

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

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REPORTS, ROME
FEB. - OCT. 1944

Acting Chief Commissioner.

30th October, 1944.

539/2/cos.

1. Prince Doria saw me yesterday.

2. He spoke about the food situation which he said was still serious. There was much comment on the fact that cakes and sweetmeats were available in shops throughout Rome when the bread ration was still 200 grams and the sugar ration negligible. He blamed the questore for this and said that on 10th November when the city police were to come under the aegis of the Indians he would put a stop to it. I told him that experience had shown that most of the corruption took place among the wholesalers, bakers, etc. He asked whether there was any hope of increasing the basic ration and the flow of supplies. "If every man could have one kilo of bread," he said, "we should want no other form of food." I hastened to tell him that a kilo of bread per man was not only more than double the amount issued over most of the world but that it was likely to be quite inaccessible in Italy for many years to come. He agreed and said he had mentioned the figure merely as a yard stick.

3. I then called Major Doria down and he explained the general food programme, including raising of pasta ration, issue of a double sugar ration for November, production of 150 tons of potatoes per day, earmarking of 5000 tons of chestnuts of which some had already arrived and the expected issue of olive oil. Prince Doria said that the situation was better and certainly would be better than he had anticipated. So long as the food arrived in bulk he said the Italian authorities would see that it reached the people who needed it most.

4. He then asked for help in the increasing of bus services in Rome in order to convey the many hundreds of black coat workers from train and trolley car terminals to their homes. He hoped to extract 12 buses from the American Red Cross (requisitioned for them by RAC). He asked for help with salvaged vehicles. I asked Director, War Materials Disposal sub-commission to explain how to proceed and help may be forthcoming from that direction.

5. The Mayor then mentioned the Santa Croce refugee camp in which, he said, conditions were deplorable. Food, coats and blankets were short and the Commissario had recently been summarily dismissed by the Germans. Pasta was no longer issued as the Prefettura had defaulted in payments to the peasants. I instructed Deputy Director, Displaced Persons sub-com to investigate (as has since reported that the Commissario was useless).

6. Prince Doria spoke with concern of the complete lack of public spirit in Rome. He deplored the selfish attitude of his fellow citizens and forecast disastrous political results from the ostrich-like position which most of them had adopted.

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7. He terminated his visit by bringing up the matter of recruitment of patriots for the Italian Army. He said that he realized the technical difficulties but felt he must, among others, put forward a strong plea that some concession should be made whereby the patriots could be absorbed into the Army in units, however small. He said that they were perfectly ready to go through all the procedure of joining the Army but that they did ask for some assurance that they would be maintained in units - say, special companies of composite battalions, or as slightly irregular troops such as the Alpini. He viewed the lack of recruitment of patriots for the Italian Army with grave concern and put it down to the rigid enforcement of recruitment of individuals - and the refusal to admit the value of patriots as valuable military units. He foresaw trouble in that direction.

8. Prince Loria struck me as a man filled with the best intentions, disinterested and with no doubts as to the deplorable state of his city and his country - but lacking the drive and dynamism to do more than plan.

MSL/JP.

MSL
Brigadier,
Chief of Staff.

Copy to: Regional Commissioner, LAZIO Region.
ECOS, Economic Section.
ECOS, Civil Affairs Section.

4000

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
APO 394
TEL: 478604

SECRET

13071/E

19 July 1944

SUBJECT: Rome Report, Finance Sub-Commission.

1. We are pleased to forward to you the Rome Report of the Finance Sub-Commission.
2. Please treat the report as a security document. Particular sections such as the foreign exchange information and the Statement of the former Governor of the Banca d'Italia are especially to be safeguarded.

For information
Colonel,
Joint Director,
Finance Sub-Commission.

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SECRETADVANCE HEADQUARTERS
FINANCE SUB-COMMISSION
ALLIED CONTROL COMMISSION

APO 394

15071/P

7 July 1944

ROME REPORTColonel A.P. Graftey-Smith Joint Director
Colonel E.M. Foley, Jr. Joint DirectorLieut. H.J. Tasca, USNR }
Lieut. G.H. Willis, USNR } Editors
Capt. A. Kasarck, PA }TABLE OF CONTENTS

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- F. Tables on Security Prices in Rome.

I. INTRODUCTION

The Advance Headquarters at Rome of the Finance Sub-Commission started functioning as a headquarters on 14 June. Several members of the Finance Sub-Commission, however, had been in Rome from the first day of the occupation. The first Finance officer of Rome Region was Lieutenant-Colonel R.B. Menapace who, on his going north with the Armies, was replaced by Major A.P. Graftey-Smith. The Advance Headquarters consists of Colonel A.P. Graftey-Smith, Joint Director, in charge; Lt-Col. S.E.V. Smith, 13998 charge of aid to Allied nationals, and member of advisory board to Banca d'Italia; Major A.J. Baxter, advisor to the Ministry of Finance; Lieut. H.J. Tasca, USNR, advisor to Istocambi (Istituto Nazionale per i cambi con l'estero), and member of advisory board to Banca d'Italia; Lieut. G.H. Willis, USNR, advisor to I.M.I. (Istituto Immobiliare Italiano) and member of advisory board to Banca d'Italia; Capt. Andrew Kasarck, PA,

Lieut. G.H. Willis, USNR
Capt. A. Karamack, PA

Editors

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- A. Report on Italian Currency Producing Facilities
- B. Statement of Former Governor of Banca d'Italia
- C. Assets of Istituti not Subject to German Control
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I. INTRODUCTION

The Advance Headquarters at Rome of the Finance Sub-Commission started functioning as a headquarters on 14 June. Several members of the Finance Sub-Commission, however, had been in Rome from the first day of the occupation. The first Finance officer of Rome Region was Lieut-Colonel R.S. Menapace who, on his going north with the Armies, was replaced by W/O. Mr. E.R. Leigh-Jones. The Advance Headquarters consists of Colonel A.P. Grafton-Smith, Joint Director, in charge; Lt-Col. S.E.V. Smith, in charge of aid to allied nationals, and member of advisory board to Banca d'Italia; Major A.J. Baxter, advisor to the Ministry of Finance; Lieut. H.J. Tason, USNR, advisor to Banca d'Italia; Lieut. G.H. Willis, USNR, and member of advisory board (Italiano) and member of advisory board to Banca d'Italia; Capt. Andrew Karamack, PA, advisor to I.S.I. (Istituto per la Ricostruzione Industriale) and member of advisory board to Banca d'Italia. Later in the month, Major J.H. Perick, Chief of APA, with Major D.D. Mathias and Lieut. J.A. Cicola, set up the headquarters of APA in Rome. Major E.J. Gits and Major S.L. Anderson of APA had arrived with the first and second currency consignments to Rome, respectively, and organized the branch office of this institution at Rome. Major H.M. Severn, advisor on insurance, arrived near the end of June.

The present report deals mainly with the City of Rome. The bulk of the material was prepared by the Banca d'Italia under our direction. Due to the interruption of communications and the fact that Rome ceased to function as capital in the fall of 1943, a report on all of northern Italy is not immediately available. The Banca d'Italia is also working on a report for us on the financial situation in Italy, to cover the developments on which the information has not been available in recent years.

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II. CURRENCY

A. Circulation of Currency in Italy

The Banca d'Italia in Rome does not have data on the circulation of notes in Italy at the present time. The last balance sheet of the Bank was dated 31 January 1944, and indicated the total of outstanding notes of the Banks at 158.8 billions of lire. From statistical records available to the central administration, the total was estimated at 165.5 billions on 29 February 1944. In arriving at this total, the Bank estimated the lire held by its branches in Africa and in liberated Italy on that date at 5 billion lire, and deducted this, but apparently included in the sum of 165.5 billions the amount of notes outstanding in the hands of other banks and the public in Africa and in liberated Italy.

In order to complete the total of notes in circulation on 29 February 1944, it is necessary to add the State notes, and the AM lire held by the banks and the public. Estimates for these two figures are combined with the total for notes of the Banca d'Italia below:-

As of 29 February 1944	Billions of Lire
Banca d'Italia notes	165.5
State notes	5.0
AM lire	17.4
Total	<u>187.9</u>
	=====

Based upon the historical review of the growth in circulation of its own notes, shown below, the Bank estimated the total of its own notes outstanding on 13 June at 190 - 200 billions of lire. The position at the end of June 1944 may therefore be summarized as follows:-

As of 30 June 1944	Billions of Lire
Banca d'Italia notes	200
State notes	5
AM lire	19
Total Circulation	<u>224</u>
	=====

" Banca d'Italia notes in Circulation	
	billions
31 August 1943	113.6
30 September "	128.4
31 October "	"
30 November "	138.3
31 December "	145.3
31 January 1944	152.7
29 February "	158.8
	(information brought by employees from northern Italy)
	165.5

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	187.9
	1944

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As of 30 June 1944	
Banca d'Italia notes	Billions of Lire
State notes	200
AM lire	5
Total Circulation	20
	233
	1944

"Banca d'Italia notes in Circulation"

	billions
31 August 1943	113.6
30 September "	128.4
31 October "	138.3
30 November "	145.3
31 December "	152.7
31 January 1944	158.8
29 February "	(information brought by employees from northern Italy)
	165.5

After 31 January 1944 the Bank does not have accounting data on circulation, and after 29 February, it does not have any news at all. In view of the record of the preceding months, it can be presumed that the circulation of Banca d'Italia notes at 13 June 1944 was around 190 - 200 billion lire.

For the figures of currency in circulation which were accurately verified, the amounts of currency held in the vaults of the branches now separated from the central accounts were not included. This total amounts to 7 billion lire. If all of this were to be placed in circulation, if leaving the branches without any cash reserves, it would only increase the figures given above by the 7 billion lire in question.

13 June 1944
Banca d'Italia.

B. Issues of Currency Authorized by Germans

Authorizations and issues of currency, the details of which are given to the Banca d'Italia, are summarized in the following tables:-

Officina Banca d'Italia L'Aquila, 31 May 1944

Decree	Denomination	Authorized (Millions of lire)	Printed (Millions of lire)
6/10/43	1,000	10,000	3,200
"	500	6,000	--
"	100	3,000	2,520
"	50	1,000	1,000
1/2/44	50	1,000	760
		<u>21,000</u>	<u>7,480</u>

Istituto Poligrafico dello Stato, 31 December 1943

22/9/43	1,000	16,000	1,300
8/10/43	500	8,400	220
"	100	3,360	--
"	50	1,440	--
6/3/44	1,000	<u>16,800</u>	<u>2,320</u>
		<u>45,800</u>	

As of 1 January 1944, the central administration of the Poligrafico was transferred to northern Italy, hence no data are available in Rome on the total actually printed under each decree. However, the issuance of a subsequent authorization for 1,000 lire notes on 6 March 1944 suggests that the Germans completed the printing of 15,000 millions of notes of this denomination in the north before that date. The Bank in Rome did have a statement of notes printed in northern Italy during January, as given below, but stated that production was just getting under way then, and should have expanded appreciably in subsequent months.

Notes printed in northern Italy in January.

1,000 - lire notes	(millions of lire)
500 - lire notes	2,180
	<u>1,040</u>
	<u>3,220</u>
	<u>24,555</u>

In northern Italy the Poligrafico utilized the Stabilimento De Agostino in Novara for the production of printing materials, the Alfieri and La Croix works in Milan for printing notes of 500 and 100 lire, and the Istituto di Arti Grafiche in Bergamo, for printing the notes of 1,000 lire and 50 lire. The paper used for printing notes in the north is provided by the Cartiere di Meslianico, as well as by the Cartiere Miliani di Fabriano.

As indicated previously, it is the opinion of the Banca d'Italia that the monthly production of currency by the Germans in the north has risen above the January figure of 3,220 million lire. The Germans took 1,800 plates, the inventory of partially

Istituto Poligrafico dello Stato, 31 December 1943

22/3/43
8/10/43

6/3/44

1,000
500
100
50
50

16,000
8,400
3,360
1,440
16,800
46,800

1,800
220
--
--
--
2,020

As of 1 January 1944, the central administration of the Poligrafico was transferred to northern Italy, hence no data are available in Rome on the total actually printed under each decree. However, the issuance of a subsequent authorization for 1,000 million lire notes on 6 March 1944 suggests that the Germans completed the printing of 15,000 million lire notes of this denomination in the north before that date. The Bank in Rome did have a statement of notes printed in northern Italy during January, as given below, but stated that production was just getting under way then, and should have expanded appreciably in subsequent months.

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As indicated previously, it is the opinion of the Banca d'Italia that the monthly production of currency by the Germans in the north has risen above the January figure of 3,220 million lire. The Germans took 1,800 plates, the inventory of partially completed notes, and the paper currently used by the Poligrafico, to the north, destroying some 1,100 reserve plates.

The actual capacity of the presses now being used in the north is not known, but it is known that the monthly credit granted by the Italian Government to the Germans increased from 7 billion a month in December 1943 to 10 billion per month in January and in subsequent months. During 1944, the Germans exercised control over the printing of currency in the north, (excluding L'Aquila), and have merely consigned currency to the Banca d'Italia in Rome from time to time.

The records indicate that the Rome branches of the Bank had put in circulation notes to a total amount of 16,056 millions from 1 September 1943 to 5 June 1944. This amount included 5,124 million lire in credits extended to the German Military Authority for the so-called German Army of the South.

10,000
6,000
3,000
1,000
1,000
760
21,000

3,200
--
2,520
1,920
760
7,400

3,220
3,220
3,220
3,220

Comml. Introna of the Banca d'Italia indicated that the circulation of notes in southern or liberated Italy at the time of liberation in July - October 1943 was approximately one-third of the total, or about 35 to 40 billion lire. If the AV lire issued in the south be added to this total, it would appear that the circulation in liberated Italy compares with that in German Italy roughly as follows, as of 31 May:-

<u>Notes in Circulation</u> (billions of lire)			
	<u>1 July 1943</u>	<u>31 May 1944</u>	<u>Per cent</u> <u>Change</u>
Territory Liberated prior to 31 May	<u>35</u>	<u>63</u>	<u>80</u>
Territory Held by Germans as of 31 May	<u>80</u>	<u>165</u>	<u>106</u>
All Italy	115	228	98

That is to say, prior to 31 May, it would appear that the note circulation was increasing somewhat more rapidly in German Italy than in liberated Italy. Moreover, it is expected that the rate of increase will grow in northern Italy as German territory shrinks, and will fall off in liberated Italy, as the expenditures of Allied Forces remain relatively constant at an absolute level in terms of lire. The latter expectation may prove completely false, though, if the Italian government is unable to restrict its budgetary expenditures and to prevent rises in money wages in liberated Italy.

C. The Currency Supply of the City of Rome

Upon the arrival of the Allied Forces in the city, it was discovered that the Banca d'Italia had held only small amounts of currency since December 1943, as indicated in the following table:-

<u>Currency & Coin Held by Banca d'Italia in Rome City</u>	
<u>Date</u>	<u>Total</u> (Millions of lire)
5 September 1943	3,337
30 September 1943	2,252
31 October 1943	4,460
30 November 1943	1,498
31 December 1943	471
31 January 1944	224
29 February 1944	186
31 March 1944	131
30 April 1944	163
31 May 1944	209
5 June 1944 *	122

* Believed to have been unchanged on 5 June 1944.

