banca d'Italia fell from 6.2 billion lire to 5.8 billion lire. Apparently the demand for notes in rural areas is greater than the return to the banks of notes spent by Allied troops in urban areas. Moreover, the current practice of redeeming existing deposits and existing assegni and vaglia in areas newly liberated results in a substantial outflow of currency to each newly-liberated town. Should a large area be taken over quickly in the Po valley, this drain would prove very severe. There is as yet no reason to believe that any banks in this area will be found in possession of appreciable reserves of currency.

4. As evidence of this trend in the reserves of the Banca d'Italia, it proved necessary at the end of August to make an emergency deposit of AM lire in a branch of the

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4. As evidence of this trend in the reserves of the Banca d'Italia, it proved necessary at the end of August to make an emergency deposit of AM lire in a branch of the Banca d'Italia to alleviate a shortage of currency, for the first time in many months. The sum of 128 millions was deposited at Foggia, by the U.S. Army Finance Officer there, for AFA account, as there was not time to organize a shipment of funds from any other city.

5. In view of the possibility that current procedures may require the release of substantial amounts of AM lire to the Banca d'Italia, especially in large denominations, and in view of the uncertain dates and places of arrival of water shipments which may even be diverted to French ports, it was suggested to CCS that one shipment of larger denominations might be sent to Italy by air, to arrive in the month of October.

6. At longer range, the supply of AM lire, including the new order of 30 billion lire, should cover disbursements of the two large denominations at the July rate until May 1945. While this seems at first glance an ample supply, it must suffice to replace all worn and mutilated notes in Italy, and to cover all military and banking requirements, until such time as the new lire currency has been produced, transported, stored and then actually exchanged for all outstanding notes, under the proposed conversion program.

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None of the new currency can be used until the conversion has actually been completed.

L. Review of Reserve Position of Banca d'Italia

1. The total currency holdings of the Banca d'Italia in liberated Italy amounted to 6,301 million lire on 10 August, 1944, as compared to 6,330 million lire held on 10 July.

2. Despite the very large flow of AM Lire from AFA to Allied troops, the reserve holdings of the Banca d'Italia showed a decrease of approximately 29 million lire.

M. Accounting

1. Statement of Receipts and Disbursements for the period ending 31 July 1944

This statement, together with the detailed supporting schedules, was prepared for the first time from the new machine - posted records. It should be noted that the Schedules contain full details concerning "Receipts in Respect of AMG/ACC Revenue" and "Disbursements in Respect of AMG/ACC Expenditure" which were formerly reported separately by the Office of the Chief Accountant. It is planned to continue this procedure, so that the Allied Financial Agency Statements from now on will be complete in themselves. The July AFA Report is contained in Appendix E.

2. Drafts drawn under Travelers Letters of Credit

Instructions for the accounting treatment of transactions involving the encashment of drafts drawn under certain Travelers Letters of Credit issued by U.S. banks were issued to AFA branches. The Dollar proceeds will be credited to post-liberation blocked AF accounts in the name of Banco di Napoli, and AFA will provide the lire for the encashment of such drafts in Italy. Separate accounts have been opened on AFA's books to record these transactions.

3. Funds of the Controller of Property

In order to clarify several pending matters, a conference was arranged with the Controller of Property at which the following agreements were reached:

(a) Enemy Funds. The Ministry of the Treasury has been instructed to collect all blocked enemy state funds and hand them over to AFA. Private enemy funds will be kept by the CP and will not be reflected in AFA's books. Enemy statal or parastatal funds (including Army Funds and any doubtful categories, such as accounts of banks) will be credited on AFA's books to a new Head "Sequestrated Enemy State and Army Funds", with a Sub-Head for each enemy Nation. This means that the amount of lire 2,163,650 recently received from RFO Region IV and credited to "Receipts in Respect of AMG/ACC Revenue - Confiscated and Captured Supplies - Cash" will now be transferred to the new Head under appropriate sub-heads. Likewise the amount of lire 1,948,527 shown in the July accounts

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(b) Allied Funds. These will be held by the Controller of Property in bank accounts in his name, and in no event will they be shown on AFA's books (except temporarily in a few isolated instances, until they can be paid over to the Controller of Property. Therefore, we shall immediately transfer to "Deposits by Others - AGLP" the present balance of lire 10,000,000 in "Deposits by Others - Controller of Property - AGIP", as we understand that the Controller has relinquished his custody of this concern's property. Furthermore, the remaining balance in "Deposits by Others - Controller of Property" will be cleared as soon as possible.

4. Deposits by AMG/ACC Divisions

Revised instructions for securing details in respect of such deposits were sent to AFA branches, and in the interests of simplification the branch managers were requested to encourage the use of intermediate bank accounts on the part of Economics and Supply Division and Public Health Division officers, as permitted by Executive Memorandum No. 59.

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5. Non-legal tender currencies deposited by Jewish refugees departing for Palestine and the United States

Accounting instructions covering the recording of these currencies of AFA's books were issued to our Rome branch which received these funds from the Internees and Displaced Persons Sub-Commission.

6. Depreciation on ACC vehicles made available to certain Italian road haulage organizations

The Italian companies to which these trucks have been made available for the purpose of transporting civilian supplies under ACC direction are required to pay to AFA Lire 2.02 per vehicle kilometer to cover the estimated depreciation. Because of the fact that these funds will be used to reduce the price paid for the trucks if and when they are not returned, it has been decided to credit those payments to "Deposits by Others" and to maintain a separate subsidiary account for each company in AFA's books.

N. Italian Funds held by Controllers of Enemy Property in Occupied African Territories

1. Many Italians having funds and property in the custody of the Controller of Enemy Property in Eritrea and Ethopia have approached Finance Sub-Commission to request release of such assets and their transfer to Italy. The question was put to the War Office as a matter of policy and a ruling was received that no such transfers would be allowed at the present time.

O. Finance of Relief Activities

1. The representatives in Italy of the American Jewish Joint Distribution Committee have raised with Finance Sub-Commission the terms and conditions on which they might borrow funds locally for relief operations. Before the liberation of Rome a local committee had borrowed large sums of lire from individuals against promises to repay in dollars. We have provisionally advised J.D.C. here that no such dollar repayments may be effected until the whole problem has been reviewed by COS and a directive laid down. We understand that J.D.C. is attempting to repay as large a proportion as possible of such loans with lire funds received through remittances from the United States. In view of a telegram received by the local committee in May through the British Foreign Office stating that authority was given to borrow against dollar credits, COS has been requested to indicate whether it is to be our policy to require that funds for relief be transferred to Italy through the remittance system, or whether additional funds may be borrowed locally against dollar reimbursement. COS was reminded that if the latter procedure is allowed, it would constitute a departure from our present policy of centralizing the foreign exchange accruals of Italy for such eventual disposition as the British and American Governments may direct.

IV. BANKING, POSTAL SAVINGS, AND OTHER FINANCIAL DEVELOPMENTS

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IV. BANKING, POSTAL SAVINGS, AND OTHER FINANCIAL DEVELOPMENTS

A. Banking and Stock Exchanges

1. Stock Exchanges

The Stock Exchange of Rome opened on 1 August, 1944, for cash transactions in government and parastatal issues only. On 4 August, 1944, the exchange closed for its usual August vacation. Prices those first four days were up half a point from the prior prices on private sales as reported by the banks. Prices since resumption of trading have held steady on a very thin market.

The Stock Exchange of Naples did not open until 21 August 1944 the delay having been occasioned first by communication difficulties and then by the usual August vacation. It has had a very slight volume of trading and prices have held steady.

On the Rome exchange a moratorium of one month on future transactions maturing on and prior to 22 May 1944, the last trading day prior to the fall of the city, was extended for one month.

Requests have been received from the brokers of Rome and the Italian Treasury to open the exchange to all normal types of trading. The press has demanded the resumption of normal trading, regarding the present restrictions as an imputation on Italian

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procurement agency and the franc account were interlocked with Reciprocal Aid with the result that the French were gaining dollars and sterling pro tanto, an incentive which was sufficient to ensure the success of the scheme. In Italy the circumstances are entirely different. The Allies are dealing with a dispirited nation which has not the status of an ally. The procurement of goods and services are on a vastly greater scale than in North Africa; and the Italian Government considers that the country is being despoiled by its conquerors.

(b) The establishment of an Italian procuring agency and the institution of a lira account postulate that the Italian Government will be kept informed of the amount spent on the payment of goods and services. The Chief Commissioner referred the proposed to the British High Commissioner and the American Delegate to the Advisory Council who agreed that the information which would be thus made available to the Italian Government, might be used to the detriment of the Allies to demonstrate the severe treatment accorded to Italy; and that it was likely that the Italians would raise countless queries on the propriety and price of purchases. They also consider that there are obvious disadvantages in furnishing information to the Italian Government at a time when the granting of Reciprocal Aid to Italy is under consideration. It was therefore recommended to AFHQ that (i) no attempt should be made to establish an Italian procuring agency, (ii) the existing procedure whereby funds are drawn by the paymasters and finance officers from the Allied Financial Agency should be maintained, and (iii) Administrative Memorandum No. 31 should be withdrawn and the proposals re-examined if and when Reciprocal Aid facilities are granted to Italy. A reply is awaited to this recommendation.

2. Blocking program

(a) Responsibility for all matters pertaining to blocked accounts and blocked checks, except those in the category of "Governments or nationals of the United Nations, including the French Government and French nationals", in that part of Italy comprising Region I, Southern Region, Region VI and the provinces of Rome, Frosinone and Littoria in Region IV, has been transferred to the Italian Ministry of the Treasury. Henceforth all pending applications for unblocking, except as noted, will be addressed to the Direttore Generale del Tesoro or his duly authorized Provincial representative.

(b) Conversences have been held with representatives of the Italian Treasury who are charged with the above responsibility. Suggested instructions by the Italian Treasury to their provincial representatives, to the banks through the Bank of Italy and its branches to the Post Offices through the Ministry of Communications, have been prepared by this Sub-Commission and transmitted to the Treasury. These include instructions for the unblocking of personal accounts under 10,000 lire, withdrawals from blocked accounts for personal living expenses up to 6,000 lire per month and instructions for handling blocked assegni circolari, assegni bancari , vaglia bancari, vaglia postali & bonifichi. There are an estimated 10,000 blocked accounts remaining in Rome city alone, and an indeterminate number of blocked checks. The matter of personnel required to handle this responsibility has been discussed at length with the Treasury but little progress appears to have been made yet by the Italian Treasury in this respect.

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(c) Instruction No. 1 (Control of Financial Institutions), in English, has been circulated to all R.F.O.'s in that part of liberated Italy not yet returned to the Italian Government. It sets forth the procedure to be followed in handling blocked assegni circolari, assegni bancari, vaglia bancari, vaglia postali and Bonifichi. Copies of the same instruction, in Italian, have been printed for distribution by RFOs to all banks, post offices and other interested institutions. A standard application blank (CFT Form 1) has been printed, which may be distributed to banks to be used, in requesting authority to pay blocked checks.

(d) Instruction No. 2 (Control of Financial Institutions) has been circulated to all RFOs concerned setting forth the policy to be followed in handling blocked checks (assegni circolari, assegni bancari, etc.) which require prior AMG authority before they may be paid. Further instructions designed to simplify the handling of blocking matters under a uniform policy will be issued from time to time. "Control of Financial Institutions Instruction No. 3" will constitute a recapitulation of all blocked account policies and instructions. The part that comprises instructions to financial institutions will be reproduced in Italian in sufficient number to permit direct distribution to all banks, etc. There also will be provided for distribution forms to be used in applying for authority to make a specific withdrawal from a blocked account.

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integrity. The requests have been refused and the demands ignored since the present volume of trade does not indicate the existence of a widespread need for trading facilities and such prices as have come to our attention in non-governmental securities on the Milan exchange indicate that no useful purpose would be served by removing the present restrictions on trading.

B. Postal Savings

1. Because of the failure of the Banca d'Italia's reporting mechanism to produce adequate figures for July, it is impossible to draw any useful general conclusions regarding movements in postal savings accounts and bonds during the month. Such data as are available appear in Table 4 of Appendix F. The net investment trend noted in June appears to have continued in July.

2. Supply of postal bonds

Prior to our entry into Rome, one of the principal difficulties encountered by Finance Officers was the shortage or complete absence of postal bonds. A temporary certificate had to be provided to meet this situation.

Facilities are now available in Rome for printing further bonds, and it has been possible to resume the supply of these, through the Ministry of Posts and Telecommunications of the Italian Government.

As the provinces now being opened up will have been cut off from supplies at Rome for progressively longer periods, will no doubt find that stocks on hand in these provinces require replenishment before, or soon after, the service is restored. In such cases, printing of an estimated 2 - 3 months supply, based on statistics available in Rome, can be furnished at short notice if the Communications Sub-Commission is furnished, through Finance Sub-Commission, simply with the names of the Post Offices for which bonds are required. Supplies will then be printed and transmitted to PFOs by AMG courier service for distribution by such means as they have at their disposal. This arrangement applies only to the period prior to the operation of the normal mail services. As soon as such services become available they will, as before, be used for the submission of requisitions for bonds by the Provincial Directors to their Headquarters, and for the dispatch of stocks direct to each office, in normal course.

C. Other Financial Developments

1. Implementation of Administrative Memorandum No. 95.

(a) In the Finance Sub-Commission's Report for June, 1944, it was mentioned that AFHQ had objected to the voucher system under which the Italian Government would pay suppliers for goods and services furnished to the Allied forces, and were preparing instructions for the institution of a lire account on the same lines as the franc account set up in North Africa. Early in August these instructions were received in the form of Administrative Memorandum No. 31. In this Memorandum the Allied Control Commission was allotted [illegible]

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(i) To cause to be set up within the Italian Ministry of Finance an Agency to accept and fill those requests for supplies, facilities and services passed to it by the Allied forces.

(ii) To require the Italian Government to establish a lire account. It has been strongly represented to AFHQ that there are objections to both proposals. In the first case the Ministry of Finance, which is designed to superintend the collection of revenue, is entirely unable to provide any staff to perform the highly specialized functions of procuring goods and sources for the Allied forces. Enquiries were then made with a view to ascertaining if the Italian Army Commissariats could handle this work. A categorical reply was received that the Italian Army was unable to undertake such a commitment owing to a lack of competent staff; and that if this method were adopted the Allied forces would not receive what they required. In the second case it has been indicated to AFHQ that the working of the franc account in North Africa cannot be regarded as a precedent for the institution of a lira account in Italy. In North Africa both the

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3 3. Safe deposit boxes

Responsibility for the initial opening of presently blocked safe deposit boxes and sealed packages in that part of Italy comprising Region I, Southern Region, Region VI and the provinces of Rome, Frosinone and Littoria in Region IV has been transferred to the Italian Treasury and by it delegated to the Bank of Italy. All pending and future applications and inquiries in this field will be directed to the appropriate branch of the Banca d'Italia except for the province and city of Rome where they will be directed to the Amministrazione Centrale, Banca d'Italia, Rome. The Bank of Italy has not yet made complete a procedure for handling this work.

4. Economic Warfare program

The occupation of Rome brought under our control a substantial number of head offices of Italian banks and offered the possibility to the Italian Government of bringing foreign branches of Italian banks under control. Accordingly, to remind the Government of its obligation and to tighten the foreign exchange control in liberated Italy, the following letter was addressed by the Joint Director of the Finance Sub-Commission to the Minister of the Treasury:

"The Governments of the United States and Great Britain have for some time been conducting an increasingly successful economic warfare campaign against Germany and German-occupied countries. As part of this campaign, the Ministry of Economic Warfare and the Foreign Economic Administration have recently suggested a number of measures which they desire to see taken by your Government.

"In that part of Italy now liberated are located the head offices of a number of Italian banks having foreign branches in the European and Latin American neutral countries. The Allied Governments have reason to be concerned about the activities of these branches, as evidence has come to hand that some of these branches are engaging in financial and economic activities which aid the enemy. In some cases the foreign branches were placed on the British Statutory List and the US Proclaimed List for trading with the enemy. Examples are the Banco Nazionale del Lavoro, Madrid, and the Banco di Napoli, Buenos Aires. Likewise, the position and activities of the Banco di Roma and the B.C.I., Istanbul are regarded as unsatisfactory by the Allied Governments, as the managers of these branches are still acting on instructions coming from German-occupied Italy.

"I Suggest, therefore, that your Government direct the head offices of banks in Liberated Italy to advise their foreign branches substantially along the following lines:

(a) that instructions received from purported head offices located outside liberated Italy are to be ignored and no action taken thereon, and,

(b) that the managers of such branches are to communicate as soon as possible with the American and British Embassies or Legations accredited to the countries in which the branches are located. Each American and British mission has attached to it foreign service officers in charge of economic

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"Requests for deletion from the British and American lists cannot of course even be considered by the two Governments until they are assured beyond all doubt that any foreign branch that can be controlled from liberated territory has met the requirements of Allied economic warfare policy. I would suggest that foreign branches and officials be warned of all the sanctions and penalties that may be applied to them under Italian law if they continue to aid the enemy. As for those branches of banks whose head offices are still in German-occupied Italy, I feel that the Italian Government itself should give the instructions set out in (a) and (b) above to such branches, calling on the staffs as loyal Italians to sever all connections with the enemies of their country. I should be glad to receive through you statements from the various banks, detailing the measures they have taken to render secure their control over their foreign branches, and the responses received.

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"We have also been informed of numerous violations by banks in liberated Italy of the prohibitions against foreign exchange transactions and communications relating thereto. As an example, the B.C.I., Catania, recently instructed a Swedish bank to pay certain funds to the B.C.I., Milan. The Allied Governments take a most serious view of such transactions. I would suggest that your Government address a circular to all branches and agencies in liberated Italy, regardless of the location of their head offices, instructing them that no foreign exchange transaction or communication relative thereto may be effected or despatched without a specific authorization from your Government or the Allied Control Commission, as the case may be. Such circulars should except from the prohibition communications to banks in the U.S. or the sterling area in connection with the remittance system already established. Similarly, banks should be instructed to disregard communications received from abroad, except when received through your Government or Allied military channels. We are arranging for evidence of future violations, if any, to be furnished to the Finance Sub-Commission and it will be brought to your attention for appropriate action.

"London and Washington have been requested to put forward further measures that could usefully be taken by your Government in the field of economic warfare. In the meantime, I suggest, if you are in accord, that the program embodied in this letter should be executed without delay."

The Minister has issued appropriate instructions embodying our suggestions to the banks.

V. PRICES AND THE COST OF LIVING

A. Preparation of Cost-of-Living Index by the Instituto Centrale di Statistica

1. The July Report of Finance Sub-Commission contained the first comprehensive cost-of-living study for liberated Italy, prepared by the Italian Government's central statistical office. It has been decided to transfer at this time to the Instituto Centrale di Statistica responsibility for the compilation and maintenance of the cost-of-living index. This transfer is in line with ACC's policy of shifting operating functions to the Italian Government, and is necessitated by the depletion of finance officers in the southern regions of liberated Italy. Formerly the price returns were received through ACC finance officers.

2. The Instituto Centrale di Statistica has arranged to receive price data through its own channels and has sent out comprehensive instructions. The change-over prevents our presenting cost-of-living data in this Report; it is hoped that next month a number of complete studies can be inaugurated.

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B. The Price of Wheat

1. The price to be fixed for wheat when north Italy is occupied has been the subject of further consideration by the interested Sub-Commissions in the Economic Section. The Finance Sub-Commission remains firmly of the opinion that the price of wheat is too high and that the consequent effect upon the Italian Government's deficit and upon the general level of prices and incomes in Italy is serious. We therefore wish to reduce the price wherever it is yet possible to do so. Inasmuch as the present price has been limited to Central and Southern Italy, we are very anxious that steps be taken now (a) to determine the lowest price at which reasonably willing deliveries will be made to the Granai del Popolo, and (b) to prevent the posting of the old price in areas not yet liberated. However, this view has been rejected by Economic Section and it has recommended to the Italian Government that the same prices as fixed for south and central Italy be applied to north Italy.

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VI. INSURANCE

A. Italian Government

1. On 25 August, Finance Sub-Commission was notified (not officially) of the formation on 8 August, by a Ministerial Order, of a Direzione Generale for both social and commercial insurance in the Ministry of Industry, Commerce and Labor. The Direzione Generale is composed of four divisions for social insurance and one for commercial insurance. It was learned that approval of the Decree had been given on 21 August by the Labor Sub-Commission without reference to the Finance Sub-Commission. For the reasons given below, steps were at once taken to place before the Italian Government our objection to the proposed organization of a combined Direzione for both Social and Commercial Insurance. It is hoped to be able, if not to stop the Decree, to delete this particular Section of it, pending reconsideration.

2. The organization of the Direzione itself is considered unsatisfactory. The scheme places both social and commercial insurance, with their widely differing problems, under one general direction, which is in sharp contradistinction to all previous arrangements. The case for a strong independent section directly under the Minister, to deal exclusively with commercial insurance (and the Instituto Nazionale delle Assicurazioni) is indisputable. This is made the more imperative as the proposed section heads have had no technical experience in commercial insurance, both having been connected with Labor and Social Insurance matters in previous administrations under the former Ministry of Corporations.

3. The appointment of one Michele d'Addezio as head of the proposed commercial insurance Division is most unsatisfactory. He was for some years head of the old Servizio for commercial insurance directly under the former Minister of Corporations. He was one of the directors of the Istituto Nazionale delle Assicurazioni not reappointed by Marshal Badoglio in 1943 (see Appendix to Report for July 1944), and was a member of the Italo-German Insurance Commission in 1941. He is also an "aderente" member of the Italian Institute of Actuaries, that is, he is not qualified by internationally recognized standards.

B. Commercial Insurance

1. General

With the opening up of Regions in Northern Italy, and the apparent approach of access to the Head offices of the majority of companies, the need of a CCS policy on insurance generally, and on the international aspect of Italian reinsurance particularly, becomes a matter of urgency.

Tentative plans have been made for handling insurance in the north in the same way as was done in Rome, but the number of head offices involved (there are fifty-three in Milan alone), the possibility of entry of Allied troops from other directions, and the technical problems that will arise, complicate matters and will make the presence of a

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2. Communications

(a) It cannot be too strongly emphasized that the absence of communications, especially for transmission of heavy commercial mail, essential in insurance administration, continues to prevent the proper functioning of head offices and temporary head offices in Rome. Formation of the courier service proposed by the Istituto Nazionale delle Assicurazioni (see Report for July) has not been possible up to the end of August since, although possessing vehicles, the Institute has not been able to obtain the necessary permits and fuel.

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(b) Taking the Institute itself as an example, it has had no accounting documents from Sicily and most of Italy south of Rome since June 1943, or from Italy north of Rome since January 1944 (from Milan, since May 1943). The Commissioner of the Institute has used the word "disaster" in this connection, and it is difficult not to agree. For lack of information on policy status and the relative accounting documents, the Institute has been unable to complete its valuation of policy reserves at 31 December 1943, and it is estimated that arrears of work for lack of proper documents already involve the punching alone of two million tabulating machine cards. It was learned at the end of the month that 1 October has been fixed for reopening of postal services for commercial mails. The Communications Sub-Commission have just authorized the Ministry of Communications to accept the Institute's mails at once, but even so, it will probably be several weeks before the mass arrives in Rome. Several tons weight are involved.

3. Non Italian companies

By agreement with the Property Control Sub-Commission, supervision of all non-Italian insurance companies was transferred to the Insurance Department during August. An expression of policy has been requested from London on the handling of British companies, for which there are blocked accounts, to be released when authorized representation is met in Milan.

4. "Screening" of insurance personnel

(a) A little progress has been made on the screening of directorates and management. Some 140 "schede personali" are in the hands of the Security Branch, ACC, but only 4 reports had been received to the end of August.

(b) The following personnel reported in the Finance Sub-Commission's Report for July as having been removed from Banks, are also Insurance directors:

Giuseppe Veroi	Consigliere, Assicurazioni Generali
Ignazio Thaon de Revel	" " "
Nestore Caroso-Martinozzi	Consigliere M.I.A.B.

(c) The arrest, by order of the High Commissioner for Epuration, was announced in the Italian press on 18 August of:

Fulvio de Suvich	(President, Riunione Adriatica. (President, Assicuratrice Italiana. (Vice President, Compagnia di Roma.

A report received from the Security Branch confirms the necessity for his removal from these appointments. On 28 August, the Italian press announced the suspension from office in the Societa' Romana di Elettricita', by order of the High Commissioner for Epuration, of:

Alberto Pirelli	(Vice President, Riunione Adriatica. (Consigliere, Assicuratrice Italiana.

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Enrico Parisi	(Vice President, Riunione Adriatica. (Consigliere, Europea.
Filippo Pennavaria	(Consigliere, Riunione Adriatica.

Security reports have been received on the following, and confirm that their dismissal will be necessary:

Ignazio Giordani	(Ex-Direttore Generale, Istituto Nazionale delle Assicurazioni. (Consigliere, Compagnia di Roma. (Vice President, Fiume. (Consigliere, Soc.Italiana di Assicurazioni Credito. (ex-Vice President, Assicurazioni d'Italia (ex-Consigliere, Praevidentia. (Consigliere, Consorzio Rischi Rarati. ("aderente" (unqualified) member, Italian (Institute of Actuaries.

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Luigi Baroffio (Direttore Generale, Alleanza Securitas
(Esperia.

Security report on the following is sufficiently unfavorable to warrant dismissal:

Michele Sulfina (Direttore Generale, Assicurazioni Generali.

The taking of direct action to effect dismissal passed from the hands of Finance Sub-Commission on 15 August and these reports were received after that date. Steps will be taken to contact the appropriate Italian Epuration committee as soon as it is functioning.

6. Reopening of insurance offices

Satisfaction was obtained on the Rome organization of the following companies, which were therefore authorized to reopen on an all-Liberated Italy basis on the same terms and conditions as those opened in July.

Savoia (under Government Commissioner)
Societa' Assucuratrice Industriale
Ausonia
Fiume.

The same satisfaction was given after 15 August in the cases of Europa and Levante, and action was taken by the Italian Government.

7. Italian Insurance Offices Association

Towards the end of August, announcement was made of the formation of an Italian Insurance Offices Association (Associazione Nazionale fra Imprese Assicuratrici), to come into effect at once. A copy of the articles of association has been received, which sets out the purposes of this body as:

(a) To protect the interests of member companies before any public administration, public authority or other association. (Reference to the Italian Ministry and Committee is clearly meant.)

(b) To supervise, in the interests of member companies, relations with employees, trade unions, associations, etc., and to negotiate in disputes.

(c) To undertake the study of questions of technical, financial, administrative, legal and social character affecting the insurance industry, and to promote collaboration therein between member companies.

(d) To collate information and data of common interest, and to publish it in a journal.

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(d) To collate information and data of common interest, and to publish it in a journal.

(e) Generally to promote collaboration between member companies.

All Commercial Insurance Companies authorized to operate in Italy may apply for membership, as may the State or Parastatal institutions, the latter being, however, excluded from Labor questions. Member companies may only be represented in the Association by a legal representative, a General Manager (Direttore Generale), or by their immediate understudies. The Association is intended to be non-political.

There appears to be nothing in the Articles of Association to which exception can be taken. In fact, the Association may, if properly conducted, become a valuable one to the Companies. The Companies are in need of collaboration in order to present agreement in the Government Committee, while the formation of such an Association may enable certain problems not needing Government action to be settled mutually outside the Government Committee.

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8. Italian Institute of Actuaries

According to the Secretary-General of the Institute, the Institute has not been immune from political pressure, and was in fact closed by its own professional and non-political elements as from 1 January 1943 for this reason. Members were admitted up to 1931 without attaining the internationally recognized standards, only three having been admitted through proper examination. Two sets of the Journal of the Italian Institute of Actuaries for the period January 1940 to the last issue in 1942 prior to cessation of publication have been obtained and forwarded to Washington and London. They contain reports on insurance developments decrees, etc. in Italy and occupied countries during the war, some of which may be of interest to London and Washington.

C. Social Insurance

1. Progress of negotiations

A new plan has been prepared for insurance of direct employees of the Allied forces covering all civilians directly employed by Allied forces. This was approved by the Wages Sub-Committee of AAI at their meeting in Naples on 16 August and by the Wages and Labor Control Committee of AAI at their meeting in Rome on 25 August. It now goes to the Local Resources Board for final action by Allied Forces. Meanwhile it has been cleared by the Ministry of Industry, Commerce and Labor on technical grounds, and has been submitted to the Ministry of the Treasury for consideration on financial grounds.

2. Commissioners

In conjunction with Labor Sub-Commission approval was given to the following appointments and changes made by the Bonomi Ministry in Commissioners for liberated Italy of Social Insurance institutions:

Istituto Nazionale della Previdenza Sociale
Avv. Vincenzo Rommelli (no change)

Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro
Prof. Vezio Cristofulli (vice Avv. Leopoldo Renucci)

Ente della Mutualità - Istituto Nazionale per l'Assistenza di Malattia ai Lavoratori
On. Achille Grandi (vice Dott. Livio Malfettani)

Ente di Previdenza per i Dipendenti da Enti di Diritto Pubblico
Dott. Vincenzo Scognamiglio

Ente Nazionale di Previdenza e Assistenza per i Dipendenti Statali
Avv. Ferdinando Carbone

Istituto Nazionale di Previdenza per i Dipendenti dell'Azienda del Gas

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Avv. Ferdinando Carbone

Istituto Nazionale di Previdenza per i Dipendenti dell'Azienda del Gas
Ing. Giulio Marchesi

3. 60 day limit relaxed for unemployed in forward areas

(a) Under Articles 77 and 129 of RDL No. 1927 of 4 October 1935, insured persons must apply for unemployment benefit within 60 days from the date on which they become eligible (the 8th day after dismissal). Strict application of these articles has worked great hardship in areas recently liberated owing to activities of the German secret police and compulsory recruiting for work in German-operated factories. Our declared intention to assure payment of benefits due to those who have withheld cooperation from the enemy (see July Report, p. 25, para 2(a)), has accordingly been implemented by issuance on 29 August with our approval, of an instruction to provincial offices of Previdenza together with a letter to Finance Offices.

(b) The provincial offices of Istituto Previdenza Sociale are authorized to honor claims of unemployed workers who failed to register during German occupation for 30 days following publication of the instruction, provided proper documentation is furnished. Applicants must meet the following specifications, among others:

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(i) beca[illegible] legally entitled to claim unemployment indemnity subsequent to 3 July 1943, but failed to do so for fear of detection by German police or deportation for forced labor;

(ii) possess a social security card, a work book, and a dismissal notice;

(iii) sign a statement that he knows penalties for false declarations and that he must reimburse Previdenza if they are shown to be false.

The exceptional character of this concession is shown in that it does not apply in Sardinia, Sicily, Calabria, Lucania, Puglia or Campania, but only in recently liberated territory. Provincial offices are directed to investigate doubtful cases through the Inspectorates of Industry and Labor, the Public Safety Authority and the Carabinieri. Finance officers are urged to confer with Labor officers regarding assistance in effecting this new policy which has been jointly agreed upon by the Finance and Labor Sub-Commissions.

4. Pension increase for Previdenza employees

Istituto Previdenza Sociale, through its National Commissioner, applied to ACC for authorization to grant the graduated percentages of increase (70%, 60%, 30%) to monthly pensions due to retired employees of the Institute. This was granted in a letter of 26 August. Authorization was based on Article 8 of RDL No. 85 of 13 March: "The auxiliary bodies of the State, the public institutions for assistance and beneficence, the parastatal bodies and in general the bodies and institutes of public rights, are authorized to extend to their pensioners, following consideration by the competent organs, the provisions of the preceding articles, with power to grant smaller concessions than those fixed in the aforesaid provisions". RDL No. 85 was extended to military government territory by action of the Executive Commissioner on 29 July. It is accordingly now in effect wherever the National Commissioner of the Institute has authority.

5. Unblocking of social insurance funds

Recent communications to this Headquarters have indicated some confusion with regard to the policy of Finance Sub-Commission regarding unblocking of accounts of social insurance institutions. At a regional or provincial level, accounts have, in some cases, only partially unblocked as of some such date as 5 June. A related decision by a provincial sede of Previdenza has resulted in blocking payments of benefits in respect of claims prior to 31 March. Basis for this action was a sentence in the Instruction of 4 July concerning payments to dependents of persons called to arms: "Payments provided by law will be resumed immediately, retroactive to 31 March 1944, for dependents of men whose last known status was that of a member of the Italian Armed Forces in liberated territory and whose families were deprived of further benefits by the Fascist Republican Government on 31 March 1944."