In addition to this sum, a total of 308 million lire was found in the commercial banks on 5 June, despite the attempts made by the Germans to transfer the cash reserves of the banks to the north.

Territory Held by Germans as of 31 May	35	63	80
All Italy	80	165	106
	115	228	98

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31 March 1944	131
30 April 1944	163
31 May 1944	209
3 June 1944	122

* Believed to have been unchanged on 5 June 1944.

In addition to this sum, a total of 308 million lire was found in the commercial banks on 3 June, despite the attempts made by the Germans to transfer the cash reserves of the banks to the north.

This sum was at once augmented by 545 millions in metropolitan lire and 55 millions in AM lire, which arrived, with the AMG detachment of the Fifth Army, on the morning of 5 June. This consignment had been prepared by the branch of the Bank of Italy in Naples, and was transported for their account, in the care of a cashier and two other officials of the Bank, and under the supervision of an officer of the Allied Financial Agency, Florence Sub-Commission. As this section of the convoy became detached from the remainder of the AMG party, it proceeded directly to the Banca d'Italia. The vaults were examined, found in good condition, and the currency stored at once. Thus by noon on 5th June, the Bank held more cash reserves in Rome than at any time since 30 November 1943.

In addition to its own currency, the Bank received simultaneously for storage some 268 millions of AM lire for account of the Allied Financial Agency, in unopened boxes. Subsequently, on 14 June, a shipment of 430 million metropolitan lire, from the branches at Naples, Salerno and Castellana, arrived under the supervision of a second officer of the Allied Financial Agency, Finance Sub-Commission. In addition to this quantity of the Bank's own notes, he brought 275 millions of AM lire.

Subsequently, shipments of AM lire were brought to Rome from Naples, in the amount of 3,180 million lire, for account of the Allied Financial Agency, as follows:-

	(Millions of lire)
14 June	1,320
24 "	125 (small denominations)
23 "	1,136
	<u>3,181</u>

As a result of these various movements of currency, the Banca d'Italia in Rome had received the following totals between 5 June and 23 June:-

	Met. Lire	A.M. Lire	Total
For own account	995	55	1,050
For a/c of AFA	<u>3,181</u>	<u>3,725</u>	<u>3,725</u>
		<u>3,780</u>	<u>4,175</u>

The first large payment of current public expenses in Rome, other than interest on the public debt, was specifically authorized on 27 and 28 June, in the amount of 562 million lire. Consequently, the position as of 26 June is taken as an indication of banking developments during the first weeks, although even these figures include (a) revenue receipts, (b) the payment of about 200 million lire on public debt account, and (c) the replacement by regular currency of vaglia cambiari of the Banca d'Italia and assigned circolari of the commercial banks, which had been so drawn as to circulate without encumbrances, serving as an emergency currency.

Currency	Brought	Deposited	Total	Currency	Loss
5 June	From Naples	by AFA	Available	26th June	3rd - 26th

Bank of Italy	122	1,050	54	1,226	993	233
Other Banks	308	--	--	308	331	23
Total	<u>430</u>	<u>1,050</u>	<u>54</u>	<u>1,534</u>	<u>1,324</u>	<u>210</u>

B. The Capacity for Production of Currency in Italy

There exist at present in the Istituto Poligrafico dello Stato, and in a private establishment, also in Rome, machines and plates which are capable of producing a significant quantity of notes, given electric power, paper of appropriate quality, and ink. Delivery could begin about 15 to 45 days after receipt of these essentials. It does not appear that the replacement of workmen of whom 5,840 out of 6,500 from the

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	Met. Lire	A.M. Lire	Total
For own account	995	55	1,050
For a/c of AYA	---	2,125	2,125
	<u>995</u>	<u>2,180</u>	<u>3,175</u>
		2,225	2,225

The first large payment of current public expenses in Rome, other than interest on the public debt, was specifically authorized on 27 and 28 June, in the amount of 562 million lire. Consequently, the position as of 26 June is taken as an indication of banking developments during the first weeks, although even these figures include (a) revenue receipts, (b) the payment of about 200 million lire on public debt account, and (c) the replacement by regular currency of vaglia cambiari of the Banca d'Italia and alleged counterfeit of the commercial banks, which had been so drawn as to circulate without endorsements, serving as an emergency currency.

	Currency 3 June	Brought From Naples	Deposited by AYA	Total Available 26th June	Currency 3rd - 26th	Loss
Bank of Italy	122	1,050	54	1,226	993	233
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D. The Capacity for Production of Currency in Italy

There exist at present in the Istituto Poligrafico dello Stato, and in a private establishments, also in Rome, machines and plates which are capable of producing a significant quantity of notes, given electric power, paper of appropriate quality, and ink. Delivery could begin about 15 to 45 days after receipt of these essentials. It does not appear that the replacement of workmen of whom 5,840 out of 6,500 from the Poligrafico have been taken to northern Italy, will present an appreciable problem. As regards L'Aquila, a preliminary report indicates that the printing machines has been systematically destroyed by the planting of explosive charges in identical places in each machine, so that no prospect of partial rehabilitation through cannibalization is believed to exist.

The source of paper previously utilized for the production of currency near Sora and near L'Aquila have been visited by representatives of the Banca d'Italia, who report that no paper can be produced by either plant for a period of at least six months. Given the delays encountered in importing essential requirements, which may not be fully realized, it is probable that this estimate is extremely optimistic. Other sources of paper are situated in territory now held by the enemy, and it is reasonable to expect that they will also be destroyed, though some inventories may be recovered.

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- 6 -

The Banca d'Italia has as yet shown little ~~progress~~ ^{serious} ~~interest~~ ^{concern} in the stocks of paper, designed originally for small notes, ~~notes~~ of the larger denominations of the type which can be produced at Rome. The report of the Bank on the Poligrafico is appended (Refer to Appendix A). This substitution could not be carried out without wastage of some paper, and the watermark would not appear at the appropriate place on the note.

However, the Bank has indicated that it may desire to produce at Rome, given paper and electricity, and the ink, a note easily distinguishable by the public from the old, by means of some rearrangement of inks, or otherwise. If no further supplies of paper are obtained it might prove desirable to use the available paper for notes of large denominations, regardless of waste, as the differences in position of watermark and quality of paper as compared with the old notes, might not then prove to be a serious disadvantage. This view has not as yet been presented to the Bank, but at least it might be desirable to prevent the use of existing paper for notes of small denominations of for the printing of securities. An inventory of paper at the Poligrafico and the Bank is appended.

The provision of a large supply of paper of uniform grade from foreign sources might be more acceptable to the Bank, but has not been brached as a project, pending presentation of the situation to OCS.

As regards electric power, priority has been obtained, but the supply of current to approved users is now averaging only 4 to 5 hours out of every 24 hours, and improvement is not expected for some weeks.

- After this report was written, on 6 July the Banca d'Italia decided that paper stocks then available could be used to produce 3 billion lire of currency of the L'Aquila type.

III. FOREIGN EXCHANGE

A. Data on Italian Foreign Exchange Position

Foreign exchange control in Italy centered in the Istituto Nazionale per i Cambi con l'Estero, better known as Istocambi. The office of this monopoly organization in Rome has been placed under the control of the Chief of the Currency and Foreign Exchange Sub-Section of the Finance Sub-Commission. The old management of Istocambi was moved to Brescia last November along with other organs of the Government. Personnel refusing to go north were discharged.

Records of Istocambi's operations prior to its removal to Brescia remain intact. Some data on operations since that time are available but are incomplete. The bulk of these latter operations are unknown. It is known that in December 1943 the Germans demanded that all foreign exchange be consigned to them. The various circumstances relating to gold shipments are recorded in a separate section below. The statement prepared by the former Governor of the Banca d'Italia in this connection is included as an appendix.

It is quite likely that the bulk of the foreign exchange available in North

view was not as yet been presented to the Bank, but at least it might be desirable to prevent the use of existing paper for notes of small denominations of for the printing of securities. An inventory of paper at the Poligrafico and the Bank is appended.

The provision of a large supply of paper of uniform grade from foreign sources might be more acceptable to the Bank, but has not been bracketed as a project, pending presentation of the situation to CCS.

As regards electric power, priority has been obtained, but the supply of current to approved users is now averaging only 4 to 5 hours out of every 24 hours, and improvement is not expected for some weeks.

After this report was written, on 6 July the Banca d'Italia decided that paper stocks then available could be used to produce 3 billion lire of currency of the L'Aquila type.

III. FOREIGN EXCHANGE

A. Data on Italian Foreign Exchange Position

Foreign exchange control in Italy centered in the Istituto Nazionale per i Cambi con l'Ester, better known as Istocambi. The office of this monopoly organization in Rome has been placed under the control of the Chief of the Currency and Foreign Exchange Sub-Section of the Finance Sub-Commission. The old management of Istocambi was moved to Brescia last November along with other organs of the Government. Personnel refusing to go north were discharged.

Records of Istocambi's operations prior to its removal to Brescia remain intact. Some data on operations since that time are available but are incomplete. The bulk of these latter operations are unknown. It is known that in December 1943 the Germans demanded that all foreign exchange be consigned to them. The various circumstances relating to gold shipments are recorded in a separate section below. The statement prepared by the former Governor of the Banca d'Italia in this connection is included as an appendix.

It is quite likely that the bulk of the foreign exchange available in North Italy and in other German-controlled territories has been seized by the Germans. The statistics which follow should be studied with this possibility in mind. Another reservation which must be made refers to private holdings of foreign exchange. Although under Italian foreign exchange control, private interests were not permitted to hold foreign exchange except in very special circumstances, it is highly likely that such holdings exist. It has recently been found for example, that the Banca Nazionale del Lavoro has 656,750 Swiss francs on deposit in Switzerland in cinked accounts. At some appropriate date a complete census of foreign property held by Italians may be useful.

The following table summarizes the best available data on Italy's most important foreign exchange assets (Detailed statistics on the gold position appears in a separate section). Appendices are attached which provide more detailed data drawn from the files of the Istituto Nazionale per i Cambi con l'Ester (Istocambi) and from persons who have occupied important positions in Italy's foreign exchange control, including the ex-Governor of the Banca d'Italia. Some of the items listed are not quite clear, since they form links in transactions which have been either completed, or for which basic information is lacking. It should be possible in at least a number of these instances to obtain the necessary information in London, Washington, or other accessible areas.

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Italy's Foreign Exchange Assets
June 30, 1944

	Italy	France	Germany
A. Gold (See gold section)			
1) On hand	116.31		
2) Deposited abroad	3,545.91		
B. Foreign Currencies			
1) On hand			
Dollars	697,073.40		175,000.
Sterling, U.K.	11,857.62		39,000.
Swiss francs	501,996.30		
French francs	6,230,425.00		250,000,000.
Pesetas	539,395.95		
Escudos	737,980.00		
Pesos (Arg.)	84,192.20		
Turkish pounds	6,994.23		
Egyptian pounds	5,504.85		205.82
2) On deposit in Italy			
French francs			1,113,420,069.45
3) On deposit abroad			
Dollars	2,593,661.14		1,334,760.00
Sterling, U.K.			4,500
Swiss francs	1,207,782.91		
French francs			725,451,400.53
Pesetas	4,209,487.80		
Escudos	1,811,919.70		
Pesos (Arg.)	2,137,603.54		
Turkish pounds	33,671.35		
Rubles	347,960,500		
Lei			234,801,755
Kune			29,041,359
Other minor quantities			
C. Current accounts with foreign banks			
Dollars	53,190.93		1,386,854.77
Sterling, U.K.	48,563.05		
Swiss francs	2,212,905.48		
French francs			420,656,071.61
Pesetas	781,534.90		
Pesos (Arg.)	769,791.47		
Egyptian pounds	22,853.408		
Turkish pounds	23,156.26		
Swedish Kroner	423,695.19		
Milrees	136,050,258,298		
Dinars			
Dracmas			4,824,345.15
Drachman, Ionian			201,837,001.81
Yen			62,563,412.01
			36,442,791.67

Swiss francs	11,857.62	11,857.62
French francs	501,996.30	501,996.30
Escudos	6,230,425.00	250,000,000.00
Pesos (Arg.)	530,895.95	---
Turkish pounds	797,980.00	---
Egyptian pounds	54,198.20	---
	6,994.23	---
	5,334.853	205.82
2) On deposit in Italy	---	---
French francs	---	1,113,420,060.43
3) On deposit Abroad	---	---
Dollars	2,523,661.44	1,334,760.00
Sterling, U.K.	---	4,500
Swiss francs	1,207,782.04	---
French francs	---	725,454,400.53
Pescetas	4,209,487.80	---
Escudos	1,811,910.70	---
Pesos (Arg.)	2,137,603.34	---
Turkish pounds	33,671.36	---
Ruppes	947,960,550	234,801,755
Lei	---	29,041,359
Kuna	---	---
Other minor quantities	---	---

C. Current accounts with foreign banks

Dollars	53,198.93	1,396,851.77
Sterling, U.K.	44,563.05	---
Swiss francs	2,212,905.48	---
French francs	---	420,656,071.61
Escudos	781,524.90	---
Pesos (Arg.)	769,794.47	---
Egyptian pounds	99,853.408	---
Turkish pounds	23,156.26	---
Swedish Kroner	423,625.19	---
Milracs	136,050,256,8298	---
Dinars	---	4,824,345.15
Drachmas	---	201,837,001.84
Drachmas, Ionian	---	62,563,412.01
Yen	---	36,442,791.97
Other minor quantities	---	---
+ had item or debit.	---	---

D. Securities: Payable by third countries

1) In Italy	---	3995
Dollars	400,000	---
Sterling, U.K.	50,000	13,700.00
French francs	40,400,000	35,100.00
Algerian francs	---	3,250,000.00
2) Deposited abroad	---	---
Sterling, U.K.	7,120	---

E. Italy's Gold Position

Since the Armistice, Italy's known gold reserves have largely disappeared. Only 460 kilograms remain in territory not subject to direct German control. An additional 3,467 kilograms was last known to be either at Brescia or Portofino. It is likely that this gold has been removed to Germany. Some 886 kilograms of gold, not in German controlled territory, rests with the Bank for International Settlements for the account of the Banca d'Italia.

The Germans have seized the bulk of the Italian gold reserves which existed at the time of the Armistice. Some 50,537 Kgs. of gold were involved. The details of this seizure are given in the memorandum prepared by the ex-Governor of the Banca d'Italia and attached as an appendix to the report. This statement has been checked against the files in the Banca d'Italia, as well as through questioning of individuals familiar with the events in question. It is accurate in its general outlines. Over half of the gold sent to Germany, some 30,000 kilos, might have been saved had the Governor and the Minister of Economy and Finance (Mussolini) been more determined. During the latter part of September 1943, half of the gold was hidden in the Banca d'Italia and a complete set of value documents prepared which were designed to indicate that such gold had been previously shipped to Portofino in southern Italy. Mussolini and Goebbels, however, decided this was too dangerous, and refrained from attempting to conceal the gold from the Germans.

Subsequently, after constant and successful pressure on the part of the Germans, the gold was moved north to Milan and then Portofino. On February 5, an agreement was signed between the German Embassy and the Minister of Finance to transfer some 50,537 kilograms of gold to Germany. There is a copy of this agreement included in the appendix. Item 2 of this agreement, involving 5 million Reich Marks, arose from a transaction according to which the Mussolini Government transferred to Germany dollar currency held by Italo-Cambini in the United States, and received as collateral gold deposited with the Banca d'Italia.