Regarding this sentence, the stipulation refers only to those who were cut off from benefit on 31 March 1944, and in no sense was it intended to establish a date as of which claims should be split and subsequent payments due permitted while prior payments due were denied. The governing policy of Finance Sub-Commission has been stated (see July Report, p. 25, para 2(a)) in the revised section 4 of Proclamation No. 4a. The relevant portions call for payments to b[illegible]

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(a) Istituto Nazionale della Previdenza Sociale;

(b) Istituto Nazionale per l'Assicurazione contro gl'Infortuni sul Lavoro;

(c) Istituto per l'Assistenza di Malattia ai Lavoratori.

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6. Wage policy regarding banks

(a) Pressure for wage adjustments for bank employees has recently taken three principal forms: (i) "equalisation" of emergency payments authorized under contracts or directives as among their several branches; (ii) authorization of additional payments provided in Italian law for workers who do not take the vacations to which they are entitled, and (iii) authorization of a mess allowance (**indennita' mensa**) to compensate for higher living costs.

(b) Emergency payments taking the form of additional "mensilita' " were ordered by collective agreement or by the Directions of several banks of national interest, including the Banca d'Italia and the Banca Commerciale Italiana. The latter, for example, arranged by contract of 1 April 1944 at Milan for payment of three mensilita'. They have asked "equal treatment" for employees at Naples where this was not effectuated. Obviously the contract concerned has no legal force in Naples since actions under the Fascist Republican Government are not recognized in liberated areas. Since the Bari and Palermo branches had paid a single mensilita' equal treatment in this sense was accorded the Naples employees. Beyond this point the equalisation principle would be so far reaching as to have dangerous inflationary implications.

(c) Earlier action of the Direction General of the Banca d'Italia (13 September 1943) has been upheld, partly because this was before the influence of the Fascist Republican Government had been exerted, and partly because in any case the equalization affected only branches in early liberated **areas**, some of which had, while others had not, acted under the directive. In some cases the authorized payments had been exceeded, in some cases not fully made. Repayment was ordered in the former situation, and payment up to the limit allowed was authorized in the latter situation.

(d) After studying the Italian law on vacations and payments, it has been concluded that there is no reason for upsetting the prevailing practice. According banks have been authorized to make payments provided by law to employees who have refrained from taking vacations to which they are legally entitled.

(e) A decision on the mess allowance is still pending. The proposal is to pay L. 15 daily to each employee or L. 25 to a family head. It is clearly a wage increase, however it is paid, for the ultimate effect is to increase the funds in each employee's possession which he devotes to expenditures outside of the bank's "food store" or "mess". The differential for family responsibilities would better be handled by authorizing the increase in family allowances currently receiving consideration. The whole question should be considered a part of the pressure for wage increases, especially as regards non-manual workers. It seems wiser to grant a definite wage increase in the form of an increase in the temporary war indemnity than to create an additional indemnity for the already complicated Italian wage structure.

7. L'Istituto per l'Assistenza Sociale nell'Africa Italiana

This Institute was established by a decree of the Chief of the Government on 27 December 1941 to replace the "Fondo per l'assistenza [illegible]

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8. Contributi Unificati in Agricoltura

(a) Collection of Contributi Unificati in Agricoltura in the regions north of Rome has been complicated by the publication of a Republican Fascist Decree dated 26 February which increased all rates of contributions for 1944 by approximately 50%. This was notified by the Confederazioni Fasciste degli Agricoltori e dei Lavoratori dell' Agricoltura in a Circular No. 12 dated 1 March 1944 and addressed to all Uffici Provinciali Contributi Agricoli Unificati for the information of all Unioni Provinciali Fasciste degli Agricoltori and Unioni Provinciali Fasciste dei Lavoratori dell'Agricoltura.

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(b) As the preparation of the 1944 Ruoli are known to be well advanced the abrogation of this decree from the date of occupation would present many administrative difficulties. It has, therefore, been decided that all contributions for 1944 will be based on the instructions contained in Circular No. 12 as amended by the provisions of General Order No. 2. No definite decision has been made regarding the basis of contributions for the 1945 rolls as the Italian Government is of the opinion that new rates of contribution will be approved before the 1945 rolls are due to be issued. The Finance Sub-Commission does not share this optimism as any revision of social insurance contributions would have to be considered in relation to the whole social insurance problem which is the subject of investigation by a Royal Commission. Detailed instructions are being prepared setting out, inter alia, method of elimination of contributi sindacali, collection of arrears due to date of Allied occupation and remission of contributi sindacali as a result of successful appeals to the provincial commissions.

(c) The Ufficio Centrale Contributi Unificati in Rome is in the process of being reorganized. In December the head office was transferred to Venice by the Fascist Government but very little equipment was got away due to obstructionist tactics by loyal members of the staff. Complete summaries exist in Rome for all the communes in Italy. Out of a total staff of 103 only 10 employees went north; the remaining staff has been further depleted by evacuations from Rome, epuration, and separations for other reasons. The office is without funds and the Ministry of Industry, Commerce and Labor is actively interested in the reorganization being carried out.

VII. ACCOUNTING

A. Supply Accounting

1. (Supply accounts for the month of June are now being reviewed and prepared for consolidation at Headquarters. Reports for June have been forwarded by all Regions, except Region V. The delay in this instance has been caused by difficulty in compiling records in the field for receipts and sales of supplies by the AMG 8th Army, whose activities were widely extended during June. The progress report of the supply accountant handling these transactions indicates the report thereon will be submitted during the first week in September. In view of the advance of the 5th and 8th Armies, and the activation of Regions VIII and IX, covering large areas of occupied territory, the status of supply accounting is considered satisfactory.) After the close of each month the Regional supply accountant in the field must consolidate the provincial supply reports on commodities and verify the proceeds of sales. With the difficulties encountered in respect of communication and transportation, especially in those areas where the Armies are moving forward, the verification of transactions in the Regional office and the submission of reports, even under optimistic estimates, will require from 30 to 60 days. At present reports for rear areas are being submitted within 30 days, while those for the forward areas ordinarily take a somewhat longer time. It is hoped that through changes in the procedure for handling supplies much of the accounting work now performed by ACC/AMG personnel can be transferred to Italian Governmental agencies. If so, summary reports can be prepared shortly after the close of each month.

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2. One difficulty encountered in supply accounting is the large volume of transactions to be processed in connection with sales of foodstuffs and other supplies. In many instances numerous sales to communes, consorzii, alimentazioni, and other consignees are made in relatively small quantities, considering the magnitude of supply activities in Italy. As the result of this condition, an inordinate volume of work has been thrown on the supply officers and supply accountants. Due to the limited number of officers and EM/ORs available in the field, the pressure of work has been exceedingly heavy. This is evidenced by repeated requests for additional assignment of personnel, which have been corroborated by reports of the field supervisor operating from Headquarters. In recognition of conditions to be faced, Finance Sub-Commission early initiated recommendations looking to arrangements whereby imported foodstuffs would be turned over at dockside to the Italian Government or a national agency controlled by and accountable to the Italian Government. Almost without exception AMG/ACC officials handling supplies have endorsed the project. Nevertheless, little progress was made for some time, primarily because the Italian Government during the formative period had no departmental organization and no staff in the field. Faced with this condition Italian officials were reluctant to undertake the responsibility. As the Government became stronger the prospects of an ultimate arrangement increased. Within the past month negotiations were

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concluded whereby the Italian Government in the area comprising the large Southern Region (formerly Regions II, III, VII, Foggia and Campobasso) will receive and distribute foodstuffs through the Direzione Generale dell'Alimentazione.

3. Under the arrangements consummated, this agency will coordinate and control all phases of the supply of essential foodstuffs. Plans and policies of the Direzione Generale dell'Alimentazione will be put into execution by a new national body to be called UNADA (Ufficio Approvvigionamento Distribuzione Alimentari). Working through this agency the Direzione Generale will assume control of, and accounting and financial responsibility for, all imported foodstuffs. The Italian Government or its agent will accept delivery of imports at the ports of arrival on the basis of the ships' manifests, and will thereafter bear any loss between the ship and the wholesaler. It is not intended that the Italian Government will make any interim settlements in lire in respect of imported foodstuffs. Accounts for all such supplies are maintained in London and Washington in sterling and dollars, the question of settlement being deferred till a later date.

4. The Direzione Generale has appointed the Federazione Italiana dei Consorzii Agrari to be the distributing and controlling agent throughout Italy. This organization will assume the accounting and financial responsibilities effective from 1 September 1944 in the Southern Region and it is hoped to extend the scheme to other Regions in the immediate future. ACC supervision of food distribution will continue exactly as before. No change whatever will be made in the channels of physical distribution. Under this arrangement the Federazione dei Consorzii Agrari now has the responsibility of accounting to the Italian Government for the collection on sales of foodstuffs. The shifting of this responsibility will have a material effect in reducing the work of the ACC/AMG Regional supply officers and accountants.

5. It is hoped that in the near future similar arrangements can be placed in effect for other supplies which are now increasing. A satisfactory working plan has already been placed into operation in respect to petroleum, oil and lubricants, which are distributed in rear areas by the Comitato Italiano Petroli. Under this arrangement CIP issues POL products to the Italian armed forces, public utilities, and essential civilian consumers. Petroleum Section, AFHQ, notifies the Chief Accountant of the quantities turned over to CIP each month, confirmation is thereupon required from CIP who make payment in lire. Complete accounting on these commodities has been effected through 31 May 1944. As the work involved for ACC under this plan is relatively light, the arrangement is considered satisfactory.

6. Accounting for coal, of which large quantities are used by public utilities, war industries, other minor consumers such as hospitals, bakeries, etc., has involved considerable work, primarily because of lack of records maintained by supply officers. Statements have been received from the Coal Section, ACC, as to the amounts of coal allocated and issued by the Armies, but the matter of effecting collection thereon has been a burdensome task. Through assignment from headquarters of staff accountants on this work accounting for issues of coal has been effected through 31 May, consignees have been billed and collections made on the major portion of the issues. Consideration is now being given to utilizing a single agency, the Italian State Railways, to distribute coal as agent for the Italian Government. Some complications remain to be resolved, so that the plan is still in the formative stage.

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7. In previous Reports of this Sub-Commission reference was made to difficulties encountered in securing an accounting for medical supplies. The situation arose partly from a delay in issuing instructions and price lists, but more particularly because of the inadequacy of the accounting personnel in the provincial medical units. A tentative report has been submitted by a staff officer of Finance Sub-Commission through 31 May. The data furnished the officer was fragmentary in some Regions. From the available records, however, an accounting was developed for medical imports and supplies drawn from Allied Armies, sales, other issues, and the inventory on hand at 31 May 1944.

8. The handling of medical supplies during the spearhead operations was performed by various units including other Army services, many of which left no records. Later the situation was partially corrected. Since 31 March, 1944, the field records show improvement, but much is left to be desired. During the past month the Public Health Sub-Commission considered plans whereby medical supplies would be turned over to the Italian Government for distribution. Here again, the Italian Government has no agency organized and staffed to handle this activity. As an alternate arrangement, consideration is now being given to a plan to sell imported medical supplies (except those required in forward areas) to a syndicate formed of wholesalers. If and when the plan is placed in execution that agency will take over all inventories of medical supplies on hand in the

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central depot (except a few items required for forward areas). Thereafter it will receive medical supplies as unloaded at dockside.

9. The accounting for supplies issued to the Italian armed forces both for ship deliveries and issues from depots is current through 31 May 1944. The present procedure under which the Army Sub-Commission, ACC, makes an administrative review of issue vouchers before entry in the accounts of this office has tended to reduce much of the detail necessitated in the earlier accounting. There is however some doubt as to whether the earlier reports of the several depots completely covered all issues. In as much as depot issues have substantially declined during the past several months, the earlier problem in this respect is not considered serious.

10. The accounting for issues to Italian internees and displaced persons is satisfactory. The issues by both the British and American Armies have been consolidated through 31 May, 1944. All commodities have been priced, in the case of British issues at landed cost values, and in the case of American issues at base U.S. prices (such items to be subject to additions for transportation and handling expenses).

11. During the month an Executive Memorandum was issued prescribing the accounting procedure for issues of supplies to ACC/AMG from Army depots. The Memorandum requires that all ACC/AMG officers requisitioning supplies from Army depots must show whether such items are for the use of ACC/AMG (e.g. rations, quartermaster stores for messes, etc.), or whether the items are for issue to Italian civilians. Shipping tickets and issue vouchers must be receipted by the officer drawing the supplies. In the case of commodities received for civilian use, the officer transmits the copy of the shipping ticket to the Regional supply accountant, who uses the same as a supporting document for his monthly stock movement reports.

12. The extension of territory covered by the supply operations of the AMG 5th & 8th Armies and the activation of Regions VIII, IX, and XII has necessitated the reassignment of more than half of the supply accounting officer personnel to forward areas. In addition to this personnel, many enlisted men and other ranks have been moved forward to assist in handling the increased volume of work. This action has necessarily resulted in the thinning out of the accounting personnel to where little more than skeleton organizations remain in the Southern Region, Sicily and Sardinia. Although imports have dropped off in these areas, the accounting for the months of July and August must be performed by greatly reduced staff. Foreseeing this contingency the central office made an intensive review of supply operations in every Region. The force has been redistributed so as to ensure against a repetition of the conditions encountered in the early supply operations in Sicily and Southern Italy. Fortunately procedures and records have been established in the older sections and the backlog of accumulated work has been brought to a reasonably current basis. The situation faced in carrying on the work in rear areas will be acute for some time. The position is by no means critical, but it is considered such that possible delays in reports may arise. The clearing of this work will place the supply accounting on practically a current basis.

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11. During the month an Executive Memorandum was issued prescribing the accounting procedure for issues of supplies to ACC/AMG from Army depots. The Memorandum requires that all ACC/AMG officers requisitioning supplies from Army depots must show whether such items are for the use of ACC/AMG (e.g. rations, quartermaster stores for messes, etc.), or whether the items are for issue to Italian civilians. Shipping tickets and issue vouchers must be receipted by the officer drawing the supplies. In the case of commodities received for civilian use, the officer transmits the copy of the shipping ticket to the Regional supply accountant, who uses the same as a supporting document for his monthly stock movement reports.

12. The extension of territory covered by the supply operations of the AMG 5th & 8th Armies and the activation of Regions VIII, IX, and XII has necessitated the reassignment of more than half of the supply accounting officer personnel to forward areas. In addition to this personnel, many enlisted men and other ranks have been moved forward to assist in handling the increased volume of work. This action has necessarily resulted in the thinning out of the accounting personnel to where little more than skeleton organizations remain in the Southern Region, Sicily and Sardinia. Although imports have dropped off in these areas, the accounting for the months of July and August must be performed by greatly reduced staff. Foreseeing this contingency the central office made an intensive review of supply operations in every Region. The force has been redistributed so as to ensure against a repetition of the conditions encountered in the early supply operations in Sicily and Southern Italy. Fortunately procedures and records have been established in the older sections and the backlog of accumulated work has been brought to a reasonably current basis. The situation faced in carrying on the work in rear areas will be acute for some time. The position is by no means critical, but it is considered such that possible delays in reports may arise. The clearing of this work will place the supply accounting on practically a current basis.

B. Financial Accounting Reorganization

1. The centralization of the Regional financial accounting at ACC Headquarters has worked out even better than expected, in spite of one officer having to be detailed entirely to auditing and recasting the accounts for one region which, on investigation, proved to be in an unsatisfactory condition. The centralization has resulted in two officers and one NCO being liberated for other work and in four officers being made available for new regions. Region IV has now been wholly brought into the centralized system and Regions V and VIII will be included in the immediate future.

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C. Financial Accounting Directives and Instructions

1. During the month Sub-Accountants' Instruction No. 2, reducing the number of certain accounting forms previously considered necessary, was issued.

2. In view of the proposal that all civilian employees in requisitioned hotels and all hotels running expenses should be paid by the Italian Comando Genio, all regions were instructed to obtain lists of payments made by the managements of such hotels so that a refund may be obtained from the Comando Genio.

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VIII. PERSONNEL

A. During August Colonel E.H. Foley, Jr., Joint Director, went to the United States on temporary duty in connection with the preparation of a new Italian currency and other matters.

B. Operations of Finance Sub-Commission Headquarters have been affected adversely by the temporary attachment to the office of the Vice President of the Economic Section for duty of Captain Andrew Kamarck, Lieut. J.E. Hicks, USCGR and Lieut. G.H. Willis, USNR, three of the four Joint Editors of these Reports. During August the Finance Sub-Commission was called upon to prepare an unusually large number of special studies. These included a report for the Vice-President, Economic Section, on the progress and achievements of the Sub-Commission covering the period July 1943 - August 1944; an extensive memorandum of comment on the report of the U.S. War Department Accounting Mission, which visited the theatre in March, 1944; a report on all decrees passed by the Italian Government in which Finance Sub-Commission had an interest; a redefinition of the functions of this Sub-Commission; and a revision of all Executive Memoranda affecting financial operations.

R P Bradley Jr. M.
Col.

Joint Director,
Finance Sub-Commission.

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APPENDIX " A."

Composition of Defascistisation Commissions -Ministries of Treasury and Finance.

1. Ministry of the Treasury.

(a) - Uffici Amministrativi Centrali e provinciali :

S.E. Avv. Armando Assisi, Presidente di Sezione Onorario della Corte di Cassazione - Presidente ;

S.E. Avv. Achille De Martino - Prefetto a riposo - Delegato dall'Alto Commissario per le sanzioni contro il fascismo e

Comm. Dott. Francesco Pallottino - Direttore Capo Divisione reggente l'Ufficio centrale del Personale - Membro.

(b) - Uffici centrali e provinciali della Ragioneria Generale dello Stato :

S.E. Avv. Armando Assisi, - Presidente;

S.E. Avv. Achille De Martino e

Comm. Dott. Benvenuto Ricci, Ispettore Generale della Ragioneria Generale dello Stato - Membro.

(c) - Per gli Enti ed Istituti dipendenti o vigilati :

Comm. Avv. Pietro Traina - Sostituto Procuratore Generale presso la Corte di Cassazione - Presidente ;

S.E. Avv. Achille De Martino e

Cav. Attilio Milanesi, Ispettore Superiore della Banca d'Italia - Membro.

2. Ministry of Finance.

(a) - Per il personale del Ministero :

S.E. Gr. Cr. Dott. Andrea Ferrara - Presidente di Sezione della Suprema Corte di Cassazione - Presidente ;

Comm. Dott. Dante Crudele - Direttore Capo Divisione nel Ministero delle

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Comm. Dott. Francesco Pallottino - Direttore Capo Divisione reggente l'Ufficio centrale del Personale - Membro.

(b) - Uffici centrali e provinciali della Ragioneria Generale dello Stato :

S.E. Avv. Armando Assisi, - Presidente;

S.E. Avv. Achille De Martino e

Comm. Dott. Benvenuto Ricci, Ispettore Generale della Ragioneria Generale dello Stato - Membro.

(c) - Per gli Enti ed Istituti dipendenti o vigilati :

Comm. Avv. Pietro Traina - Sostituto Procuratore Generale presso la Corte di Cassazione - Presidente ;

S.E. Avv. Achille De Martino e

Cav. Attilio Milanesi, Ispettore Superiore della Banca d'Italia - Membro.

2. Ministry of Finance.

(a) - Per il personale del Ministero :

S.E. Gr. Cr. Dott. Andrea Ferrara - Presidente di Sezione della Suprema Corte di Cassazione - Presidente ;

Comm. Dott. Dante Crudele - Direttore Capo Divisione nel Ministero delle Finanze - Membro;

Cav Uff. Francesco Maffei - Direttore Superiore nella Amministrazione delle Dogane - Membro - in rappresentanza dell'Alto Commissariato per l'Epurazione . -

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APPENDIX B

TAX REVISION - COPY OF LETTER TO PRESIDENT OF THE COUNCIL.

31 August, 1944

My dear Mr.Prime Minister:

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

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

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

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

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

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1. Imposta sugli Utili di Guerra.
2. Imposta di Ricchezza Mobile.
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4. Abolizione delle Imposte sui Celibi.
5. Imposta sul Reddito Agrario.
6. Imposta Ordinaria sul Patrimonio.
7. Imposta sui Terreni.
8. Imposta Complementare.
9. Tasse sulle concessioni e Donazioni.
10. Imposte di Consumo.

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

Yours very truly, M 2330

(signed) ELLERY W. STONE,
Captain, USNR
Acting Chief Commissioner

His Excellency IVANOE BONOMI
The President of Council of Ministers
Italian Government

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APPENDIX "C".

DIVISION OF RESPONSIBILITIES BETWEEN MINISTRIES
OF FINANCE AND TREASURY.

(Extracts from Decree dated 24 August 1944).

I. Ministry of Finance.

A. The following General Directions and General Inspectorate are part of the Ministry of Finance:

1. General Direction of Affairs and Personnel
2. General Direction of Catasto and Technical State services
3. General Direction of "Demanio" except for Demanio Mobiliare, which is provided for in last paragraph of this section
4. General Direction of Taxes and Indirect Taxes on Business
5. General Direction of Customs and Indirect Taxes
6. General Direction of Direct Taxes
7. General Direction for Local Finance
8. General Inspector of Lotteries
9. Office of Fiscal Co-ordination, Legislation, Studies dependent upon the Minister

A forthcoming decree will be issued determining the sphere of activity of Demanio Mobiliare; until such time as the decree is issued,all decisions relating to the functioning of the services of Demanio Mobiliare will be undertaken in agreement between the two Ministries of Finance and Treasury. (Note: The point at issue here is the control of IRI). The following departments form part of the Ministry of Finance :

10. Stato Monopolies
11. Corps of the Guardia di Finanza

B. The following General Directions, General Inspectorate and Offices are dependent on the Treasury :

1. General Direction for Personnel, Ordinary Pensions and General Filing Office
2. General Direction of the Treasury and Provincial Offices of the Treasury
3. State Accountancy Office,including dependent Accountancy offices of the Intendenze di Finanza and other Accountancy offices
4. General Direction of Public Debt, including Sinking Fund Office
5. General Direction of Deposit, Loan Banks and Insurance Companies
6. General State Provveditorate with relative powers concerning the Istituto Poligrafico dello Stato, excluding Servizio Patrimoniale,Clerical Funds and related accounting service,which are entrusted to the General

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6. General Direction of Direct Taxes
7. General Direction for Local Finance
8. General Inspector of Lotteries
9. Office of Fiscal Co-ordination, Logislation, Studies dependent upon the Minister

A forthcoming decree will be issued determining the sphere of activity of Demanio Mobiliare; until such time as the decree is issued,all decisions relating to the functioning of the services of Demanio Mobiliare will be undertaken in agreement between the two Ministries of Finance and Treasury. (Note: The point at issue here is the control of IRI). The following departments form part of the Ministry of Finance :

10. State Monopolies
11. Corps of the Guardia di Finanza

B. The following General Directions, General Inspectorate and Offices are dependent on the Treasury :

1. General Direction for Personnel, Ordinary Pensions and General Filing Office
2. General Direction of the Treasury and Provincial Offices of the Treasury
3. State Accountancy Office,including dependent Accountancy offices of the Intendenze di Finanza and other Accountancy offices
4. General Direction of Public Debt, including Sinking Fund Office
5. General Direction of Deposit, Loan Banks and Insurance Companies
6. General State Provveditorate with relative powers concerning the Istituto Poligrafico dello Stato, excluding Servizio Patrimoniale,Clerical Funds and related accounting service,which are entrusted to the General Direction of Demanio
7. General Direction for War Pensions
8. General Inspectorate for extension of Credit to State Employees

C. The Ente Nazionale di Previdenza ed Assistenza per i dipendenti statali (Insurance and loan Company for assistance to civil servants) are placed under the supervision of the Treasury.

All powers of the Ministry of Finance with respect to national institutions concerned with houses for civil servants are transferred to the Ministry of Treasury.

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D. The library situated in the buildings housing the two Ministries is a service of the Provveditorato Generale dello Stato and belongs to both Ministries. A Commission of three members appointed by agreement between the two Ministers will supervise the library, purchase books and reviews and handle all other details which will ensure the perfect functioning of the library. The same Commission will choose the personnel dependent on the Provveditorato Generale dello Stato who is to work in the library.

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E. Until such time as the two Ministries are divided, the personnel who formed part of the Ministry of Finance at the moment this decree went into effect and was working for the Ministry of the Treasury at the time, will be administered by the same Ministry so far as their pay is concerned while all others will be administered by the Ministry of Finance.

F. Organically, the Intendenza di Finanza depend on the Ministry of Finance. Nevertheless, for all services which come under the Ministry of Treasury, they are dependent upon the Treasury.

G. All powers, which, on the basis of existing rules are part of the Ministry of Finance, are transferred over to the Treasury when they concern matters which are the competence of the latter Ministry, in accordance with orders contained in the preceding articles.

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APPENDIX D

Position with regard to Provincial Tax Appeal Commissions.

A. Commissions formed.

Agrigento	Lecce
Avellino	Messina
Bari	Nuoro
Cagliari	Palermo
Caltanisetta	Potenza
Catania	Ragusa
Catanzaro	Reggio Calabria
Cosenza	Salerno
Enna	Taranto
Foggia	Trapani

B. Under correspondence

Benevento	Campobasso
Brindisi	Matera
	Siracusa

C. Nominations not yet received

Ancona	Macerata
Aquila	Naples
Arezzo	Perugia
Ascoli	Pescara

Caltanisetta	Potenza
Catania	Ragusa
Catanzaro	Reggio Calabria
Cosenza	Salerno
Enna	Taranto
Foggia	Trapani

B. Under correspondence

Benevento	Campobasso
Brindisi	Matera
	Siracusa

C. Nominations not yet received

Ancona	Macerata
Aquila	Naples
Arezzo	Perugia
Ascoli	Pescara
Chieti	Rieti
Frosinone	Rome
Grosseto	Teramo
Littoria	Terni
Livorno	Viterbo

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D. The Commissions formed are shown because it does not necessarily follow that they are functioning and Finance Officers in the field may wish to enquire into this point.

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APPENDIX "E"

ALLIED FINANCIAL AGENCY

CONSOLIDATED

STATEMENT OF RECEIPTS AND DISBURSEMENTS
for Period to 31 July 1944
(Expressed in Lire)

ITEM No.	SCHEDULE No.		To 30
1	-	CASH ON HAND IN BANKS AT BEGINNING OF PERIOD (including Mutilated and Unfit AM Lire notes on hand)	
-	-	RECEIPTS DURING PERIOD	
2	I	NEW A.M. LIRA NOTES RECEIVED	53,
3	-	NEW A.M. STAMPS RECEIVED	
4	II	DEPOSITS BY AMG/ACC DIVISIONS (pending allocation to revenue or other accounts)	
5	III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD	
6	IV	DEPOSITS	
7	-	CURRENCY OF ITALIAN GOVERNMENT PLACED TO CREDIT OF AFA (under agreed program to sterilize surplus currency)	2,
8	V	PROCEEDS OF SALES IN ITALY OF SUPPLIES	1,
9	VI	RECEIPTS IN RESPECT OF AMG/ACC REVENUE	
10	-	METROPOLITAN LIRE NOTES IMPORTED BY BRITISH FORCES	
11	VII		
12	VIII		
13	-		56,
14	IX	CONTRA ACCOUNTS	
15	-	TOTAL RECEIPTS DURING PERIOD	56,
16	-	TOTAL FUNDS AVAILABLE	LIRE 56,

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APPENDIX "E"

ALLIED FINANCIAL AGENCY

CONSOLIDATED

STATEMENT OF RECEIPTS AND DISBURSEMENTS
for Period to 31 July 1944
(Expressed in Lire)

	Total to 30 June 1944	Current month	Total to 31 July 1944
AT BEGINNING OF PERIOD			
d and Unfit AM Lire notes on hand)	N I L	16,589,663,115	N I L
RECEIVED	53,338,074,139	8,988,745,450	62,326,819,589
IVED	169,336,000	-	169,336,000
DIVISIONS	792,943,095	897,420,874	1,690,363,969
on to revenue or other accounts)			
BANKS AND OTHERS BY ACCOUNTING			
FIELD	10,500	(10,500)	-
	189,445,772	31,046,570	220,492,342
GOVERNMENT PLACED TO CREDIT OF AFA			
ogram to sterilize surplus currency)	2,100,000,000	-	2,100,000,000
N ITALY OF SUPPLIES	1,592,178,821	180,777,590	1,772,956,411
OF AMG/ACC REVENUE	158,863,793	13,962,447	172,826,240
OTES IMPORTED BY BRITISH FORCES	66,174,450	-	66,174,450
	58,407,026,570	10,111,942,431	68,518,969,001
	143,867,896	127,953,842	271,821,738
	58,550,894,466	10,239,896,273	68,790,790,739
DURING PERIOD			
LIRE	58,550,894,466	26,829,659,388	68,790,790,739

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-	-	DISBURSEMENTS DURING PERIOD	
20	-	MUTILATED AM LIRA CURRENCY DESTROYED	18,626,5
21	-	* FUNDS HELD BY ACCOUNTING OFFICERS IN THE FIELD (Pending allocation to expenditure or other accounts)	614,384,6
22	XII	AM STAMPS ISSUED TO POST OFFICE AND ON HAND	169,336,0
23	XIII	PURCHASES IN ITALY OF SUPPLIES	669,983,3
24	XIV	STORAGE, HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES.	38,236,6
25	XV	ADVANCES (Including advances to Italian State, Provinces & Communes)	6,289,347,6
26	XVI	LOANS (Maturity date or interest rate fixed in advance	2,400,2
27	XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES	33,756,5
28	XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS	9,356,6
29	XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	3,544,3
30	XX	ADVANCES TO ALLIED ARMED FORCES	33,813,777,6
31	XXI	DISBURSEMENTS IN RESPECT OF AMG/ACC EXPENDITURE	66,150,0
32	-	METROPOLITAN LIRE ADVANCED TO BRITISH PAYMASTERS	66,174,4
33	XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY	1,968,4
34	XXIII		
35	XXIV		
36	XXV		
37	XXVI		
38	-		41,817,063,4
39	XXVII	CONTRA ACCOUNTS	143,867,8
40	-	TOTAL DISBURSEMENTS DURING PERIOD	41,960,931,3
41	XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (Including Mutilated and Unfit AM Lira Notes on hand)	16,589,963,1
42	-	TOTAL DISBURSEMENTS AND CASH BALANCES	58,550,894,4

( ) - Red Figures

* Note: There is a lag of at least one month between (1) the time transactions of Accounting tion of such transactions in this Statement; however, advances made by Allied Financi by them to Allied Financial Agency are reflected in this account currently.

/s/: H. G. Crawshaw
/t/ H. H. CRAWSHAW
Colonel
Chief Accountant

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DESTROYED	18,626,521	7,848,643	26,475,164
FFICERS IN THE FIELD	614,384,876	(119,785,507)	494,599,369
xpenditure or other accounts)			
FFICE AND ON HAND	169,336,000	-	169,336,000
LIES	669,985,387	190,059,554	860,042,941
PING EXPENSES IN CONNECTION WITH			
CAL SUPPLIES.	38,236,669	17,034,368	55,271,037
os to Ita lian State, Provinces & Communes)	6,289,347,659	46,697,858	6,336,045,517
terest rate fixed in advance	2,400,280	(1,300,280)	1,100,000
LY ON ACCOUNT OF REMITTANCES FROM ALLIED			
	33,756,500	30,755,045	64,511,545
JECTS OF ALLIED NATIONS	9,356,641	1,963,845	11,320,486
LIAN STATE IN RESPECT OF ITALIAN REFUGEES, ETC.	3,544,393	2,583,012	6,127,405
ORCES	33,813,777,648	5,725,770,973	39,539,548,621
F AMG/ACC EXPENDITURE	86,150,011	17,538,608	103,688,619
D TO BRITISH PAYMASTERS	66,174,450	-	66,174,450
COUNCIL FOR ITALY	1,988,420	5,505,506	7,493,926
	41,817,063,455	5,924,671,625	47,741,735,080
	143,867,896	127,953,842	271,821,738
NG PERIOD	41,960,931,351	6,052,625,467	48,013,556,818
AT END OF PERIOD	16,589,963,115	20,777,233,921	20,777,233,921
d Unfit AM Lira Notes on hand)			
SH BALANCES	58,550,894,466	26,829,859,388	68,790,790,739

one month between (i) the time transactions of Accounting Officers take place and (ii) in the allocat
n this Sta tement; however, advances made by Allied Financial Agency to such Officers and refunds made
Agency a re reflected in this account currently.