A small part of the gold shipped to Germany belonged to Jugoslavia as the attached agreement shows. The Reich Mark value is placed at 26 million R.M. or 250 million lire in the text of the agreement. It is not known how this calculation was made, although it is known that the Banca d'Italia protested the use of a 10 - 1 lire mark rate of exchange both for this and the other gold transactions.

In addition, the Germans seized 1,615 Kgs. fine gold from the Royal Mint belonging to the Bank of Albania. This is probably separate from all the other transfers listed. A further 701.2 Kgs. of Albanian gold in the custody of the Banca d'Italia was also seized by the Germans. Albanian gold was recognized to be the property of the Bank of Albania in an agreement signed in April 1944 between the German government and the puppet government of Albania.

The transfer of 10,764 Kgs. of gold to the Banque Nationale Suisse in Zurich was on account of Istituto Nazionale per i Cambi con l'Estero. Because of the heavy debit balance of some 300 million Swiss francs in the clearing, the Swiss refused further credits except on the basis of 100 per cent cover in gold. The Mussolini Government requested the Banca d'Italia to provide the necessary gold cover for a loan of 50 million Swiss francs. Soon after the flight of the Badoglio Government in September 1943 the Banque Nationale Suisse requested the shipment to Switzerland of the gold in question. The shipment of 10,764 Kgs. took place in April 1944 after the bulk of Italian gold had been deposited in Portofino. The Fascist Minister of Finance and the

with the events in question. It is accurate in its general outlines. Over half of the gold sent to Germany, some 30,000 kilos, might have been saved had the Governor and the Minister of Economy and Finance (Mancini) been more determined. During the latter part of September 1943, half of the gold was hidden in the Banca d'Italia and a complete set of false documents prepared which were designed to indicate that such gold had been previously shipped to Potenza in southern Italy. Arrolini and Mancini, however, considered this was too dangerous, and refrained from attempting to conceal the gold from the Germans.

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2. recovery of common darters, 4)

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[illegible]

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Italian Gold Position under the ...

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Total Italian Gold

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3994

76,267.223223

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C. Italy's Clearing Account

Recent data on the movements in Italy's clearing accounts are not yet available, owing to the transfer of the Istituto per i Cambi con l'Estero to Brescia. However, statistics have been obtained showing the position as at September 1943. It may be that the changes since that time have not been great, particularly since the Germans imposed a military occupation on Italy which must have cut down relations with the remainder of German occupied Europe very substantially. Switzerland refused to recognize the Fascist Republican regime. Clarification on this point should be available once Brescia is liberated.

The following statistics summarize the position as at September 1943. All amounts are presented in lire. The attached clearing rates of exchange can be used to convert the amounts into the respective foreign currencies. For the creditor countries, these rates will show the clearing debt position of Italy in the respective foreign countries concerned. Use of the imposed rates of exchange for liberated Italy would understate the claims against Italy in foreign currencies and overstate payments due to Italy. The rate to be used in the settlement of these credits and debits will presumably be negotiated at some future date between the Italian Government and representatives of the foreign areas concerned.

Among the clearing accounts summarized above, there was a secret account in the Italo-German Agreement through which payments for war materials were made. The Banca Commerciale Italiana, Credito Italiano, Banco di Roma, Banco Nazionale del Lavoro, financed war shipments to Germany on the basis of certificates of payment issued by the Istituto Nazionale per i Cambi con l'Estero (Istomibi). The above banks discounted the bills with the Consorzio per Sovvenzioni su Valori Industriali which in turn discounted with the Banca d'Italia.

The Banca d'Italia placed the amounts involved in a credit account entitled "Operations based on the Agreement of July 2nd 1942". Payments of bills were effected by Istomibi with funds from the special account "Esteri Le Rellond". In the event of a deficiency of funds in this account, payments were effected by the State Treasury. The three following fiscal years beginning 1943-1944 for which special allotments of funds were provided.

The next month statement of Istomibi's clearing position shows a credit balance of 79,416,000 lire. This appears too low, and it is believed that the Germans financed the shipments of war material outside the clearing. In addition, since the flight of the Badoglio Government, shipments of war material could be simply charged up to occupation costs (7 to 10 billion lire per month- by drawing on the credits at the disposal of Germany.

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Status of Italian Clearing
Accounts as of November 30, 1943

(thousands of lire)

	<u>Payments due to Persons in Italy</u>	<u>Advances payment to Italian Creditors</u>	<u>Total due to Italy on clearing account</u>
Bulgaria	42,698	56,576 1)	99,274
Croatia	96,977	30,514 2)	127,391
Germany	527,659	674,005 3)	1,401,744
Greece	75,306	---	75,306

Note: Credit provided for in the agreement: 1) 50 million; 750 millions; 3) 813,000,000. This amount involved. Thus, for Germany and Bulgaria, the agreed credits have been exceeded.

	<u>Clearing accounts with Cre- ditors due Italy which debit exists</u>	<u>Creditor Countries + (thousands of lire)</u>	<u>Net Payment due</u>
Denmark	---	---	22,707
Finland	14,266 (General Account)	---	5,318
France	---	---	31,643
Portugal	---	---	69,539
Romania	93,206 3) (General Account)	---	75,229
Slovakia	---	---	53,876
Spain	---	---	335,920
Switzerland	---	---	1,386,535
Sweden	1,040 (Reciprocal Operation)	---	52,389

	ON CREDIT	ACCOUNT
Bulgaria	42,698	56,576 1)
Croatia	96,977	30,514 2)
Germany	527,689	874,083 3)
Greece	75,306	---
		75,306

Note: Credit provided for in the agreement: 1) 50 million; 2) 40 million; 750 million; 3) 843 million. This account involves, thus, for Germany and Bulgaria, the agreed credits have been exceeded.

Creditor Countries +
(thousands of lire)

	Clearing accounts with credits due Italy which debit exists	Net Payment due
Denmark	---	22,707
Finland	14,266 (General Account)	5,818
France	---	31,641
Portugal	---	69,539
Romania	23,206 3) (General Account)	75,229
Slovenia	---	53,676
Spain	---	335,920
Switzerland	---	1,386,635
Sweden	1,010 (Reciprocal Operation)	52,369
Turkey	---	25
Hungary	71,948 3) (Supplies)	85,781
		3993

For Finland, Romania, Sweden, and Hungary, the figures presented are net amounts, taking account of debits in particular accounts provided for in the clearing.

3) Paid by transfers from other accounts.

+ The Italo-United Kingdom clearing shows a credit of £1,070,000 in favor of the U.K.

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Rates of Conversion as of September 8, 1943
used in clearing agreements

(Rate per unit of foreign currency)

Bulgaria	Leva	0.2342 - 0.2298
Czechoslovakia	Kuna	30.00
Germany	Mark	7.50
Greece	Drachma	0.125
Denmark	Krone	3.9696
Finland	Mark	0.387
France	Franc	0.33
Portugal	Escudo	0.7975
Romania	Leu	0.10526
Slovakia	Crown	0.054
Spain	Peseta	1.694
Switzerland	Franc	4.41
Sweden	Kroner	4.329
Turkey	Turkish pound	15.25
Hungary	Forint	4.5639

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1. The Mark - Lira Rate of Exchange

Prior to the Armistice the Mark - Lira rate was fixed at 7.60 lire per mark. When the Badoglio government fled, and German military government was first used upon Italy, this rate was altered. For Alto Adige the rate was fixed at 4.50. Presumably, this was to provide additional purchasing power in marks for the inhabitants of Alto Adige upon annexation into the Reich. The Germans immediately upon the occupation of Italy issued special occupation marks which exchanged for lire at the rate of 10 - 1 in some cities, and at the old rate 7.60 - 1 in others.

In October and November, 1943, under pressure from the Banca d'Italia, all occupation marks were withdrawn at the rate of 10 lire for each mark. In view of the fact that the Germans controlled substantial facilities for printing Italian currency, the new rate was unnecessary as a method of improving the terms of trade and acquiring added purchasing power. The depreciated rate may have been intended as a punitive measure designed to strike a blow at Italian morale. The Banca d'Italia objected to the use of occupation marks because of the absence of any control whatever on its part over the volume of issue.

Subsequently the new rate became formalized in an agreement between the Minister of Finance and the German Ambassador. The Banca d'Italia has never recognized the new rate although this has been of little practical importance.

2. Rome Market for Gold, Silver and Diamonds

Prices of gold, silver and diamonds registered an exceptional series of increases during the last 12 months. In July 1943, the price of fine gold sold ranged between 450 and 500 lire a gram; silver about 6,000 lire per kilogram; and diamonds averaging 10 grams each about 20,000 lire per gram. Subsequently an unsettled and nervous market developed, which however tended upward. When the Badoglio Government fled Rome prices fluctuated around 800, 7,000 and 25-25,000 respectively. The market then softened, and in December prices of these commodities dropped to 600, 5,500 and 18-20,000. It was during this period that the Germans acquired the largest quantities of gold, silver and diamonds.

A series of rumors developed which had a depressing effect on the market: it was said, for example, that large shipments of gold, silver and diamonds were being sent to Rome from Milan because of the level of local prices; also that the market in Naples had been stabilized at much lower levels; that the Syrian and Egyptian sailors were freely selling gold and foreign exchange in the ports of Southern Italy; that the United States was selling gold in Egypt which led to the supposition that it likewise would be done in Italian markets, etc. It is believed almost certain that these rumors were spread by the Germans to increase the supply of gold, silver and diamonds on the market at relatively low prices.

In April and May of this year the market became very active and towards the middle of the latter month prices reached 1,100 lire for gold, 12,000 lire for silver and from 35,000 to 38,000 lire for diamonds. Reports of destruction and looting on the part of the Germans in the countryside, and their acquisitions of monetary and non-monetary gold and diamonds.

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Gold sterling.....	13,300 lire
Marconi (Naples).....	10,400 "
Paper sterling.....	1,100 "
Dollars.....	"
Swiss francs.....	210 "

3492

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With the liberation of Rome, on June 5th 1944, the price for gold dropped sharply to about 350 to 400 lire and the price of foreign currencies and coins declined proportionately. However, the later realization on the part of the public that liberation would not automatically restore normal conditions in Rome caused an upward movement in prices. The present prices in the black market are approximately as follows:

Gold, fine.....	750-780 lire per gram
Silver.....	6,500 " " Kilogram
Diamonds.....	23,000 " " "Grams"
Gold sterling...	8,600 to 8,800 lire
Marques.....	6,600 to 6,800
Paper sterling..	750 to 800
Dollars.....	320 to 340
Swiss francs....	120 to 125

The market is probably rather thin because the supply of gold, silver and diamonds has shrunk considerably. It has been estimated that the Germans in one way or another have carried off from 500 to 750 million lire in gold, silver and diamonds.

(The last official price of fine gold (Title 1,000/1,000 to 5/10/1036) was 21.38 lire per gram while the last official quotation for silver in October 1942 was 630 lire per kilogram.)

IV. BANKING

A. Fluctuations in the Position of the Banks in Rome

The liabilities of the principal banks in Rome suffered a sharp decline from 13,253 million lire on 30 June 1943 to 11,193 million lire on 30 September 1943, followed by a further drop to 9,573 million lire at the end of May 1944.

In the first period of three months the contraction was the composite result of the following influences: (a) the departure of part of the population from Rome to escape bombardment, taking with them substantial funds; (b) the progressive increases in prices, and the flow of funds into the black market, in the form of currency; and (c) withdrawals from the banks for the purpose of hoarding currency, especially after the occupation of Rome by German troops.

With regard to the eight months ending 31 May 1944, the further diminution of 1,620 million lire was the net result of various factors, some of which operated to raise and some to reduce deposits at the banks.

The forcible transfer of public agencies and "Ente" to northern Italy brought about a transfer of approximately 3,300 million lire to the north. After taking account of this movement, there was an actual increase, due to other causes, of about one and one-half billion lire in the liabilities of the banks of Rome.

This increase of an increase in deposits under conditions of extreme

(The last official price of pure gold (title 1,000/1,000 to 5/10/1936) was 21.30 lire per grain while the last official quotation for silver in October 1942 was 650 lire per kilogram.)

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the forcible transfer of public agencies and "Ente" to northern Italy brought about a transfer of approximately 5,200 million lire to the north. After taking account of this movement, there was an actual increase, due to other causes, of about one and one-half billion lire to the liabilities of the banks of Rome.

This appearance of an increase in deposits under conditions of growing inflation is to be explained by the disbursements of the German military authorities, and a return of currency from the public; restrictions were imposed on withdrawals from bank accounts during this period, also.

According to the other side of the banks' accounts, liquid assets of the banks in Rome declined from 12,452 million lire on 30 June 1943 to 8,940 million lire on 30 September 1943, as a result of withdrawals noted above, as well as transfers of funds by some banks to their branches in other areas.

During the aforesaid eight months, the liquid reserves of the Bank have been augmented by nearly 2 and one-half billions, rising from 3,940 millions to 11,562 millions. This phenomenon, in the face of falling liabilities, is accounted for by deposits with the Treasury or with the Bank details of funds belonging to branches of the bank in other areas, but placed in base in the case of the zone branches of these banks.

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The transfer to the north of funds belonging to the public accounts and the "Dati" brought little change in the assets of German banks as it was carried out almost entirely by bank transfers.

B. German Restrictions on the Withdrawal of Bank Deposits in Italy

There was an acute shortage of currency in northern Italy throughout the period of German occupation arising from: the heavy demands of the German military authorities, the destruction of production facilities at Aquila by aerial bombardment, and the deficiency in transportation. The Germans instituted restrictions on the withdrawal of bank deposits to conserve currency supplies. Apparently, these restrictions were never intended as anti-inflationary measures.

On May 15, all restrictions on withdrawals were removed. This removal is to be related to the development of printing facilities in north Italy, as well as to a more ruthless attitude toward the Italian economy by the Germans which developed with the passage of time. Until this year, the Germans were unable to draw the full amount in currency from their credits of 7 billion lire per month at the Benetton d'Italia which they levied as occupation costs. The balance was taken in current accounts, and through the issuance of credit instruments such as *valigia cuneolari*, and assigned circulares. Since the first of the year, occupation costs were stepped up to 10 billion per month, accompanied by a substantial, although the exact amount is unknown, increase in facilities for printing new currency. Thus, with a shrinkage in the area of Italy subject to the German control, the preservation of currency supplies through restrictions on withdrawal of bank deposits became important. A brief review of these restrictions follows:

On taking control after 8 September 1943, the Germans operating through the Fascist Republicans enunciated a general policy that bank deposits should not be freely withdrawn. The particular restrictions to be applied against withdrawals were not specified. As a result, the German army commanders imposed restrictions which varied widely. In some places, the amount which could be withdrawn was 700 lire per week; in others 5 per cent per month; in others 1,000 lire per week; and still others 600 lire every 3 days. This led to neighboring localities showing absurd differences in control.