/s/ James H. Penick
/t/ JAMES H. PENICK
Major
Chief of A.F.A.

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ALLIED FINANCIAL AGENCY

SCHEDULES TO STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIO

(EXPRESSED IN LIRE)

SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
I	NEW A.M.LIRA NOTES RECEIVED	
	(a) As Notified to Washington	53,338,528,000
	(b) Overages Revealed on Opening Boxes	-
	(c) Shortages Revealed on Opening Boxes	(1,130)
	(d) Defective A.M.Lira Notes Returned to Washington	(452,731)
	Lire	53,338,074,139
II	DEPOSITS BY AMG/ACC DIVISIONS	
	(a) Economic and Supply Division - Supplies	691,653,497
	(b) " " " " - Deposits on Returnable Containers	30,304,275
	(c) Public Health Division	61,205,173
	(d) Legal Division	9,752,450
	(f) Other Division	27,700
	Lire	792,943,095
III	FUNDS OBTAINED FROM BANKS AND OTHERS BY ACCOUNTING OFFICERS IN THE FIELD	
	(a) From Others	10,500

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ALLIED FINANCIAL AGENCY

F/F 1

NT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO 31 JULY 1944 Page 1

(EXPRESSED IN LIRE)

	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
n	53,338,528,000	8,988,800,000	62,327,328,000
ming Boxes	–	400	400
ening Boxes	(1,130)	–	(1,130)
Returned to Washington	(452,731)	(54,950)	(507,681)
Lire	53,338,074,139	8,988,745,450	62,326,819,589
sion - Supplies	691,653,497	895,419,071	1,587,072,568
- Deposits on Returnable Containers	30,304,275	(9,631,184)	20,673,091
	61,205,173	11,305,037	72,510,210
	9,752,450	327,950	10,080,400
	27,700	–	27,700
Lire	792,943,095	897,420,874	1,690,363,969

OTHERS BY
LD

10,500	(10,500)	–

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
IV	DEPOSITS	
	(a) Controller of Property	
	(1) Region I - A.G.I.P.	10,000,000
	(2) Region III - Miscellaneous	1,744,473
		11,744,473
	(b) By U.S. Army Units	74,340,097
	(c) By Others	
	(1) "A" Force	936,500
	(2) Pasquale Esposito	108,600
	(3) Comitato Italiano Petroli	95,475,750
	(4) Enemy Unit Funds	1,946,527
	(5) Jewish Refugees Departing for Palestine	4,373,893
	(6) Italian Road Haulage Organisations (Depreciation on A.C.C. Vehicles)	260,471
	(7) Post Office, Vasto Marina, Chieti Province (Pending Receipt of Additional Information)	-
	(8) Provincial Finance Officer, Viterbo, Region IV (Pending Receipt of Additional Information)	-
	(9) Supply Officer, Messina (Pending Receipt of Additional Information)	-
	(10) Various (Under Lire 100,000 each)	257,461
	Lire	189,445,772

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	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	10,000,000	-	10,000,000
ncous	1,744,473	4,209,102	5,953,575
	11,744,473	4,209,102	15,953,575
	74,340,097	5,820,193	80,160,290
	936,500	(1,374,583)	(438,083)
	108,600	-	108,600
roli	95,475,750	18,019,773	113,495,523
	1,948,527	-	1,948,527
ting for Palestine	4,373,893	(84,779)	4,289,114
Organisations			
C. Vehicles)	260,471	978,960	1,239,431
rina, Chieti Province			
dditional Information)	-	173,000	173,000
dicer, Viterbo, Region IV			
dditional Information)	-	1,891,000	1,891,000
ns			
dditional Information)	-	1,248,697	1,248,697
00,000 each)	257,461	165,207	422,668
Lire	189,445,772	31,046,570	220,492,342

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS M
V	PROCEEDS OF SALES IN ITALY OF SUPPLIES	
	(a) Economic and Supply Division	
	(1) Supplies Imported or Drawn from Armies	1,561,331,42
	(2) Supplies Purchased Locally	16,354,91
	(b) Public Health Division	
	(1) Supplies Imported or Drawn from Armies	14,427,98
	(2) Supplies Purchased Locally	4,50
	Lire	1,592,178,82

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Y OF SUPPLIES		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Division				
Drawn from Armies		1,561,391,422	121,864,470	1,683,255,892
Locally		16,354,919	463,864	16,818,783
on				
or Drawn from Armies		14,427,980	58,449,256	72,877,236
Locally		4,500	-	4,500
	Lire	1,592,178,821	180,777,590	1,772,956,411

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ALLIED FINANCIAL AGENCY

TO STATEMENT OF RECIEPTS AND DISBURSEMENTS FOR THE PERIOD TO 31 JULY 1944.

(EXPRESSED IN LIRE)

TOTAL A.M.G.	TO CLOSE A.C.C.	OF PREVIOUS A.F.A.	MONTH NOTE 1	TOTAL	CURRENT MONTH	TOTAL TO DATE
IES:						
12,889,572	465,765	-	50,879	13,406,216	224,167	13,630,383
13,709,408	1,514,064	-	-	15,223,472	68,710	15,292,182
1,053,479	159,882	-	-	1,813,361	-	1,813,361
1,513,625	(206,950)	-	-	1,306,675	(192,900)	1,113,775
195,013	87,632	-	-	282,645	208,363	491,008
34,145,336	887,903	-	-	35,033,239	19,000	35,052,039
4,455,585	93,933	-	-	4,549,518	265,678	4,815,196
4,009,103	(146,500)	-	-	3,862,603	-	3,862,603
1,133,109	31,441	-	-	1,164,550	36,062	1,200,612
3,232,363	-	-	[illegible]	3,232,363	[illegible]	3,231,963
1,189,106	175,520	-	[illegible]	1,364,626	325,702	1,690,328
5,435,974	516,255	-	67,200	6,019,429	112,161	6,131,590
83,561,673	3,578,945		118,079	87,256,697	1,070,163	88,326,860
50,887,140	2,354,235	-	-	53,241,375	12,257,637	65,499,012
11,279,007	2,048,736	-	-	13,327,743	75,454	13,403,197
508,575	280,900	-	-	789,475	43,050	832,525
9,277	17,951	3,481,868	-	3,509,096	346,065	3,855,161
689,857	47,005	545	-	737,407	170,078	907,485
12,486,716	2,394,592	3,482,413		18,363,721	634,647	18,998,368
146,935,529	8,327,772	3,482,413	118,079	168,863,793	14,962,447	172,826,240

e VI of AFA Accounts at 30 June 1944 as "AMG/ACC Revenue Received by AFA direct in Current Month".
l be made to segregate transactions in the Accounts as between AMG, ACC and AFA and, consequently,
in future Accounts

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
IX	CONTRA ACCOUNTS	
	+ Deposits for Remittances (A.F. Accounts)	
	(a) U.S. Dollars ($ 2,609,471.77)	137,188,040
	(b) Sterling (£ 27,186 . 8 . 0)	6,679,856
	Lire	143,867,896

+ The amount of Deposits for Remittances is equal to the total of Payment Remittances from Allied Countries (see Item No. 27) plus "Funds Deposit Payments (see Schedule XXVIII (e) 3)

XII	A.M. STAMPS ISSUED TO POST OFFICE AND ON HAND	
	(a) Issued to Post Office	25,514,000
	(b) A.M. Stamps on Hand	143,822,000
	Lire	169,336,000
XIII	PURCHASES IN ITALY OF SUPPLIES	
	(a) For Export to	
	(1) United States of America	50,798,150
	(2) Great Britain	373,789,848
	(3) North Africa	27,970,815
	(4) Corsica	644,778
	(5) Malta	172,025,349
		625,226,940
	(b) For Stockpiling Pending Export	-
	(c) For Re-Sale in Italy	44,754,447
	Lire	669,983,387

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		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
A.F. Accounts)				
9,471.77)		137,188,040	123,759,137	260,947,177
86 . 8 . 0)		6,679,856	4,194,705	10,874,561
	Lire	143,867,896	127,953,842	271,821,738

Remittances is equal to the total of Payments to Persons in Italy on Account of untries (see Item No. 27) plus "Funds Deposited with Italian Banks for Remittance III (e) 3)

ICE AND ON HAND

e		25,514,000	3,120,000	28,634,000
		143,822,000	(3,120,000)	140,702,000
	Lire	169,336,000	-	169,336,000
merica		50,798,150	210,758	51,008,908
		373,789,848	111,078,163	484,868,011
		27,970,815	3,218,824	31,189,639
		644,778	-	644,778
		172,025,349	40,241,186	212,266,535
		625,228,940	154,748,931	779,977,871
ing Export		-	22,567,415	22,567,415
		44,754,447	12,743,208	57,497,655
	Lire	669,983,387	190,059,554	860,042,941

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SCHED-ULE No. IV

STORAGE, HANDLING AND SHIPPING EXPENSES IN CONNECTION WITH IMPORTS, EXPORTS AND LOCAL SUPPLIES

	TOTAL TO CLOSE OF PREVIOUS MONTH	CU
(a) Emoluments of Civilian Personnel	16,072,808	
(b) Repairs to Warehouses and Approach Roads	1,501,885	
(c) Rent of Warehouses	2,764	
(d) Transport and Shipping Charges	16,670,956	
(e) Other Expenses	3,988,256	
Lire	38,236,669	

XV ADVANCES

(a) To Italian State Treasury, Armed Forces, and State Institutions	4,583,412,717	
(b) To Provinces	488,275,595	
(c) To Communes	1,205,895,088	
	6,277,583,400	
(d) To Others		
(1) Items included on Sub-Accountants' Reports, not yet allocated, pending receipt of proper vouchers or more complete information	4,519,867	
(2) Advisory Council for Italy	1,761,580	
(3) Societe Acquedotto, Napoli	3,000,000	
(4) Sanotoda Caputa	1,000,000	
(5) Villa Rosa Ental Hospital	1,000,000	
(6) Casa della Madre e del Bambino Principessa Maria Gabrielle - Ischia	100,000	
(7) Cost of Forms printed for Ministry of Agriculture, pending acknowledgement of indebtedness	-	
(8) Intergovernmental Committee for Refugees (pending return of receipts for deposits-see Sch IV(c)5)	-	
(9) Miscellaneous (Under Lire 100,000 each)	382,812	
Lire	6,289,347,659	

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	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
G EXPENSES IN CONNECTION AL SUPPLIES			
Personnel	16,072,808	4,519,043	20,591,851
nd Approach Roads	1,501,885	85,449	1,587,334
	2,764	-	2,764
Charges	16,670,956	8,912,246	25,583,202
	3,988,256	3,517,630	7,505,886
Lire	38,236,669	17,034,368	55,271,037
Y, Armed Forces,			
	4,583,412,717	17,801,753	4,601,214,470
	488,275,595	1,965,196	490,240,791
	1,205,895,088	25,768,870	1,231,663,958
	6,277,583,400	45,535,819	6,323,119,219
-Accountants' Reports, not g receipt of proper vouch- information	4,519,867	(1,696,497)	2,823,370
Italy	1,761,580	(1,761,580)	-
apoli	3,000,000	-	3,000,000
	1,000,000	-	1,000,000
pital	1,000,000	-	1,000,000
l Bambino abriello - Ischia	100,000	-	100,000
for Ministry of Agricult- dgement of indebtedness	-	3,980,400	3,980,400
mittee for Refugees (pend- s for deposits-see Sch IV(c)5)	-	600,000	600,000
Lire 100,000 each)	382,812	39,716	422,528
Lire	6,289,347,659	46,697,858	6,336,045,517

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRE
XXVIII	CASH ON HAND AND IN BANKS AT END OF PERIOD (Including Mutilated and Unfit A.M.Lire Notes on Hand)		
	(a) Current Cash - Lire	242,267	
	(b) Reserve Cash - A.M. Lire	12,299,472,000	3,567,
	(c) Bank Current Accounts - Lire		
	(1) Banco d'Italia	1,359,084,718	230,
	(2) Banco di Napoli	45,063,807	34,
	(3) Banco di Sicilia	348,265,867	291,
	(4) Credito Italiano	2,776,600	
	(5) Banca Commerciale Italiana	7,118,010	
	Total Bank Current Accounts	1,762,309,002	556,
	Total Lire Funds	14,062,023,269	4,123,
	(d) Non-Lire Currency on Hand or in Banks		
	(1) Yellow Seal Dollars ($ 1,303,231:84)	136,166,443	(5,
	(2) B.M.A. Pounds (£ 420,682.13. 2)	205,390,459	(37,
	(3) Francs (Frs. 35,000)	-	
	Total Non-Lire Currency	341,556,902	(42,
	(e) Other Balances with Banks		
	(1) Banca d'Italia No.2 Account	1,600,000,000	
	(2) AFA Home Letter of Credit Account	400,000,000	
	(3) Funds Deposited with Italian Banks for Remittance Payments	110,111,396	97,
	(4) Funds Deposited by U.S.Army Units(See Sch. IVb)	74,340,097	5,
	Total Other Balances with Banks	2,184,451,493	103,
		16,588,031,664	4,184,
	MUTILATED AND UNFIT A.M.LIRA NOTES ON HAND	1,931,451	3,
	Lire	16,589,963,115	4,187,

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	TOTAL TO CLOSE ON PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
ND OF PERIOD			
A.M.Lire Notes on Hand)	242,267	84,979	327,246
	12,299,472,000	3,567,584,000	15,867,056,000
Lire			
	1,359,084,718	230,508,517	1,589,593,235
	15,063,807	34,750,865	79,814,672
	348,265,067	291,062,211	639,328,078
	2,776,600	-	2,776,600
dians	7,118,010	-	7,118,010
rrent Accounts	1,732,309,002	556,321,593	2,318,630,595
nds	14,062,023,269	4,123,930,572	18,186,013,841
d or in Banks			
1,303,231:84)	136,166,443	(5,843,259)	130,323,184
420,682.13. 2)	205,390,459	(37,117,395)	168,273,064
rs. 35,000)	-	70,000	70,000
n Currency	341,556,902	(42,890,654)	298,666,248
s			
ccount	1,600,000,000	-	1,600,000,000
dit Account	400,000,000	-	400,000,000
talian Banks			
nts	110,111,396	97,198,797	207,310,193
S. Army Units(See Sch. IVb)	74,340,097	5,820,193	80,160,290
Balances with Banks	2,184,451,493	103,018,990	2,287,470,483
	16,508,031,664	4,184,118,908	20,772,150,572
OTES ON HAND	1,931,451	3,151,898	5,083,349
Lire	16,509,963,115	4,187,270,806	20,777,233,921

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SCHED-ULE No.			TOTAL TO CLOSE OF PREVIOUS MONTH	CURRE
XVI	LOANS			
	(a) To Banks		2,400,000	(1
	(b) To Others		250	
		Lire	2,400,250	(1
XVII	PAYMENTS TO PERSONS IN ITALY ON ACCOUNT OF REMITTANCES FROM ALLIED COUNTRIES			
	(a) Remittances from United States of America		33,692,300	30
	(b) Remittances from Gt. Britain & the Ster.Area		64,200	
		Lire	33,756,500	30
XVIII	PAYMENTS IN RESPECT OF SUBJECTS OF ALLIED NATIONS			
	(a) Emergency Financial Assistance to			
	(1) U.S.Nationals		3,451,800	
	(2) British "		1,760,655	
	(3) Canadian "		8,000	
	(4) Belgian "		17,930	
	(5) Brazilian"		18,000	
	(6) Columbian"		1,600	
	(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 "		99,075	
	(14) Russian "		11,200	
	(15) Yugoslav "		175,005	
		Lire	5,737,160	1
	(b) Expenses in Connection with Refugee Camps		1,243,481	
	(d) Payments to Allied Nations Missions (Belgian)		13,000	
	(2) Czechoslovak Military Mission		240,000	
	(3) Netherlands "		565,000	
	(4) Norwegian Military Mission		164,000	
	(5) Polish " "		994,000	
	(6) Royal Yugoslav " "		400,000	
		Lire	9,356,641	

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	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	2,400,000	(1,300,000)	1,100,000
	280	(280)	-
Lire	2,400,280	(1,300,280)	1,100,000
OF ACCOUNT			
OUNTRIES			
ed States of America	33,692,300	30,588,745	64,281,045
Britain & the Ster.Area	64,200	166,300	230,500
Lire	33,756,500	30,755,045	64,511,545
ECTS OF ALLIED NATIONS			
Assistance to	3,451,800	559,500	4,011,300
	1,760,655	456,800	2,217,455
	8,000	13,000	21,000
	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
	99,075	-	99,075
	11,200	-	11,200
	175,005	-	175,005
Lire	5,737,160	1,029,300	6,766,460
	1,243,481	745,545	1,989,026
ion with Refugee Camps	13,000	-	13,000
Nations Missions(Belgium)	240,000	45,000	285,000
tary Mission	565,000	500,000	1,065,000
"	161,000	44,000	208,000
y Mission	994,000	-	994,000
"	400,000	(400,000)	-
"	9,356,641	1,963,845	11,320,486
Lire			

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT
XIX	PAYMENTS CHARGEABLE TO ITALIAN STATE IN RESPECT OF ITALIAN REFUGEES ETC.		
	(a) Maintenance of Internees +	-	1,046
	(b) Payments in Respect of Italian Refugees +	3,396,755	1,536
	(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	3,544,393	2,583

+ A substantial portion of the amounts charged to these Sub-Heads will b
State Treasury, Armed Forces and State Institutions", on receipt of th

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ITALIAN STATE SERVICES ETC.	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
Area +	-	1,046,212	1,046,212
of Italian Refugees +	3,396,755	1,536,800	4,933,555
Assistance Payments to Nationals			
	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	3,544,393	2,583,012	6,127,405

* the amounts charged to these Sub-Heads will be transferred to "Advances to Italian Forces and State Institutions", on receipt of the appropriate vouchers.

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	TOTAL TO CLOSE OF PREVIOUS MONTH				
	A.M.G.	A.C.C.	A. F. A.	NOTE 1	TOT
SPECIAL EXPENDITURES:					
Purchase of Office Furniture & Equipment	2,207,905	2,467,597	95,699		4,7
Purchase of Furniture & Eq uipment for Billets & Messes	49,576	339,586			3
Reconditioning of Offices, Billets & Messes	894,237	1,142,872	60,015		2,0
Army Services & Works	195,310	-			1
Navy Services & Works	4,766	-			
Purchase of Cash Boxes & Safes	30,285	25,200			
	3,382,165	3,975,255	155,714		7,0
T O T A L EXPENDITURE LIRE	50,064,675	30,761,370	5,289,338	14,628	86,1

NOTES (1) Items described on Schedule XXI of AFA Accounts at 30 June 1944 as "AMG/ACC Disbursements ma... Henceforth, no attempt will be made to segregate transactions in the Accounts as between AMG... note will not appear in future Accounts.

(2) The amount of Lire 10,881,390 to 30 June 1941 for "Printing and Stationary" includes cost of... Ministry of Agriculture, which will be refunded by or charged to the Ministry when the Preci...

August 30, 1944

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TOTAL TO CLOSE OF PREVIOUS MONTH A.M.G.	A.C.C.	A.F.A.	NOTE 1	TOTAL	CURRENT MONTH	TOTAL TO DATE
2,207,985	2,467,597	95,699		4,771,281	254,893	5,026,174
				389,162	10,920	400,082
49,576	339,586			2,097,124	2,042,143	4,139,267
894,237	1,142,872	60,015		195,316	101,890	297,206
195,316	-			4,766	-	4,76
4,766	-			55,485	4,630	60,115
30,285	25,200					
3,382,165	3,975,255	155,714		7,513,134	2,422,476	9,935,610
50,064,675	30,761,370	5,209,338	14,628	86,150,011	17,530,608	103,680,619

FA Accounts at 30 June 1944 as "AMG/ACC Disbursements made by AFA direct in current month".
to segregate transactions in the Accounts as between AMG, ACC and AFA and, consequently, this
nts.

June 1941 for "Printing and Stationary" includes cost of printing certain forms for the Italian
be refunded by or charged to the Ministry when the Precise amount thereof has been established.

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SCHEDULE No.		TOTAL TO CLOSE OF PREVIOUS MONTH
XXII	DISBURSEMENTS OF ADVISORY COUNCIL FOR ITALY	
	(a) U.S. Delegation	263,700
	(b) British Delegation	153,241
	(c) Russian Delegation	1,164,617
	(d) Yugoslav Delegation	161,717
	(e) Greek Delegation	169,893
	(f) French Delegation	72,252
	Lire	1,988,420
	+ The "Current Month" disbursements include June and July expenditures	
XXVII	CONTRA ACCOUNTS	
	(a) Foreign Exchange Due from Banco di Sicilia	
	(1) U.S. Dollars ($ 1,091,040.82)	66,080,108
	(2) Sterling (£ 27,106. 8. 0)	6,679,856
	(b) Foreign Exchange Due from Banco di Napoli	
	(1) U.S. Dollars ($ 1,518,430.95)	71,107,932
	Lire	143,867,896

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F/F 1

ISORY COUNCIL FOR ITALY	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
n	263,700	106,672	370,372
tion	153,241	223,987	377,228
tion	1,164,617	3,437,771	4,602,388
ation	164,717	677,300	842,017
on	169,893	982,918	1,152,811
ion	72,252	76,858	149,110
Lire	1,988,420	+ 5,505,506	7,493,926

" disbursements include June and July expenditures

ge Due from Banco di Sicilia			
($ 1,091,640.82)	66,080,108	43,023,974	109,104,082
(£ 27,186. 8. 0)	6,679,856	4,194,705	10,874,561
ge Due from Banco di Napoli			
($ 1,518,430.95)	71,107,932	80,735,163	151,843,095
Lire	143,867,896	127,953,842	271,821,736

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SCHEDULE No. XX	ADVANCES TO ALLIED ARMED FORCES	TOTAL TO CLOSE OF PREVIOUS MONTH	CU
	(a) To American Army		
	(1) Paid in Lire	15,913,128,000	2,7
	(2) Paid in Yellow Seal Dollars ($ 1,505,300)	150,530,000	
	(b) To American Navy		
	(1) Paid in Lire	231,064,000	
	(2) Paid in Yellow Seal Dollars ($ 788,000)	63,300,000	
	(c) To British Army		
	(1) Paid in Lire	12,995,607,830	1,6
	(2) Paid in B.M.A. Pounds (£ 2,508,696. 5. 0)	889,576,500	1
	(d) To British Navy		
	(1) Paid in Lire	20,032,800	
	(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	3,521,832,000	1,1
	(g) To Brazilian Armed Forces		
	(1) Paid in Lire		
		Lire 33,813,777,648	5,72

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	TOTAL TO CLOSE OF PREVIOUS MONTH	CURRENT MONTH	TOTAL TO DATE
	15,913,128,000	2,753,920,000	18,667,048,000
llars ($ 1,505,300)	150,530,000	-	150,530,000
	231,064,000	-	231,064,000
llars ($ 788,000)	63,300,000	15,500,000	78,800,000
	12,995,607,830	1,652,528,000	14,648,135,830
£ 2,508,896. 5. 0)	889,576,500	113,982,000	1,003,556,500
	28,032,800	4,820,000	32,852,800
5,915)	31,830	-	31,830
	18,035,000	-	18,035,000
,319,844)	2,639,688	-	2,639,688
	3,521,832,000	1,170,432,000	4,692,264,000
	-	14,588,973	14,588,973
Lire	33,013,777,648	5,725,770,973	39,539,548,621

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ALLIED FINANCIAL AGENCY

SCHEDULE XXI TO STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO 31 JULY 1944

(Expressed in lire)

	TOTAL TO CLOSE OF PREVIOUS MONTH -			
	A. M. G.	A. C. C.	A. F. A.	NOTE
DISBURSEMENTS IN RESPECT OF AMG/ACC EXPENDITURE				
EMOLUMENTS OF CIVILIAN PERSONNEL (Excluding Storage and handling Charges & Mess Servants):				
Postal Section (Re-Censorship)	261,921	1,642,830		
Traffic Control in conjunction with Field Security Section	1,916,590	-		
All Other Divisions	26,057,641	13,180,451	114,906	
	28,236,152	14,823,281	114,906	
STORAGE AND HANDLING OF CONFISCATED OR CAPTURED SUPPLIES:				
Emoluments of Civilian Personnel	880,659	85,414		
Salvage Expenses	1,152,982	40,014		
Other Expenses	669,045	54,932		
	2,702,686	180,360		
MOTOR TRANSPORT (All Divisions)				
Hire of Vehicles	1,132,233	104,675		
Maintenance of Vehicles	3,875,441	1,592,405	1,035	
	5,007,674	1,697,080	1,035	
OTHER ADMINISTRATIVE EXPENSES (All Divisions)				
Printing & Stationary (Note 2)	6,620,041	4,221,513	39,636	
Rent of Offices and Billets	119,656	122,428	-	
Maintenance of Offices & Billets	1,195,002	1,651,437	4,410	
Maintenance of Office Equipment	273,553	88,265	1,985	
Messing & Out-of-pocket Expenses(Including Emoluments of Civilian Personnel)	1,559,891	3,667,506		
Transport & Travelling(Civil. Person.)	98,658	81,374		
Presents & Rewards	173,738	82,000		
Compensation	25,165	-		
Witness Fees and Expenses	12,334	8,185		
Bank Interests & Expenses	338	338	4,970,168	
Entertain. of Officials of Allied Mission & of the Italian Government	49,200	32,870		
Sundries	608,520	148,598	1,284	14,628
	10,735,998	10,105,394	5,017,683	14,628

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LLIED FINANCIAL AGENCY

TS AND DISBURSEMENTS FOR THE PERIOD TO 31 JULY 1944.

(Expressed in lire)

TOTAL TO CLOSE OF PREVIOUS MONTH					CURRENT MONTH	TOTAL TO DATE
A. M. G.	A. C. C.	A. F. A.	NOTE 1	TOTAL		
RE						
ng vants):						
261,921	1,642,830			1,904,751	586,322	2,491,073
1,916,590	-			1,916,590	1,185,170	3,101,760
26,057,641	13,180,451	114,906		39,352,998	7,502,557	46,855,555
28,236,152	14,823,281	114,906		43,174,339	9,354,049	52,528,388
880,659	85,414			966,073	25,770	991,843
1,152,982	40,014			1,192,996	-	1,192,996
669,045	54,932			723,977	-	723,977
2,702,686	180,360			2,883,046	25,770	2,908,816
1,132,233	104,675			1,236,908	155,127	1,392,035
3,875,441	1,592,405	1,035		5,468,881	936,159	6,405,040
5,007,674	1,697,080	1,035		6,705,789	1091,286	7,797,075
6,620,041	4,221,513	39,836		10,881,390	2,600,209	13,481,599
119,658	122,428	-		242,086	-	242,086
1,195,002	1,651,437	4,410		2,850,849	600,818	3,451,667
273,553	88,265	1,985		363,803	105,645	469,448
1,559,891	3,667,586			5,227,477	1,112,102	6,339,579
98,556	81,374			179,932	39,842	219,774
173,738	82,800			256,538	2,000	258,538
25,165	-			25,165	-	25,165
12,334	8,185			20,619	2,050	22,569
338	338	4,970,168		4,970,844	110	4,970,954
49,200	32,870			82,070	7,000	89,070
608,520	148,598	1,284	14,628	773,030	175,251	948,281
10,735,998	10,105,394	5,017,883	14,628	25,873,703	4,645,027	30,518,730

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ALLIED FINANCIAL AGENCY
REMITTANCE LISTS HANDED TO ITALIAN BANKS
TO 31 JULY, 1944

(a) BANCO DI SICILIA

(1) DOLLAR REMITTANCE LISTS

	No. of Items	Amount $
Bank of America, San Francisco	1791	81,274.-
Bank of the Manhattan Company, New York	89	2,888.-
Central National Bank in Chicago	410	8,344.-
Central National Bank of Cleveland	93	2,873.-
Continental Illinois Nat. Bank & Trust Co. of Chicago	989	18,639.-
Chase National Bank of the City of New York	767	53,092.32
First National Bank of Boston, Boston	957	27,905.-
First National Bank of Chicago, Chicago	331	9,591.50
Irving Trust Company, New York	17114	504,070.25
Manufacturers Trust Company, New York	7062	235,236.50
Merchantile Commerce B. - T.Co.St.Louis,Mo.	33	667.-
National Bank of Detroit	947	31,460.50
National Shawmut Bank of Boston	240	11,637.-
National City Bank of New York	2008	84,655.75
National City Bank of Cleveland, O.	33	1,173.-
Philadelphia National Bank, Philadelphia	409	14,480.50
Union Trust Co. of Maryland	4	130.-
Whitney National Bank of New Orleans	66	2,963.50
	33343	1091,040.82

(2) STERLING REMITTANCE LISTS

Bank of England	2270	27,166-8-1

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.

Note: Figures do not include $286,455.18 and £14,389-2-0 put through as of 1 Aug. 44.

(b) BANCO DI NAPOLI

(1) DOLLAR REMITT

Amalgamated Bank
American Express
Bank of America,
Bank of Manhattan
Central Hanover B
Chase National Ba
Central Bank of C
Central National
Cleveland Trust
Columbus National
Continental Illin
Corn Exchange Ban
Corn Exchange Ban
First National of
First National of
Industrial Trust
Irving Trust Co of
Liberty Title & T
Linares & Rencigno
Manufacturers Nat
Manufacturers Trus
Marine Midland Tr
Mellon National Ba
Merchants Bank of
National Bank of
National Bank & Tr
National City Ban
National Bank of
National City Ban
National Shawmut B
New York Trust Co.
Ca

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ALLIED FINANCIAL AGENCY

REMITTANCE LISTS HANDED TO ITALIAN BANKS

TO 31 JULY, 1944

ANNEX T.

	No. of Items.	Amount £
	1791	81,274.-
, New York	89	2,888.-
go	410	8,344.-
land	93	2,873.-
& Trust Co. of Chicago	989	18,639.-
y of New York	767	53,052.32
Boston	957	27,905.-
, Chicago	331	9,591.50
	17114	504,070.25
ew York	7062	235,236.50
.St.Louis,Mo.	33	667.-
	947	31,460.50
n	240	11,637.-
	2008	64,655.75
d, O.	33	1,173.-
ladelphia	409	14,480.50
	4	130.-
rleans	65	2,963.50
	33343	1091,040.82
	2270	27,186-8-1

Isles, Bank of England payment
es from Canada, New Zealand,
Venezuela, Uruguay, Switzerland,
nia and the Vatican City.

,155.16 and £14,389-2-0 put

(b) BANCO DI NAPOLI

(1) DOLLAR REMITTANCE LISTS

	No. of Items.	Amount $
Amalgamated Bank of N. Y.	38	1,185.-
American Express Co.	7662	331,764.30
Bank of America, San Francisco	725	31,969.-
Bank of Manhattan - N.Y.	160	5,371.-
Central Hanover Bank of N.Y.	27	1,196.-
Chase National Bank	378	5[illegible]580.53
Central Bank of Chicago	1621	49,847.-
Central National Bank of Cleveland	28	663.50
Cleveland Trust	47	1,531.-
Columbia National Bank of Providence	47	1,713.-
Continental Illinois Trust Co.	273	13,349.-
Corn Exchange Bank, Phila.	8	455.-
Corn Exchange Bank of N. Y.	109	4,635.50
First National of Boston	347	11,073.-
First National of Chicago	542	21,222.-
Industrial Trust Co of Providence	40	1,433.-
Irving Trust Co of N. Y.	215	9,507.-
Liberty Title & Trust, Phila.	293	12,295.50
Linares & Renoigno, Paterson, N. J.	238	6,127.-
Manufacturers National of Detroit	76	4[illegible]7.-
Manufacturers Trust Co.	2590	661,331.13
Marine Midland Trust	179	6,596.-
Mellon National Bank of Pittsburgh	353	17,276.50
Merchants Bank of N. Y.	446	16,083.-
National Bank of Commerce, Seattle	51	1,272.-
National Bank & Trust Co. N. Y.	700	30,817.50
National City Bank of Cleveland	6	319.-
National Bank of Detroit	303	13,241.-
National City Bank of New York	1066	55,714.59
National Shawmut Bank of Boston	58	5,127.50
New York Trust Co.	6	155.-
Carried forward	18632	1371,890.45

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ANNEX I (a).