In order to rectify these disparities the Council of Ministers, which lays down the rules for the *Regolamento* for the defense of savings and credit, provided on October 16, 1943 for uniform provisions to become effective beginning with October 25, 1943:

- 1) All credit and savings institutions were to limit withdrawals from each single account to 5 per cent each month of the amount owed for every category of deposit or current account with a maximum of 5,000 lire per month and no restrictions on withdrawals of 500 lire or less in any one month. For current accounts of correspondence (i.e. usually business accounts) 5 per cent each month with a maximum of 10,000 per month and five withdrawals up to 2,000 lire per month. Reciprocal correspondent accounts (i.e. accounts used for clearing) were excluded from the above limitation with respect to payments made by checks.

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month with a maximum of 10,000 per month and free withdrawals up to 2,000 lire
per month. Reciprocal correspondent accounts (i.e. accounts used for clearing)
were excluded from the above limitation with respect to payments made by
checks or documents.

2) For various categories of deposits, current accounts, or current accounts
of correspondence, withdrawals in excess of the above limits were possible on
request as follows:

a) For salaries, stipends and pensions and for the acquisition of steel,
fertilizers, and other materials required for agricultural production.

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3) Various categories of deposits and current accounts of correspondences with credit institutions were exempted from the limitations on withdrawals;

- a) Payments made into banks after the date of the order in question;
- b) Money orders or operating cash for companies or organizations in those cases in which it was not possible to use the postal checking system (Ciro-conti).
- 4) The same system applied for payments of bank checks. However, the credit instruments of the Banca d'Italia, Banco di Napoli, and Banco di Sicilia, as well as assigned circulars of other credit institutions which might be authorized from time to time were not subject to any limitation.
- 5) The following exceptions to these general rules were provided:
 - a) Withdrawals required for the acquisition of stocks and bonds provided payments were effected by means of bank deposits.
 - b) Special meritorious cases considerable individually (handled by branches of the Banca d'Italia).
 - c) To facilitate special trading or commercial activity in foodstuffs.

The above program administered ostensibly by the Banca d'Italia was an attempt to provide a uniform policy for German-occupied Italy. However, according to ex-Governor Alessandro the German authorities in at least three cases, Bolzano, Trieste, and Savona established regulations varying markedly from those described above. Payments made into banks after the blocking order, that is, new free accounts, received originally an additional 4 per cent interest to encourage the flow of currency back into the banks. However, this step did not bring about the desired result, and provided a considerable additional expense to the banks during a period of declining profits. The additional interest payment was, therefore, abolished in January 1944, and there were no repercussions on the course of deposits.

Upon the liberation of Rome the question of re-imposing such restrictions for inflation control was carefully considered. The banks looked with disfavor on such a step. It was finally decided to postpone measures of this type until it should prove necessary:

- a) The public already held large amounts of currency, and had had two weeks to withdraw further requirements. As a measure against the volume of liquid assets in existence there would be small visible effects for some time to come.
- b) Restrictions would not have frozen Fascist funds since leading Fascists since the currency crisis of November 1942 had already converted very substantial quantities of their bank funds into currency and perhaps other forms of property.
- c) A daily report from the banks and the Banca d'Italia on the cash position was provided. Any substantial outflow could be checked.

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d) It was worth while attempting to tempt back into the banking system some of the tremendous amount of cash believed outstanding in Rome. This has not materialized to date, although a wide scale reopening of safe deposit boxes may alter this picture.

e) In any case, exceptions and minimum payments would have had to be necessary. Combined with the prior withdrawal of cash by Fascists, the effects on inflation would have been very small.

f) The most important consideration perhaps, was the possibility of a future wide scale currency conversion security and bank deposit taxation plan. This will go to the heart of the problem of reducing the volume of liquid assets in Italy.

C. Rates of Interest Paid by the Banca d'Italia and by the Commercial Banks on Current Accounts,

1. Banca d'Italia

Prior to 1942, the Banca d'Italia paid interest at the low rates of 3 per cent on private deposits and 1 - 1 1/2 per cent on deposits of the banks, that is, non-competitive rates in order to facilitate and direct the flow of bank investment and public saving into public securities, and particularly into short and medium-term Treasury Bonds.

Towards the end of 1942, and especially following the ministerial decree of 5 September which reduced the rates payable on Treasury securities by one per cent, the banks, being cautious in extending loans, placed increasingly large amounts on deposit with the central bank.

A significant impulsion was provided by the requirement of the Inspectorate of Credit that all interbank deposits were forbidden, leading to a large transfer of funds by the smaller banks to the Banca d'Italia or into direct deposits with the Treasury.

Moreover, in January 1943 the Inspectorate of Credit made it obligatory for the banks to deposit with the Banca d'Italia, into frozen accounts 75% of any increase in deposits they received which were not offset by purchase of state securities, current accounts with the Treasury, current accounts with the Banca d'Italia, or approved loans (such as those resulting from the financing of war contracts or the grain crop). This regulation appears to have been designed to force the banks to concentrate on war financing either directly or indirectly through the government.

As the disinclination of the banks to invest directly in government securities grew, and in order to prevent losses to the banking system from holding idle funds the Banca d'Italia raised its rates of interest in January 1943 to 3 per cent on bank deposits; the rate on private deposits was increased at the same time to one per cent. In this way, funds which the banks were reluctant to invest in government bonds were drawn into the central bank.

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C. Rates of Interest Paid by the Banca d'Italia and by the Commercial Banks on Current Accounts.

1. Banca d'Italia

Prior to 1942, the Banca d'Italia paid interest at the low rates of $\frac{1}{2}$ per cent on private deposits and $1 - \frac{1}{4}$ per cent on deposits of the banks, that is, non-competitive rates in order to facilitate and direct the flow of bank investment and public saving into public securities, and particularly into short and medium-term Treasury Bonds.

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As the disinclination of the banks to invest directly in government securities grew, and in order to prevent losses to the banking system from holding idle funds the Banca d'Italia raised its rates of interest in January 1943 to 3 per cent on bankers' deposits; the rate on private deposits was increased at the same time to one per cent. In this way, funds which the banks were reluctant to invest in government bonds were drawn into the central bank.

The result of these measures was to enlarge funds on deposit on current accounts with the Banca d'Italia to approximately 50 billion lire.

During none of the rates payable in recent months in Southern Italy by the Banca d'Italia on bankers' deposits, 3 per cent on 6 - 15 day deposits, 3 per cent on 3 month deposits and $4\frac{1}{2}$ per cent on 4 month deposits, the Banca d'Italia has recommended a uniform level of rates in all liberated Italy. As soon as possible, the Bank wishes to reduce these rates to the pre-January 1943 rates of $\frac{1}{2}$ per cent for private accounts and 1 per cent for financial institutions.

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As to short-term Treasury securities, the Banca d'Italia recommends the present rates be maintained, that is, on the securities:

Maturing in	per cent
1 to 2 months	3.25
" " 2 " 4 "	3.75
" " 5 " 6 "	4.25
" " 7 " 9 "	4.75
" " 10 " 12 "	5.00

These rates seem excessively high, and it would appear preferable to reduce them sharply as was recommended in the Anti-Inflation Program along with a corresponding decrease in rates paid by commercial banks to depositors. Reasons for such reduction are: (a) under present conditions the differential between rates payable on Treasury bonds and rates paid by the Banca d'Italia need not be large to produce investments by banks in Treasury bonds, (b) there is little economic difference between the two methods of financing public deficits, (c) long-term securities are selling at rates lower than, or not much in excess of, those proposed for the one year issue, and (d) from the long range point of view, banks have in the past earned excessive incomes in Italy, which they have used to build large buildings, enlarge their staffs, and to expand the power and wealth of their directing groups, who have been largely self-perpetuating and not subject to public control. In the future it seems desirable that more funds should be directed into rehabilitation of the productive capacities of the country, and less into expansion of financial organizations.

B. Commercial Banks

Maximum rates of interest set by the Inspectorate on the various categories of deposits which the banks are not supposed to surpass are given in the following table. It is to be noted, however, that the actual rates paid in very many instances differ substantially:

1. Free Current Accounts (nominative)	1 1/2%
2. Savings accounts with pass books nominative or to bearer	small special accounts 2 1/4% other accounts 2 %
3. Savings accounts with pass books (nominative or bearer)	2 1/4% 3 %
4. Savings bonds (nominative)	2 1/4% 3 %
5. Current accounts of correspondence	

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1. Free Current Accounts (nominative)	1 1/2%
2. Savings accounts with pass books nominative or to bearer	small special accounts 2 1/4% other accounts 2%
3. Savings accounts with pass books (nominative or bearer)	2 1/2% 3%
4. Savings bonds (nominative) fixed for 3 - 6 months fixed for more than 6 months	2 1/2% 3%
5. Current accounts of correspondence	2 1/2% 3%
a. Free accounts (opened in Italian or foreign names)	1 1/2%
b. Reciprocal current accounts in Italian names	2%
c. Time deposits opened in Italian or foreign names fixed for 3 - 6 months fixed for 6 months or more	2 1/2% 3%

During the restrictions on withdrawals from existing accounts, which were in effect from 25 October 1943 to 15 May 1944, rates paid on all types of new deposits were increased by one per cent.

It would appear advisable to consider a reduction in all these interest rates of one and one-half per cent to eliminate interest payment on these deposits. Eventually, in order to facilitate collection of revenue, it may be desirable to consider the elimination of bearer accounts, though this would probably result in some increase in notes outstanding. Then sufficient currency becomes available, a possible increase in note circulation may be immaterial.

B. Location of Bank Security Holdings

Prior to 8 September, 1943, the major banks in order to safeguard themselves against the risks of the war had transferred the bulk of the securities held by them to what were regarded as the safest towns available. Thus, the Banca Commerciale Italiana had concentrated its securities in Parma, the Banco di Napoli in Chieti, the Banco di Roma at its branches at Aquila, Anagni, Piacenza and Terni. The Banco Nazionale del Lavoro, the Banco di Sicilia, the Banca d'Agricoltura, the Istituto di S. Paolo di Torino, and the branches of the Monte dei Paschi di Siena had concentrated their securities at Siena.

In April 1943 legislation was adopted which set up a procedure for the replacement of securities destroyed in the war. This reduced the necessity for such careful safeguarding of the securities. Then, after 8 September 1943 these centers of concentration of large masses of securities began to become somewhat perilous in view of the attitude of the German authorities and the Fascist government. Also, the clients of the banks began to reflect upon their possible financially embarrassing position, if they found themselves cut off from their securities.

In November 1943 then, following the extension of the right of substitution to the case of destruction of government securities in transit, there took place a movement of securities out of the centers of concentration. The bank branches in central and northern Italy had restored to them the securities pertaining to them. At the same time, the securities belonging to the southern branches were concentrated at Rome.

The banks were ordered by the Fascist-Republican government to send north not only the securities owned by them but also the securities they held for account of others. The purpose was to leave Rome a blank slate financially. This order was resisted. The securities of others which were sent north were only those which pertained to the bank branches north of the Livorno-Rimini line. The Banco Nazionale del Lavoro and the Banco di Roma were the only banks which had to send their own securities north (1,765 million lire for the former and 135 million lire for the latter).

The Banco d'Italia had originally concentrated in Rome all the securities held by its branches through the country. It then had transferred to Aquila, where appropriate vaults had been prepared, a small part of its own securities (115 million lire) and all the securities of others which had been deposited with its branches outside of Rome (a total of 15 billion lire). It kept in Rome, on the other hand, the greatest part of its own securities, which were mostly registered, and the deposits of securities of others which had been deposited in Rome, making a grand total of around 118 billion lire.

In November 1943, for the reasons which have been given, it was decided to remove the securities from the country.

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to remove the securities from Ancona. The securities pertaining to the branches in
northern Italy were restored to them, or a total of 7.3 billion lire. The securities
pertaining to the branches in central and southern Italy were transferred to Rome
(4.6 billion lire, around 3 billion of which were del Tesoro and matured). When, then,
liberated, the Banca d'Italia in Rome held a total of 125 billion lire of securities.

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V. MINISTRY OF FINANCE

A. Organizational Problems

1. On arrival in Rome, it was found that military guards furnished by an American Combat unit, had most effectively safeguarded the new Ministry of Finance buildings, denying admission to all except those possessing a pass.

2. Following a reconnaissance with an officer of the Guardia di Finanza, the military guards were replaced by approximately 90 Guardia di Finanza. These were given instructions not to allow any person into the Ministry buildings who is not in possession of an "M.F." pass. These passes were specially printed, numbered and a record kept of the persons to whom they were issued. Initially, a temporary screening committee of reliable ~~non-Fascist~~ officials was set up at the Ministry. Later, committees on similar lines were formed in the Poligrafico and the offices of the Direzioni Generali of Monopoli. Written instructions were issued making it clear that officials who might resume their normal duties following the Committee's decision would later, in common with all other officials, be subject to re-examination by the permanent "de-Fascistization" Committee. Briefly, the committees were intended to provide a safeguard against sabotage until the formal assumption of responsibility by the Ministry. In the first days only such officials as were considered essential for the general maintenance and the compilation of salary rolls were considered. At this date, 480 passes have been issued.

3. By tracing a few of the officials it was found possible on the third day to arrange a meeting of the senior officials of each of the respective bureaus, twenty-three in number. Reports were obtained on the condition of each bureau as regards staff, records, etc. and sent back to the Ministry at Salerno. Arrangements were made to gather together copies of all Official Gazettes, Bollettini and Ministerial instructions issued by the Fascist Government; these were subsequently sent to Salerno.

4. When the Fascist Ministry left for Brescia on 15 October 1943, they took with them only a very small staff and dismissed or pensioned off approximately 2,500 of the Rome civil servants. From that date, the Rome offices almost ceased activity and were starved of Gazettes, circulars and instructions so that there are few recent records of a national character from October 1943.

5. Istituto Poligrafico

Schedules of the stocks on hand were furnished to Salerno. Quantities of Carta Bollata and other Revenue stationery urgently required in the South were dispatched to Naples. Complete control has been assumed by the Finance Sub-Commission covering all work to be undertaken in the allocation of priority, and allotment of paper. In this latter connection, the Ministry has been asked to send a paper expert to assist in locating considerable supplies which are hidden in the town.

Education, Legal and Food Sub-Commissions have all put in demands for work to be done.

The necessary alteration to the existing die for printing Buoni del Tesoro for the current budgetary year commencing 1st July, has priority. It was estimated

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Baucazione, legal and Road Sub-Commissions have all put in demands for work to be done.

The necessary alterations to the existing die for printing Buoni del Tesoro for the current budgetary year commencing 1st July, has priority. It was estimated by the Technical Engineer that, provided power could be made available for the full 24 hours, it would take 45 days to complete the work. Unfortunately, owing to the destruction of part of the Central Power Station, 24 hour service cannot be given. All that can be said is that the Poligrafico will be given priority. Until such time as the bonds are available for issue, the Bank of Italy has arranged to issue temporary receipts to purchasers. Such receipts to be made out, not to "bearer" as heretofore, but in the name of the purchaser. A report on the question of the supply of these temporary receipts to Banks in newly liberated territory has been requested.

A high proportion of the staff have returned to work and dependent on the provision of electric current the full staff, less fascists, will quickly be absorbed. Military guards have been placed on one or two buildings which had been over-looked, notably the Paper mills at Marentana.

6. With regard to the local governmental financial offices, with a few exceptions, they were open with the staffs functioning normally; arrangements were made for the removal of the military guards from the exceptions.

7. A certain amount of work had to be done in preventing Allied officers from requisitioning property and essentials to the Ministry's work. Reasons for the transit of officials and vehicles and obtaining petrol for essential journeys were given or obtained.