(b) BANCO DI NAPOLI

(1) DOLLAR REMITTANCE LISTS

	Number of Items	Amount
Brought forward	18,632	1,371,890.4
Pan American Trust Co.	326	11,709.5
Ferrara Bank	608	30,461.5
First National Bank	328	17,277.-
Stabile Bank of Boston	501	12,700.5
Sterling National Bank	233	9,012.5
United States Lines	1949	65,379.1
	22,577	1,518,430.95

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SECRET

ALLIED FINANCIAL AGENCY
SUPPLY OF A.M. LIRE BY DENOMINATIONS 31 JULY 1944
(In millions of Lire)

	1000 LIRE	500 LIRE	100 LIRE	50 LIRE	1
1. AVAILABLE IN RESERVE CASH	7152	4362	1600	1992	
2. HELD BY ITALIAN BANKS IN UNOPENED BOXES	-	-	10	104	
3. TOTAL UNUSED SUPPLY IN UNOPENED BOXES	7152	4362	1610	2096	
4. DISBURSEMENTS TO 31 JULY 1944	23468	10820	8694	2501	
5. TOTAL AMOUNT RECEIVED FROM WASHINGTON	30620	15182	10304	4503	
6. AMOUNT IN WASHINGTON OR IN TRANSIT TO ITALY	2040	2716	3060	546	
7. TOTAL AMOUNT PRINTED TO DATE ++	32660	18898	13364	5149	
8. AMOUNT ORDERED FROM WASHINGTON-MAT.6 JY 44.	20100	6000	2100	1800	
9. TOTAL AMOUNT ORDERED AND PRINTED (7+8)	52760	24898	15464	6949	
10. AMOUNT DISBURSED IN JULY 1944	3248	1300	736	90	
11. RATIO OF DISBURSEMENTS TO AMOUNT RECEIVED IN ITALY	76.6	71.2	84.3	54.5	
12. " " " TO AMOUNT PRINTED (7)	71.8	57.2	64.3	48.7	
13. " " " TO AMOUNT ORDERED & PRINTED (9)	44.5	43.5	56.2	36.1	
14. NUMBER OF MONTHS SUPPLY AVAILABLE IN ITALY +	2.2	1.4	2.2	23.3	
15. DITTO, IN TRANSIT & IN WASHINGTON-NOT INC.MAT 6, (8) +	2.8	6.2	6.2	29.4	
16. " , DITTO, INCL. ORDER OF 6 JULY MAT 6 (9)+	9.0	10.8	9.2	49.3	

+ BASED ON JULY 44 DISBURSEMENTS
++ EXCLUDING AMOUNT LOST

NARA Date 8-13-82

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ALLIED FINANCIAL AGENCY

A.M. LIRE BY DENOMINATIONS 31 JULY 1944

(In millions of Lire)

A N N E X - II.

1000 LIRE	500 LIRE	100 LIRE	50 LIRE	10 LIRE	5 LIRE	2 AND 1 LIRE	TOTAL
7152	4362	1600	1992	338	373	50	15867
-	-	10	104	12	47	41	214
7152	4362	1610	2096	350	420	91	16081
23468	10820	8694	2507	406	239	114	46248
30620	15182	10304	4603	756	659	205	62329
TALY 2040	716	3060	546	500	299	43	10304
32660	18898	13364	5149	1356	958	248	72633
44.20100	6000	2100	1800	-	-	-	30000
52760	24898	15464	6949	1356	958	248	10[illegible]
3248	1300	736	90	29	12	6	5421
VED IN ITALY							
76.6	71.2	84.3	54.5	53.7	36.3	55.6	74.[illegible]
ED (7) 71.8	57.2	64.3	48.7	29.9	24.9	46.0	63.[illegible]
NTED (9) 44.5	43.5	56.2	36.1	29.9	24.9	46.0	45.[illegible]
TALY + 2.2	1.4	2.2	23.3	12.1	35.0	15.0	3.[illegible]
INC.MAT 6,							
(8) + 2.8	5.2	6.2	29.4	32.8	59.9	22.3	4.[illegible]
T 6 (9)+ 9.0	10.8	9.2	49.3	32.8	59.9	22.3	10.[illegible]

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SECRET

ESTIMATED DISBURSEMENTS OF ALLIED ARMED FORCES TO CIV

(including unreported items)

Estimated Totals, including unreported items	British Forces	U.S. Forces	Fre For
6. Net Amount Paid to Civilians or Retained by Troops			
In January	1,207	766	2
In February	1,534	1,033	1
In March	1,396	1,117	3
In April	1,062	1,220	5
In May	1,684	1,200	4
In June	2,078	2,161 (Revised)	5
In July	1,562	2,380	1,3
Cumulative Total to 31 July	12,753	14,306	4,0

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ANNEX IV

ED DISBURSEMENTS OF ALLIED ARMED FORCES TO CIVILIANS

(including unreported items)

orted	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	2,161 (Revised)		
			534	4,773
	1,562	2,380	1,366	5,308
	12,753	14,306	4,087	31,146

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 Revised	31 JULY Preliminary
New AM Lire received (after deduction of shortages)	53.338.074.139	62.326.819.589
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	18.191.097.190
AM Lire Outstanding	39.274.119.419	44.135.722.399
Deduct -		
AM Lire Held by Finance Officers of Armed Forces :		
U.S. Finance Officers :-		
Funded through AFA Palermo-Army	125.087.995	-
" " " " -Navy	59.263.002	55.507.288
" " " Naples	3.465.625.834	3.851.327.894
" " " Bari	859.155.769	1.039.159.628
" " " Sassari	100.000.000 ≠	100.000.000 ≠
Total U.S. Finance Officers	4.609.132.600	5.045.994.810
British Paymasters, Italy ++	2.947.140.203	3.120.055.519
French Paymasters	595.514.034	600.000.000 ≠
Total Held by Finance Officers of All Allied Armed Forces	8.151.786.837	8.766.050.329
AM Lire Held by Accounting Officers of AMG/ACC in Cash +	500.000.000 ≠	370.000.000 ≠
Total Deductions	8.651.786.837	9.136.050.329
Total AM Lire in Hands of the Banks and the Public	30.622.332.582	34.999.672.070
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	1.604.000.000	1.229.173.765

≠ Estimated

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Deduct -		
AM Lire Held by Finance Officers of Armed Forces :		
U.S. Finance Officers :-		
Funded through AFA Palermo-Army	125.087.995	-
" " " " -Navy	59.263.002	55.507.288
" " " Naples	3.465.625.834	3.851.327.894
" " " Bari	859.155.769	1.039.159.628
" " " Sassari	100.000.000 /	100.000.000 /
Total U.S. Finance Officers	4.609.132.600	5.045.994.810
British Paymasters, Italy ++	2.947.140.203	3.120.055.519
French Paymasters	595.514.034	600.000.000 /
Total Held by Finance Officers of All Allied Armed Forces	8.151.786.837	8.766.050.329
AM Lire Held by Accounting Officers of AMG/ACC in Cash +	500.000.000 /	370.000.000 /
Total Deductions	8.651.786.837	9.136.050.329
Total AM Lire in Hands of the Banks and the Public	30.622.332.582	34.999.672.070
AM Lire Held by Bank of Italy, after deduction of AFA's current accounts with Bank of Italy	1.604.000.000	1.229.173.765

/ 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.

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ALLIED FINANCIAL AGENCY

Statement of Disbursements and Receipts on account of Civilians, Allied Ar
June and July 1944 (expressed in lire)

	JUNE 1944 Revised
Disbursements on Civilian Account	
Purchases in Italy of Supplies for Export or Resale locally	82,598,09
Advances to Italian State, Provinces and Communes, and to Others	(19,241,22
Excess of Disbursements over Receipts - AMG/ACC Divisions	7,302,59
Remittances from Allied Countries	20,328,05
	90,988,51
Receipts on Civilian Account	
Sales in Italy of Supplies Imported, Drawn from Armies or Purchased Locally by AMG/ACC	543,095,42
Deposits by Controller of Property and by Others	53,383,62
Excess of Receipts over Disbursements -- AMG/ACC Divisions	-
	596,479,05
Net Disbursements on Civilian Account	(505,490,53
Advances to Allied Armed Forces	5,921,982,19
Total Disbursements on Account of Civilians and Allied Armed Forces	5,416,491,65
Receipts from Banks	
Commercial Banks - Repayments of Loans	600,00
Bank of Italy - Surplus Currency Sterilization Program	-
Total Receipts from Banks	600,00
Net Disbursements on Account of Civilians, Allied Armed Forces, and Banks Lire	5,415,891,65

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ALLIED FINANCIAL AGENCY

ANNEX VII.

...s and Receipts on account of Civilians, Allied Armed Forces and Banks,
...end July 1944 (expressed in lire)

( ) = Red Figures

	JUNE 1944 Revised	JULY 1944
...for Export or Resale locally	82,598,098	190,059,554
...vinces and Communes, and to Others	(19,241,226)	51,244,715
...eceipts - AMG/ACC Divisions	7,303,596	3,576,161
...les	20,328,050	30,755,045
	90,988,518	275,635,475
...orted, Drawn from Armies or Purchas-	543,095,425	1,078,198,464
...erty and by Others	53,383,628	25,226,377
...sements -- AMG/ACC Divisions	-	-
	596,479,053	1,103,424,841
	(505,490,535)	(827,789,366)
...ount	5,921,982,190	5,725,770,973
... Civilians and Allied Armed Forces	5,416,491,655	4,897,981,607
... of Loans	600,000	1,300,000
...cy Sterilization Program	-	-
...anks	600,000	1,300,000
Civilians, Allied Armed Forces, Lire	5,415,891,655	4,896,681,607

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	26.481.022.481	2.715.670.654
30 June 1944 (Revised)	30.622.332.582	4.141.310.101
31 July 1944	34.999.672.070	4.377.339.488
	34.999.672.070	

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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	26.481.022.481	2.715.670.654
30 June 1944 (Revised)	30.622.332.502	4.141.310.101
31 July 1944	34.999.672.070	4.377.339.488
		34.999.672.070

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APPENDIX F

BANKING STATISTICS

TABLE I

Cash Position of the Banca d'Italia, 31 July 1944.
(millions of lire)

Branch	Bank Notes	State Notes	AM Lire	BMA Pounds	Dollars	Emergency Italian Currencies	TOTAL
Matera	20	2	5	1	-	-	28
Potenza	26	5	50	-	-	-	81
Catanzaro	61	6	101	-	-	-	168
Cosenza	13	1	21	-	-	-	35
Reggio Calabria	128	4	88	-	-	-	220
Avellino	40	3	94	-	-	-	137
Benevento	24	10	81	-	-	-	115
Caserta	31	-	97	-	-	-	128
Castellammare	38	-	142	1	-	-	181
Napoli	301	4	483	12	1	-	801
Salerno	33	10	360	2	-	-	405
Bari	201	38	98	3	-	-	340
Barletta	33	2	109	1	-	-	145
Brindisi	7	-	18	-	-	-	25
Foggia	54	5	109	3	-	-	252
Lecce	15	6	10	1	-	-	32
Taranto	27	38	25	1	-	-	91
Cagliari	19	-	16	-	-	-	35
Nuoro	23	1	4	-	-	-	28
Sassari	100	5	11	1	-	3	120
Agrigento	7	6	94	1	-	3	108
Catania	99	8	108	-	-	-	215
Caltanissetta	60	47	27	1	-	-	135
Enna (20 July)	27	4	19	1	-	-	51
Messina	117	-	7	8	-	-	132
Ragusa	1	2	11	-	-	-	14
Palermo	103	16	165	-	-	-	284
Siracusa	2	1	55	-	-	-	58
Trapani	4	-	25	-	1	-	30
Aquila	62	2	-	-	-	-	64

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Avellino	40	3	94	-	-	-	137
Benevento	24	10	81	-	-	-	115
Caserta	31	-	97	-	-	-	128
Castellammare	38	-	142	1	-	-	181
Napoli	301	4	483	12	1	-	801
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Palermo	103	16	165	-	-	-	284
Siracusa	2	1	55	-	-	-	58
Trapani	4	-	25	-	1	-	30
Aquila	62	2	-	-	-	-	64
Campobasso	146	5	29	-	-	-	180
Chieti	44	-	17	-	-	-	61
Pescara	20	-	-	-	-	-	20
Teramo	41	2	1	-	-	-	44
Roma (Cassa Cent.)	570	3	-	-	-	-	573
Roma (Sede)	211	1	2	1	-	-	215
Roma (Succursale)	117	40	239	-	1	-	397
Roma (Agenzia)	82	-	2	-	-	-	84
Civitavecchia	5	-	-	-	-	-	5
Frosinone	4	-	-	-	-	-	4
Littoria	4	1	3	-	-	-	8
Rieti	11	-	3	1	-	-	15
Sora	3	-	-	-	-	-	3
Viterbo	19	3	2	-	-	-	24
Perugia	44	14	3	-	-	-	61
Terni	67	1	1	-	-	-	69
Grosseto (29 July)	41	2	3	-	-	-	46
Ascoli (15 July)	38	3	-	-	-	-	41
GRAND TOTAL	3,143	301	2,819	39	3	3	6,308

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Table 2

Current Liabilities of the Banca d'Italia - 29 February, 30 June, 31 July, 1944 for the provinces south of the 11 May, 1944 line.
(in millions of lire)

	by area				by type		
	29 Feb.	30 June	11 July		29 Feb.	30 June	31 July
Salerno	246	424	431	DUE TO BANKS			
Lucania	236	262	229	CURRENT ACCOUNTS			
Calabria	656	687	732	Non-interest			
Puglia (less Foggia)	2,111	3,633	3,801	bearing	229	33	55
Sardinia	998	1,456	1,616	Interest bearing	5,856	14,779	16,936
Sicily	2,927	4,642	5,020	Risidual Available on advances	2,647	3,163	3,366
Total Italian Gov't Territory	7,174	11,104	11,829	Sub Total	8,732	17,975	20,357
Campania (less Salerno)	2,866	10,419	11,828	DUE TO OTHERS			
Foggia	89	152	304	CURRENT ACCOUNTS			
Campobasso	69	196	148	Non-Interest bearing	754	3,033	2,897
				Interest bearing	210	314	332
				Residual available on advances	502	549	533
Total AMG Territory	3,025	10,767	12,290		1,466	3,946	3,762
Grand Total Liberated Italy	10,198	21,871	24,119		10,198	21,871	24,119

Table 3

Postal Savings June 1944 & July 1944
(thousands of lire)

	Postal Savings Bonds	Postal Savings Books	Current Accounts	TOTAL	Postal Savings Bonds	Postal Savings Books	Current Accounts	TOTAL
Caltanissetta	- 1,602	1,167	5,330	4,695	719	1,002	3,710	5,431
Catania	-724	3,355	-9,974	-7,343	-	-	-	-
Enna	-1,712	299	3,292	1,879	322	450	1,990	2,762
Messina	-5,248	1,536	5,437	1,725	-	-	-	-
Palermo	-	-	27	27	-	-	15,150	15,150
Trapani	-3,270	1,68-	-1,25-	-3,84-	-3,46-	-1,08-	-1,25-	-5,79-

Campania (less Salerno)	2,866	10,419	11,828	DUE TO OTHERS			
Foggia	89	152	304	CURRENT ACCOUNTS			
Campobasso	69	196	148	Non-Interest bearing	754	3,033	2,897
				Interest bearing	210	314	332
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Messina	-5,248	1,536	5,437	1,725	-	-	-	-
Palermo	-	-	27	27	-	-	15,150	15,150
Trapani	-3,270	1,689	4,230	2,649	-3,765	2,108	-131	-1,788
Bari	14,351	-1,811	-17,538	-4,998	-	-	-	-
Brindisi	1,417	-771	3,312	3,958	-	-	-	-
Lecce	6,171	-248	5,393	11,316	-	-	-	-
Potenza	1,883	3,265	2,013	7,161	-	-	-	-
Taranto	6,384	-487	2,275	8,172	-	-	-	-
Cosenza	-756	1,756	3,370	4,370	-	-	-	-
Reggio Calabria	-81	3,763	59	3,741	-	-	-	-
Avellino	1,539	6,372	3,615	11,526	6,596	4,778	1,405	12,779
Napoli	29,788	12,373	-83,391	-41,230	-	-	-	-
Salerno	11,023	6,741	19,438	37,202	-	-	-	-
Cagliari	-	-	8,292	8,292	-	-	-5,522	-5,522
Sassari	650	1,094	8,138	9,882	-	-	-	-
Benevento	1,763	941	-	2,704	-	-	-	-
T O T A L	61,376	41,034	-36,682	65,728	3,872	8,338	16,602	28,812
	(19 Provinces)				(6 Provinces)			

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APPENDIX "G"

TREATMENT OF SUSPENDED OR DISMISSED PUBLIC EMPLOYEES

Part I.

1. Employees of the State, parastatal offices, autonomous state organisations, provinces or communes who are suspended from duty for Fascist reasons by A.M.G. officers will be treated as follows :-

2. If suspension occurred
(a) Because of Fascist activities after the liberation of the area by the Allies.
No salary, wages or any other allowances shall be paid; unless, exceptionally, some payment shall be expressly authorized by the Regional Commissioner, to the dependant for assistance; (see para:6);

(b) Under the provisions of R.D.L. 27 July 1933. n. 159.

Basic salary will be paid from the date of suspension under the provisions of Art. 22 of R.D.L. 159, except that no payment of salaries will be made to employees within the categories mentioned in Art. 14, viz :-

Squadrista
Sansepolcrista
Antemarcia
Marcia su Roma
Sciarpa Littorio
Former members of M.V.S.N.

(Basic salary does not include addition for active service, family allowance, indemnity of bombardment or any other allowance bonus or premium.)

3. Suspended officials shall thereafter be subject to the provisions of R.D.L. 159. If a suspended official is reinstated his salary and grade will be one for decision by the High Commission as provided in Art. 21.

Part II.

4. Officials who were suspended from duty by the Republican Fascist Government since 8th Sept. 1943 or who were constrained to absent themselves from duty since that date, because of their anti-Fascist views, will be treated as under:-

(a) Payment of such a sum as will represent the difference between full salary (with addition for active service, family allowance and any other appropriate allowances, subsidy or bonus to which the official would have been entitled had he been at work), and the sum he actually received during the same period. In the interests of these officials such arrears of salary and allowances shall be paid in the manner provided for in Executive Memorandum n. 73, Parts III and IV.

(b) If such officials were compulsorily retired in advance of the normal

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of Art. 22 of R.D.L. 159, [illegible]
employees within the categories mentioned in Art. 14, viz :-

Squadrista
Sansepolcrista
Antemarcia
Marcia su Roma
Sciarpa Littorio
Former members of M.V.S.N.

(Basic salary does not include addition for active service, family allowance, indemnity of bombardment or any other allowance bonus or premium.)

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(b) If such officials were compulsorily retired in advance of the normal age of retirement, or treated as "impiegato disponibile" they shall be paid as arrears the difference between full salary and allowance and the sums they actually received as salary, wages or pension during the period in question.

(c) Temporary employees (avventizi) dismissed by the Republican Fascist Government since 8th September 1944, will be paid a sum equal to one month's earnings and thereafter will be considered as dismissed.

Part III.

5. Officials who were suspended from duty prior, or subsequent to 8th September 1943, for any other causes, shall be dealt with as provided in R.D.L. 30 December 1923 n. 2960 (Gaz. Uff. 21st January 1924 n. 17).

This decree in addition to SUSPENSION deals also with EARLY RETIREMENT, COMPULSORY RETIREMENT and DISMISSAL, from service.

6. SUSPENSION - (La sospensione dal grado).

-Arts 62 and 63-. This is temporary in nature varying from one to six months, but

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in more serious cases it may be prolonged indefinitely and may involve dismissal. Suspension is inflicted for major disciplinary offences and it is always imposed when an employee is under prosecution for a penal offence.

Suspension involves deprivation of salary but a proportionate part of an employee's salary may be conceded in favour of his dependants as a food allowance (art. 57).

7. EARLY RETIREMENT - (La dispensa dal servizio).

-Art. 51- Officials may be retired from service, before the normal age for retirement when they are considered to be incompetent; in permanent bad health; unfitted to perform the duties of their grade; lacking in industry or zeal, untrustworthy or whose actions are incompatible with the political directions of the government.

Early retirement does not deprive an employee of pension rights, if any.

8. COMPULSORY RETIREMENT - (La revoca dall'impiego).

-Art. 64- This penalty is inflicted for a serious abuse of authority or of trust or for any major shortcoming which has shown a moral defect.

Compulsory retirement does not involve the loss of pensions rights.

9. DISMISSAL - (La Destituzione).

-Art. 65- This is inflicted following conviction for a penal offence, or for serious abuses of the duties of office, or grave acts of insubordination, etc.

Dismissal usually involves the loss of all pension rights (see T.U. on pensions, Arts. 183 and 187 of R.D.L. 21 February 1895 n. 70 and R.D.L. 3 June 1938 n. 1032).

10. All salary payments cease with (a) EARLY RETIREMENT (b) COMPULSORY RETIREMENT and (c) DISMISSAL.

11. Employees removed from employment by the Allied authorities are regarded as COMPULSORILY RETIRED (La revoca dall'impiego). This penalty involves the loss of all salary but not the loss of pension rights.

According to the law an employee so retired cannot be reinstated in service unless a disciplinary commission finds that the reasons for such compulsory retirement were insubstantial. But even in such a case the payment of arrears of salary is not permitted (see Art. 67).

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
ADMINISTRATIVE SECTION

2/3 B/As

15 Sep 44.

SUBJECT : Monthly Reports - Admin Sec.

TO : PC&MG Section.

Reference your 497/14 CA of 8 Aug 44.

Herewith (i) Summary of Admin Sec Sub-Comms' Reports for the month of August and (ii) 35 copies each of the u/m Sub-Commissions Reports.

Interior
Legal
Education
Public Health

Public Safety
Property Control
MFA&A

R.R. CRIPPS, Colonel,
for VP Admin Section

Ext. 608
RRC/mt

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

HEADQUARTERS
ALLIED CONTROL COMMISSION
INTERIOR SUB COMMISSION
APO 394

ACC/27/B/Int

9 September 1944

SUBJECT: Report of activities for the month of August 1944

TO : Vice President, Administrative Section

1. PREFECTS AND OTHER ADMINISTRATION OFFICIALS

A number of discussions have taken place with officials of the Ministry of Interior regarding arrangements for maintaining the supply of Prefects and subordinate government officials available for forward provinces. In collaboration with the Ministry and at the request of AMG, new Prefects have, after screening, been sent to the provinces of ASCOLI and ANCONA and a Prefect and Consigliere to LIVORNO. They were personally interviewed by the Director.

The above arrangements are not confined to the immediately liberated Provinces, but have included plans to meet the necessity of providing suitable senior officials in the near future for the 45 Provinces still in enemy hands in north Italy. Their liberation may bring to light a number of reliable officials who have been dismissed by or who have been in hiding from the Germans, but failing this, the required personnel will have to be sent forward.

To meet the existing shortage of satisfactory Prefects at the disposal of the Italian Government, it has been strongly suggested to the Ministry of Interior that they should promote efficient Vice-Prefects and also transfer from the south Prefects who are capable of working in Provinces close to the line. Arrangements for the purpose are in hand.

2. LOCAL GOVERNMENT

(i) To overcome difficulties which had arisen regarding the number of members of the Deputazione Provinciale, the Italian Government have passed a Decree slightly amending the constitution.

(ii) A short summary of the steps to be taken for the temporary reorganization of local government in newly conquered territory on the abolition of the previously existing Fascist institutions has been prepared and distributed to AMG, 5th and 8th Armies.

(iii) The Italian plan for the reorganization of the Rome City Administration (referred to in last month's report, following the abolition of the Fascist created Governatorato, has raised certain financial and administrative points which are being considered by the appropriate Sub-Commissions.

(iv) Following interviews with Bonomi and other representatives of the Ministry of Interior, the Director of the Sub-Commission visited FLORENCE in connection with the appointment of a Prefect and Sindaco by AMG. Arrangements have since been completed for these appointments. Contact throughout all stages has been maintained with the Government.

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(v) Special arrangements were necessary for the Island of Elba which, in normal times, is included in the administration of the Province of LIVORNO. In view of present conditions, it was decided that the presence on the Island was required of an official to take charge of the Italian organs of administration. The Government have nominated an official of the Ministry of Interior and arrangements for his appointment as Vice-Prefect Inspector are in hand.

(vi) A staff officer gave a short series of lectures on Italian local government and administration to new officers of Region Z.

3. TOURS

(i) The Director and a Staff Officer visited General Hume, SCAO 5th Army and Colonel Mayre at LIVORNO, in connection with Prefectural appointments and other matters affecting local administration in Army areas. The Staff Officer remained with 5th Army HQ for some days during which he visited AMG spearhead officers to assist and advise on local government reorganization in various places in LIVORNO and PISA Provinces including VOLTERRA and SIENNA. A number of Italian officials, Sindaci and representatives of the Committee of National Liberation were interviewed.

(ii) FLORENCE. See 2(iv)

(iii) Staff officers surveyed the state of local administration in the Provinces of AQUILA and CHIETI (Region V) and RIETI and VITERBO (Region IV). Various matters arising therefrom were, by arrangement with the Regions, taken up with the Ministry of Interior. In addition, an officer has spent some days at GROSSETO assisting the Provincial Commissioner in connection with the same subject in that newly liberated district.

4. INTERVIEWS

(i) Aldisio, previously Minister of Interior and now High Commissioner for Sicily, called upon the Director and discussed Prefectural appointments throughout the Island. He explained his desire to effect a number of changes of office. The proposals require the consent of ACC.

(ii) A number of meetings have taken place with Berruti, Capo di Gabinetto to the Minister of Interior, and other officials on routine matters and other detailed arrangements affecting appointments, removals and transfers of personnel, salary, and service arrangements, etc.

/s/ R. G. B. Spicer
/t/ R. G. B. SPICER
Colonel
Director
Interior Sub-Commission

NML/jgt

HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Safety Sub-Commission
APO 394

ACC/14027/PS 12 September, 1944.

SUBJECT : Monthly Report for August 1944.

TO : Vice - President, Administrative Section.

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

A. POLICE

Royal Carabinieri.

1. Commanding General.

General Taddeo ORLANDO, who was appointed to command the Carabinieri on 21st July, 1944, has co-operated very closely with this Headquarters.

2. Policing forward areas.

The Mobile Carabinieri attached to Fifth and Eighth Armies have proved invaluable in assisting AMG in the occupation of new territory. Despite adverse conditions, they have shown enthusiasm and devotion to duty, winning the respect of AMG officers working with Armies.

Their presence in the early stages has had the effect of restoring law and order and keeping a firm check on pseudo patriot bands who had seized arbitrary police powers.

As soon as the Mobile CC.RR move on, teams of CC.RR attached to Regions are sent forward from Replacement Centres to take up permanent duty. In many areas Public Safety

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Their presence in the early stages has had the effect of restoring law and order and keeping a firm check on pseudo patriot bands who had seized arbitrary police powers.

As soon as the Mobile CC.RR move on, teams of CC.RR attached to Regions are sent forward from Replacement Centres to take up permanent duty. In many areas Public Safety Officers attached to Regions have taken charge of the CC.RR replacements at the request of AFC Fifth and Eighth Armies. This scheme has worked very smoothly to the advantage of Armies and of the Regions who subsequently assume control.

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3. Replacement Centres.

It has been the policy to establish Replacement Centres as far forward as possible in order that CC.RR reserves can be despatched with the least possible delay. At the end of the month a new centre was established in Florence to hold 2,000 CC.RR, and arrangements are in hand to form another centre in Ancona.

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4. Uniforms and Equipment.

Little or no progress has been made in securing uniforms and equipment from the Italian Army through Army Sub-Commission.

Royal Finance Guards.

5. Rations.

As was to be expected the reduction of the rations supplied to the Finance Guards by reason of their being taken off the Italian Army ration scale has aroused considerable protest. Their appeal to be restored to the original scale, which has the support of this Sub-Commission, has been referred to higher Authority.

Agents of Public Security.

6. Appointment of Vice Director.

The recommendation of the Ministry of the Interior to appoint Dr. Amerigo De Bonis as Vice Director General of Public Security was rejected by this Sub-Commission because of his unsatisfactory reputation during the Fascist regime. After some delay Dr. Carlo ROSATI was appointed as Vice Director.

7. Pool of Questori.

At the request of Army A.C. Questori were supplied for the Provinces of Livorno and Pescara.

It was reported that conditions in the Questura at Siena were unsatisfactory. An Inspector from the Ministry of the Interior was sent to investigate and advise the Regional Public Safety Officer. As a result of his inspection the Questore was removed and replaced by the Vice Questore and a number of junior officials transferred.

It is a disappointment to find that the only officials available to fill the posts of Questore are not of a very high standard. It is to be hoped that better material will

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It is a disappointment to find that the only officials available to fill the posts of Questore are not of a very high standard. It is to be hoped that better material will be found in the north of Italy.

8. Inspectors of Police.

Acting on the advice of this Sub-Commission, the Ministry of the Interior has selected Inspectors to visit Regions and report on public security conditions. During the month Dr. Iantaffi set off for Sicily on a tour of inspection while Dr. Pennetta visited Sardinia. In the past it has been observed that Government departments have been completely out of touch with what is happening in the Provinces. This may partly have been due to difficulties of communication, but it must be said that Government officials have shown very

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little desire to keep themselves informed. These personal inspections should do much to remedy this state of affairs.

9. Rations.

Requests have been received from the Ministry of the Interior to increase the scale of rations allowed to Agents of Public Security.

This Sub-Commission agrees that the police should be adequately fed to preserve their morale and remove any temptation to corruption. Representations have been forwarded to the proper quarters.

In this matter, as in many others, it has been noted that the Ministry is chiefly concerned with conditions in Rome and tends to ignore the difficulties experienced in the Provinces. It has been necessary on several occasions to point out that the Ministry should be less conscious of Rome and more concerned about other parts of Italy.

10. C.V.R.A.

It has been agreed with the Ministry of the Interior that the C.V.R.A. organisation as such must be immediately disbanded. This has already been done, the Inspectorate in Sardinia having been finally dissolved on 28th August, 1944.

All C.V.R.A. officials will be suspended from duty until they appear before the Public Security Epuration Commission.

The Commission will give priority to the consideration of all ex-C.V.R.A. personnel and will have the power :

(a) to recommend those guilty of crimes for trial in accordance with the Decree for Sanctions against Fascism;

(b) to dismiss undesirable officials from duty;

(c) to re-instate suitable personnel in positions in the Corps of Agents of Public Security, provided those who have previously served together are

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All C.V.R.A. officials will be suspended from duty until they appear before the Public Security Epuration Commission.

The Commission will give priority to the consideration of all ex-CVRA personnel and will have the power :

(a) to recommend those guilty of crimes for trial in accordance with the Decree for Sanctions against Fascism;

(b) to dismiss undesirable officials from duty;

(c) to re-instate suitable personnel in positions in the Corps of Agents of Public Security, provided those who have previously served together are split up and sent to different districts.

11. Police Bulletins.

Arrangements are in hand for the publication of Police Bulletins, circulating to Police Forces details of criminals wanted, property stolen etc. In the meanwhile a circular giving the description of stolen cars has been published to police agencies.

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B LAW ENFORCEMENT

1. Public order has been well maintained, no major disturbances having taken place.

On the whole crime (apart from the universal black market) has not presented any serious problem.

2. Patriots

A good deal of the time of Public Safety Officers in the former areas has been occupied in dealing with patriots. The difficulty has been to distinguish between genuine partisans and undesirable characters who seize the opportunity to form themselves into armed bands, robbing and plundering the countryside. By constituting the CC.RR as the law enforcing authority and withdrawing weapons from patriots, the situation has been kept well in hand. To allow unauthorised persons to possess firearms might have dangerous consequences in the future, when party strife is not inconceivable, and it has been necessary to act firmly from the beginning.

3. Grain Collection.

All Police agencies have co-operated in enforcing the collection of grain in accordance with the Granai del Popolo scheme.

The greatest difficulty has been experienced in Sicily where, from the very beginning of the campaign, there has been general resistance to the amassing of grain. Police have been very active; large quantities of grain have been confiscated and 10,500 persons have been denounced for infringements of the regulations. Nevertheless, as Jeremy Bentham pointed out long ago, police measures alone cannot successfully enforce regulations which do not receive the support of the general population.