B. Taxes

1. At the national level, it was ordered that no Decrees or Instructions of any description would be issued except through the medium of AGI; and that tax assessment and collection should proceed as laid down by pre-Fascist and Fascist Government Decrees, with one exception, namely, that the tax on the Bonds falling due on the 1st of July was to be deducted at the rate in force in the South, i.e. 20% and not the enhanced rate of 26%.

2. With the object of baulking the Germans of revenue, the Intendants had been very free in granting Tollremise, reports on the amount granted varying between 130 and 180 million lire. The Esattoria, Monte dei Paschi di Siena, suggested affording relief to taxpayers by waiving the penalties on arrears which would normally be payable on arrears of taxes. Relief to be given if payment was made before the 20th of July. The Intendants suggested the 31st of August to be the final day for payment. It was stated that the Ministry had under consideration a scheme for affording such relief to all recently liberated territory. However, on the ground that it would be advantageous to announce an early decision it was decided to accept the Esattoria's offer and a Press notice, concurred by the AGC was published. This covered Direct Taxes only, and left it open for the Government to give any further relief it desired as regards Indirect Taxes or by an extension of the date for payment. The increased revenue resulting from this action will not be known until the end of the month but should be considerable.

C. Payments of Salaries and Pensions to Civil Employees

For the reason that the machinery for the payment of civil servants at State level cannot function, the Intendants have been charged with the work of paying the civil servants of all Ministries. At a meeting of the Regione's Central Office of each Ministry, demands were called for to cover the payments of June salaries, pensions and current expenses. These payments are to be regarded as "advances". As it is unlikely that the State Treasury will function shortly, the July payment will be of a similar nature. The Ministry is however being pressed to formulate a clear policy as to exactly which of the many different types of salary payment are to be made. The total required for this purpose came to 562 million lire. The Bank of Italy placed this sum to credit of Intendants in a separate account. The payment of pensions to the dependants of Prisoners of War, discharged soldiers, etc., is a question which is still unsettled. The Ministry has been asked to find out what is the existing machinery for these payments and to issue the necessary instructions as quickly as possible.

At the national level, it was ordered that no Decrees or Instructions of any description would be issued except through the medium of ASD; and that tax assessment and collection should proceed as laid down by pre-fascist and Fascist Government Decrees, with one exception, namely, that the tax on the Bonds falling due on the 1st of July was to be deducted at the rate in force in the South, i.e. 20% and not the enhanced rate of 28%.

2. With the object of hauling the Germans of revenue, the Intendente had been very free in granting Tollernase, reports on the amount granted varying between 130 and 180 million lire. The Esattoria, Monte dei Paschi di Siena, suggested affording relief to taxpayers by waiving the penalties on arrears which would normally be payable on arrears of taxes. Relief to be given if payment was made before the 20th of July. The Intendente suggested the 31st of August to be the final day for payment. It was stated that the Ministry had under consideration a scheme for affording such relief to all recently liberated territory. However, on the ground that it would be advantageous to announce an early decision it was decided to accept the Esattoria's offer and a Press notice, censored by the ASD was published. This covered Direct Taxes only, and left it open for the Government to give any further relief it desired as regards Indirect Taxes or by an extension of the date for payment. The increased revenue resulting from this action will not be known until the end of the month but should be considerable.

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D. Monopolies

1. Tobacco. Arrangements have been made for the supply of lubricating oil, etc. required for machine maintenance and for supply of electric power. Much work has been done in connection with the supply of manufacturing materials. The factory is unharmed and is capable of full production as and when electric current is available.
2. Salt. Based on a ration figure of 120 grams per person per month which seems to be the likely figure on stocks available, it is considered that at least two months supply over and above present stocks in Rome is in transit. This compares favorably with the position as at the date of liberation when although the ration card entitlement was 500 grams per head per month, only 50 grams was available. Other sources of supply are being investigated.

VI. INSURANCE, SAVINGS BANKS AND OTHER INSTITUTIONS

A. Insurance

Adequate data are not yet available to provide a historical survey of insurance institutions in Rome from the outbreak of war until liberation.

1. Social Insurance

None of the four chief Social Insurance Institutions remains in Rome on a national basis, the National offices having been to a considerable degree evacuated to the north, although a sizeable part of the national staff and funds were left in Rome.

During disturbances which followed the departure of the Germans, several officials of the Institutions were expelled by the employees. Each Provincial office was then controlled by a "Comitato Straordinario" on the authority of the Committee of Liberation. The Italian Government have arranged for the National Commissioners for the Istituto Nazionale della Previdenza Sociale, the Istituto Nazionale per l'Assistenza contro l'Infortunio sul Lavoro, and the Istituto per l'Assistenza di Malattia ai Lavoratori, to come to Rome and take charge on a national level.

2. Commercial Insurance

Head Offices. On departure of the Germans from Rome, action was taken by the employees in the offices of the Istituto Nazionale delle Assicurazioni, and its two main subsidiaries, Previdenza and Assicurazioni d'Italia, resulting in the expulsion of several officials. On the authority of a proclamation issued by the Committee of Liberation, Senator Cesare Scavonetti resumed the post of President, to which he had been appointed by Marshal Badoglio in July 1943, and from which he had been ejected by the Fascist Republican Government, whilst Comm. Ignazio Giordani resumed his post as Direttore Generale. The authority of these two remained very doubtful, and a state of unrest continued. On 29 June, Comm. Dott. Alfredo de Liguoro, the Government-appointed Commissioner for the three concerns, arrived in Rome with direct orders from the Government - and with the approval of the AGO - to take over the main offices. A meeting with Senator Scavonetti was arranged, and was cordial. Dott. de Liguoro formally took over on 30 June, later reporting that the unrest had died down to some extent. Unfortunately, Comm. Ignazio Giordani became unwilling to accept the Commissioner's authority, and at the request of the latter, backed by Dott. Vigorita of the Ministry, Comm. Giordani had to be formally requested to hand over by AGO HQ. Political feeling in all three offices remains sharp, and they will have to remain closed for the time being until the Commissioner reports that they are in a satisfactory condition to reopen.

The offices of the Institute are intact, but lack power for accounting machinery; this is being remedied. Preliminary reports, and conversations indicate that only a small proportion of funds and securities, and a few records, were removed, this being due, it is alleged, to the dilatory tactics adopted by certain of the officials and staff to the orders of the Republican Government and their nominees.

Reports as yet to hand from other Head Offices indicate a good state of affairs, and no undue delay is anticipated in re-opening a number of these under control.

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Branch Offices. Several companies have provided for Sub-head Offices in Rome which state that they are staffed and equipped to take charge of affairs in all liberated Italy. The question of allowing this authority to operate, subject to security considerations, is under discussion with the Ministry official, who plans to report to his Government on 7 July. There is no doubt that some of such offices are senior to and more capable technically than some of the Commissioners already appointed for the same Companies. In other such cases, no Commissioners have yet been appointed, and there are no technical obstacles to their resuming charge. Certain restrictions are, however, visualized.

There are smaller agencies of other companies which will have to remain inactive for lack of a co-ordinating and supervising authority.

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Foreign Companies. Three French Companies with offices in Rome have so far declared funds, also one German Company. A decision by the French authorities (see May Report) is still awaited. Representatives of several British Companies have also reported, who will be taken over by the Director of Property Control.

Personnel. Security reports have been requested on a number of the higher insurance officials known to be in Rome, and the scope of this will gradually be extended.

B. Securities Exchange in Rome

1. The volume of transactions in recent months may be summarized as follows:

- a) January - 25 July 1943. Moderate transactions in bonds and little dealing in shares.
- b) 25 July - 8 September 1943. Slight demand for bonds and active transactions in shares.
- c) 8 September 1943 - 4 June 1944. A large volume of transactions in both bonds and shares, arising from the great quantity of funds in search of employment.
- d) 5 June 1944 to date. Very small transactions in bonds and none in shares, as the Exchange was closed by A.M.S.

2. The course of prices for securities of fixed yields is indicated in detail in the first of the tables in Appendix P. As in southern Italy, the $3\frac{1}{2}$ per cent rentes of 1906, which before July 1943 sold at about the same level as the 5 per cent rente has continuously widened the gap between the two, rising more rapidly at times and falling less rapidly at other times. The explanation offered is that it is a pre-fascist security and therefore has better prospects for service in full, while as a low coupon security, it is less subject to forfeiture or semi-forfeiture conversion. That is to say, the public expects the interest rate on Italian government bonds of perpetual type, with no stated maturity, to settle at 2.35 per cent, based on the quotation of the $3\frac{1}{2}$ per cent rente on 31 May. This level is somewhat too low, of course, as doubtless this security held a favored position. Based on the 5% rente, the expected level of interest rates was a little more than 5 per cent, which is too high, as people were reducing holdings of this bond. But the public clearly expected a rate between 2 $\frac{1}{2}$ and 5 per cent, and was willing to take public securities considered safe, at the lower rate.

These prices suggest very strongly that the existing rates on the Treasury bills (Bauri del Tesoro ordinari, 4 - 12 months maturities, are higher than is necessary to bring in subscriptions. They demonstrate the powerful effects of a large supply of liquid assets on the price of bonds, even under unsettled conditions.

3. The course of prices for shares is set forth in detail in the second of the tables in the Appendix. Generally summarized, there was a sharp rise in April 1943, followed by a plateau, and then another rise in November and December. Following a return to earlier levels in March, the really steep advance commenced in April, and the index rose from 108 in March to 252 in April, then to 352 on 1 June. Apparently this latter movement was an attempt to find a hedge against inflation.

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C. Other Financial Organizational Developments

1. Movement of offices

After the Armistice the Saloglio government no longer could function in Rome. On 16 September the commander of the city of Rome nominated commissioners for each of the ministries. These were given all the regular powers of the ministers plus the power to issue with the approval of the Council of State rules having the force of law. The commissioners functioned up to the beginning of October.

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On 8 October the Fascist Republican Government took over the governmental powers. However, the ministers named never exercised their powers in Rome directly as they remained in northern Italy and only made sporadic visits to the capital. For the handling of all the administration pertaining to the city of Rome, there were named from among the high functionaries resident in Rome, a General Secretary for each of the ministries.

Successively, with the transfer to the north of the offices of the various ministries still remaining at Rome, the administrative life of the capital came to be completely regulated by the ministries resident in northern Italy. However, in May 1944 there was nominated a High Commissioner for the city of Rome with plenary powers.

After the movement to the north of the ministries, parastatal bodies, and Fascist party organizations, instructions were given that the head offices of all firms, societies and organizations of whatever sort controlled by state or parastatal organizations should likewise transfer to the north. The decree requiring such action was published 10 February 1944. The movement was to be completed by 14 May 1944. The banks attempted to secure that the accounts of such bodies should be transferred to their northern branches rather than be extinguished by withdrawal of cash. A total of 3,200 million lire of deposits and 5,400 million lire of securities was transferred in this way.

2. National Committee of Liberation

Important plans in the financial field were prepared by the National Committee of Liberation during the period of the German occupation. Representative groups of the various parties were nominated for each financial institution. The function of these groups were to exercise surveillance over the activities of the senior administrative personnel; to impede in every way possible the transfer of documents, papers and assets to North Italy; to prepare documented lists of pro-Nazi-Fascist personnel. In addition, these groups were charged with the responsibility of acting, where necessary, during the interim period between the evacuation of the Germans from Rome and the entry of the Allies. For this purpose, a Commissioner was appointed in a number of instances, particularly in the case of national institutions, such as Istituti, which had been removed to North Italy.

Upon the arrival of the Allies, therefore, it was immediately clear that viable functions had been entrusted to the representative National Committee of Liberation groups established within the financial institutions. These groups have fully co-operated with Allied military officials.

Under Order No. 3 issued by General Rendulic (interim military and civil Commander for Rome) all personnel discharged by the Nazis and Fascist for refusing to go North or for other reasons, were unconditionally reinstated.

It has been necessary to proceed in some cases independently of this Order because, in specific cases, undesirable individuals would have been reinstated.

Within a few days of the evacuation of Rome, the Governor of the Banca d'Italia, Vincenzo Arditici, was placed under arrest because of collaboration with the Germans. He was vigorously attacked by the newly liberated Italian Press for having permitted the transfer to Germany of the bulk of Italian gold reserves. There is attached to this

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Within a few days of the occupation of Rome, the Governor of the Roman d'Italia, Virgilio Ascoli, was placed under arrest because of collaboration with the Germans. He was vigorously attacked by the newly liberated Italian Press for having permitted the transfer to Germany of the bulk of Italian gold reserves. There is attached to this report a statement prepared by Mr. V. Ascoli to refute these charges. However, blameless he may have been in this respect, it appears clear that the former Governor of the Roman d'Italia had, in fact, cooperated closely with the Mussolini regime. Even as late as July 1943, he served the Fascist regime by ordering Italian banks to turn all currency which might otherwise fall into the hands of the Allies.

3. Roman d'Italia

The Fascist Republican Government insisted that the Roman d'Italia central administration move to the north with the remainder of the government. The Roman d'Italia prepared a plan for setting up a central representative in the north. This, however, was not enough, and it was insisted that the entire central office and the Governor move north.

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A new head office was set up then at Montecarlo (at Como) and the number of personnel to be sent there was increased. The Governor and the Inspectorate moved to the new head offices on 2 January 1944. The new offices had partly begun to function as early as 1 December 1943, a part at Como, a part at Milan, and a part at Bergamo.

However, the Banca d'Italia took good care to conserve its central administration at Rome practically intact and it was in that condition that it was found on the liberation of Rome.

4. Inspectorate of Credit

The supervision over the banks and other credit institutions exercised by the Inspectorate of Credit had earlier in the war been re-centralized to the local branches of the Banca d'Italia in the event that their prompt and easy contact with the Central Administration was ruptured.

In December 1943, the Inspectorate was placed under the direct control of the Ministry of Finance. It apparently was felt that the controls of the Inspectorate exercised by the Banca d'Italia were not vigorous enough in guiding credit policy in line with the objectives laid down by the Government. The Governor of the bank continued, however, as the head of the Inspectorate until February 1944, when he was replaced by the Director-General of the Treasury.

The head office of the Inspectorate was moved north to Brescia in February 1944. The Banca d'Italia continued to maintain its own surveillance over the banks through its own inspectors.

5. Institute for Industrial Reconstruction

The Istituto per la Ricostruzione Industriale is one of the most strategically important organs of the Italian Government. It controls the three big commercial banks of Italy (Banca Commerciale Italiana, Credito Italiano, and Banco di Roma) and a fourth smaller bank, the Banco di Santo Spirito. It controls or participates in the control of almost half of all Italian industry. The bulk of the heavy and armament-producing industries came under the control of I.R.I.

After the Armistice, the old officials of I.R.I. were superseded by a Commissioner, Prof. Alberto Ardigò, appointed by the Fascist republican government. The President, Prof. Francesco Giordani, the General Director, Dr. Renato Menichella, and the board of directors were completely superseded. The Commissioner ordered that the functions of I.R.I. be transferred to Milan. The legal residence of I.R.I. remained in Rome, however. The office in Rome was left in charge of a vice-director and was given the task of overseeing the I.R.I. companies located south of the Emilia-Tuscan group of the Appennines.

The activity which I.R.I., as a whole, could carry on was greatly reduced. Contact with the companies controlled became difficult, as a result of the increasing break-down of transport and communications. At the same time, the German authorities paid no attention to I.R.I. but dealt directly with each company individually. As a result, only a handful of employees were moved to Milan or left in Rome, the rest were dismissed.

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In February 1944, the Commissioner was replaced by Avv. Vincenzo Tocco. The new commissioner reorganized the Milan office in May, decentralizing the functions of General Director. Very little information was given to the Rome office after the move north, and not much is known of the operations of I.R.I., therefore, for this period.

The records of I.R.I. in Rome for the period prior to 8 October 1943 are practically intact. The organization has been kept together until such time as the Italian government in consultation with the Allied Control Commission is ready to take action in this field. Arrangements were made to meet the I.R.I. payrolls out of its available funds and to meet the interest payment due 1 July 1944 on its bonds which are state-guaranteed. I.R.I. has likewise been allowed to meet any routine normal expenditures. Prior approval for all transactions involving 10,000 lire was required, however. The acting-director was instructed to deposit the bulk of the abnormal cash holdings of I.R.I. in its bank accounts.

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The former General Director, Dr. Michelini has made himself available for any assistance which he can give to the organization. He has refused, however, the request of the present Under-Secretary of the Treasury that he reassume his former office.

6. Centralization of the Banks

The banks had during the war made certain arrangements to deal with the possibility that some of their branches might find themselves either cut off entirely from their head offices or not be able to communicate easily with their head offices.

The Banco di Napoli, for example, set up two provisional offices of coordination, one at Rome and one at Milan. At each of these there were set up the appropriate responsible administrative organs in order to assure the functioning of the branches in the surrounding territory. The two centers operated in close cooperation as long as there was a possibility of communication between them. Now the Milan center is working autonomously and coordinating the work of all the branches in the territory not yet liberated. The Rome center as soon as it makes good contact with the head offices at Naples will cease to function. The Banco di Sicilia made similar arrangements.

The branches at Rome of the banks having their head offices in North Italy have all provided for their Roman offices by detaching the proper managing personnel with the necessary powers for the normal and complete functioning of the Roman branches.

The Bank, Monte dei Paschi, which has its head office in Siena made similar arrangements but these were not put in force on the liberation of Rome as the liberation of Siena did not appear too distant.

The Fascist Republican government obliged the banks which have their head offices in Rome (Banca Nazionale del Lavoro, Banco di Roma, Banco Nazionale dell'Agricoltura) to transfer their offices to northern Italy. However, these banks successfully maintained enough of their head offices intact in Rome to be able to function.

VII. THE FOOD SITUATION

A. Description of the Rationing System

The Italian government decided only in September 1939 to plan for food rationing. On 1 October a general census of the population was made to secure the information necessary for the rationing. Each family reported the number in the family, their ages, professions, the persons present as boarders or guests, the persons absent. For each person a ration card was prepared, except for certain collective cards for those who lived in religious communities, institutes, colleges, etc.

Ration cards were not distributed until the autumn of 1941. At the beginning the cards were distributed, one for bread, pasta, and rice and the other for sugar, oil, butter, lard, and soap. Later the card for miscellaneous foods was introduced, which covered meat, milk, cheese, legumes, and other foods.

Food rationing itself was introduced piece-meal, as follows:

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Food rationing itself was introduced piece-meal, as follows:

February 1940:	Sugar
	oil
	butter
	lard
	pasta
	rice
	meat
	bread
	potatoes
	eggs
	cheese
	olives
	dry vegetables
	milk

March 1941:
October 1941:

From 1935 the sale of meat to consumers had been limited to certain days of the week. In September 1939 the sale of coffee was totally suspended.

The distribution of foods was not uniform in all the territory, depending in great part upon provincial supplies. Besides the normal ration those were assigned supplements to children from 9 to 15 years old, and to workers sub-classified in 3 categories (simple work, heavy work, and very heavy work). Special supplements were given to the sick on the authority of a doctor's prescription. This privilege was frequently abused and hence, rigorous control was applied.

There were special distributions of products at irregular intervals for infants (milk and baby's soap), for children (sugar, jam, etc.) for the old (milk, jam, etc.), and for the workers (various products).

Together with the ration card on miscellaneous foods there was delivered an individual clothing ration card divided into 3 sections. The first for the purchase of suits, textiles and stockings; the second for the purchase of underwear, tapestry, tables and bed linen; the third for thread and yarns. The Provincial Movement Councils, in agreement with the various syndicates, fixed the number of points necessary for the purchase of particular articles. The duration of the individual clothing cards was supposed to be one year. The first one was distributed in the fall of 1941 and replaced in November 1942. The latter one was supposed to have been invalid in November 1943 but was prolonged to June 1944.

Initially, there existed a ration card for the drawing of cigarettes. Based on the ration card for miscellaneous foods there were delivered special cards for the men for the allotment of cigarettes. These cards were divided into 52 parts, one for each week. The weekly ration was 40 cigarettes. There were 57 issues of cigarettes from the introduction of the card to the first week in June 1944. Together with the cigarette ration there were distributed on alternate weeks, two small boxes of matches.

The changes in the basic bread ration to date are given in the following table. It is to be noted that the first increase to 150 grams a day took place in November 1942. This lasted until the 24th March of this year when the ration was decreased to 100 grams and this was not increased again until after the liberation of the city.

Period	Bread Ration in Rome				
	Normal Ration	Laborers	Heavy work	Very heavy work	Children 9 - 15 years old
October - November 1941	200	300	400	400	200
December 1941 - 14 March 1942	200	300	400	500	200
15 March 1942 - 15 November 1942	150	250	350	450	150
16 November 1942 - March 1943	150	300	400	500	200
April - November 1943	150	250	350	450	150
December 1943 - 24 March 1944	150	225	325	425	225
25 March - 20 June 1944	100	275	375	475	175
20 June - 28 June 1944	150	375	475	575	175
29 June 1944 -	200	275	375	475	200

300.7, for the winners (various products.)

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Previously, there existed a ration card for the drawing of cigarettes. Based on the ration card for miscellaneous foods there were delivered special cards for the men for the allotment of cigarettes. These cards were divided into 52 parts, one for each week. The weekly ration was 40 cigarettes. There were 37 issues of cigarettes from the introduction of the card to the first week in June 1944. Together with the cigarettes there were distributed on alternate weeks, two small boxes of matches.

The changes in the Rome bread ration to date are given in the following table. It is to be noted that the first decrease to 150 grams a day took place in November 1942. This lasted until the 24th March of this year when the ration was decreased to 100 grams and this was not increased again until after the liberation of the city.

Bread Ration in Rome

Period	Normal Ration		very heavy work		Children 9 - 16 years old	
	Men	Women	Men	Women	Men	Women
October - November 1941	200	300	400	400	200	200
December 1941 - 14 March 1942	200	300	400	400	200	200
15 March 1942 - 15 November 1942	150	250	350	350	150	150
16 November 1942 - March 1943	150	250	400	400	200	200
April - November 1943	150	250	350	350	150	150
December 1943 - 24 March 1944	150	329	425	425	225	225
25 March - 20 June 1944	100	275	375	375	175	175
20 June - 28 June 1944	150	275	375	375	175	175
29 June 1944 -	200	275	375	375	200	200

h. The Food Situation Before the Armistice

From the beginning of the war to the armistice, the food situation of the civil population in Rome gradually became worse and worse. This was due to the fact that agricultural production which had to meet the growing needs of the armed forces was confronted with difficulties of securing labor, seed, fertilizers, fuel, transport, and not least, the difficulties deriving from the insufficient controls which even the simplest agricultural activity complex.

But considering the availability of food products which the Italian soil could furnish the Italian population in normal times, it has been stated (vide B. Crespi - Discussions in the Senate on the budget estimates of the Ministry of Agriculture and Forestry for the fiscal year 1942-43, 34 Session) that the food crisis in the country (May 1942) did not derive from a serious deficiency of products but rather from bad distribution. This was caused by the lack of transport, inexact statistics, poor storage of some products, and lack of honesty of a few distributors and lack of discipline of many consumers. From many sources and especially in the

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Parliamentary discussions in the Senate, there was repeatedly requested a revision in the supply organization, the exempting of food exports which were being sold to secure speculative or even simple commercial profits, and the securing of a greater supply of food products from the usual European suppliers, especially from the Balkans.

In Rome, as in other Italian cities, the adoption of rationing resulted in considerable inconvenience. There was no plan in the country for complete rationing in the entrance of Italy into the war. It is to be noted, in fact, that the change-over from a regime of normal distribution to a regime of almost total rationing was realized tardily. That is, rationing was introduced only when the supply problem of a commodity already had presented its first difficulties, when the holders of merchandise in spite of the regulations, were hiding their stocks in the hope of future benefits, when the wealthier classes had built up large domestic reserves. This anticipatory guarding of merchandise, often made possible by the lack of synchronization in the announcement of the expansion of the rationing system and the blocking of the stocks of the stores, had everywhere led to the forming of clandestine prices. The payments to themselves a higher return than the law made possible and to secure the profits which could be forseen from the growing lack of commodities - evading the obligation of deliveries of agricultural products to the masses. They were stimulated in this by the increase in their costs and by the low prices given to them by the masses.

Rome is mainly a consumer city rather than a production center. Its population continually increased during the war. At the same time, it is relatively distant from the centers of production except for the agricultural zone immediately outside the city, which, however, cannot meet the city's food demands. As a result, the clandestine transactions, the doubling and re-doubling of prices, continually grew in scale in spite of controls and repressions, as the number of commodities brought under rationing increased. And this was aggravated by the fact that the rations announced, because of transport difficulties or other reasons, were late in reaching the consumer.

As can be seen from the table below, comparing monthly rations in May 1943 with May 1942, while the situation had worsened somewhat, it was still far from being described as a food crisis.

Commodity

Max Monthly Ration

1942 1943

Bread	Kilo	4.500	4.500
Pasta	"	1.500	1.400
Rice	"	0.500	0.600
Beans	"	0.150	0
Potatoes	"	0.600	1.000
Oil	Litre	0.300	0.300
Butter	Kilo	0.070	0.080
Bacon	"	0.030	0.050
Ham & Sausages	"	0.125	0
Deer	"	0.600	0.600
Pork	"	0	0
Sheep & Goat Meat	"	0.200	0
Sweet broths	"	0.150	0.050
Sugar	"	0.500	0.500
Eggs	number	4	0
Milk	litre	3.000	3.000
	kilo	0.150	0.100
		0.100	0.050

(hard)

compromise, often made possible by the lack of synchronization in the announcement of the expansion of the rationing system and the blocking of the stores of the stores, had everywhere led to the forming of clandestine prices. The peasants to themselves a higher price than the law made possible and to secure the profits which would be foreseen from the growing lack of commodities - evaluating obligation of deliveries of agricultural products to the masses. They were stimulated in this by the increase in their costs and by the low prices given to them by the masses.

There is mainly a consumer city rather than a production center. Its population continually increased during the war. At the same time, it is relatively distant from the centers of production except for the agricultural zone immediately outside the city, which, however, cannot meet the city's food demands. As a result, the circulating transactions, the doubling and re-doubling of prices, continually grew in scale in spite of controls and repressions, as the number of commodities brought under rationing increased. And this was aggravated by the fact that the rationing announced, because of transport difficulties or other reasons, were late in reaching the consumer.

As can be seen from the table below, comparing monthly rations in May 1943 with May 1942, while the situation had worsened somewhat, it was still far from being described as a food crisis.

Accountability

Commodity	May Monthly Position	
	1942	1943
Bread	Kilo	4.500
Pasta	"	1.500
Rice	"	0.500
Beans	"	0.150
Potatoes	"	0.600
Oil	litre	0.300
Butter	Kilo	0.070
Eggs	"	0.050
Ham & Saus	"	0.125
Meat	"	0.600
Pork	"	0
Sheep & Goat Meat	"	0.200
Sweet breads	"	0.150
Sugar	"	0.500
Eggs	number	4
Milk	litre	3.000
	Kilo	0.150
	"	0.100
	"	0.050
	"	0.200
Chinese	(hard semi-hard fresh)	

Around the middle of 1943, the city began to feel a reduced supply of industrial products from the north where the aerial offensive against the industrial centers had just been intensified. At the same time, there was a reduced supply of agricultural products from the south. The transport system of the south, scarcely efficient in normal times, besides being under aerial bombing, was experiencing an unprecedented congestion of military traffic (supplies for the Sicilian campaign) and of the growing exodus of the population to central Italy.

A further worsening occurred during the months of July and August 1943 following the first two bombings of the city. The damage suffered by the rail network forced freight cars of merchandise carrying goods to the city to wait far from the freight unloading centers. The supplies had to be unloaded under disadvantageous conditions and transported by trucks, already insufficient in number which were feeling the lack of fuel, of spare parts and of tires.

The rapid increase of the population through the arrival of refugees and evacuees from the south contributed to the food needs of the city. This additional demand, which could not be immediately satisfied by the supplies in the official market, resulted in a greater demand on the illegal market. The illegal market, already being resorted to by the people whenever the scarcity ration was not distributed on the allotted days, came under increased pressure and prices increased rapidly.

C. The Food Situation From 8 September 1943 to 4 June 1944

While there continued to be distribution of bread after the Armistice due to reserve stocks in the city, there was an immediate stop in the supplying of cereals and of fruits and vegetables.

The Allied landings at Salerno and in Puglia (9 - 10 September), the progressive interruption of the supplies from the Italian territory situated to the south of the line Salerno - Canino, the occupation of the remaining Italian territory by the Germans, the temporary suspension of the rail and automobile traffic with Central and Northern Italy where the food situation was still satisfactory, the disorganization of the food control authority, all created a difficult situation for the poor classes who did not have domestic reserves of food.

At the passing of some time, the situation became a little less abnormal and allowed the small producers in the immediate vicinity of the capital and especially through improvised intermediaries to send to Rome, small quantities of merchandise and of vegetables. These found their way, naturally, to the illegal market which registered higher prices as the difficulties of transport and of risk mounted. The illegal trade-actions on the narrow of the armistice, assumed, from the force of things, proportions always more extensive. Also, they were indirectly encouraged by the absence of every rationing control on the part of the authorities. This control was no longer exercised because of the many other tasks being performed by the police and because of the liquidation of the Corps of the Carabinieri in Rome. The illegal market was encouraged by the fear which became reality that agricultural products and animals would be seized by the Germans.

Among other developments, it was to be observed that while on the official market, certain goods were undoubtedly, on the illegal market, especially for a certain period of time, they were so abundant (especially meat, for example, that there was a slight decrease in prices. For other commodities, however, (flour, and in general, food), the prices of the illegal transactions experienced a strong upward movement. An added reason was that it was rumored and then confirmed by a number of sources, that the German troops, after having largely taken away the reserve stocks in the warehouses, probably in order to create an alibi for themselves, had allowed the people to loot the little remaining. This resulted in the desperation and the spoiling of considerable quantities of merchandise.

C. The Food Situation From 3 September 1943 to 4 June 1944

While there continued to be distribution of bread after the Armistice due to massive stores in the city, there was an immediate stop in the supplying of merchandise and of fruits and vegetables.