C CONDUCT OF ALLIED TROOPS

Conduct of Troops.

The behaviour of Allied troops cannot be regarded as satisfactory. The trouble is almost entirely caused by

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C CONDUCT OF ALLIED TROOPS

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The behaviour of Allied troops cannot be regarded as satisfactory. The trouble is almost entirely caused by wine and women.

It is satisfactory to note that some serious cases of murder and assault by French troops have been severely dealt with. Nevertheless the general attitude of junior French officers and even Provost Marshals has not changed from callous indifference to the wrongs inflicted on the Italian population.

In the southern provinces where Military Police are thinly spread, deserters from the Allied Forces are increasing in numbers and many instances of their depredations

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have been reported.

Relations with the American and British Military Police are excellent. In the large cities joint patrols of Allied and Italian police have proved a success.

D PRISONS

1. Director of Prisons.

During the past month close contact has been kept with the Ministry of Grace and Justice. A new Director of Prisons has been appointed - S. E. MUSILLAMI. The chief of personnel S.E. CHIEFFO has now retired. Several meetings have been held with MUSILLAMI and he has proved himself to be co-operative. As with other Rome officials, he does not fully understand the difference in functions in A.M.G. and A.C.C. territory. However, it is not expected that any real difficulty will arise, and in the near future there should be complete understanding.

2. Overcrowding.

When military prisoners are removed from the prisons of southern Italy, the overcrowding problem will be cleared. In some areas the prison population is decreasing. This is the result of the expiration of short term sentences imposed by A.M.G. since September 1943.

The prison situation in Sicily has become acute owing to the special drive on grain collection. A representative of the Public Works and Utilities Sub-Commission, Major Hyland, visited Sicily and inspected Ustica and Lipari Islands with a view to their use for prison purposes. It was found that in Ustica, the buildings were not secure. They have wooden roofs and are scattered throughout the town. This would make guarding very difficult. At Lipari repairs were necessary and use as a prison would have caused a school to be evacuated. The water supply on both islands was inadequate.

Major Hyland speeded up the repair work on Favignana, Augusta and Caltanissetta. This will be finished

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Major Hyland speeded up the repair work on Favignana, Augusta and Caltanissetta. This will be finished in two months and provide accommodation for an additional 1,152 prisoners. These prisons were dealt with on the original rebuilding programme.

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The old Italian Naval Barracks at Columbia are suitable for rebuilding as a Prison. The present capacity of 200 prisoners can be increased to 1,000 in 6 months. Plans and estimates have been received and bids are being received for repair and remolding.

The above programme will provide additional prison accommodation for about 2,000 prisoners. If this is insufficient and it is decided to build stockades it is

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agreed that they should be built on the mainland of Sicily and not on the islands of Ustica and Lipari.

3. Military Prisoners.

A policy on Italian Military prisoners has now been established. It is agreed that after 30 days they become a civil responsibility and will be fed on the civilian scale. It is not proposed to transfer military prisoners to civil jails as no accommodation is available. Arrangements are being made to transfer certain military jails to the civil authority. The accommodation thus made available will be sufficient to house all military prisoners, including those at present in civil jails. The effect of this arrangement should be that more accommodation will be available in civil jails for civil prisoners. For example it will enable 459 Military prisoners to be moved from BARI prison and 285 from LECCE prison. The question of staffing the military prisons handed over is one of some difficulty, but it is hoped that some arrangement can be made with the Minister of War.

4. General

A survey is being made of the prison at Elba. It is a modern building in good repair, and should hold a large number of prisoners from the mainland.

No difficulty has arisen in connection with the requisitioning of civil prisons by Army authorities. The instruction on this subject issued by HQ. A.L.I. is being well observed.

Arrangements are in hand to prepare a building and repair programme for Region 4.

E. FIRE AND CIVIL DEFENCE SERVICES.

1. Mobile Fire Columns.

Pumps are being prepared for use with Mobile Fire Columns to move to the north of Italy. The

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E. FIRE AND CIVIL DEFENCE SERVICES.

1. Mobile Fire Columns.

Pumps are being prepared for use with Mobile Fire Columns to move to the north of Italy. The Italian Government is providing a centre where firemen can be trained.

2. Director General of Fire and Civil Defence Services.

The Directorate is not functioning well owing to the weakness of the present Director General. Pressure is being brought to bear on the Ministry to appoint a more suitable official.

3. Dogs for Rome Allied Area Command.

Dogs trained for guard duties have been lent by Fire Brigades to the Rome Area Allied Command for police purposes.

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F. REGISTRATION AND LICENSING SECTION.

1. Reale Automobile Club d'Italia.

The Central Seat of R.A.C.I. has been re-activated, and an Inspectorate Staff formed from which appointments will be made to fill vacancies in the Provincial Seats. This Staff will be used to supervise the work of the Provincial Seats in both A.M.G. and Italian Government territory.

Arrangements were made for Dott. Farina of the Central Seat to join the A.M.G. 5th Army Staff for duty at Pisa.

A set of instructions have been issued to the Inspectorate Staff which were agreed to with Finance Sub-Commission.

Bollettari (tax receipts carried on the windscreen of motor cars) have been distributed to all R.C.I. Provincial Seats south of the Rear Army Control Line.

2. Control of Civilian Movement.

On the turn over of further territory to the Control of the Italian Government on 15th August, arrangements were made for the Minister of Interior to issue the necessary orders (through Prefetti) for the existing restrictions on movement to continue in force.

All memoranda with regard to the Control of Movement have been revised and consolidated and issued as Executive Memorandum No.77, dated 31st August, 1944.

The regulations were explained to Regional Commissioners by Major Ballance at the Chief Commissioner's Conference on 22nd August, 1944.

3. Circulation of Motor Vehicles.

The Executive Commissioner issued orders that the issue of permits in the case of Vatican and Diplomatic motor vehicles would be dealt with by this Sub-Commission. A scheme has been worked out in conjunction with Commerce

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(a) Vatican Motor Vehicles.

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(i) A special Certificate of Registration will be issued in the case of vehicles bearing Vatican State registration plates "S.C.V."

(ii) Standard permits will be issued by Region IV in the case of all other vehicles on the receipt of a request from the Vatican Governatorato.

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N.B. Fuel supplies for all Vatican operated vehicles will be drawn from special pumps, the fuel supplies from which will be set against the Vatican bulk allocation.

(b) Diplomatic Motor Vehicles.

Standard permits, overprinted with the letters "CD" and endorsed by this Sub-Commission will be issued by the Italian Foreign Office who will screen all applicants, in accordance with the practice established for the screening of applicants for Diplomatic number plates.

Motor Fuel will be drawn from a special pump.

4. Circulating Permits.

New type circulation permits for issue as from 1st October, 1944 were agreed to with the Italian Government and passed for printing.

G. EPURATION.

Commissions have been set up to carry out the epuration of all Police, Fire Brigade and Prison officials. The members of these Commissions have been checked and appear satisfactory. As yet these Commissions have made little progress.

H. TERRITORY TRANSFERRED TO ITALIAN GOVERNMENT.

1. The transfer of additional Provinces from Military Government to Italian Government jurisdiction was effected smoothly as far as Public Safety Agencies were concerned. The practice of working in A.M.G. territory in accordance with Italian procedure and as far as possible giving responsibility to Italian Officials has meant that the police, prison and Fire Services have been virtually unaffected by the transition.

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2. It has been necessary to revise the regulations regarding civilian movement, but in the main the transfer has merely been matter of extending to the new Italian provinces regulations which have been in force under Military Government Authority, e.g. firearms regulations, aliens restrictions, etc.

I. PERSONNEL.

1. During the month a large number of Public Safety Officers have been moved forward to take up appointments with new Regions now in process of formation. The establishment

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of Regions has now been fixed as follows : -

Region	Strength	Regional Public Safety Officer.	
I	2	It. Col.	R... Snoo:
Southern	12	It. Col.	C.T. Francis
IV	11	It. Col.	J. Pollock
V	9	It. Col.	S. Pickering
VI	2	Ceptain	J. Hughes
VIII	10	It. Col.	... Rowlerson
IX	6	It. Col.	E. Eye
X	9	It. Col.	C. Briggs
Xa	7	Major	B.J. Hofford
XI	16	To be designated	
XII	16	It. Col.	R.T. Millhouse
5th Army	4	It. Col.	W. Doherty
8th Army	5	Major	E.J. Pullen
H.Q.	9		

2. H. Staff.

The strength of Officers and R/CRs is as follows :

Officers.

Col.	Kirk	A	Director
Col.	Meaney	A	Head, Police Div.
It. Col.	Wilcox	B	Staff Officer
Major	Mason	B	Fire & C.D.
Major	Wilson	B	Prisons
Major	Bellance	B	Lic. & Regn.
Capt.	Mastroianni	A	Police
Capt.	Powell	B	Admin. Officer.

R/CR

S/Sgt.	McLennan	B
Cpl.	Robinson	B
L/Cpl.	Lisberg	B
Pfc.	Marinelli	A
Pfc.	Diez	A

Major Bellance ceased to act as Chief Motor Transport Officer Region IV on 6th August 1944 and resumed duty at this H.Q.

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5th Army	4	Lt. Col.	T. Doherty
8th Army	5	Major	E.J. Pullen
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W/OR

S/Sgt.	McLennan	B
Cpl.	Robinson	B
L/Cpl.	Listerz	B
Pfc.	Marinelli	A
Pfc.	Diaz	"

Major Ballance ceased to act as Chief Motor Transport Officer Region IV on 6th August 1944 and resumed duty at this Headquarters on 7th August 1944.

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L. E. YOUNG, Col.,
Acting Director
Public Safety
Sub-Commission.

C.

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

ACC/3016/PH 4 September 1944.

SUBJECT: - Monthly Report for August 1944,
Public Health Sub-Commission.

THRU : - VP Adm Sec.

TO : - Chief of Staff.

1. PERSONNEL:

(a) During August this Sub-Commission unfortunately lost the services of Lt. Colonel Wilson C. Williams, Deputy Director, who was assigned to another theater. Lt. Colonel Williams' work for Public Health, especially in the field of typhus control, was of outstanding quality. His departure deprived the Sub-Commission of the services of one of its ablest officers.

(b) On Lt. Colonel Williams' departure, Colonel Martin E. Griffin, Chief Medical Supply Branch, assumed in addition, the duties of Acting Deputy Director.

(c) A staff has been nominated for Region IX with Major London Snedeker (A) as RPHO, Captain Edmond A Turner (A) as Sanitary Officer and Captain Ransom F. Carver (A) as Welfare Officer. It is proposed to strengthen this team further when necessity dictates.

(d) Southern Region is now staffed by Lt.Colonel Walter H. Miles (A), Major Edward E. Carrier (A), Major W.D.R. Thompson (B) and Major John McSweeney (A). It is proposed to call forward Major Thompson in the near future.

(e) Following the amalgamation of Rome Region with Region IV, the Region IV Staff now consists of Lt. Colonel Orpheus J. Bizzozero (A), RPHO, Major H.B. Follit (B), Major Anthony Fino (A) and Major L.G. Norman (B), Public Health Officers, Lt. Colonel Herbert V. Spencer (A), Sanitary Officer, and Captain Ransom F. Carver (A) and Lt. George H. B. Brown (A), Welfare Officers.

(f) Staffs have already been nominated for the new forward regions.

(g) Lt. Colonel G.M. Frizelle (B) has been awarded the Efficiency Decoration of the Territorial Army.

2. POLITICAL:

(a) It is a pleasure to record two appointments made by the Italian Government in the Public Health Service. H.E. Solimena has been confirmed in his office as Director-General of the Sanita' Pubblica and Dr. Bartolomeo Vezzoso has been appointed Principal Medical Officer. H.E. Solimena has a wide and compre-

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(b) The Ministry of Interior has instituted a survey of existing public health legislation under the Fascist regime with a view to assessing its value in the light of present day knowledge. Should it be considered desirable, a comprehensive improvement of present legislation will be proposed and put into being. This study will naturally occupy a very considerable time.

(c) Following the confirmation of H.E. Solimena in his position as Director-General, a widespread re-organisation of the Central Staff of the Sanita' Pubblica has been undertaken and it is hoped that the new setup will shortly be functioning smoothly and efficiently.

3. PUBLIC HEALTH BRANCH:

(A) Typhoid Fever:

(i) A small outbreak of typhoid occurred in Benevento during March and April totalling 62 cases with 8 deaths. This subsided during May and June.

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(ii) In July and August, however, the outbreak flared up into epidemic proportions with 30 cases and 6 deaths in July and 172 cases and 21 deaths in August.

(iii) Lt. Colonel Miles, APHO, and Major W.D.R. Thompson, Provincial Health Officer, conferred with the officers of the British School of Hygiene at Benevento, with the Medico Provinciale and Ufficio Sanitorio. In addition, Major Robert L. Cherry (A) was sent from this HQ to render every assistance possible.

(iv) The findings in brief, were that sanitation in the district was poor. Fresh vegetables were eaten, gathered from ground fertilized by human manure. There were many flies attracted by open sewers, and the river in which many people bathed was contaminated by fractured sewers. The case reporting was poor and all cases were not being isolated in hospitals.

(v) To combat these conditions the following measures were instituted: A campaign both from the pulpit and by poster, urging the populace to boil all water and milk before using, and to cleanse thoroughly all raw vegetables before eating. Immunization by innoculation rather than by oral vaccine was advocated. Six medical students are employed in visiting all houses where typhoid has occurred and gathering data. The City Engineer has furnished maps of the water and sewage systems and indicated where fractures have occurred. Repair of these fractures is being undertaken. Notices have been erected forbidding bathing in the river. Isolation of all cases in hospital is being undertaken. The Pathologist of the 106th General Hospital has undertaken to do stool cultures for carriers and supervise other laboratory procedures. The hospital accommodation (at present 80 beds) is to be doubled. A Sanitary Engineer will be sent from this HQ to assist in Sanitary surveys.

(vi) In conclusion this Sub-Commission wishes to express its gratitude for the exceptionally valuable cooperation rendered by the British School of Hygiene and by the Pathologist, 106th General Hospital.

(B) Venereal Disease:

( ) The Italian Government is endeavouring to assist the anti-VD campaign in every way possible, but unfortunately no report is available from the inspector appointed by the Government.

(ii) In Sicily, despite the decrease in garrison troops, active control measures are still being undertaken.

(iii) The latest available figures for the months of July and August are as follows:

Incidence of VD in cases per thousand per week.

Week ending:	Total British Ops in Theatre:	PBS.
22 Jul 44	1.27	7.3
29 Jul 44	1.02	6.5
5 Aug 44	1.29	8.3
12 Aug 44	1.04	8.1
19 Aug 44	1.1	6.8

The much higher incidence shown in the PBS figures is undoubtedly due to the high VD rate among colored troops.

(iv) In Rome, as in Naples, a V-Con squad is active and on an average

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(iv) In Rome, as in Naples, a vice squad is active and on an average 10-12 women are arrested every night and taken to the Questura. The following day they are examined at a clinic and those found infected are compulsorily detained and treated in hospital until they are considered free from infection. Those released as non-infective are compelled to be registered as prostitutes, unless cogent reasons to the contrary can be adduced, and are, under police regulations, required to report for inspection twice a week. Adequate hospital facilities exist for the treatment of infected women.

(v) The total number of cases of VD amongst Allied troops in Rome rose from 44 in June to 130 in July. These figures have no statistical value as there is no means of gauging the total number of Allied troops to be found in Rome over any given period.

(C) Typhus:

(i) The Typhus Control Branch has been reconstituted as the Typhus Control Unit within the Public Health Branch. Dr. Floyd S. Markham has been appointed as Officer in charge of the Unit.

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(ii) The Typhus Control Unit proposes during the autumn to send a demonstration team to large towns in Central and Southern Italy. Workers nominated by Medici Provinciali will attend these centers for demonstrations on dusting procedures and will be supplied with powder and sprayers. In this way, every province in the South should have, by the winter months, a team of trained anti-typhus workers capable of dealing instantly with any case which might occur.

(D) Smallpox:

(i) During August the campaign against smallpox in the Naples area was intensified. The Italian Government sent a Medico Provinciale to Naples with funds and special powers to do everything possible towards controlling the epidemic. The figures now obtained are very encouraging and it may be assumed that the outbreak is definitely subsiding.

(ii) Naples City:

a. The following figures, in ten day periods, are reported from Naples City:

	1st Ten Days	2nd Ten Days	3rd Ten Days	Total
February	2	--	--	2
March	--	--	--	0
April	1	17	14	32
May	38	44	42	124
June	25	25	36	86
July	29	44	31	104
August	34	32	15	81
				429

It will be seen that there has been a marked reduction in the figures for the last ten day period in August and later reports indicate that this diminution is being maintained. The daily notifications during this period are as follows:

August:	20	21	22	23	24	25	26	27	28	29	30	31
cases:	2	0	3	3	2	0	1	2	0	3	1	0

b. The type of the disease has been mild throughout and only 3 deaths have occurred in the total of 429 cases.

c. Mass vaccination has been instituted and by 28th August, 416,557 vaccinations had been performed. Of these over 150,000 were done in private houses; 195,000 in ambulance posts and approximately 70,000 in air-raid shelters.

(iii) Naples Province:

a. In the 130 communes of Naples Province a total of 413 cases have occurred with 12 deaths. The area most affected has been Afragola with a total of 179 cases. Out of the estimated population of 29,218, 21,234 vaccinations have been performed. Fratamaggiore with a population of 17,168 shows the next highest incidence of cases, the number to date being 75. In this area 17,074 vaccinations have been carried out.

b. Doctors, medical students and sanitary officers have been enrolled in the vaccination and re-vaccination campaign and vaccine has been supplied by the Institute of Public Health, Rome. As in Naples City, the notifications in the last ten day period are showing a marked reduction.

c. In conclusion it may be said that while at one time the epidemic was assuming alarming proportions, the measures of mass vaccination and re-[illegible]

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April	1	17	14	32
May	38	44	42	124
June	25	25	36	86
July	29	44	31	104
August	34	32	15	81
				429

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c. In conclusion it may be said that while at one time the epidemic was assuming alarming proportions, the measures of mass vaccination and re-vaccination, case recording, isolation of contacts and immediate hospitalization of patients have shown very gratifying results.

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(E) Hospitals:

(i) The hospitals in Italian Government Territory are now under the control of the Ministry of Interior and the newly appointed Inspector of Hospitals has rendered a report to the Ministry on a tour of inspection made throughout Apulia.

(ii) While a number of hospitals are in good condition and have been untouched by the hazards of war, many are still partially or completely damaged, while others have been requisitioned by the Allied Forces.

(iii) The Inspector has made many recommendations to the Ministry regarding building programs, renovation of equipment, procurement of linen and provision of funds. The Ministry in turn instructs the Prefects of the provinces concerned as to the necessary measures to be adopted.

(iv) As with other reconstruction programs in Italy, it is anticipated that a considerable time will have to elapse before the hospital situation returns to normal. However, every effort is being made to effect the improvements which are possible at the moment.

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(F) Infant Mortality:

(i) At the present moment, accurate figures for infant mortality are difficult to obtain. (Infant mortality is the death rate per thousand live births among children under one year of age.) In Rome, the total figures - not to be confused with the mortality per thousand live births - for 1943 and 1944 are as follows:

	1943	1944
January	265	214
February	180	223
March	170	247
April	148	227
May	206	274
June	287	393
July	289	438

(ii) The August figures are not yet available but an estimate made at the moment suggests that they will be in the region of 250. This decrease is attributable to the distribution of powdered milk and it is anticipated that the decrease will continue, as the high figures of 1943 and 1944 have been due to nutritional deficiencies believed are being rectified by the use of powdered milk.

(iii) It is estimated that the present Italian infantile death rate is in the region of 20%. This is approximately the same as was found at the end of 1918, while the 1918 figure was 13% and the 1940 figure 10.3%.

4. MALARIA CONTROL BRANCH:

(a) Members of the staff visited Regions II, III, V and VII, and about 22 Kgs of chocolate quinine for the treatment of children were distributed. Malaria rates in these Regions are in general lower than they were in 1943.

(b) A member of the Control Branch staff stayed in Region VI throughout July and for the first three weeks in August. All three provinces were visited. The present malaria rate is only one-half to one-third of that which obtained in 1943.

(c) Region IV received much attention during the month. Much work was done in connection with finance, distribution of drugs, spray-killing and in collaboration with the Army, spreading Paris green on the flooded Terracina areas. In conjunction with the Finance, Public Utilities and Agriculture Sub-Commissions, a 48 million lire appropriation was made available for canal clearing in Littoria Province. Due to German sabotage and resultant extensive flooding, malaria rates were higher in this Region than in 1943.

(d) Doctor Kuhn of the Demonstration Unit of the Control Branch assumed charge of the spray-killing program in the Lido, Isola Sacra and Fiumicino areas while Professor Missiroli continued his control program in Maccarese, where several pumps were put into operation. In consequence, the Maccarese marsh was dry by 31st August and the Ostia marsh considerably reduced

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(e) In Region VIII the only malarious area of importance is Grosseto where there has been good control. The assistance of 5th Army and AAF in this work is gratefully acknowledged.

5. VETERINARY BRANCH:

(a) Foot and Mouth Disease continues to be one of the most pressing veterinary problems. The disease is still spreading and a second virus strain has made its appearance. The procurement of sufficient cattle for adequate vaccine production is an important factor in combatting the disease. Thirty-two cattle have arrived in Rome for this purpose from Ascoli Piceno and it is hoped that a further four hundred will be transported by rail from Perugia on or about 6th September. Rome has already produced sufficient vaccine to immunize half of the dairy cattle supplying milk for Rome. If however, sufficient cattle cannot be brought to Rome to enable large quantities of vaccine to be prepared, the spread of the disease will have serious results.

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(b) Rabies still continues with the highest incidence in Rome. Impounding continues apace in Rome and 95 stray dogs have been destroyed during the month. Veterinarians in all provinces are employing the strictest possible measures to control Rabies.

(c) Hog Cholera continues to be widespread. All the provinces in which it has occurred have been supplied with antiserum and vaccine. A fresh supply of antiserum is being requested from the U.S.A.

(d) Swine Erysipelas has occurred sporadically in several provinces and antiserum and vaccine have been distributed.

(e) Both animal and human Anthrax have been unofficially reported from Matera, Foggia, and Frosinone. Provincial veterinarians have been instructed with regard to methods of treatment and the proper disposal of infected carcasses.

(f) The cooperation of the Veterinarian, No.2 District is gratefully acknowledged in giving valuable assistance in eradicating Sheep Pox in Brindisi.

(g) Two cases of Glanders have been reported from Foggia and one from Forli. The animals have been slaughtered and contacts have been mallein tested.

(h) Sheep Scab is to be found in every province and the Tobacco Institute of Bari is supplying nicotine for Sheep dip to capacity. In addition, instructions have been circulated regarding the use of lime-sulphur for dipping sheep.

(i) Veterinary biologicals to the value of three hundred thousand lire have distributed to Italian veterinarians during the past month, through medical supply channels.

(j) As few animals are being slaughtered in public abbatoirs, meat inspection requires little attention.

(k) The Central Milk Pasteurizing plant is operating very much below capacity owing to the insufficient and irregular supplies of milk.

6. MEDICAL SUPPLY BRANCH:

(a) During the month of August a small shipment of insulin and dental instruments was received from the U.S.A.. Since then nothing has been off-loaded although a considerable shipment is in the roadstead of Naples awaiting opportunity of being discharged.

(b) Regions V, VIII, and Florence were visited to ascertain the supply situation. This appears to be much better than was anticipated and fair stocks were discovered in Florence and Ancona.

(c) As long flame coal, necessary for the manufacture of glass tubing is practically unobtainable, a requisition is being made through AFHQ for tubing in bulk,

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(c) As long flame coal, necessary for the manufacture of glass tubing is practically unobtainable, a requisition is being made through AFHQ for tubing in bulk. Unless this tubing can be obtained and utilized for the packing of biological preparations, it will be impossible to distribute those preparations which are now being manufactured both on the mainland and in Sicily.

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(d) It is hoped than an Italian organization for the distribution of medical supplies throughout Italian Government Territory will be set up within a few weeks.

WELFARE BRANCH:

7. (a) The Ministry of Interior has at last issued a circular increasing the daily rates of assistance to political ex-internees. Those rates for those living outside of camps are now L. 30 for the head of the family and L. 20 for each dependent, an increase of L. 10 and L. 10 respectively. For those living in camps the rates are L. 25 for the head of the family and L. 15 for each dependent, an increase of L. 5 and L. 5 respectively.

(b) The Ministry of Interior has reiterated its intention of reorganizing welfare activities. It is thought however that until the present epuration proceedings within the Ministry are concluded, no active steps will be taken in the matter.

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(c) The Italian Government has been asked to develop its policy regarding the law providing care for illegitimate children and also regarding the administrative re-organization of the ONMI.

(d) Suggestions have been made to the Ministry concerning the increase in payments for welfare and relief purposes.

(e) Welfare officers were circularized on the rates payable by the Italian Government for care in institutions.

SUMMARY:

(a) The departure of the Deputy Director to another theater is reported.

(b) Staffs have been nominated for new forward areas.

(c) The Italian Government has confirmed the Director General and Chief Medical Officer of the Sanita' Pubblica in their appointments.

(d) The Typhoid epidemic at Benevento is being thoroughly investigated and all possible prophylactic measures have been instituted.

(e) The campaign against Venereal Disease continues.

(f) The Typhus Control Unit will, during the autumn, instruct local teams throughout Central and Southern Italy in Typhus control measures.

(g) Smallpox figures in Naples City and Naples Province show a definite decrease.

(h) The Italian Government is making every possible effort to rehabilitate hospitals.

(i) Infant mortality figures in Rome are high but it is anticipated that the distribution of powdered milk will result in a definite decrease in these figures.

(j) The work of the Malaria Control Branch has been outstanding and has resulted, almost everywhere, in a marked reduction of cases in 1944 compared with those occurring in 1943.

(k) Foot and Mouth Disease and Hog Cholera are both widespread and everything possible is being done to combat them. Large supplies of veterinary biologicals have been distributed.

(l) Glass tubing is urgently required for the packing of biologicals produced locally.

(m) The Ministry of Interior has increased the rates of assistance to political ex-internees.

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PH/GMF/ja

M. E. GRIFFITH,
Colonel, M.C., Acting Director,
Public Health Sub-Commission

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Public Health Sub-Commission

ACC/3017/PH 1 September 1944

SUBJECT : Typhoid in Benevento.

TO : Lt. Col. Frisolle.

Herewith interim report on the typhoid fever situation (and paratyphoid B) in Benevento, where the writer spent the greater portion of the past 10 days.

It is erroneous however, to believe that this is a new epidemic, since typhoid fever reached epidemic proportions here in March and April of this year and there were cases in May and June.

Below is a table showing the typhoid experience by months for 1944. *(Corrected report from Medico Provinciale gives 301 cases & 38 deaths).

	*Reported	Hospitalized	*Died
January	0	0	0
February	0	0	0
March	13	0	0
April	49	32	8
May	5	9	0
June	9	12	0
July	30	29	6
Aug. (thru 28)	172	70	21
	278	152	35

The following table shows Benevento's typhoid experience for the past five years 1939-43 Incl.

Year	Cases typhoid reported	Typhoid deaths
1939	13	2
1940	18	6
1941	7	0
1942	16	1
1943	22	4
	76	13

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1943	22	4
	76	13

Conferences were held in Naples with Lt. Col. Miles and Maj. Thompson prior to going to Benevento. In Benevento conferences were held with the Regional Commissioner, Lt. Col. Armstrong, with Lt. Col. Martinos, Lt. Col. Morrison and Maj. Miller of the School of Hygiene, C.M.T.C. and with Maj. Gluckman, pathologist at the 106th Gen (South African) Hospital, as well as with the Medico Provinciale, the Ufficiale Sanitario and the City Engineer.

Findings, briefly in general;

1) No field epidemiological investigations, worthy of the name being carried on.
2) No up to date spot map of cases
3) Immunizations being offered 1 hr. daily, those by injection being negligible in amount. Oral vaccine generally used. Est. 18000 oral; 100 innoculation.
4) Sanitation poor, i.e., lack of screening, flies, open sewers, season for eating fresh vegetables (many grown on ground fertilized by human excreta)

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insufficient toilet facilties for emergency housing areas.

5) Water supply consistently giving bad samples (B.Coli)
6) Water in river where bathing practised is contamined heavily from broken sewers.
7) Poor reporting of cases.
8) Cases not all being isolated in hospital.
9) No apparent interest or great effort on part of civilian public health officials to cope with situation.

Measures instituted (with help of Maj. Gluckman and School of Hygiene):

1) Manifestos placed over town on walls (no newspaper) urging boiling of milk, thorough cleansing of raw vegetables and immunization of all people by inoculation rather than by oral method.

2) Archbishop visited and agreed to have this proclaimed to people in his ten parishes, as well as to urge boiling of water until city supply could be chlorinated, to urge people to refrain from defecating on the [illegible] and to warn that river bathing was dangerous at this time. (This copy given to Lt. Col. Miles).

3) Epidemiological field record form drawn up and mimeografed.

4) Six medical students enlisted to visit all houses where typhoid has occurred this year and gather data for those records. This nearly completed.

5) Mnd City Engr. furnish * description of water and sewer systems and show both on a map which is being used by Maj. Gluckman and on which the Medical Students spot all cases daily. *(This given to Lt. Col. Miles).

6) Maj. Gluckman to do stool cultures for carriers and to assist and supervise in other lab procedures.

7) Morning, afternoon and night sessions now being held for immunization of civilians.

8) Medico provincialo agreed to indicate by sign at point used for bathing on river that river bathing dangerous now.

9) Conferred with Regional Welfare Officer who agreed to send several hundred mattress covers to hospital to be used as sheets on cots previously provided by Lt. Col. Miles.

10) Conferred with Maj. Hill, Region III, Naples who agreed to send a large quantity of "Flit" for use in typhoid ward in hospital.

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11) Made arrangements for more scattered samples for regular bacteriological water analysis.

12) Since ambulance has broken down, made arrangements with Medico Provinciale to requisition horse drawn vehicle so that all patients should reach hospital.

13) Meeting arranged (within next few days) of all physicians to impress necessity for prompt reporting of all suspects and to discourage attempt to immunize orally.

14) At meeting of Health Committee, with sindaco, Maj. Miller, Maj. Gluckman, City Engr., Lt. Col. Morrison, town Major, Garrison Engr. others on nite of 29 Aug., above matters discussed and all agreed that until city water supply could be chlorinated, boiling notices should be issued although it was realized only small percentage would observe. Also, that if more people did not respond to advice to come to center for immunization, teams should make house to house attempts.

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15) Discussed with Lt. Col. Miles possibility of having Col. Hensley's office expedite approval of only sewer repair project not yet approved.

Conclusion

Water: While maps and survey were left with Maj. Gluckmann (as were same on sewerage system) and Lt. Col. Miles, respectively, the sources are from separate places and come by 3 aqueducts. One is now of necessity raw as it has no chlorinating apparatus, one raw because they have no chlorinated lime (they were asked for estimates which amounted to 200 Kilo. of Ca hypochlorite per mo., based on 3000 meters of water daily) and the third is filtered and treated with chlorine gas. Distribution of cases indicates that the furnishing of Ca hypochlorite for the aqueduct with equipment is essential.

Sewerage: 1000 meters of sewer are still to be repaired and 3 mo. more work required. Approval not yet secured for the "Viale dei Retore" project, the most important.

Hospitalization: 80 beds now available. This amount will be doubled, with cots made available by Lt. Col. Miles, when mattress covers arrive. May be still further increased.

Military Cases: 1 sister in So. African hospital, 1 Newfoundland soldier, 1 British Soldier. The two former give history of bathing in river. The latter probably arrived in Benevento with a Para B in the incubation stage.

Maj. Gluckman has had stool containers made in attempt to pick up carriers. Will isolate strains if possible and advise me of developments and percentages of patients with typhoid and Para. B.

The services of a Sanitary Engineer were sorely needed here in connection with survey and advice on water and sewerage and will continually be needed on any filth-borne epidemic. It is strongly urged that this Sub-Commission have one available for use in such instances on request.

ROBERT L. CHERRY,
Major, USPHS. M.C.,
Communicable Disease Officer.

RLC/utc/ae.