The Allied landings at Salerno and in Puglia (9 - 13 September), the progressive interruption of the supplies from the Italian territory situated to the south of the line Salerno - Capua, the occupation of the remaining Italian territory by the Germans, the temporary suspension of the rail and automobile traffic with Central and northern Italy where the food situation was still satisfactory, the disorganization of the food control authority, all created a difficult situation for the poor classes who did not have domestic reserves of food.

With the passing of some time, the situation became a little less abnormal and allowed the small producers in the immediate vicinity of the capital and especially through improvised intermediaries to send to Rome small quantities of vegetables and of fruits. These found their way, naturally, to the illegal market which registered higher prices as the difficulties of transport and of risk mounted. The illegal transactions on the border of the amnesty, exempted from the force of things, proved to be always more extensive. Also, they were indirectly encouraged by the absence of every rationing control on the part of the authorities. This control was no longer exercised because of the easy other bases being performed by the police and because of the dissolution of the Corps of the Carabinieri in Rome. The illegal market was encouraged by the fear which became reality that agricultural products and animals would be seized by the Germans.

Among other developments, it was to be observed that while on the official market, certain goods were unobtainable, on the illegal market, especially for a certain period of time, they were so abundant (especially meat, for example) that there was a slight decrease in prices. For other commodities, however, (flour, and in general, fats), the prices of the illegal transactions experienced a strong upward movement. An added reason was that it was rumored and then confirmed by a number of sources, that the German troops, after having largely taken away the reserve stocks in the warehouses, probably in order to create an alibi for themselves, had allowed the people to loot the retail markets. This resulted in the dispersion and the spoiling of considerable quantities of merchandise.

Later, the authorities with the intent of "normalization" of the legal market and to eliminate the clandestine markets and above all the so-called "black markets" ordered that from 6 December on, no person could come to the city without a certificate given by his commune, and controlled by the competent prefecture. It was, however, "tolerated" that every person could transport up to 5 kilograms of foodstuffs.

These regulations, except for some sporadic enforcement of which the newspapers made great play, were far from attaining their goal. The black market continued to prosper, and particularly in so far as the official market began to prove in a growing degree to be unable to provide for the distribution of the normal ration on time. The announcement of distribution of rations were widely publicized but were greeted with some skepticism by the public. The following table gives a comparison of the rations announced and those actually distributed. In February, 1.5 kilos of pasta and 0.5 kilos of rice were to be distributed and none was actually made available.

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Manual and Effective Monthly Rations for Pows During the First 3 Months of 1944

Item	Unit	January		February		March	
		Announced	Distributed	Announced	Distributed	Announced	Distributed
Bread	Kilos	4,500	4,500	4,500	4,500	4,500	4,500(1)
Pasta	"	-	.500	1,500	-	.500	.500
Rice	"	-	.500	.500	-	.500	.500
Dry beans	"	1,000	.500	.300	.300	-	-
Potatoes	"	.500	.500	-	-	-	-
Peas	"	-	-	.100	.100	-	-
Butter	Kilos	.050	.050	-	.050	-	.050
Lard	"	-	-	-	-	.050	.050
Meat:							
Beef	"	.300	.300	.100	.100	.100	.100
Mutton	"	.250	-	.250	.250	.250	.250
Sugar	"	-	-	2	2	2	2
Flour	"	-	-	-	-	-	-
Cheese:							
Hard	Kilos	.200	.200	.200	.200	-	-
Soft	"	.050	.050	.050	.050	.050	.050
Fresh fruit	"	.500	.250	-	-	-	-
Apples	"	.400	.400	.100	.100	.100	.100
Potato paste	"	-	-	.050	.050	.050	.050

(1) Beginning March 25 decreased to 100 grams daily.

Item	Unit	April		May		Distributed Monthly Average
		Announced	Distributed	Announced	Distributed	
Bread	Kilos	3,000	3,100	3,000	3,000	3,850
Pasta	"	-	-	.500	.500	.400
Rice	"	-	-	-	-	.160
Dry beans	"	-	-	-	-	.100
Potatoes	"	-	-	-	-	.020
Potato meal	"	-	-	-	-	-
Peas:						
Olive oil	Liters	-	-	-	-	-
Butter	Kilos	.100	.100	.100	.100	.180
Lard	"	-	-	-	-	-
Meat:						
Beef	"	-	-	.100	.100	.180
Mutton	"	-	-	-	-	.100
Sugar	"	-	-	2	2	1.2
Flour	"	3	3	-	-	-
Cheese:						
Hard	Kilos	-	-	.100	.100	.100

Item	Unit	Amount	April	May	Distributed
Olive oil (liters)	liters	.050	.100	.100	.050
Butter (kilos)	kilos	.050	.050	.050	.050
Lard	"	-	-	-	-
Beef (mutton)	"	.300	.400	.400	.100
Sugar	"	.750	.250	.250	.250
Beans	number	-	2	2	2
Onions	"	.200	.200	.200	.100
Onion (small)	"	.050	.050	.050	.050
Fresh fruit	"	.500	.250	.250	.100
Tomato	"	.400	.100	.100	.100
Tomato paste	"	-	.050	.050	.050

(1) Beginning March 25 increased to 100 grams daily.

Item	Unit	Amount	April	May	Distributed
Beans (Pasta)	kilos	3.000	3.100	3.500	3.500
Rice	"	-	-	.500	.500
Dry beans	"	-	-	-	-
Potatoes	"	-	-	-	-
Potato meal	"	-	-	-	-
Butter	liters	-	-	-	-
Olive oil	kilos	.100	.100	.100	.100
Butter	"	-	-	-	-
Lard	"	-	-	-	-
Beef	"	-	-	-	-
Mutton	"	-	-	.100	.100
Sugar	"	-	-	-	-
Beans	number	3	3	2	2
Onions	"	-	-	-	-
Onion (small)	kilos	-	-	.100	.100
Fresh fruit	"	.100	.100	.050	.050
Tomato	"	-	-	-	-
Tomato paste	"	-	-	-	-

By the middle of January 1944, the city was almost totally cut off from the Italian railway system. The provisioning of the city was thus dependent on the civil automobiles and trucks which the Germans had succeeded in withdrawing from the periodic and often sporadic arbitrary requisitions either in the garages or on the streets by the authorities or by the German troops. It must be added that often these means of transport received such damage from the aerial attacks as to be put out of commission. As a result, the disinclination of the drivers to leave the city for trips increased.

After the landing at Anzio (22 January), the supply position was worsened by the disorderly influx of refugees from the Alban hills and from the Pontine marshes which were precipitously evacuated by order of the German authorities and then deliberately flooded. The latter evacuation also resulted in a loss of another source of supplies for the city.

The authorities exerted the agricultural production of the provinces to transport to Rome all the merchandise possible. A premium in cigarettes was promised to those who would take their products to the German market. It was announced that the control on imports of foodstuffs into Rome would be relaxed. Due to lack of coordination between the Germans and the Italian authorities, the people who acted on the announcement were stopped at the control points and their merchandise seized. It was then announced that the old system of control remained in effect. The provisioning of the city again became dependent on the black market operators. The press and the radio gave wide publicity to the German propaganda on their vain attempts to flood the city. The failure was blamed on the machine-gunning of the transport on the way to the city.

In the months that followed, the situation continued to worsen. There were slight advantages secured by the organization of canteen houses and company stores. These had to overcome interference by the German authorities, surmount the difficulties of getting transport and to get to the centers of available supply which were obviously more distant from the city. The appeals for refugees to go north and the rumors that the situation was much better than it did not succeed in easing the situation.

In the following table can be seen the notable worsening of the ration position from May 1943 to May 1944.

Monthly Rations Distributed in Rome

Item	Unit	May 1943	May 1944
Bread	Kilos	1,500	3,000
Pasta	"	1,400	700
Rice	"	600	0
Kidney beans	"	0	0
Potatoes	"	1,000	0
Olive oil	Liters	300	0
Butter	Kilos	0.050	0.050
Lard	"	0.050	0
Ham & Sausage	"	0	0
Beef	"	0.600	0
Sheep & Goat meat	"	0	0.100
Sweet breads	"	0.050	0
Sugar	"	500	0

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The authorities exerted the agricultural products of the provinces to transport to Rome all the merchandise possible. A premium in cigarettes was provided to those who would take their products to the general markets. It was announced that the control on imports of foodstuffs into Rome would be removed. Due to lack of coordination between the Germans and the Italian authorities, the people who acted on the announcement were stopped at the control points and their merchandise seized. It was then announced that the old system of control remained in effect. The provisioning of the city again became dependent on the black market operators. The press and the radio gave wide publicity to the German propaganda on their vain attempts to feed the city. The failure was blamed on the machine-running of the transport on the way to the city.

In the weeks that followed, the situation continued to worsen. There were slight advantages secured by the organization of company messes and company stores. These had to overcome interference by the German authorities, surmount the difficulties of getting transport and to get to the centers of available supply which were constantly more distant from the city. The appeals for refugees to go north and the rumors that the situation was much better there did not succeed in easing the situation.

In the following table can be seen the notable worsening of the ration position from May 1943 to May 1944.

Monthly Rations Distributed in Rome

Item	Unit	May 1943	May 1944
Bread	Kilos	4.500	3.000
Pasta	"	1.400	()
Rice	"	.800	()
Kidney Beans	"	0	0
Potatoes	"	1.000	0
Olive Oil	"	.300	0
Butter	"	.050	.050
Eggs	"	.050	0
Beef & Sausage	"	0	0
Meat	"	.500	.100
Sheep & Goat Meat	"	.050	0
Sweet Breads	"	.500	0
Sugar	"	0	0
Eggs	"	0	0
Milk	"	0	0
Chopped (hard)	Kilos	3.000	3.3983
Chopped (semi-hard)	"	.200	(1)
Chopped (Fresh)	"	.050	.100
			.050

(1) Distributed only to sick persons and children.

The poor classes of the city being unable to meet the higher prices of the black market and having exhausted their savings, attempted in large numbers to secure work in the black market with its higher gains. The black market organization became more and more efficient, making use of the agents sent to control the legal market and of the people working for the German authorities in the granting of special permits.

The decrease in the rations available on the legal market resulted in increasingly higher prices on the black market. The following table gives the comparison between the legal and prevalent black market prices in Rome in the last 7 months.

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Official and Black Market Prices in Lima (Lira)

Item	Unit	December 1944		January 1945		February 1945	
		Official Price	Black Market Price	Official Price	Black Market Price	Official Price	Black Market Price
Bread	Kilos	2.60	20-25	2.60	28-30	2.60	30-35
Pasta	"	3.10	40	3.10	60-65	3.10	85
Potatoes	"	-	12-15	-	16-22	-	26
Beef	"	11-33.50	100-130	11-33.50	140-170	11-33.50	150-170
Pork	"	17-25	-	17-25	260	17-25	-
Butter	"	22.50-33.50	75-85	22.50-33.50	100-120	22.50-33.50	110-125
Cheese	"	27.90	180-200	27.90	200-240	28.10	350
Milk	Liters	5	12	5	14-20	5	20
Sugar	Kilos	12	150	12	200	12	200-240
Olive oil	Liters	15	200-225	15	310-350	15	365
Jan	Kilos	16.40	-	16.40	95	16.40	100
Tomato paste	"	8.85	80-90	8.85	90-100	8.85	110

Item	Unit	March 1945		April 1945		May 1945	
		Official Price	Black Market Price	Official Price	Black Market Price	Official Price	Black Market Price
Bread	Kilos	2.60	50-65	2.60	65-70	3.40	155
Pasta	"	3.10	120	3.10	160	3.10	250-260
Potatoes	"	-	30-35	-	50	-	55
Beef	"	20-23	150-180	25-30.50	230-230	42.50-61.50	280
Pork	"	17-25	-	17-25	-	17-25	-
Butter	"	22.50-33.50	-	25-27	200	25-27	-
Cheese	"	28.10	430	47.50	420-500	47.50	500
Milk	Liters	5	25	5	25	5	35-50
Sugar	Kilos	12	250	25	380-410	25	500
Olive oil	Liters	15	475	15	600-650	15	1100-120
Jan	Kilos	16.40	140	16.40	170	43.50	280-300
Tomato paste	"	8.85	150	8.85	200	8.85	300-350

June 1945

Item	Unit	June 1945	
		Official Price	Black Market Price
Bread	Kilos	3.60	155
Pasta	"	5	255
Potatoes	"	-	55
Beef	"	42.50-61.50	280
Pork	"	17-25	-
Butter	"	25-27	-
Cheese	"	47.50	500

Chives		22.50-33.50	75-85	22.50-33.50	100-120	22.50-33.50	110-125
Milk		27.90	180-200	27.90	200-240	28.10	350
Sugar	Liters	3	12	5	14-20	5	70
Olive oil	Kilos	12	150	12	250	12	200-240
Jan	Liters	15	200-225	15	310-350	15	365
Pasta paste	Kilos	16.40	-	16.40	95	16.40	100
		8.85	80-90	8.85	90-100	8.85	140

Item	Unit	March 1944		April 1944		May 1944	
		Official Price	Black Market Price	Official Price	Black Market Price	Official Price	Black Market Price
Bread	Kilos	2.60	50-65	2.60	65-70	3.40	155
Pasta	"	3.10	120	3.10	160	3.10	230-240
Potatoes	"	-	30-35	-	50	-	55
Beef	"	20-29	160-180	25-39.50	220-230	42.50-61.50	260
Pork	"	17-25	-	17-25	-	17-25	-
Butter	"	21.50-33.50	-	25-37	200	35-37	-
Chicken	"	28.10	430	47.50	420-500	47.50	300
Milk	Liters	5	25	5	25	5	35-50
Sugar	Kilos	12	250	25	300-310	25	500
Olive oil	Liters	15	475	15	600-650	15	1100-120
Jan	Kilos	16.40	140	16.40	170	43.30	250-300
Tomato paste	"	8.85	150	8.85	200	34.50	200-230

June 1944

Item	Unit	June 1944	
		Official Price	Black Market Price
Bread	Kilos	3.60	155
Pasta	"	5	235
Potatoes	"	-	55
Beef	"	42.50-61.50	250
Pork	"	17-25	-
Butter	"	25-37	-
Chicken	"	47.50	500
Milk	Liters	5	45
Sugar	Kilos	15	500
Olive oil	Liters	30	1,150
Jan	Kilos	43.30	290
Pasta paste	"	34.50	225

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D. The Food Situation After 5 June 1944

The entrance of the Allied troops into Rome coincided with a sudden drop in prices on the black market. This was to be ascribed mainly to psychological reasons and to the belief that the food situation would be decisively and rapidly improved. The hoarders and the black market operators put on the market a good part of their stocks, quoting prices even under those which they had paid. However, in the immediately following days, the population noting that there was a complete stopping of supplies from outside the city, had to live off their domestic hoards and prices rose rapidly again on the black market. In a few days, the prices rose above those which had been registered prior to the liberation of the city.

Another factor contributing to this latter rapid rise in prices was that at that time there had not been organized enough measures for the Allied troops, who ate in the private restaurants. The restaurants not being able to get food on the official market made large demands on the black market, which they virtually cornered.

However, on 20 June, the legal ration of bread was increased to 150 grams and there was a more regular, if still indirect delivery of the other grains necessities (oil, canned meat, sugar, vegetables). It is also to be emphasized that the Roman citizens who had been left without any official reserve of bread by the Germans war immediately assured of the daily ration by the Allied authorities on their entrance into the city.