2300

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
PUBLIC HEALTH SUB-COMMISSION
Malaria Control Branch

ACC/3005/PH

4 September 1944

SUBJECT: - August Report - Malaria Control Branch.

TO : - Brigadier G.S. Parkinson, Director,
Public Health Sub-Commission, ACC.

1. During August the Malaria Control Branch devoted time and attention to malaria control problems in Regions II, III, IV, V, VI, VII and VIII and the Rome Region, each of which was visited by one or more members of the staff of the Branch.

a. Regions II, III, V and VII:

Captain Manzelli spent 16 days during August visiting Regions II, III, V, and VII. He distributed about 22 Kgs. of chocolate quinine for treatment of children. Malaria rates in these Regions continued low, in most areas lower than in 1943.

Colonel Russell, Captain Tuzio and Lt. Wehrle also visited Region III during the month.

The Demonstration Unit continued its DDT control projects in the Volturno area of Region III.

b. Region VI:

Lieutenant Wehrle of the Control Branch who had been in Sardinia throughout July, remained until the last week of August, visiting all three provinces during the month. Doctor De Muro, also of the staff, spent two weeks in Sardinia. Malaria rates continued low, being only 1/3 to 1/2 those of 1943.

c. Region IV:

Colonel Russell, Major Anderson, and Captain Manzelli, as well as Doctors De Muro and Corradetti made several visits to Region IV during the month. A good deal of time and attention has been given to assisting the RPHO in connection with finance, distribution of drugs, spray-killing, and arrangements for Army Paris greening of Terracina flooded areas. Arrangements were also made to utilize the services of Professor Missiroli in the control of malaria among workers on hydro-electric plant reconstruction at Ceprano.

In conjunction with the Finance, Public Utilities and Agriculture Sub-Commissions, a 48 million lire appropriation was finally made available for essential canal clearance in Littoria Province.

Due to the extensive German sabotage with consequent flooding of vast areas, malaria rates in southern Littoria Province have been higher than in 1943.

d. Rome Region:

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Due to the extensive German sabotage with consequent flooding of vast areas, malaria rates in southern Littoria Province have been higher than in 1943.

d. Rome Region:
Colonel Russell, Major Anderson, and Captain Tuzio made numerous visits to malarious areas in the Rome Region. Doctor Kumm of the Demonstration Unit of the Control Branch assumed full charge of the spray-killing program in the Lido, Isola Sacre, and Fiumcino, at the request of RAAC. Professor Missiroli continued his control program in Maccarese. As a result of the cooperative efforts of RAAC, AFHQ, AAI, AAF, ACC, and civilian personnel and units, the transmission of malaria may be said to have been stopped in the Lido, Isola Sacra, and Fiumcino areas and to be under good control elsewhere in the Rome Region.

During the month it was possible to get several pumps into operation so that by the 31st the Maccarese marsh was dry and the Ostia marsh very much reduced in area.

Weekly malaria control meetings of the RAAC have been attended by Colonel Russell, Major Anderson, and members of the Demonstration Unit.

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e. Region VIII:
Colonel Russell and Captain Tuzio made visits to Region VIII during the month. The only area of any malaria importance is Grosseto and here there has been good control, due to extensive and cooperative measures by the RPHO, Region VIII, the 5th Army, and the AAF.

2. Staff Changes:
There have been no staff changes during August, except that Dr. Soper left the theater on T/D 30 August.

3. Demonstration Unit:
A special report will be submitted when received.

PAUL F. RUSSELL
Colonel, M.C.
Chief, Malaria Control Branch.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Public Health Sub-Commission

ACC/3002/PH

1 September 1944

SUBJECT : Report of Veterinary Activities for period 1 August to 31 August, 1944.

TO : Director, Public Health Sub-Commission, HQs. ACC.

1. Foot-and-mouth disease continues to present one of the most serious problems to be solved. The disease continues to spread and has reached Frascati near Rome as well as Campobasso Province. The disease was reported in Perugia Province on 30 August, the presence of the disease in Perugia indicates that a second strain of the virus (there are four in all) has appeared. This adds fuel to the fire in that it is entirely possible that a second wave of the disease could sweep southern provinces this year. It also means that all vaccine must be produced by using both strains of the new active virus. The problem of securing cattle in Rome for vaccine production has not yet been solved and no cattle have been secured from Perugia though a total of 32 have arrived from Ascoli Piceno. Tentative plans have been made whereby rail transport for 400 cattle will be made available effective 6, September from Perugia to Rome. The undersigned intends to visit Perugia on or about 5 September with the hope of securing cattle for vaccine production in Rome. The Perugia strain of the virus will be harvested in a veterinary laboratory there beginning 4 September. This virus will be shipped to Rome for vaccine production. Enough vaccine has been produced in Rome to immunize one half of the dairy cattle supplying milk to Rome. This vaccine will be administered beginning 4 September. Due to a lack of knowledge about foot-and-mouth disease and its very rapid course with very serious losses, a delay of 20 days in the production of vaccine has occurred. This delay will result in many very valuable animals especially dairy cattle and breeding stock becoming infected with serious losses which could have been prevented. This problem of vaccine production has been engaged by the undersigned in the manner which in his opinion, would produce results most rapidly. There is one last means by which the necessary results may be obtained and that is a trip to Perugia. If this does not produce the necessary cattle, the vaccine cannot be produced unless drastic action is taken by those who possess the necessary authority to bring cattle to Rome.

2. Rabies is a serious problem in Rome and numerous cases in dogs with one human death in Bari have been reported. Rabies in dogs has been reported as follows: positive diagnosis Rome 26, Potenza 1, Avellino 1, Brindisi and Bari 2. Italian veterinarians in each of the provinces mentioned state that all sanitary police measures are being employed to control rabies. In Rome 95 stray dogs have been impounded and destroyed during the month and the impounding continues at a

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3. Hog cholera is occurring in Campobasso, Foggia, Avellino, Bari, Cosenza, Salerno, Naples, Chieti, Ascoli Picono, Teramo, Aquila, [illegible] Rieti, Viterbo and Grossato provinces. Both vaccine and antiserum have been made available for use in all of these provinces. It will be necessary to request an additional 1000 liters of antiserum from the United States. Loss of swine from this disease would have been enormous without the supplies and efforts which are being put forth to control it.

4. Swine Erysipelas is occurring sporadically in numerous provinces and in Teramo it is believed to have reached the epidemic state. A large supply of locally produced antiserum and culture vaccine for treatment and prevention has been distributed to Teramo with small quantities to Ascoli picono, Aquila and other provinces in need of it. Numerous Italian veterinarians are missing

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the differential diagnosis of hog cholera and swine erysipelas. It will be necessary to include a short course of study in veterinary schools there to prevent these errors in the future.

5. Anthrax in both humans and livestock have been unofficially reported as having occurred recently in Matera, Foggia and Frosinone. Instructions have been sent through the Ministry of the Interior for the provincial veterinarians involved to complete the total immunization of livestock in the provinces immediately, to employ the use of antiserum where necessary and to provide for the proper disposal of infected carcasses.

6. Sheep pox in Brindisi has been completely stamped out through the excellent cooperation of the veterinarian No. 2 District and the employment of sanitary police measures and administration of vaccine by the Provincial veterinarian, Brindisi.

7. The veterinarian No. 2 District has been consulted regarding the possibility of the sheep imported from the middle east bringing in Rinderpest. This is a very serious disease which results in great losses when it occurs. Every possible precaution will be taken to prevent its entry into Italy.

8. Two cases of glanders were reported in Foggia and one case in Bari. All three animals have been destroyed and numerous contact animals mallein tested, the results of which will be forthcoming soon.

9. Sheep scab is causing considerable concern in a few provinces and it is present in every province. Numerous requests have been received for nicotine with which to dip sheep. The Tobacco Institute at Bari is supplying to the limit of its capacity. Instructions in Italian regarding the procedure for the preparation of lime-sulphur dip have been circulated to provincial veterinarians. Lime-sulphur is a very efficient dip for sheep scab and can be prepared readily with lime and sulphur both of which are more plentiful than nicotine at this time.

10. Veterinary supplies other than biologics in the amount of 300,000 lire have been distributed to Italian veterinarians during the past month. These supplies as well as the hog cholera biologics are of great assistance to the Italian veterinarians and it has been through the fine cooperation of the Medical Supply Branch with this Branch that such urgently needed assistance has been afforded. Additional veterinary supplies are needed and a request will be forthcoming when the Ministry of the Interior gives assurance that payment will be made.

11. Meat inspection continues to require little attention because few animals are slaughtered in public abbatoirs as is required by law. The Central Milk pasteurizing plant in Rome is a very well equipped plant with three flash and two holding type pasteurizers. The plant is very poorly operated at the present time because the supply of milk is irregular and insufficient for such a large plant. Capacity of the plant is 250,000 liters daily and only 30,000 liters actually pass through the plant now. Responsible Italian officials are very much

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12. Italian veterinary personnel has required considerable attention during the past month. A two hour conference took place between the General Director, public Health Division, Ministry of the Interior and the undersigned, the tentative plans agreed upon were as follows:

a. Every effort would be made by the General Director to enforce that portion of the Italian civil service regulations which requires that all veterinarians age 65 yrs. or over be retired. The enforcement of this regulation has resulted in the retirement of seven veterinarians formerly in the Ministry of the Interior and will place an additional 12 in retirement within the next two months. Replacement for these veterinarians has been tentatively arranged.

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b An acting temporary chief of the veterinary service to be appointed immediately. A permanent chief not to be appointed until all of Italy is liberated.

Rowland W. Rushmore

ROWLAND W. RUSHMORE
Major, Vet. Corps,
Chief, Vet. Branch

RWR/ae

HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
PUBLIC HEALTH SUB-COMMISSION
Medical Supply Branch

ACC/3072/PH 4 September 1944

SUBJECT: - August Report - Medical Supply Branch.

TO : - Director, Public Health Sub-Commission, ACC.

1. During the month of August very few medical supplies were received from the U.S.A. A small shipment of Insulin and a few dental instruments were all that was received. There has been reported an expected arrival of 286 tons of medical supplies but at the end of the month these had not arrived. Shipments were however made from Central Medical Depot to Regions I and IV. Likewise, Regions north of Rome and the 5th and 8th Armies have been supplied. There is now however no supplies of Allied origin which can be supplied to the new Southern Region or to newly activated Regions unless this anticipated shipment is off-loaded soon.

2. Regions V, VIII, and Florence were visited by representatives of this Branch to help with supply problems. As far as could be ascertained the medical supply situation in the northern areas is better than was anticipated. Fair stocks were found in Florence and Ancona.

3. Additional effort has been made to obtain neutral glass tubing for the manufacture of vials necessary for packaging biologicals. A requisition being submitted to AFHQ since it did not appear likely that long flame coal would be made available to a glass factory in Naples in time to assure early production. This is an essential requirement if we are to continue obtaining necessary biologicals from local Italian facilities. Further correspondence has been initiated in an attempt to retrieve the medical manufacturing plant at Ancona from Ordnance who now occupy the building.

4. Several conferences have been held with the Italian Government officials of the Ministry of Interior, Public Health Department and with Italian wholesale druggists in an effort to assist the Italian Government to establish an agency which can handle distribution of medical supplies in Liberated Italy. These conferences have progressed favorably and it is expected an organization will be perfected in another two weeks.

5. It had been anticipated that the Central Medical Depot would be turned over to the Italian Government for their use, however notice was received from G-5, AFHQ that it was proposed to use this installation and its personnel as an MTO Civilian Medical Depot.

6. With the departure from this theater of the Deputy Director, Public Health Sub-Commission, the Chief, Medical Supply Branch, became the Acting Deputy Director in addition to his other duties.

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M. E. GRIFFIN
Colonel, M.C.
Chief, Medical Supply Branch.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
PUBLIC HEALTH SUB-COMMISSION
Welfare Branch

ACC/3078/PH

4 September 1944

SUBJECT: - August Report - Welfare Branch.

TO : - Director, Public Health Sub-Commission, ACC.

1. The Ministry of Interior has issued a circular establishing augmented rates for assistance to political ex-internees. For those in camps, the daily rate is L.25 for the head and L.15 for each dependent, and for those living outside of camps, the daily rate is L.30 for the head and L.20 for each dependent. Increases are L.5 for the first category and L.10 for the second.

2. The Ministry of Interior has reaffirmed in writing its intention to proceed with welfare legislation. However, nothing concrete has been formally proposed. It is doubtful, now that epuration proceedings are going on within the Ministry, that any proposal will be made for some time.

3. Assistance was given to the UNRRA Observation Mission in preparing an estimate of the number of children who might be served by a supplemental feeding program and in exploring the methods by which the feeding might take place. The ONMI, Italian maternal and child care organization, was used as one of the chief sources of information.

4. The Italian Government has been asked to develop its policy on the following problems:

a. The law providing care for illegitimate children - as under present arrangements, these receive more assistance than needy legitimate children.

b. The administrative re-organization of the ONMI. In respect to the latter point, there is need for clarification of the status of the Central Headquarters in relation to the Ministry of Interior and its subsections. Further, the provincial and communal branches of the organization should be reconstituted to remove formally the provisions for representation of Fascist groups in the local committees and to provide a new impetus for operation. This is considered by the Welfare Branch to be of great importance as the ONMI is the only Italian organization with the possibility of initiating the much needed corrections in the deplorable conditions existing in respect to needy children.

5. Discussions have been held with Italian Government officials about amounts allowed in their budget for welfare and relief purposes. The amounts proposed are low, but the Italian officials seem to have little interest in raising them.

6. Information was issued to Welfare Officers on the rates payable by the Italian Government for care in institutions, and on the relationship between institutions and government in regard to supervision, financing, and the placing of children in institutions.

7. No field trips were made because of lack of transport.

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Edward E. Silveira

EDWARD E. SILVEIRA,
Captain, Spec Res.
Chief, Welfare Branch.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
LEGAL SUB-COMMISSION
APO 394

AC/4043/L. /rlp.
10 September 1944.

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

TO : Acting Chief Commissioner, ACC.

1. The work of this sub-commission during the month of August 1944 in addition to advisory and legislative work has been principally as follows:

OFFICE OF CHIEF LEGAL OFFICER:

2. A meeting of all RLOs on 1 August at which various questions were discussed; preparation of documents and conferences with representatives of Italian Government with respect to restoration of territory to the Italian administration as of 15 August 1944; considering various proposed amendments to the decree of sanctions against fascism, proposed related legislation and numerous conferences with regard thereto; review of records of various cases involving espionage and other cases including those in which death sentences were given and making recommendations to Acting Chief Commissioner; conferences with ACC officers, Allied Military authorities and Italian Military authorities in Bari regarding unsatisfactory and uncooperative attitude taken by Italian Military Tribunal in connection with trial of cases involving Allied interests; appearance before man-power board to represent officer and enlisted personnel situation in Legal Sub-Commission Headquarters.

3. Continuing with repeated efforts to obtain additional legal officers for northern regions with mediocre success to such extent that at the present time it would be impossible to deal adequately with legal matters in northern regions if the regular form of AMG is to be followed; consideration of Property Control situation and preparation of memorandum and conferences with regard thereto; considering matter of jurisdictional friction between French and Italians in Corsica with regard to trial of Italian military personnel; examination of proposed decree for the restoration of property and other rights taken away under fascism on racial and political grounds; conferences with committee sponsoring decree and preparation of certain letters for Acting Chief Commissioner in this regard; visit to Headquarters, Region V for conferences with RLO of region; weekly conferences with Ministry of Justice.

OFFICE OF CHIEF COUNSEL:

4. Conferences with and advice to various sub-commissions; preparation of opinions for sections and sub-commissions; study of decrees of interest to Labor and Agriculture Sub-Commissions and Economic Section and conferences with Agriculture and Labor Sub-Commission and Economic Section with respect thereto; work on preparation of new preamble to Proclamation No. 1, Revised; proof-reading of English and Italian version of all General Orders submitted by [illegible]

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

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ITALIAN BRANCH:

5. Besides many legal matters which were the object of discussions with the Minister of Justice and are enumerated hereafter, the activities of the Italian Branch included also the supervision of "epuration" of the Magistracy under the provisions of RDL 15 of 27 July 1944.

6. As stated in the July report, there is no evidence that the fascist conception of Justice affected to any great extent the judgments of the great

majority of senior judges, and as a matter of fact there were more cases of resistance to fascist pressure than of decisions influenced by political intervention. This was not so true of the Public Prosecutor's Departments.

7. However, it was a known fact that a number of high judicial officials by opportunism or conviction had thought fit to indulge in active fascist propaganda. On the other hand a minority of younger elements did join the ranks not only of the fascist party, which in any case they had to do, but of the various categories of pseudo-military formations, such as the milizia, squadre, etc. Therefore, the role of the Ministerial "epuration commission" appeared to be clearly cut and it was expected that their investigations would be concluded in a very short time. On the contrary, until the end of the month very little progress was made and the great majority of officials whose names had been forwarded to the Minister for decision as to suspension, were those of many unfortunate junior officials, holders of some fascist distinction showing up in their record.

8. The few higher officials who also appeared on the lists had previously resigned or had already been dismissed under the provisions of earlier decrees or orders.

9. These facts can be explained by the general feeling that the Deputy High Commissioner intends to use the "epuration" legislation as a political purge and not as a social one, hence strong resistance from the Ministers belonging to other parties; the "esprit de corps" existing between members of the Commissions and officials of the Courts; and also the impression that the Allied authorities who are pressing for results are much more interested in quantity and percentage than in quality and importance. The fact remains that so far the names of fascist propagandists well known to the public have not appeared in any list. It is hoped that the new directives recently issued will help in solving, at least partially, some of the difficulties above stated, but it must be again pointed out that drastic cuts in the ranks of the magistracy cannot be justified by the general attitude of the bench during the fascist regime, that such grand scale "epuration" would only add to the disorganization of the administration of justice, that judges and magistrates, under present conditions are almost irreplaceable as existing salaries will deter any suitable candidates from entering the judicial career and finally that it is the responsibility of ACC to prevent as much as possible, not only the present but even the future breakdown of law and order in Italy.

10. Legal matters discussed with the Minister of Justice during the month of August included the following:

a. The method of appointing judicial officials in Military Government Territory with view of decentralizing the administration of personnel matters and leaving it in the hands of Regional and Provincial Legal Officers and local Italian authorities who would contact the Ministry whenever it is necessary under Italian law.

b. Financial status and payment of salaries to officials removed by the republican fascist government.

c. The compilation of lists of judicial officials held as prisoners of war in North Africa with view of obtaining their repatriation in order to partially alleviate the lack of judicial personnel.

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c. The compilation of lists of judicial officials held as prisoners of war in North Africa with view of obtaining their repatriation in order to partially alleviate the lack of judicial personnel.

d. Draft Decree abolishing the death sentence in Italian law except in respect to cases tried under military codes and the law on sanctions against fascism as proposed by the Minister.

e. Problem of improvement of drafting technique of the Italian legislation by concentrating the drafting in the Ministry of Justice.

f. Problems of judicial personnel in general.

g. The necessity of radical improvement in the operation of the Courts of Bari; consequent changes of personnel.

h. Recruitment of office personnel for the Courts at Sardinia by an emergency procedure.

i. Extention of the application of the Amnesty Decree to common offences committed during the Allied occupation in provinces since restored to the Italian Government; advisability of a new general amnesty.

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j. Enactment of appropriate legislation to deal with the question of jewish, partisan and other antifascist property.

k. Continuation of the Court of Appeal Section at Lucera (Foggia) after the restoration of the Province of Foggia to the Italian Government.

l. Draft Decree on certain emergency amendments to the Code of Penal Procedure.

m. Draft Decree on reorganization of professional organizations of lawyers and notaries.

n. Reform of Codes.

o. Limitation of vacation period in Italian Courts.

p. Draft Decree increasing penalties for unlawful sale of liquor (requested by the Army).

q. Procurement of motor vehicles for various provincial judicial officials.

r. Establishment of a pool of judicial officials for assignments in Northern Italy.

s. Personnel changes in the various departments of the Ministry and in the Courts of Rome;

t. Policy for issuing travel permits for judicial officials, policy for allotting gasoline to cars used by the Ministry for official purposes.

u. Possibility to set up a mess for officials of the Ministry.

v. Necessity to increase salaries of judicial officials in view of the increased cost of living.

w. Reopening of the Military Tribunal at Rome.

x. Reestablishment of the Court at Orvieto (Terni Province) abolished by the fascist government.

y. Investigations of certain disturbances in Calabria and of the conduct of the local Procuratore del Regno.

z. Suggested modification of Art. 166 of the Public Safety Law concerning administrative measures in cases of political character.

aa. New proposals to amend the decree setting out the penalties for failure to deliver certain commodities to People's Granaries.

bb. Functioning of certain Courts of Assizes.

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bb. Functioning of certain Courts of Assizes.

cc. Interference by Allied authorities with arrests effected by Italian police of Italian civilians employees of Allied authorities.

dd. Method of removal of judicial personnel in Military Government Territory for political reasons.

ee. Local difficulties arising in Sicily out of the excessive number of violations of the People's Granaries law.

ff. Establishment of an Advisory Board of the Procuratore Generale at Sardinia to investigate cases of persons held in prison and awaiting

11. The activities of the Italian Branch also included:

a. Various conferences with the representatives of the Ministry of Justice and the Ecclesiastical authorities in respect to the draft of the decree on marriage of members of Allied Forces in Italy; final draft was submitted to AFHQ for approval.

b. Discussions with the representative of the Presidency of the Council of Ministers and study of draft decrees authorizing the Government to appoint Commissioners extraordinary to business enterprises of certain type.

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c. Conferences with representatives of the Jewish Community Committee of Rome and of the Intergovernmental Refugee Committee concerning the draft l undertaking to repeal the racial legislation and to provide machinery for restoration of Jewish property to legal owners; study of the draft and translation.

d. Preparations for distribution of the reprints of the Brindisi-Salerno legislation and subsequent issues of Gazzetta Ufficiale in newly activated regions.

e. Translation of numerous draft laws by ministerial circulars from Italian into English and translation of several General Orders of the Allied Military Government from English into Italian and proof-reading.

f. Study of the death penalty in Italian law.

g. Numerous interviews with Italian judicial officials for whom transportation had to be obtained to proceed to recently liberated provinces.

OFFICE OF CHIEF JUDICIAL OFFICER:

12. The table below sets out the more serious cases received for review during the month of August:

ESPIONAGE CASES REVIEWED DURING THE MONTH OF AUGUST

(a) Death sentences confirmed.....3
(b) Death sentences commuted.....0
(c) Prison sentences affirmed.....2
(d) Defendants found not guilty.....0
(e) Cases awaiting review but whose appeal period has not expired.....5

SABOTAGE CASES REVIEWED DURING AUGUST

(a) Cases awaiting review but whose appeal period has not expired.....4

DEATH SENTENCES IN CASES OTHER THAN ESPIONAGE OR SABOTAGE

(a) Death sentences confirmed.....3
(b) Death sentences commuted.....1

13. The following items of interest have been reported from the various regions:

Region II - On August 18th an MG Court condemned CLAUDIO MARTIERE to 28 years imprisonment for the murder of an Allied soldier; and on 10th August it sentenced DE BIASE DE Michele to 20 years for theft and sabotage. Advantage was taken of those two cases to spread deterrent propaganda through the press. The Allied Military Police have expressed their

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ESPIONAGE CASES REVIEWED DURING THE MONTH OF AUGUST

(c) Death sentences confirmed.....3
(b) Death sentences commuted.....0
(c) Prison sentences affirmed.....2
(d) Defendants found not guilty.....0
(e) Cases awaiting review but whose appeal period has not expired.....5

SABOTAGE CASES REVIEWED DURING AUGUST

(a) Cases awaiting review but whose appeal period has not expired.....4

DEATH SENTENCES IN CASES OTHER THAN ESPIONAGE OR SABOTAGE

(a) Death sentences confirmed.....3
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Region III - Figures have been prepared of the work of MG Courts in the provinces of Naples and Avellino during the month/August and to reproduce them below:

PROVINCE OF	SUMMARY COURT		SUPERIOR COURT		GENERAL COURT		TOTAL
	NG	G	NG	G	NG	G	
Naples	9	1135	-	45	2	7	1198
Avellino	3	15	-	7	-	3	25
TOTALS	12	1150	-	52	2	7	1223

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Region V - No General or Superior Courts held during August. The total of Summary cases dealt with amount to 568.

The RLO reports that with the arrival of troops in the region, proclamation offences are on the increase.

Region VIII - The Regional Commissioner has been authorized to review cases not being cases reserved for review by the Chief Commissioner, and has delegated this power to the RLO.

No General Courts were held in this region during August. Two Superior Court cases and 453 Summary cases were disposed of. The most common offences were infringements of curfew or travelling regulations (355).

Richard H. Wilmer

RICHARD H. WILMER,
Colonel, C.A.C.
Chief Legal Officer.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Education Subcommission

CWW/ams

7 Sept. 1944

REPORT FOR AUGUST, 1944.

A General View

August, the first full month of school vacation, has been a time for taking stock, correcting errors, and preparing for the new educational year.

Preparatory to leaving Sicily and Southern Italy to the Italians without a professional Allied educator, Major Koopman has made two tours of inspection over most of the vast territory, returning to Headquarters with suggestions to the Ministry of Public Instruction for improvement, notably for improvement in the poor quality of administrative personnel.

Region VIII has been activated but not wholly active during August, and Region IX less active than VIII. The Regional Education Officer, Capt. Noe, in Region VIII, assisted by Capt. Tilroe, has been busy, when not directly with education, then with errands useful for their colleagues in the Region. Capt. Pratt, for Region IX has spent time at Headquarters, revising all educational directives, effecting agreements with Subcommission for harmonious functioning of all specialists in the field, while clearing up his work as Deputy Educational Director for Region IV(whose detailed work in Littoria was memorialized in our report for July).

The most active work in education for August has been, therefore, in Regions IV and V, with some work in Vth and VIIIth Armies. Headquarters has also been busy with the Ministero in hammering out policies, purging personnel, and effecting new decrees, especially for decentralization of administration and aid of schools.

A Sicilian Hang-over.

Early in August two of the three Rectors of Sicilian universities bummed a ride to Rome in a white heat of injustice done and full of corrective procedures. Word had reached them of public charges made against us by a group of Roman professors. These charges were broadside not too carefully aimed, which, thought they, had injured them as innocent bystanders. Now when a Sicilian is injured, he is seriously injured, as every Sicilian

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professors -- read to them by -- whom else than? -- an eloquent and fiery Sicilian orator, the Illustrious Rector of Messina University, Rettore Martino:-

His Excellency, the Minister
of Public Instruction.

My Dear Minister,

No doubt that there has come to your Excellency's attention, as to mine, certain criticism of the educational acts of the Allied Military Government in connection with Sicilian Universities. It is lately alleged in the press by the Italian Association of University Professors, for instance, that we acted perhaps in ignorance of Italian law and that the Sicilian Universities permitted us to do so --- and that as a result we filled many important university chairs, and did it contrary to Italian law and prejudicial to the professional rights of scholars not then and not now in liberated territory, proceeding ignorantly if not arbitrarily and without benefit of "Concorsi".

It is true that we filled important university posts; for we found whole faculties without a single titular professor (only 13 of Messina's 50, for instance, were present in Sicily). It is not true that we acted in ignorance, or arbitrarily; and it is inconsiderate to think and unjust to charge that the Sicilian Universities left us uninformed of the law in the premises. Indeed, this Subcommission gratefully acknowledges that but for Sicilian vigilance in informing us, we might well have made serious mistakes. They informed us not only of their rights under ancient law but of their wrongs under Fascist law; for all Italian scholars -- may we not say all Italians? -- appear alike in this: they do not believe in hiding their light under a bushel.

These are times, Your Excellency, that try men's souls, fraying their tempers while jeopardizing their security. Transportation is tedious and communication is often inaccurate. When men know not what to trust, alas, they often trust they-know-not-what. In times like these, Your Excellency and I know as philosophers that patience is prudence and forbearance is wisdom. We know, too, from our daily fruitful collaboration, that united

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The facts as to our university appointments in Sicily are:

1) that we made no appointments save according to prevailing Italian law (Sicily was Italy to us, we were the Ministry to Sicily, and the prevailing law gave the Ministry great leeway, more leeway than we ever thought of taking);

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of war, sympathy and justice from all of Italy; and we commend to our Sicilian colleagues, comrades of our first days in Italy, the happiness which comes from a continuous accord with the all-Italian confraternity of the free.

Cordially and sincerely yours,

LT.COL. T.V. SMITH, U.S.A.
DIRECTOR OF EDUCATION

CONCLUSIONS:

How can we conclude what is not concluded? It is always too early to estimate the final effect, if any, of oratory. Theoretically, like a stone thrown into a pond, its ripples disturb every grain of sand on every inch of shore. Short of eternity, however, suffice it to say shallowly that by this simple slice of oratory, the Director's soul was shriven, the Sicilians' honour was satisfied, and the Roman professors were silenced, almost.

With the Ministers.

At least three scheduled conferences with the Minister of Public Instruction were held each week during the month, not to speak of the constant consultation of specialists in the Subcommission with specialists in the Ministry. Such interchange is necessary to keep the machinery going in such fashion that it will keep on going as territory passes from the initiative of the one to the initiative of the other. What is necessary at the level of routine becomes indispensable at the level of strategy, if the schools of Italy are not to suffer from vanity on the one side and hunger for power on the other.

Whether what is both necessary and indispensable will also prove effective depends largely upon the spirit of the enterprise. Since the Subcommission is bent on working itself out of a job as quickly as moving events require and justice permits, the attitude of the Italian educators becomes the permanently important thing to the success of what we have educationally intended in Italy.

The best way to communicate that spirit, with something of its content and much of its direction, is to include as part of our report the Minister's letter to his own constituency. The letter follows in toto:

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> To all those who participate in the life of the school -- whether as teachers of any grade, as soldiers, as students, or as functionaries -- I send, with my cordial greetings, an invitation to collaborate with me in the work of educational reconstruction. This work, already underway during the past year in liberated regions, can today be furthered with added scope and efficiency, now that the victorious allied armies are rapidly extending

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2) that we are greatly indebted to Sicilian Rectors and scholars for helping us to know the law and to open the universities in these initial days;

3) that only one titular professor among the 39 we are charged with having appointed appears actually appointed on a permanent basis ("ordinary");

4) that all the others were "extraordinary", were needed to keep the universities operating on even a minimum basis, were selected by the Universities themselves, if not by "concorsi" then by nearest approach to that standard the times permitted, were at any rate the best men available in Sicily (which was Italy when the universities opened), and will at the end of the three-year period be tested for permanence of appointment by the judgment of their peers, as is law and academic custom in Italy.

These being the facts, what remains of the issue? Only this: such is my confidence in the justice of the case, in the importance of the post, and in the merits of the scholar filling the post, that the Education Subcommission of the Allied Control Commission is prepared to leave to the Consiglio Superiore to advise Your Excellency, or your successor, whether at the end of the three-year period our one and only permanent appointment shall be admitted as rightly made permanent by us or as more appropriately treated with the other appointments as "extraordinary", and so subject to fair test as to fitness for the permanent post.

Since this is a matter of principle rather than of persons, I do not call the name of the incumbent made permanent by us. But the chair involved is of comparative law, is of crucial importance, if Italy is to change its orientation from its enemies to its friends, and the incumbent of the chair is one of the very few Italians, if not indeed the only one, who knows and has written importantly on both British and American Constitutions. More than 700 students have flocked to his lectures this first year.

Only one other thing, Excellency: We Anglo-Americans came to Italy in the role, but not in the spirit, of conquerors. The role was forced upon us, but the spirit is

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Only one other thing, Excellency: the challenge
came to Italy in the role, but not in the
guerre. The role was first imposed upon us
our own - and this spirit we shall
decent legacy when we are gone. Let
this spirit be carried with you as our
initial emphasis in these storm
centuries defending to maintain
the Minister, in accordance with
we do not, in this field only the
schools can undertake without
inside a special clause. In this
Sicilian steel will the blow

the boundaries of free Italy.

Among the ravages that Fascism left in its wake, the most serious and the least easily repaired is perhaps damage to the school. I will not undertake a catalog of these perpetrations, for they are already grievously remarked by all; and I do not wish to begin my appeal with lamentations and fruitless recriminations, but rather with a word of hope and faith. I have a profound conviction that the educational forces are, for the most part, still healthy and vital, though long oppressed and degraded by misgovernment, by coercion, by illicit political interference, and by the introduction of unworthy elements. To free those wholesome forces of what is enflamed and hysterical is, it seems to me, our most urgent common task to undertake and finish as quickly as is compatible with circumspection and justice. This urgency is necessitated in order that the direct organs of the schools be not long kept in such a state of suspense or suspicion as would undermine their prestige or paralyze their action and so that they may return to their proper work in complete assurance and faith that no one will subsequently tax them with presumption of past guilt or inopportunely raise charges already adjudicated. In order to meet this exigency with action, it will be necessary, epuration completed, not only to give teaching and administrative personnel the guarantee of a dependable status at law but also to inspire them with the faith that freedom of teaching will never be denied, that the values of personality will be respected and rewarded, and that no outside influence will be allowed to disturb and blight the rapport between teachers and pupils. I believe that, however much is imperfect or however little is perfect in the daily routines of the schools, the restoration of education will prove possible and will be rapid if we put emphasis upon initiative, intelligence, the spirit of sacrifice, and the responsibility of teachers and functionaries. Not only will we restore the dignity of their function but we will also reestablish for the functionaries a decent standard of living.

As to this picture of the schools, didactic

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As to this picture of the schools, didactic and administrative, and as to this priority for the Ministry of Public Instruction, I believe there would be no disagreement at all. But there is another problem, closely connected, to which I feel it necessary to invite the attention of my collaborators, near and far, direct and indirect. I hear many speak of substantive reform of school laws; and there are efforts even to create new schools, new faculties, and new chairs. Now I frankly confess that, while I recognize

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the urgency of purifying the personnel, I hold precipitate and inopportune the reformative with which some are animated. With more than half of our territory still in enemy hands, with thousands of youth outside their places of residence, with finances disrupted, with the scarcity of books, with the difficulties of transportation, and with a thousand other obstacles, to speak on immediate and drastic reorganization of the schools strikes me as unseasonal and premature.

All that one can and ought to do during these interim days of reassessment is to work hard to get the schools reopened and functioning, avoiding any act which would prejudice their ugh-going reconstruction later on. To put the buildings in order, to look after the revision and publication of the most essential textbooks (especially manuals of history and texts for the elementary schools), to simplify and rationalize the great mass of Fascist legislation, and to annul some of the most seriously distorted (especially that which concerns scuola media unica), to reactivate gradually the interrupted tradition of high seriousness and the dignity of education as a whole -- here is work more than enough for this first period of Ministerial endeavour.

Thus there is no desire to stop talk of substential reform but there is a need to consider it a subject for meditation and study on the part of all who are interested in the schools. I shall myself be satisfied if, while setting urgent things in order and restoring the scholastic instrument, we are able, working with all sincere friends of education, to get ready the plans for future reconstruction so as to lay them perfected before the new parliament whose job it is after all to discuss and to implement them. We must prepare a foundation for the schools that will have for the future of the country an importance no less than that prepared for the other fundamental institutions of the State.

As orientation for this task, there is need to present, at this moment, in the face of the havoc caused by Fascism and war, two matters already ener-

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after the revision and abolition of the most essential textbooks (especially manuals of history and texts for the elementary schools), to simplify and rationalize the great mass of Fascist legislation, and to annul some of the most seriously distorted (especially that which concerns scuola media unica), to reactivate gradually the interrupted tradition of high seriousness and the dignity of education as a whole -- here is work more than enough for this first period of Ministerial endeavour.

Thus there is no desire to stop talk of substantial reform but there is a need to consider it a subject for meditation and study on the part of all who are interested in the schools. I shall myself be satisfied if, while setting urgent things in order and restoring the scholastic integument, we are able, working with all sincere friends of education, to get ready the plans for future reconstruction so as to lay them perfected before the new parliament whose job it is after all to discuss and to implement them. We must prepare a foundation for the schools that will have for the future of the country an importance no less than that prepared for the other fundamental institutions of the State.

As orientation for this task, there is need to present, at this moment, in the face of the havoc caused by Fascism and war, two matters already emerging, both just and instinct with promise: the ancient tradition of culture and the dignity of labour. These two aspects of our national patrimony have been too much dissociated. Thus culture degenerates into something merely academic and labour rises little above the physical standards of the brutes. It will be necessary to integrate these two elements, so that each may inform the other. It is a task to broach but difficult to broaden effectively throughout scholastic institutions.

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We must pledge to this task all our energies. It is almost superfluous to observe that the Fascist experiment of introducing work in the schools achieved nothing and that, seen from the vantage of this more profound and serious exigency, it was hardly more than a deformity, almost a caricature.

Among the reasons which counsel great reflection and caution in the preparation of new scholastic plans there is also this, that they cannot be elaborated in a vacuum of abstraction, but must accompany, now preceding now succeeding, the historical drift of the Country toward a new order of living. The formation, which seems already on the horizon, of a larger international community which will supersede the narrowness of outmoded nationalism, should draw from the schools its spiritual base, radiating new conceptions and new formulations of the values of moral personality, of rapport between individuals, between classes, between nations. Fortunately, our cultural tradition is rich in these universal themes and can give true support to our work. But it will be necessary to discover and to renew contact with the living experiences of the present and with the changing exigencies of the times. In this connection, we will be able to utilize frequent contacts, which the necessities of war have founded and the opportunities of peace will establish, with the great victorious democracies. Only so shall we be able to destroy the false vainglory and the histrionic fury of primitive nationalism which were only too well accepted after twenty years of Fascist ignorance and provincialism. A more constant consciousness of our limitations, a more acute remorse for our culpability, a habit of life more modest and considerate but nonetheless decorous, these should give tone to our resumption of intercourse with the great world which we have pretended to trample upon and outrage without knowledge of its strength or value. I have faith that this modified attitude, which the schools must do their part to produce as the new generations outgrow their infancy, will produce in time a new Resorgimento for our Country."

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Personnel: who does what.

The personnel of the Subcommission during August was distributed -- as to geography and activities - as follows:

2289.

Headquarters: The Director, Lt. Col. T.V.Smith, guiding and directing all, but so skilfully delegating many of his labours as to keep his office a philosophic haven whence he can take the long view, direct policies, and cheer or soothe harassed officers.

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Captain Joseph Vella, Executive Officer, watch-dog of his master's sanctum, letting no perturbing elements enter, handling administrative details and tying up any remaining loose ends of universities to the south.

Captain A.A.Vessalo, ex-Regional Officer of Region II, now preparing a scholarly brief of Italian education from the beginning with special emphasis on what just preceded Fascism, what Fascism wrought, and the condition of the educational system as we handed it over to the Italian Government.

Captain H.P.Board, one time C&O, later assistant Regional Education Officer of Sicily, now dividing his time between his first love (music and the theatre) and that lassey who has haunted the Subcommission from the beginning -- the printing of textbooks.

Major Carleton Washburne, playing his usual double role as Deputy Director in charge of elementary and secondary education and Regional Officer; working, in the former capacity, with his opposite numbers in the Ministry of Public Instruction, operating secondary school textbooks, revising school programs, coordinating administrative procedures in Italian Government and Military Government Territory, and cooperating with the Minister in selecting and securing books on the educational system and problems of the principal allied nations for publication in Italian.

Regions

Major Robert Koopman, formerly Regional Education Officer for Sicily, peripatetic minister from the Minister to Regional Commissioners in Southern Italy and Sicily, and vice versa -- see second paragraph of "A General View".

Sardinia - ACC's stepchild. Had an education officer for a few weeks way back when. Now Capt. G.F.T. Wagstaff plays an able obligato for education amid his numerous other duties.

Region III was, during most of August, under Captain Paul Heilman, who turned its educational system over, in the middle of August, to the Italian officials and the good graces of the RC and Major Koopman.

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Region V. -- Major Charles Hart, Welfare Officer with one hand, Regional Education Officer with the other; Lt. John Sirani working with him as organizer of the provinces.

Region VIII - Major San Noe, formerly REO for Region III, Regional Education Officer, aided and abetted during the latter part

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of the month by Captains Paul Heilman and Dexter Tilroe.

Region IX - in embryo. Captain Willis E. Pratt getting everything in immaculate order to begin work.

Field Work:

Southern Region and Sicily. This territory is now so completely self-running under the aegis of the Minister of Public Instruction that it has required recently little attention beyond that given by Headquarters or the one field worker, Major Koopman. The Sicilian university situation has already been described. We are having to help in regard to the large new printing of textbooks (375,000 in Palermo; 1,120,000 in Naples) to the extent of helping the Minister's representative in each place with ink, paper, etc., from further north or, we hope soon, from the U.S. (sufficient materials were ordered last March, but have not yet arrived). Schools and universities in Sicily and the Southern Region were mostly closed for vacation during August.

Region IV - Here field work was intensely active. The Region was organized province by province with the thoroughness and dispatch resulting from the experience and preparations further south. By 15 August, Littoria, Frosinone, and Rome provinces were ready to turn over to the Italian Minister. Provveditori (provincial superintendents of schools) had been selected and broken in; summer sessions of elementary and secondary schools were in full blast in practically all communes in Frosinone and Littoria provinces and in 38 communes in Rome Province; teachers were being paid; thousands of textbooks and 'quaderni' (note books) had been distributed; school lunches were being served to 8,757 kindergarten and elementary school children in the two southern provinces and plans were well under way for greatly increasing this number and starting the lunches in Rome Province wherever needed; 546 school administrative officials had been examined for Fascism, of whom 175 were suspended; 67 of these had filed appeals. Hearing Commissions were functioning actively in the consideration of these appeals. The printing of 1,039,000 elementary school textbooks for Regions IV and V was well launched, composition being nearly completed. The one sad part of the picture was the large number of school buildings still occupied by Allied and Italian troops, hospitals, and refugees, and the almost universal damage to or destruction of school buildings outside the City of Rome.

Viterbo, Rieti and Terni provinces, also with a large number of buildings destroyed or damaged and many habitable ones occupied, were otherwise well on their way to and being in as favourable a

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Viterbo, Rieti and Terni provinces, also with a large number of buildings destroyed or damaged and many habitable ones occupied, were otherwise well on their way toward being in as favourable a situation as the three southern provinces. All school departments were functioning vigorously; many communes opened their summer session to help the children round out their interrupted year; vetting was proceeding; many truck loads of teachers had been hauled from Rome to their proper seats; and all other phases of work mentioned in regard to the three southern provinces were going forward effectively. By the end of the month these provinces, too, could have been turned over to the Italian Government with little loss in efficiency.

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Perugia, still under 8th Army, was visited by the Regional Education Officer and his deputy, on invitation from 8th Army, toward the end of August, and preliminary steps were taken toward getting the educational machinery to function. A provveditore was chosen and put to work.

The situation of Universities and higher institutions in Region IV, the responsibility of Lt. Colonel Henry Rowell, was as follows:

University of Rome: 46 faculty members suspended; examinations held; preparation made for a six-week accelerated course beginning September 1.

Academy of Santa Cecilia: New administrative council appointed; two concerts a week given.

Italian Academy: Abolished; plan implemented for resuscitating the Accademia dei Lincei which the Fascists had abolished.

Royal Opera: Five performances per week; well attended by Allied Personnel.

National Library: Financial aid arranged; functioning normally.

National Research Council: Normal functioning resumed.

R. University of Perugia: 22 faculty members suspended for Fascism; plans made with Minister of Public Instruction for normal opening of courses.

University for Foreigners, Perugia: Commissioner appointed; Italian instruction given to Allied personnel.

Libraries at Terni, Perugia, Orvieto, and Viterbo were inspected and assistance for reconstruction and rehabilitation was arranged.

Region V - Here activity was equally vigorous. Foggia Province was turned over to the Italian Government in good running order. Campobasso had already been fully processed. Aquila, Chieti, Ascoli, Ancona, Teramo, and Macerata provinces were in various stages of progress in getting organized for opening 1 September, or 1 October. In most of them provveditori were selected and at work; vetting was under way -- practically completed in some provinces; budgets were prepared; directives were issued; sindaci were getting school quarters

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The two universities in Macerata Province were checked into and work started toward the selection of pro-rectors and the epuration of the staff.

Region VIII - This Region just began to be activated from the standpoint of the schools during August. Nevertheless, considerable progress was made. Preliminary arrangements were under way for the printing of 1,039,000 elementary school textbooks for Regions VIII and IX.

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The University of Siena was the victim of an army requisition, but epuration was about to begin. The provveditore of schools was appointed for Siena Province; personnel was in process of selection; Fascists were beginning to be suspended; directives were issued; and buildings were inspected in 19 of the 35 communes. In most communes schools were undamaged, and only about one-third were occupied by troops or refugees. Through double sessions and make-shift quarters, where necessary, practically all children will have a normal year.

In Grossetto Province school conditions were favourable; schools had functioned normally last year. Many buildings were in good order. Defascistization was almost completed in August, 50 school officials and teachers being suspended out of 74 vetted. The provveditore was appointed and a car requisitioned for him. There was every indication that the schools would open normally for the fall session.

Regions in General.

There was one of the periodic meetings of all regional education officers and the Headquarters staff early in August. The Minister of Public Instruction attended one session, speaking of his plans, answering questions, and learning about the progress and problems of the regions.

The two most urgent problems now before schools in both Italian Government Territory and Military Government Territory, are the printing and distributing of the millions of elementary school textbooks, and the making of buildings available and weather-tight for the winter. The textbook problem is partly on the way to solution but the building problem is very serious. South of Region VIII, there is scarcely a school outside of Rome City, with a pane of window glass left. Many schools have damaged roofs; others need complete rebuilding. Winter is coming on and children cannot sit long hours in rooms exposed to the elements. Where buildings are half-way decent, they are frequently occupied by troops or refugees. Against this situation little real progress has been made.

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Deputy Director of Education

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REPORT OF THE DIRECTOR OF PROPERTY CONTROL FOR AUGUST 1944

PERSONNEL

1. Lt.Col.E.M.Card (B) assigned to Region XII on 29 Aug 44. Lt.H.S.Sheine (A) assigned to Region VIII on 28 Aug 44. Due to the protracted illness of Major G.K.Cavenaugh (A), the appointment of Capt.W.C.Beard (B) as RCP Region I was recommended to the Regional Commissioner on 25 Aug 44.

GENERAL

2. On 8 Aug 44, the Insurance Section of the Finance Sub-Commission, ACC, assumed full responsibility for the management and control of all insurance companies of the United Nations (including France) and of all enemy insurance companies in Italy.

The directive issued by the Property Control Sub-Commission, ACC, dated 15 May 44 regarding British insurance companies, was cancelled.

The Regional Controllers of Property were directed to advise all banks that in the future, control of bank accounts of insurance companies would revert to the Finance Sub-Commission, whose authority would be required for any withdrawals. Likewise, any cash collected by Regional Controllers of Property for any insurance company and placed in the Regional Controller of Property's bank account, would be transferred to a blocked bank account in the name of the appropriate insurance company, subject to the control of the Finance Sub-Commission.

REGION I.

3. General - The question of re-consignment of properties to owners or their legal representatives has now been clarified by HQ ACC. As a result, many small properties, especially in the Palermo and Messina districts, are in a position to be returned to their owners or legal representatives. All the property files are being overhauled and it is expected that many of these small properties will be handed back within the next three months, thus relieving the RCP of such responsibility. An inspection of the small properties taken into custody in Palermo Province has been conducted. It was found that in the main the properties were being well cared for, and that the administrators were performing their duties satisfactorily.

4. Real Estate - (a) British and American.

(1) Whitaker Properties.

(a) Villa Cavour, etc. Reconsigned to Reg.Tinmare in July and confirmed by Main HQ in August. Premises presently under requisition by U.S. Navy Men's Club. Essential repairs to habitable portion have been carried out by occupying unit. Sig.Pedicini is of the opinion that no further repairs should be executed as property will probably have to be completely rebuilt at a later date. Question of rental during requisitioned period is under discussion with Genio Militare. No

future, control of bank accounts of insurance companies would revert to the Finance Sub-Commission, whose authority would be required for any withdrawals. Likewise, any cash collected by Regional Controllers of Property for any insurance company and placed in the Regional Controller of Property's bank account, would be transferred to a blocked bank account in the name of the appropriate insurance company, subject to the control of the Finance Sub-Commission.

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(b) Villa Sperlinga. This was not sequestrated on grounds of Italian ownership, consequently not taken into custody by Controller of Property. Grounds of Villa requisitioned by U.S.Forces but now de-requisitioned. Reg.Tinnaro acting as administrator.

(c) Villa Sofia. Authority received to reconsign to Sig.Novello Antonio. Verbale being prepared by Banco di Sicilia for approval this office. Premises and contents still under requisition by U.S.Navy. Negotiations in hand between this office, U.S.Navy and Genio Militare 2286 checking of inventories, etc. Representations have been made to stop use by occupying unit of old family plate, glassware, etc., also valuable books in library. Genio Militare and Sig.Pedicini co-operating.

(d) Raccalia, near Marsala. Those properties not sequestrated nor taken into custody, as considered Italian owned. Caretaker appointed by AMG in August 1943, for 1 year. Properties now handed over to Sig. Novello and all accounts and documents regularized. Italian Red Cross have ceased to use Raccalia.

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(e) Villa Malfitana. The Villa and contents were not taken into custody but were requisitioned by U.S.Forces, who also requisitioned certain wines and liquors. These wines and liquors were taken into custody under D/C-I-P-116 and disposed of in October 43 by return of wines Lit. 5,529 and cash Lit.13,415 to Sig.Novello. The property has since been de-requisitioned, and questions of damages and rental are under discussion with the Genio Militare. This Declaration of Custody taken out from monthly parade state.

(2) Bronte Estate. Verbale di consegna of Nelson relics from the Italian State Archives has been temporarily held up owing to demands by Sezione Archivio di Stato. The demands of the Nelson Estate have been upheld and verbale now agreed by Italian authorities. New contract for cutting of woods by Minao & Rizzo signed and registered, and copy forwarded to Main HQ. Verbale di Concordato negotiated by Avv.Molia and approved this office for reduction of the annual tax assessment from one based on Lit.800,000 to one based on Lit. 67,000. Question of roads, boundaries and water rights presently under active discussion with appropriate authorities. Dott.Nicolosi's application for re-employment by Mathy refused after legal advice. Nicolosi's services not desired by Cav.Modica. Re-consignment of Villa Falconara, Termini, to Cav.Modica approved - verbale awaited.

(b) French.

Ville D'Orleans, Duca di Guisa. Repairs to pumping plant up to Lire 120,000, and repairs to wells up to Lire 118,250, approved by Main HQ, and presently proceeding under supervision this office.

5. Industrial and Commercial Concerns.

(a) Bonuso Mines. Work proceeding satisfactorily. Output somewhat down owing to restriction of electric current to 16 hours daily instead of 24 hours and the increasing difficulty of obtaining explosives and fuse. Representation by this office to ACC officials and Electric Society unavailing.

(b) Ditta Borah. Request received from James J. Borah through American Consulate for appointment of Mrs.Borah or daughter as curatore under restricted conditions. Application made by Mrs.Borah to Tribunale di Palermo. All sales stopped. Dott.Rag.Filosto presented final accounts, and fees agreed at Lit.20,793 and paid.

6. Dissolved Fascist and G.I.L. Organisations and Expenditure Funds.

(a) Popolo di Sicilia - Transfer of assets to Intendente di Finanza of Catania held up pending agreement between LPC and FMB, Main HQ, as to restrictions, if any, to be applied.

(b) Cinema Trinacria, Catania - Transfer of Lit.65,331.25 (being rental for certain cinema equipment belonging to Postelegrafonici) made to Prefect of

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[illegible] discussion with appropriate authorities. [illegible] presently under action for re-employment by Lachy refused after legal advice. Dott.Nicolosi's application not desired by Cav.Modica. Re-consignment of Villa Falconara, Taormina, to Cav.Modica approved - verbale omitted.

(b) French.

Villa D'Orleans, Piaz di Guiga. Repairs to pumping plant up to Lire 120,000, and repairs to walls up to Lire 118,250. approved by Main HQ, and presently proceeding under supervision this office.

5. Industrial and Commercial Concerns.

(a) Ramusa Mines. Work proceeding satisfactorily. Output somewhat down owing to restriction of electric current to 16 hours daily instead of 24 hours and the increasing difficulty of obtaining explosives and fuse. Representation by this office to AOC officials and Electric Society unavailing.

(b) Ditta Borab. Request received from James J. Borab through American Consulate for appointment of Mrs.Borab or daughter as curatore under restricted conditions. Application made by Mrs.Borab to Tribunale di Palermo. All sales stopped. Dott.Rag.Filosto presented final accounts, and fees agreed at Lit.20,793 and paid.

6. Dissolved Fascist and G.I.L. Organizations and Employees Funds.

(a) Popolo di Sicilia - Transfer of assets to Intendenza di Finanza of Catania held up pending agreement between PWB and SMB, Main HQ, as to restrictions, if any, to be applied.

(b) Cinema Trinacria, Catania - Transfer of Lit.65,331.25 (being rental for certain cinema equipment belonging to Postelegrafonico) made to Prefect of Catania.

(c) Prefect of Catania reports that all arrears of salaries due to ex-employees of G.I.L. and Dopolavoro now paid.

REGIONS II and VII

7. The Regional Controller of Property's office located at Bari was closed on 28 Aug 44, and all the records and files were moved to the RCP's office at Naples.

8. The more important problems dealt with during the month were as follows:

a. Albanian Interests - At the request of the Albanian Section of the Psychological Warfare Board, this office has taken into technical custody merchandise of approximately L.40,000 Sterling in value belonging to Albanian Nationals. This action was taken to prevent confiscation by the Italian authorities. The goods in question are stored in three warehouses in the city of Bari, and are under the direct control of the Albanian owners and/or agents.

b. Elisabeth Sibilliano Colamarco - American citizen, resident of New Jersey and owner of an estate in the Province of Bari, sent a power of attorney to her daughter, resident in the Province of Bari, authorizing her daughter to

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take over the administration of her estate. This power of attorney was presented to this office by a son of the owner, Private John Colemores, a member of the U.S.Army. The document was in good order and the present administrator of the estate was ordered to turn over the administration to the daughter and to bring his administration up to date. The Sindaco of the town where the estate is situated was informed of the change, and was asked to enforce the change in administration as the original administrator was reluctant to relinquish his control.

c. Alph Pier Amire - A citizen of France and a former internee of the Fascist Italian Government, requested that this office assist him in securing the de-sequestration of his property, which consisted of an apartment in Bari, furniture, merchandise and a bank account. The Intendenza delle Finanze was consulted and the de-sequestration was accomplished. Monsieur Amire was informed that any claim for damages which he may have should be presented at a later date to the proper Italian authorities.

REGION III

9. The Regional Controller of Property now has under control 44 business concerns, 306 real properties owned by 145 Allied subjects, and 3,226 other items which include 2,985 bank accounts.

10. Real Properties - The total number of declarations made to date is 153, covering a total of 326 individual properties. Of this total, 16 properties have been restored to 8 Allied subjects.

11. Business Concerns -

a. During the month the auditing staff has examined the books of the following business concerns:

BURROUGHS
GLAXO
ST.ERASMO
SOCIETA ITALIANA ALBERGHI
LA VOCE DEL PADRONE - COLUMBIA - MARCONIPHONE
MARCONI
ST.GOBAIN
SINGER
ACQUEDOTTO VESUVIANO

b. Special reference is made to the following:

(1) Burroughs S.A - This company has presumably been taken over by Vembi, an Italian corporation. The company's existence and activity in this Region first came to our notice this month. The operation of the company consists solely of repairs performed by a serviceman, who operates directly from his home. The only physical assets of the company consist of repair parts and ribbons worth approximately Lire 5,000. There are some outstanding accounts receivable.

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b. Special reference is made to the following:

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(2) Acquedotto Vesuviano - At the end of the month information was received that the employees of this company were demanding a still further increase in wages, notwithstanding that their original demand has not yet been sanctioned by the authorities, and they have threatened to strike.

12. General.

(a) During the month a sum of L.42,400 was received through 55 Area [illegible] 2283 belonging to an Italian, Gambicorte Dante, killed in an accident near Mignano. This sum has been paid into bank and enquiries have been set afoot to discover this man's next of kin, to whom the sum will be paid.

(b) Funds and movables in possession of the RCF have been made over to Commissaries appointed by the Prefect on the estates of German nationals Schmidt & Dupont and Fabbricatore Lenny Neuburth. The Prefect has appointed Commissarios during the month on properties of 16 German nationals. Of these, four have been released from detention, and the decree will be revoked.

(c) Information has been given to the American and British Consuls regarding estates of their nationals who have died leaving property in this Region.

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and contact has been made with the French and Belgian Consuls.

REGION IV

Part I.

13. General - Property Control activities in Rome City during the month of August were concerned largely with the routine of providing overall supervision and advice in connection with sequestrated properties, the taking into protective custody of Fascist properties previously owned by abolished organizations, and the general work of consolidating activities undertaken on a more superficial basis during the earlier days. The earlier effort was directed toward obtaining effective supervision over sequestrated and other properties. The present effort is directed toward providing valid advisory and supervisory assistance to the sequestrators or to the acting managers in those instances where sequestrators were removed because of their prescribed Fascist connections. The principal problems are presented in connection with the operation of businesses. A question of balance is always involved, in that assistance must be provided where that assistance can best be rendered by military personnel, but at the same time any tendency toward having sequestrators lean too heavily on this office where the problems are those of internal management must be avoided. This report covers the following:

(a) Fascist, para-statal and similar properties,
(b) Businesses and corporate properties exclusive of banks,
(c) Banks, bank accounts, and miscellaneous intangibles,
(d) Real and personal properties,
(e) Miscellaneous services.

14. Fascist, para-statal and similar properties - Our instructions provide that the RCP should not concern himself with properties of the above type if they are in possession of another branch of the Armed Forces or their normal custodians. However, because of the necessity for providing additional protection in certain instances against the possibility of usurpers taking possession of the properties, as was true in the early days, protective custody was taken of some small Dopolavoro properties. The Regional Commissioner directed that the RCP should take protective custody of assets belonging to abolished Fascist organizations. The following organizations had protective notices posted on the properties, except where their assets had been disposed of before our entry. Inventories of property were obtained in many instances, and we now await the appointment of commissari by the Italian Government, since our primary purpose was to preserve such assets for the Italian Government. As a result of the Regional Commissioner's order much of the confusion which previously existed was removed, and this office was able to be of real assistance in preserving the assets.

Name	Location
(1) Patronato Nazionale per l'Assistenza Sociale, now a subsidiary of Unioni Lavoratori dell' Industria. The premises were posted and an inventory received.	Via Sistina 42
(2) Istituto Nazionale delle Previdenza [illegible]	

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Name	Location
(1) Patronato Nazionale per l'assistenza Sociale, now a subsidiary of Unioni Lavoratori dell' Industria. The premises were posted and an inventory received.	Via Sistina 42
(2) Istituto Nazionale della Previdenza Sociale, plus subsidiary sindacati. The premises at Corso Umberto and Via Minghetti were posted, not those at Piazza Colonna because occupied by Y.M.C.A. Inventory not received.	Corso Umberto 239 and Via Minghetti 17, Piazza Colonna 366.
(3) Confederazione Fascista degli Industriali. The premises indicated were posted. No inventory received.	Piazza Venezia 11 and Via Plebiscito 102.
(4) Dopolavoro Ospitalita and Turismo. The premises were posted and an inventory received.	Piazza Esedra 43.
(5) Confederazione dei Professionisti e degli Artisti, now occupied in part by C.I.C. and G-2, etc. The premises were posted and an inventory received.	Via Sicilia 57.
(6) Unione Provinciale degli Industriali. The premises at Via Regina Elena 11 and Via S. Nicolo da Tolentino 21, 22, 22B were posted,	Via Regina Elena 29 and 11, Via S.Nicolo da Tolentino 20, 22, 22B.

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	not those at Via Regina Elena 29 because occupied by Allies. No inventory received.	
(7)	Unione Provinciale dei Lavoratori dell' Industria, now a subsidiary of Confederazione Generale Italiana del Lavoro. Branches:	Piazza Esquilino 1.
	a. Carta & Stampa	Viale del Re 37
	b. Legale & Contributi	Via Regina Elena 36
	c. Lavoratori Spettacolo	Via Aurora 31
	d. Delegazione Tor Pignattara	Via Natalia Ralli
	e. Delegazione Tor di Quinto	Via Flaminia 642A
	f. Delegazione Monte Sacro	Via Gargano 34
	g. Assistenza & Previdenza	Via Sistina 42
	All the premises were posted but the inventory was received only in part.	
(8)	Confederazione Fascista degli Agricoltori, was not posted because it will be the seat of the American Embassy. No inventory received.	Via Vittorio Veneto 119
(9)	Confederazione Fascista dei Commercianti, all the premises were posted, but the inventory was received only in part.	Piazza Sidney Sonnino 2, and Lungotevere Anguillara 9.
(10)	Confederazione Fascista delle Aziende del Credito e delle Assicurazioni. The premises were posted - no inventory received.	Piazza del Gesu 49
(11)	Confederazione Fascista Lavoratori dell'Agricoltura, was not posted but inventory received. Occupied in part by allied troops, formerly Region IV HQ.	Corso d'Italia 25
(12)	Confederazione dei Lavoratori dell'Industria, now Confederazione Generale Italiana del Lavoro. The premises were posted - no inventory received.	Via Boncompagni 19, and Via Nazionale 230.
(13)	Confederazione Fascista dei Lavoratori del Commercio, now Region IV HQ. The premises were not posted and no inventory was received.	Via Lucullo 6.
(14)	Confederazione Fascista dei Lavoratori delle Aziende del Credito e delle Assicurazioni, not posted and no inventory received.	Present address - Consigliano, whereabouts in Rome unknown. Records may be at Piazza Colonna.
(15)	Confederazione Fascista degli Addetti alle Aziende	Present address in Rome un-

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	of the American Embassy. No inventory received.	
(9)	Confederazione Fascista dei Commercianti, all the premises were posted, but the inventory was received only in part.	Piazza Sidney Sonnino 2, and Lungotevere Anguillara 9.
(10)	Confederazione Fascista delle Aziende del Credito e delle Assicurazioni. The premises were posted - no inventory received.	Piazza del Gesu 49
(11)	Confederazione Fascista Lavoratori dell'Agricoltura, was not posted but inventory received. Occupied in part by Allied troops, formerly Region IV HQ.	Corso d'Italia 25
(12)	Confederazione dei Lavoratori dell'Industria, now Confederazione Generale Italiana del Lavoro. The premises were posted - no inventory received.	Via Boncompagni 19, and Via Nazionale 230.
(13)	Confederazione Fascista dei Lavoratori del Commercio, now Region IV HQ. The premises were not posted and no inventory was received.	Via Lucullo 6.
(14)	Confederazione Fascista dei Lavoratori delle Aziende del Credito e delle Assicurazioni, not posted and no inventory received.	Present address - Conegliano, whereabouts in Rome unknown. Records may be at Piazza Colonna.
(15)	Associazione Fascista degli Addetti alle Aziende Industriali dello Stato. Not posted and no inventory received.	Present address in Rome unknown. Records may be at Piazza Colonna.
(16)	Associazione Fascista dei Ferrovieri dello Stato, not posted and no inventory received.	do. do.
(17)	Associazione Fascista dei Postelegrafonico, not posted and no inventory received.	do. do.
(18)	Associazione Fascista del Pubblico Impiego, not posted and no inventory received.	do. 2284
(19)	Unione Provinciale Lavoratori dell'Agricoltura, now a subsidiary of Confederazione Generale Italiana del Lavoro; the premises were posted and an inventory received.	Viale Africa 26.
(20)	Unione Provinciale Lavoratori del Credito e delle Assicurazioni, now a subsidiary of Confederazione Generale Italiana del Lavoro; the premises were posted, no inventory received. Also the branch at Via S.Ignazio was posted.	Piazza S.Silvestro 92, and Via S.Ignazio 9.

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(21) Unione Provinciale Lavoratori del Commercio, now a subsidiary of Confederazione Generale Italiana del Lavoro: the premises were posted, no inventory received. — Via dei Mille 23.

(22) Unione Fascista degli Agricoltori; the premises were posted, no inventory received. — Via del Mare 47.

(23) Unione Fascista dei Commercianti has 56 sindicati in the same building, it also controls the Sindacato Venditori Ambulanti at Via dei Delfini, which has 3 sub-sindacati at the same address. Both premises were posted, and the inventory received in part. — Corso Vittorio Emanuele 101, Via dei Delfini [illegible]

(24) Unione Fascista del Credito; the premises were posted, no inventory received. — Piazza del Gesu 49.

(25) Unione Fascista Professionisti ed Artisti; the premises were posted and an inventory received. — Via Toscana 5.

(26) Consiglio Provinciale delle Corporazioni; the premises were posted, no inventory received. — Via de Burro 147, Piazza S. Ignazio (same building).

(27) Federazione Nazionale Industria Conciaria, the premises were posted, no inventory received. — Via Plebiscito 102.

(28) Federazione Nazionale Industrie Varie; the premises were posted, no inventory received. — Via Nazionale 894.

(29) Federazione Nazionale Industria Calzature, not posted and no inventory received. — Present address in Rome unknown. Records may be in Piazza Colonna.

(30) Federazione Nazionale Industrie Abbigliamento, premises posted and inventory received. — Via del Collegio Romano 10.

(31) Federazione Nazionale Industriali Idrotermali, premises posted and inventory received. — Via della Scrofa 57.

(32) Ente Nazionale per l'Artigianato e le Piccole Industrie; the premises were posted but no inventory received. — Piazza Venezia 11, and Via dei Lucchesi 25.

15. Businesses and Corporate Properties.

a. In general the situation confronting Allied business interests has shown improvement, except in those instances where no business can be done because of lack of stock or opportunities for replacement. The endeavour is to keep all firms in operating condition even though there are current losses, upon the assumption that the owners will prefer to have their businesses continued until the process of re-building can be undertaken. [illegible]

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(26)	Consiglio Provinciale delle Corporazioni; the premises were posted, no inventory received.	Via de Burro 147, Piazza S. Ignazio (same building).
(27)	Federazione Nazionale Industria Conciaria, the premises were posted, no inventory received.	Via Plebiscito 102.
(28)	Federazione Nazionale Industrie Varie; the premises were posted, no inventory received.	Via Nazionale 89A.
(29)	Federazione Nazionale Industria Calzature, not posted and no inventory received.	Present address in Rome unknown. Records may be in Piazza Colonna.
(30)	Federazione Nazionale Industrie Abbigliamento, premises posted and inventory received.	Via del Collegio Romano 10.
(31)	Federazione Nazionale Industriali Idrotermali, premises posted and inventory received.	Via della Scrofa 57.
(32)	Ente Nazionale per l'Artigianato e le Piccole Industrie; the premises were posted but no inventory received.	Piazza Venezia 11, and Via dei Lucchesi 25.

15. Businesses and Corporate Properties.

a. In general the situation confronting Allied business interests has shown improvement, except in those instances where no business can be done because of lack of stock or opportunities for replacement. The endeavour is to keep all firms in operating condition even though there are current losses, upon the assumption that the owners will prefer to have their businesses continued until the process of re-building can be undertaken. Measuring losses against relative advantages is difficult in these days because of the Italian laws governing discharge pay and other factors.

b. There are 48 companies at the present time under the above category; 20 American, 19 British and 9 French. Five sequestrators were removed during August because of prescribed Fascist connections.

16. Banks, Bank Accounts, etc. - There is nothing to report in connection with banking interests, bank accounts, etc. The banks under the supervision of this office are operating very efficiently.

17. Real and Personal Properties -

a. There are no material changes in the numbers of properties in the above category. There is being prepared a card index tickler system dividing work into logical stages so that control may be established and each case checked periodically.

b. With a view to meeting anticipated requests by owners a comprehensive report is being obtained on each property, showing physical conditions and financial transactions from date of sequestration to 30 June 1944.

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16. Miscellaneous Services - The office of the British High Commissioner has requested information concerning certain of the properties, which was furnished, and requests for information were received from the American Consul at Naples. There is increasing interest on the part of diplomatic representatives in getting information for forwarding through diplomatic channels

Part II - Provinces.

19. General - The work of property control in Region IV is largely centred in Rome City. There are a few properties in Rome Province and other provinces, as set forth hereafter. An effort is being made to cover such properties but the task is difficult, due in part to the greater destruction outside of Rome City, the scattered location of the properties, and the inability of the sequestrators to reach properties. In every case where the individual sequestrator could be located, and after security measures could be taken, the sequestrator was transported to the property for the purpose of making a full report.

20. Business and Corporate Properties - The following firms are being supervised:

Culturos Floreales Fondi.
Industria Italiana Merluzzi S.A., Civitavecchia.
Prodotti Chimici Nazionali, Aurelia.
British Overseas Airways Corporation, Bracciano.
Soc.An. Terre Fossili Italiane.

21. Real and Personal Properties - Real and personal properties upon which some work has been done or some information obtained are as follows:

Rome Province	18
Terni	5
Frosinone	5
Littoria	1
Perugia (8th Army)	12

Additional information is being collected.

22. Bank Accounts, etc - Since bank accounts are blocked, there is no immediate problem in connection with them, but an officer from this office, working with the provincial finance officers, is in the process of obtaining the required information.

23. Abandoned Property - Abandoned property consisting of a considerable amount of machinery was recovered in the Province of Viterbo. This property belonged to a paper mill in Frosinone Province. It had been shipped in railroad cars by the German Army. It was bound north and had reached the small village of Sipicciano, where it was abandoned.

REGION V

24. All United Nation nationals properties in the Provinces of Chieti, Pescara, [illegible]

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20. Business and Corporate Properties - The following firms are being supervised:

Culturas Florenlos Fondi.
Industria Italiana Merluzzi S.A., Civitevecchia.
Prodotti Chimici Nazionali, Aurelia.
British Overseas Airways Corporation, Bracciano.
Soc.An. Terre Fossili Italiane.

21. Real and Personal Properties - Real and personal properties upon which some work has been done or some information obtained are as follows:

Rome Province	18
Termi	5
Fresinone	5
Littoria	1
Perugia (6th Army)	12

Additional information is being collected.

22. Bank Accounts,etc - Since bank accounts are blocked, there is no immediate problem in connection with them, but an officer from this office, working with the provincial finance officers, is in the process of obtaining the required information.

23. Abandoned Property - Abandoned property consisting of a considerable amount of machinery was recovered in the Province of Viterbo. This property belonged to a paper mill in Fresinone Province. It had been shipped in railroad cars by the German Army. It was bound north and had reached the small village of Sipicciano, where it was abandoned.

REGION V

24. All United Nation nationals properties in the Provinces of Chieti, Pescara, Aquila, Teramo, Ascoli Picano and Macerata have been adequately brought under the control of the RCP. The United Nation nationals' properties located in these provinces were sequestrated by the Italian Government and placed under the direct control of E.G.E.L.I and Banca Nazionale del Lavoro. They handled the details of the sequestration. Only normal supervision has been exercised by the bank and E.G.E.L.I., and usually a relative of the owner remains in actual custody and control of the property. The property is usually handled in accordance with the desire of the owner. For the most part, the properties consist of dwelling houses and small farms, and investigations so far have indicated that the sequestration has been handled intelligently.

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25. The various banks in the Provinces are required to render to the RCP a report on the custodianships and accounts of United Nation nationals. The Intendenza Di Finanza of the Provinces has been requested by questionnaire to likewise report to the RCP on all properties of United Nation nationals. In view of the drastic shortage of Regional Property Control Officers in the field, and the small number of United Nation nationals' property interest in the Region, the Regional Finance Officer of Region V has assumed the duties of the RCP, the RCP being ordered to move forward.

REGION VI

26. United Nation nationals' properties in this Region are supervised by the RFO.

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27. There is no reported change with respect to properties in this Region, and property control matters are well in hand.

REGION VIII

28. The RCP moved forward to Florence with the 8th Army on 11 August [illegible] leaving in Siena a representative. The offices continued to function in Siena [illegible] 22 Aug 44, when they were moved to Florence.

29. Properties known to be owned by United Nation nationals in and above the Siena area were visted and the properties posted.

30. The Intendenza di Finanza was requested to prepare schedules of sequestrated properties, including commercial concerns.

31. The local banks were instructed to prepare lists of United Nation nationals' blocked accounts, sequestrated securities, etc.

32. The situation regarding United Nation nationals' properties located in and above the City of Florence is extremely serious. The reasons are as follows:

a. Military operations continued and are still continuing in the neighbourhood, with resultant damage to the properties, and the difficulty of dealing with the problems are tremendous. Operational occupation of the premises is encountered on a wide scale.

b. There is limited transportation and great difficulty in movement because activities are restricted in operational zones.

c. Great difficulty has confronted the RCP in recruiting the necessary technical staff.

33. Constant military action, including artillery duels, together with pilfering, looting and wanton damage by the enemy, has created great difficulty for the RCP. In addition, the conditions are complicated because in many cases certain valuables have been removed from their original sites and stored elsewhere, and property location record was not kept. The RCP has had difficulty in obtaining guards for properties requiring them.

34. The work of checking the war damage, posting properties and noting deficiency of contents, has been started. The Florence branch of the Monte dei Paschi di Siena (Real Property Managing Agents) has been energized into resumption of its functions, but certain difficulties have been found in this direction.

REGION IX

35. Planning is proceeding and movement to forward areas is being prepared for.

36. Friendly relations are being maintained with all Division Heads.

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c. Military operations continued and are still continuing in the neighbourhood, with resultant damage to the properties, and the difficulty of dealing with the problems are tremendous. Operational occupation of the premises is encountered on a wide scale.

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9 SEPTEMBER 1944

for CHARLES C. NOLL
Lt.Col., Cml.Dept
Acting Director
Property Control Sub-Commission

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STATEMENT SHOWING NUMBER OF PROPERTIES UNDER CONTROL OF PROPERTY CONTROL SUB-COMMISSION AS AT 31 JUL 1944

REGION	NATURE OF PROPERTY	American	British	French	Russian	Greek	Jugoslav	Brazil	Other Alls.	Italian	German	Totals
I	REAL ESTATE	151	23	5		1			2	1	1	184
	INDUST. & C	2	4								1	7
	SECUR.& MIS	137	74	15					55			281
	STATE OR F-S									31		31
	REG'N TOTAL	290	101	20		1			57	32	2	503
II	REAL ESTATE	2	1	4		2						9
	INDUST. & C		3									3
	SECUR.& MIS								3			3
	REG'N TOTAL	2	4	4		2			3			15
III	REAL ESTATE	109	99	52	2	35		3	26			326
	INDUST. & C	18	13	5		2			6			44
	SECUR.& MIS	3082	52	28				1	64	1	3	3231
	REG'N TOTAL	3209	164	85	2	37		4	96	1	3	3601
IV	REAL ESTATE	58	41	47	6	1	3	6				162
	INDUST. & C	23	22	14								59
	SECUR.& MIS	70	76	29	2	2	4					183
	STATE OR F-S									33		33
	REG'N TOTAL	151	139	90	8	3	7	6		33		437
V	REAL ESTATE	86	13						1			100
	INDUST. & C											-
	SECUR.& MIS	8	2						1			11
	REG'N TOTAL	94	15						2			111
VI	REAL ESTATE		4	1		1						6
	INDUST. & C			2		-						2
	SECUR.& MIS											-
	REG'N TOTAL		4	3		1						8

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	REG'N TOTAL	2	4	4		2			3			15
	REAL ESTATE	109	99	52	2	35		3	26			326
III	INDUST. & C	18	13	5		2			6			44
	SECUR.& MIS	3082	52	28				1	64	1	3	3291
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	REAL ESTATE	58	41	47	6	1	3	6				162
IV	INDUST. & C	23	22	14								59
	SECUR.& MIS	70	76	29	2	2	4					183
	STATE OR L-S									33		33
	REG'N TOTAL	151	139	90	8	3	7	6		33		437
	REAL ESTATE	86	13						1			100
V	INDUST. & C											-
	SECUR.& MIS	8	2						1			11
	REG'N TOTAL	94	15						2			111
	REAL ESTATE		4	1		1						6
VI	INDUST. & C			2								2
	SECUR.& MIS											-
	REG'N TOTAL		4	3		1						8
	REAL ESTATE	2	1									3
VII	INDUST. & C	1										1
	SECUR.& MIS											-
	REG'N TOTAL	3	1									4
	REAL ESTATE	146	210	168	2	10	1	2				539
VIII	INDUST. & C									2282		-
	SECUR.& MIS	11	38	12								61
	REG'N TOTAL	157	248	180	2	10	1	2				600
	T O T A L S	3906	676	382	12	54	8	12	158	66	5	5279

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394
Subcommission for Monuments Fine Arts and Archives
(Tel. 489081, ext. 442 & 664; 478430)

EYDM/ps

20510/FMA

13 September 1944

Subject: Tenth Monthly Report, for August 1944.

To : Chief Commissioner.

PERSONNEL

1. a. Colonel H.C. Newton and 1st Lieut. K.C. Lippmann returned on 29 Aug 44 to SHAEF after tour of inspection in this theatre.

b. Major J. Brownich, attached for TD on 24 July 44, rejoined his unit on 1 Sept 44.

c. Major Paul Gardner was relieved 4 Sept 44 from assignment and duty with Southern Region and assigned to Hq. ACC, MFAA Subcommission.

d. Lieut. P.S. Cott, USNR, and Capt. T.N. Brooke were relieved on 7 Aug 44 from assignment and duty with Romac Region and assigned to Region IV.

e. Capt. E. Croft-Murray was assigned on 18 Aug 44 to Region IX and temporarily assists Region IV at PERUGIA.

f. Capt. R.E. Enthoven was placed 3 Sept 44 on TD with AAC, 5 Army to assist in work with Region VIII.

g. Lieut. R.H. Ellis was released 30 Aug 44 from attachment AAC 8 Army and attached AAC 5 Army.

h. Mr. Hilary Jenkinson, archivist, Adviser to the War Office, London, visited the Subcommission 24 Aug - 4 Sept 44.

REGIONAL REPORTS

2. a. Region III. Major Gardner reports on the final arrangements before handing over this Region to complete Italian control. For matters affecting troops, billeting etc. the Superintendents will have access to the Commissioner at ALTFAS. All other matters will pass through Italian Government channels.

b. Region IV.

(1) The Exhibition of Masterpieces of European Painting arranged by Lieut. Cott, USNR, opened at the Palazzo [illegible]

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Aug 44 to SHAEF after tour of inspection in this theatre.

b. Major J. Bromwich, attached for TD on 24 July 44, rejoined his unit on 1 Sept 44.

c. Major Paul Gardner was relieved 4 Sept 44 from assignment and duty with Southern Region and assigned to Hq. ACC, MFAA Subcommission.

d. Lieut. F.B. Cott, USNR, and Capt. T.H. Brooke were relieved on 7 Aug 44 from assignment and duty with Rome Region and assigned to Region IV.

e. Capt. E. Croft-Murray was assigned on 13 Aug 44 to Region IX and temporarily assists Region IV at PERUGIA.

f. Capt. R.E. Enthoven was placed 3 Sept 44 on TD with AMG, 5 Army to assist in work with Region VIII.

g. Lieut. R.H. Ellis was released 30 Aug 44 from attachment AMG 8 Army and attached AMG 5 Army.

h. Mr. Hilary Jenkinson, archivist, Adviser to the War Office, London, visited the Subcommission 24 Aug - 4 Sept 44.

REGIONAL REPORTS

2. a. Region III. Major Gardner reports on the final arrangements before handing over this Region to complete Italian control. For matters affecting troops, billeting etc. the Superintendents will have access to the Commissioner at NAPLES. All other matters will pass through Italian Government channels.

b. Region IV.

(i) The Exhibition of Masterpieces of European Painting arranged by Lieut. Cott, USNR, opened at the Palazzo Venezia on August 27 and has an unqualified success with both troops and civilians. The average daily attendance is about 1500 and seems to be increasing.

(ii) Complete returns on war-damage to monuments are now available for the provinces of ROME, VITERBO, FROSINONE and LITTORIA. The possibility of repairs, even of the most urgent character, is severely limited by the scarcity of materials and transport, and by the number of other claims in the badly damaged areas.

(iii) Capt. Brooke, reporting from HQ. Reg. IV on Archives, states that there has been prepared a detailed list of the p[illegible] whereabouts of the Archives of the Italian Ministries removed

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from Italy to Northern Italy by Germans or Fascists. Close collaboration has been maintained with the Italian authorities for the care of archives formerly in Allied occupied territory. Archival repositories have been visited at Milan, Asolo, Padua, Verona, Florence, Orvieto (State Archives evacuated from Rome), and Pisa.

c. Region V. Attention has been centered on the northern provinces. The ALIED officer, Capt. Moore, is now based for the greater part of his time on AFHQ, and is maintaining close liaison with the Italian officer with AFHQ, S ATTY. Although, but under present circumstances very little can be done other than the salvage of the important and badly damaged archaeological museum. Otherwise damage in the north so far reported is less than expected. This statement will cover the case of ROVERETO, where the attack on the night of 5/6 July (from all evidence deliberately aimed at the Sanctuary) left the Casa Santa virtually intact and did surprisingly small damage to the crossing and adjacent buildings. A general tour of the region was made by the Deputy Director, who reports that the MFA&A problems in the Udine will soon be ready to be handed over completely to the Italians.

d. Region VIII.

(1) 2nd Lieut. Earle has been chiefly busy with work with AMG, 5 and 8 Armies in the vicinity of FLORENCE. He has been particularly concerned with those depositis in question lying to the south of FLORENCE. The depositis in question are those at MONTEVARCHI, MONTEVARCHI, PORTANO (2), SOCI, CORSI, and QUARTO and in addition the VILLA dal Cal di Sopra. With the assistance of other officers and of Italian officials these depositis have been checked over and guards have been maintained at the buildings in which they are stored. The check chiefly revealed: (1) The deposit (sculpture) in an abandoned railway tunnel at LEGRI. VINCIO had been returned to FLORENCE; (2) When the effected in early June the return to FLORENCE of a portion of the deposit in the Castello di QUERCETO, the remainder of Crouch (formerly of the UFFIZI) disappeared and is believed in enemy hands. No confirmation could be found in the Church of Santa Maria Assunta, Empoli, of the "Birth of Venus" (Botticelli's) which it was recorded as stored, since the object is still in enemy territory. will be prepared when the evidence is all in hand.

(11) Lieut. Earle has also been active in FLORENCE [illegible]

at the Sanctuary) left the Casa Santa virtually unhurt and did surprisingly small damage to the enclosing and adjacent buildings. A general tour of the Region was made by the Deputy Director, who reports that the MFA problems in the Abruzzi will soon be ready to be handed over completely to the Italians.

d. Region VIII.

(i) 2nd Lieut. Hartt has been chiefly busy with work with AMG, 5 and 8 Armies in the vicinity of FLORENCE. He has been particularly concerned with those deposits of art-objects lying to the south of FLORENCE. The deposits in question are those at MONTEGUFONI, MONTALCINO, POPPLANO (2), INCISA VALDARNO (2), TORRE A CONA, and OLIVETO and in the Villa del Golf all'Ugolino. With the assistance of other officers and of Italian officials these deposits have been checked over and guards have been maintained at the buildings in which they are stored. The check chiefly revealed: (1) The deposit (sculpture) in an abandoned railway tunnel at INCISA VALDARNO had been returned to FLORENCE; (2) When the Germans effected in early June the return to FLORENCE of a portion of the deposit in the Castello di OLIVETO, the Adam and Eve of Cranach (formerly of the Uffizi) disappeared and are believed in enemy hands. No confirmation could be given of the report in the USA (Time, 14 Aug 44) that Botticelli's "Birth of Venus" (Uffizi) was missing, since the deposit in which it was recorded as stored was still in enemy territory. A full report on the objects deposited in Siovori in Tuscany will be prepared when the evidence is all in hand.

(ii) Lieut. Hartt has also been active in FLORENCE itself getting the Italian superintendents and inspectors of art to reorganize their work. Much time has been consumed in measures to prevent Allied clearing squads from thoughtlessly destroying valuable records and material which was buried under the ruins of the buildings mined by the Germans. Capt. Croft-Murray, Capt. Ellis and Capt. Rathboven have assisted in this work.

REPORTS FROM AMG WITH ARMIES.

3. [redacted] 5 Army. The 5 Army having been more or less stationary during this [redacted] along the south of the Arno, reports for the period under review [redacted] de inspections of damage at CASTELFIORENTINO, LIVORNO, LUCCA, PISA, SAN MINIATO, [redacted] VOLTERRA. Those from PISA and LUCCA are very general information reported by Dr. Sampaolesi, director of the Museo

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Civico at PISA who had fled to FLORENCE. General Hume, when FLORENCE came under 5 Army jurisdiction, took energetic steps to assist Lieut. Hartt in solving the "debris-clearance" problem.

b. 8 Army. In the earlier part of the month of August attention was chiefly centred on FLORENCE, but by the middle of the month Major Newton was able to resume responsibility for the whole of 8 Army including the Adriatic coast. Capt. Ellis has remained in FLORENCE to deal with archives and was attached to 5 Army when FLORENCE passed to that Army in the middle of the month. Capt. Croft-Murray, while awaiting the movement of Region IX to BOLOGNA, has been active at PERUGIA. Reports received at HQ include: ARCEVIA, CIVITAVECCHIA, FABRIANO, FLORENCE, FOSSOMBRONE, GUBBIO (Castel di Uzzano), GENOA, IESI, JESI, MONTE SAN VITO, OFFAGNA, OSIMO, SASSOCORVARO, SASSOFERRATO, SCANDRIGLIA, SENIGALLIA, SIENA, URBINO, and VILLA MONTE GALLO.

RELATIONS WITH THE ITALIAN GOVERNMENT.

4. a. On 7 Aug 44 the Minister of Public Instruction wrote a directive to all Superintendents of Monuments, Galleries, and Antiquities on the restoration and conservation of monuments etc. throughout Italy. At the end of his letter the Minister expresses his thanks for the part played in this work thus far by the committees set up by the President of the United States and the British Prime Minister, and by the MFAA officers of AFHQ.

b. Weekly meetings with the Director General of Antiquities and Fine Arts and his staff continue to be held with much advantage to both MFAA and the Italians. The Italian officials have furnished documents which make clear the activities of the Germans and the Italians with regard to the care of art treasures prior to the arrival of the Allies in Rome. This material will be the subject of a special report.

c. Liaison was effected during the month with Dr. Luigi de Gregori, Ispettore Generale delle Biblioteche. Corrected lists of Bibliographical Superintendents were circulated to MFAA Officers in the field, and the work of salvaging libraries at LIVORNO and CIVITAVECCHIA taken in hand. As a consequence of a visit to NAPLES, Dr. de Gregori filed an extended report on the condition of libraries in that city and of depositis containing books from NAPLES.

FIELD TROPS.

5. a. The Director, accompanied by Col. Newton and Lieut. Lippmann, to the FLORENCE area to supervise and advise on action undertaken with regard to the depositis of art treasures.

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4. a. On 7 Aug 44 the Minister of Public Instruction wrote a directive to all Superintendents of Monuments, Galleries, and Antiquities on the restoration and conservation of monuments etc. throughout Italy. At the end of his letter the Minister expresses his thanks for the part played in this work thus far by the committees set up by the President of the United States and the British Prime Minister, and by the MFAA officers of AFHQ.

b. Weekly meetings with the Director General of Antiquities and Fine Arts and his staff continue to be held with much advantage to both MFAA and the Italians. The Italian officials have furnished documents which make clear the activities of the Germans and the Italians with regard to the care of art treasures prior to the arrival of the Allies in ROME. This material will be the subject of a special report.

c. Liaison was effected during the month with Dr. Luigi de Gregori, Ispettore Generale delle Biblioteche. Corrected lists of Bibliographical Superintendents were circulated to MFAA Officers in the field, and the work of salvaging libraries at LIVORNO and CIVITAVECCHIA taken in hand. As a consequence of a visit to NAPLES, Dr. de Gregori filed an extended report on the condition of libraries in that city and of 26 exits containing books from NAPLES.

FIELD TRIPS.

5. a. The Director, accompanied by Col. Newton and Lieut. Lippmann, to the FLORENCE area to supervise and advise on action undertaken with regard to the deposits of art treasures.

b. The Deputy Director to Region V for inspection.

c. Major Bromwich and Capt. Pinsent to FROSINONE and LITTORIA provinces to inspect damage and projects there.

d. Major Bromwich to VITERBO province to inspect damage to archaeological material.

e. Capt. Balthoven and Capt. Panmyer to the FLORENCE region for work in connection with the deposits of art.

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SUMMARY MONTHLY REPORTS OF ADMIN SEC

ADMIN SECTION.

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

It has however expressed its dissatisfaction with the present method of the purging of the administration which being based upon individual investigation of every case is likely to be relatively long drawn out leading to a prolonged period of unsettlement and also of confusion due to suspension of persons whose cases are under investigation. An alternative method of purging quickly the senior officials is under investigation.

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

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

INTERIOR SUB-COMMISSION.

3 Local Government. A summary has been prepared and issued to AMG Armies showing the primary steps necessary to reorganise local government. Italian official appointed to take charge of the Administration of Elba.

4 Prefects and Officials. Arrangements were continued for maintaining supply of Prefects and other officials who may be required for forward provinces including planning for the 45 Provinces still in enemy hands. To meet shortage of Prefects the Ministry has been urged to promote efficient Vice-Prefects and suggestions have been made for transfer of Prefects. New Prefects and other officials sent to Ascoli, Ancona, Florence and Livorno.

PUBLIC SAFETY SUB-COMMISSION

5 Policing Forward areas. Mobile CC.RR attached to Armies have continued their good work in policing newly occupied territory. As they move forward their places are taken by those supplied from replacement centres. A new centre has now been established in Florence to hold 2200 and arrangements

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

7 Public Security. Questori have been sent from a reserve pool in Rome to Provinces at the request of Army SCAOs or RCs Inspectors from the Ministry of the Interior have been despatched to report on public security conditions in Sicily, Sardinia and Siena.

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

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

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

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

PUBLIC HEALTH.

12 General. The Italian Government has undertaken the rehabilitation of hospitals.

13 Supplies. Glass tubing is urgently required for the packing of biological produced locally.

14 Disease.

a Typhoid epidemic at Benevento is being investigated and prophylactic measure have been instituted.

b VD The campaign continues.

c Typhus The Typhus Control Unit will, during the Autumn, instruct local teams throughout Central and Southern Italy in Typhus control measures.

d Small-pox Figures in Naples City and Naples Province show a definite decrease.

e Malaria The work of the Malaria Control branch has been outstanding and has resulted, almost everywhere, in a marked reduction of cases as compared with 1943.

15 Veterinary. Foot and Mouth Disease and Swine Fever are both wide spread

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16 Welfare. The Ministry of Interior has increased the rated of assistance to political ex-interned.

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

LEGAL SUB-COMMISSION

18 Office of Chief Legal Officer. Handling of all legal matters connected with restoration of territory on 15 Aug. Consideration of 'Sanctions against fascism'. Survey of with respect to attitude of Italian Military Tribunals at Bari toward trial of cases involving Allied interests. Consideration of duties and function of Property Control.

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

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

21 Office of Chief Judicial Officer. AMG court in Region II condemned Gaudie Martiere to 28 years imprisonment for murder of an Allied soldier and De Birade Michele to 20 years imprisonment for sabotage.

EDUCATION SUB-COMMISSION.

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

23 Region IV. Littoria, Frosinone and Rome provinces were handed over to Italian Control on 15 Aug. School lunches were served to 8,757 school children and plans are under way for increasing this number; 546 school administrative officials have been examined for fascism, of whom 175 were suspended. The printing of 1,039,000 elementary school textbooks for Region IV and V was launched. Viterbo, Rieti and Terni provinces are on their way to being in as favorable a situation. All school department are functioning vigorously; many communes opened summer sessions. Perugia was visited and preliminary steps taken toward getting the educational machinery to function. Epuration proceeded at the University of Rome and examinations were held. Preliminary work was started at the two Universities in Perugia.

24 Region V. Eight provinces are organized for the reopening of schools. School heads appointed; vetting under way; budgets prepared; directives issued; sindaci on getting school quarters in shape; Fascist books are being confiscated. Conditions at the two universities in Macerata Province were investigated.

25 Region VIII. Grosseto and Siena provinces were organized, defascising is proceeding, plans are completed for re-opening of schools. Preliminary arrangements are under way for the printing of 1,039,000 elementary school textbooks for Regions VIII and IX.

The University of Siena was the victim of an army requisition, but epuration is about to begin.

26 Regions in General. A Meeting of regional education officers and the

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26 Regions in General. A Meeting of regional education officers and the Headquarters staff was held early in August.

The two most urgent problems now before schools in both Italian Government Territory and Military Government Territory, are the printing and distributing of the millions of elementary school textbooks, and the making of buildings available and weather-tight for the winter.

PROPERTY CONTROL SUB-COMMISSION

27 General. On 8 Aug 44, Insurance Section, Finance Sub-Commission assumed full responsibility for all Insurance Companies in Italy and PC was relieved of this responsibility.

28 Regions. Reconsignment of properties to owners is going forward at an increasing tempo. Property Control offices in Regions II and VII were closed and records and files moved to office of RCP, southern Region. In Region IV, RCP took into protective custody properties of numerous Fascist Organisations. The work of examining and completing records of United Nations' properties is nearing

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completion. In the Florence area some difficulty was encountered because of operational activities. Much evidence of pilfering and looting was found.

MONUMENTS, FINE ARTS & ARCHIVES SUB-COMMISSION

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

30 Deposits of Works of Art in the Vicinity of Florence. Steps have been taken to guard and check over the works of Art placed in the deposits in the country south of Florence. There are 23 such deposits around Florence. Eight of these were accessible, the rest were in enemy territory.

In Florence, steps have been taken to salvage valuable records from the ruins of buildings mined by the Germans. Italian Superintendents have been organised to assist.

31 Region III. Final arrangements for the handing over of this regions work to Italians Authority have been made.

32 Art Exhibition. An exhibition of masterpieces of European Painting was opened in the Palazzo Venezia, Rome.

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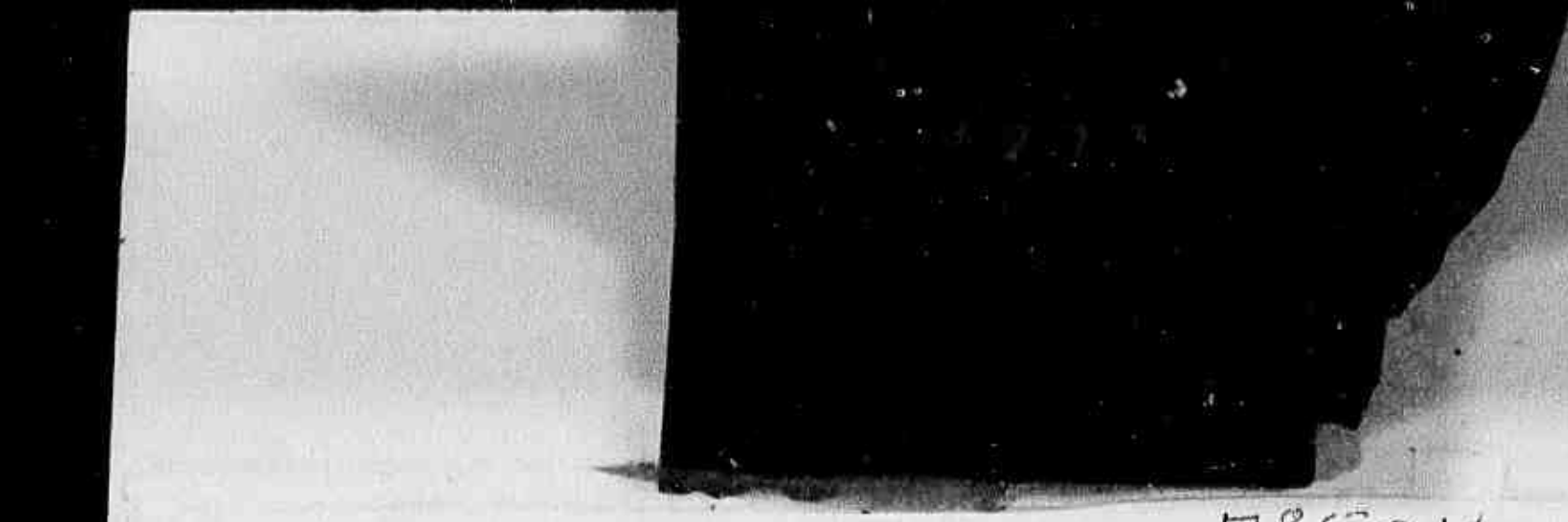

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