From 28 June, a further improvement occurred when the daily bread ration was increased from 150 to 200 grams per person.

off supply back

Colonel,
John Director,
Finance Sub-Commission.

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Colonel,
Joint Director,
Finance Sub-Commission.

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APPENDIX A

Part I

REPORT ON ITALIAN CURRENCY PRODUCING FACILITIES.

Istituto Poligrafico dello Stato, Treasury.

Rome, 17th June 1944.

TO : Finance Sub-Commission, Rome.

With reference to your verbal request, we beg, herewith, to report, as follows, upon our means actually available for various work.

Paper Currency and Treasury Bonds.

The "Paper Values Workshop" situated in Piazza Verdi owns 106 machines in good order, as per enclosed list, and available for the following special works:

20 for typographic, lithographic, calcographic stamping of paper currency, ordinary or other treasury bonds. The yield of a six-hour daily production might amount to 30,000 notes (yield reduced owing to the special sizes of paper).

12 for the production of stamped values (Stamped papers & stamps of various types and dimensions).

12 for postal-values (postal stamps, postal bonds, postal cards, postal order cards, saving postal pass-books, etc.).

10 to print other State securities (Renties and various bonds).

The remaining machinery is to be employed in production of various printing matters.

It is agreed that orders regarding the printing of both postal-value and postal service medals may be directly requested by Capit.Guido Alessio, after his having informed you of such orders.

Ordinary Printing Matters.

The "Gino Capponi" establishment owns also 67 printing machines in good order.

The Institute is able to assume immediate orders which would be very helpful to mitigate the actual widespread unemployment (1,500 workmen have been waiting to set to work from Oct. 1943).

There is urgently needed a permit to continue (by Gino Capponi establishment which is actually closed) the production of ration cards covering the first period of four months (from July 1st to Oct. 31st 1944) which are being urgently requested day by day by the General Direction of Provisions to complete the distribution of said cards in Rome and Provinces.

Various orders previously received from State Administrations are still held over.

It is moreover necessary to restore the printing of the legal news Gazette (bi-weekly official Journal). According to laws in force, its publication should not cease.

20 for typographic, lithographic, calcographic stamping of paper currency, ordinary or other treasury bonds. The yield of a six-hour daily production might amount to 30,000 notes (yield reduced owing to the special sizes of paper).

12 for the production of stamped values (stamped papers & stamps of various types and dimensions).

12 for postal-values (postal stamps, postal bonds, postal cards, postal order cards, saving postal pass-books, etc.).

10 to print other State securities (Rentes and various bonds).

The remaining machinery is to be employed in production of various printing matters.

It is agreed that orders regarding the printing of both postal-value and postal service models may be directly requested by Capt. Guido Alessio, after his having informed you of such orders.

Ordinary printing matters.

The "Gino Capponi" establishment owns also 67 printing machines in good order.

The Institute is able to assume immediate orders which would be very helpful to mitigate the actual widespread unemployment (1,500 workmen have been waiting to get to work from Oct. 1943).

There is urgently needed a permit to continue (by Gino Capponi) establishment which is actually closed) the production of ration cards covering the first period of four months (from July 1st to Oct. 31st 1944) which are being urgently requested day by day by the General Direction of Provisions to complete the distribution of said cards in Rome and Provinces.

Various orders previously received from State administrations are still held over.

It is moreover necessary to restore the printing of the legal news Gazette (bi-weekly official Journal). According to laws in force, its publication should not cease.

Manufacture of paper

is 3981

The Montetana Paper Mill owns a "continuous machine" capable of manufacturing nearly 2,500 quintals of newspaper type paper monthly. This machine is waiting to be put in action (wherefore flat felts and uprights are urgently needed).

Motor Power.

The beginning of work in the three aforesaid establishments depends on the necessary electric power supply. The respective requirements for seven hours' daily work are as follows:-

Paper Values Workshop	Piazza Verdi	KWH	400
Gino Capponi Establishment		"	250
Montetana Paper Mill		"	200

Ricci

SECRETSTATE PRINTING INSTITUTE.

Statement of quantity of paper on hand in the state printing institute,
suitable for printing paper currency and securities.

<u>Type of Paper</u>	<u>Dimensions</u>	<u>Quantity - reams</u>
		<u>of 500 reams each.</u>

For state notes of 5 lire (watermarked)	56 x 46	
" " " 10 "	Old type	364
" " " 25 "	56 x 56	
	Old type	200
	33 x 41	
	Old type	2,343 +
		(see below)
Buoni di Cassa e Buoni Tesoro not watermarked - vertical filin		
" " " - horizontal		305
Buoni Tesoro al Portatore	81 x 64	450
" " Ordinary, watermarked, reduced maturity		18
Buoni: Quinquennali, coupons, watermarked	88 x 113	52
Certificati, consolidated, white watermarked, coupons		1,000
Buoni Poliennali, watermarked	49 x 53	6,000
Certificati Prestito, redeemable 3.50 % - 5 %		2,100
		500

* Apparently about three notes of large denomination could be obtained from one sheet, subject to qualifications mentioned in the text.

N.B. There also exist 3,000 reams of watermarked paper suitable for public securities.

of 500 pages each.

For state notes of 5 lire (watermarked)		56 x 46	
"	" " " 10 "	Old type	364
"	" " " 25 "	56 x 56	
"	" " " 25 "	Old type	200
"	" " " 25 "	33 x 41	
"	" " " 25 "	Old type	2,343 +
Buoni di Cassa e Buoni Tesoro not watermarked - vertical film			(see below)
"	" " " - horizontal		
"	" " " - horizontal		
Buoni Tesoro al Portatore	"	81 x 64	305
"	" " ordinary, watermarked, reduced maturity		450
Buoni: Quinquennali, coupons, watermarked			18
Cartelle, consolidated, white watermarked, coupons		88 x 113	52
Buoni Polissimili, watermarked			1,000
Cartelli Prostito, redeemable 2.50 % + 5 %		49 x 53	6,000
	watermarked		2,100
			500

+ Apparently about three notes of large denomination could be obtained from one sheet, subject to qualifications mentioned in the text.

N.B. There also exist 3,000 reams of watermarked paper suitable for public securities.

Banca d'Italia (not previously reported by Banca).

(Reported to have been discovered in vaults)

Paper suitable for notes of L.A. 250 Type ++	NO. OF NOTES
	(see below)

1,000 lire	1,566,500
500 "	2,120,000
50 "	1,539,992

++ Not previously produced by Istituto Poligrafico dello Stato.

Part II.

Report upon the machinery eventually available to manufacture Bank of Italy notes, and owned by the Nomentana Paper Mill, Rome, and by the Istituto Poligrafico dello Stato, Rome.

Nomentana Paper Mill

This is a mill purposely designed to manufacture cheap newspaper paper, printing and packing paper.

The plant consists of a flat-pressed continuous machine for large editions. Thus it cannot be employed to manufacture the "chietre nuove" watermarked type of paper fit for Bank of Italy's notes which require a quite special set of machines or, at least, a "memorachina".

Printing Plant

Of the 106 machines owned by the Istituto Poligrafico dello Stato, only 21 (plus 5 to be obtained from the other plant of the Istituto, and altogether 26) might be employed to print the graphic details of New Type Bank of Italy's notes in needed dimensions of them. (From 50 lire to 100 lire.)

Eight obsolete type machines. (but nevertheless efficient) could be adapted to print notes of 500 lire to 1,000 lire dimensions.

It must however be taken into account that to carry out the great bulk of this preliminary work, the Bank of Italy's mill in L'Aquila formerly disposed of 12 four-color Lambert machines, and 4 "Mielche mark" double cylinder two color machines, besides 50 more various type machines for complementary works. On the other hand, the machines owned by the Istituto Poligrafico are all of the one-color types (Super Kipars-Optima-Kong & Zener) so that successive shifts would be required, to get other colors progressively stamped on the sheets.

The graphic details of each bank note require the stamping of four colors, both on the right and on the back, except the 50 lire bank note, which bears but two colors impressed on its back.

Besides, the same notes require two more impressions for the State Mark, one for the numeration and signatures, 2 for the safe varnish and, moreover the stamping of the colorgraphic engravings, resulting in:

10 impressions for the	50 lire bank notes
14 " " "	100 " "

Printing Plant

Of the 106 machines owned by the Istituto Poligrafico dello Stato, only 24 (plus 5 to be obtained from the other plant of the Istituto, and altogether 26) might be employed to print the graphic details of New Type Bank of Italy's notes in needed dimensions of them. (From 50 lire to 100 lire.)

Eight obsolete type machines. (but nevertheless efficient) could be adapted to print notes of 500 lire to 1,000 lire dimensions.

It must however be taken into account that to carry out the great bulk of this preliminary work, the Bank of Italy's mill in D'Agulla formerly disposed of 12 four-color Lambert machines, and 4 "Wielhe mark" double cylinder two color machines. Besides 50 more various type machines for complementary works. On the other hand, the machines owned by the Istituto Poligrafico are all of the one-color types (Sapier Algere-Ottimo-Kong & Bauer) so that successive shifts would be required, to get other colors progressively stamped on the sheets.

The graphic details of each bank note require the stamping of four colors, both on the right and on the back, except the 50 lire bank note, which bears but two colors impressed on its back.

Besides, the same notes require two more impressions for the State Mark, one for the numeration and signatures, 2 for the safe varnish and, moreover the stamping of the colorgraphic engravings, resulting in:

10 impressions for the	50 lire bank notes	
14 " " "	100 " "	"
15 " " "	500 " "	"
15 " " "	1,000 " "	"
		3980

Of the 26 above-mentioned machines, two ought to be reserved to allow for eventual stops, which often arise out of wear and tear, repair, etc. Of 24 left, which we shall say belong to "1st Section", 12 should be employed in 4 groups of 3 machines each to stamp four colors on the face, and 12 to stamp four colors on each note's back. In such a way the result would be as follows.

50 lire bank note

Each machine may stamp 250 sheets per hour -- on double working, 1,500 sheets -- and in an 8-hour working shift -- 12,000 sheets. Each sheet consists of eight 50 lire bank notes, so that we have 12,000 x 8

= 50,000 bank notes bearing four colors stamped both on their face and on the back.

It must however be taken into account that the 50 lire bank notes bears but two colors stamped on its back, so that during the work, 6 machines would be available and could, meanwhile, be used for a partial run of the 100 lire note. Moreover, subject to such a size of paper being used as to enable the 4 rapid machines (Kraibitz type) to stamp the note's back, which in its two colors has a register elastic enough to support great speed without waste, then all of the 24 machines could be kept working to stamp the note's face, doubling, in such a way, the yield which would be of 192,000, fifty lire bank notes, instead of 96,000.

100 Lire Bank note

Reckoning on the same basis of 12,000 sheets in 8 working hours, and, six 100 lire Bank notes out of each sheet of paper, the result would be as follows:

12,000 x 6 = 72,000 bank notes with four colors stamped both on their face and on their back.

500 Lire Bank note

The 3 "plateine" machines we shall say, belonging to 2nd Section, and yield hourly 2,000 sheets each and consequently 8,000 sheets per eight working hours. Employing 4 of the said machines to stamp the face and 4 to stamp the back, we shall have, reckoning up each sheet composed of four 500 lire bank notes, the following result:

8,000 x 4 = 32,000 Bank notes, with four colors stamped both on their face and on their back.

1,000 Lire Bank note

Reckoning on the same basis of yielding of 8,000 sheets to be stamped in a time of 8 working hours, one each sheet composed of three 1,000 lire bank notes, the result would be as follows:

8,000 x 3 = 24,000 bank notes, with four colors stamped both on their right and on their back.

In such a way, works could be kept going by employing simultaneously the machines both of the 1st and 2nd sections, coupling the manufacture of 50 lire bank notes with that of 500 lire bank notes and, successively, that of 100 lire bank notes with that of 1,000 lire bank notes.

100 lire Bank note

Reckoning on the same basis of 12,000 sheets in 8 working hours, and, six 100 lire Bank notes out of each sheet of paper, the result would be as follows:

$12,000 \times 6 = 72,000$ bank notes with four colors stamped both on their face and on their back.

200 lire Bank note

The 8 "Platine" machines we shall say, belonging to 2nd Section, and yield hourly 2,000 sheets each and consequently 8,000 sheets per eight working hours. Employing 4 of the said machines to stamp the face and 4 to stamp the back, we shall have, reckoning up each sheet composed of four 500 lire bank notes, the following result:

$8,000 \times 4 = 32,000$ Bank notes, with four colors stamped both on their face and on their back.

1,000 lire Bank note

Reckoning on the same basis of yielding of 8,000 sheets to be stamped in a time of 8 working hours, and each sheet composed of three 1,000 lire bank notes, the result would be as follows:

$8,000 \times 3 = 24,000$ bank notes, with four colors stamped both on their right and on their back.

In such a way, works could be kept going by employing simultaneously the machines both of the 1st and 2nd sections, coupling the manufacture of 50 lire bank notes with that of 500 lire bank notes and, successively, that of 100 lire bank notes with that of 1,000 lire bank notes.

Obviously, such results as these can be obtained during shifts of 8 working hours, so that the yield could be doubled or tripled whenever it would be deemed advisable to fix a second or a third working shift, given electric power and other requirements.

State Mark and Numeration

Such processes as the stamping both of State mark and numeration, may easily balance said production by employing less important machines, the number of which would be sufficient to meet requirements.

Safe Varnish

Said varnish may easily be laid over by employing the existing lithographic machines.

Calceography

The impression of calceographic engravings is expected to give rise to trouble, because preliminary proofs ought to be made to get a dry stamping by employing the Hoe and De la Rue calceographic machines (4 Hoe, and 2 De la Rue) owned by the Poligrafico. These both require the paper to be moistened. However, Bank of Italy's notes cannot undergo such treatment as this, which would cause expansion of the sheet and consequently of the perfectly traced spaces reserved for calceographic impressions.

Should, nevertheless, the proofs be satisfactory, then the aforementioned machinery might be sufficient to balance the output previously mentioned.

Rome, 19 June 1944.

Former Chief Manager of Bank of
Italy's Officina Carte Valori.

bold machinery might be sufficient to balance the output previously mentioned.

Rome, 19 June 1944.

Former Chief Manager of Bank of
Italy's Officine Carto Valori.

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Part III.Report on Paper Stocks.

Listed below, is the stock of paper presently owned by the "Credito Carto Valori dell'Istituto Poligrafico dello Stato", Piazza Verdi - and available to manufacture paper money and State Bonds.

- Banerio type paper, not watermarked, for the manufacture of 1 and 2 lire notes (cash debentures) 600 reams
- Watermarked paper for the manufacture of 5 lire State currency (56 x 46 measures = old type) 364 reams
- Watermarked paper for the manufacture of 10 lire State currency (56 x 56 measures = old type) 200 reams
- Watermarked paper for the manufacture of 25 lire State currency (33 x 41 measures) 2,143 reams

The 600 reams, composed of 300 not watermarked sheets each, available to manufacture 1 and 2 lire "cash debentures" could be employed to turn out (alloying 400 reams to 1 lire "cash debentures" and 200 reams to 2 lire "cash debentures") respectively 20 millions - 1 lire "cash debentures" and effectively (an allowance of 8% being made of them, equal to

and 10,000,000 of 2 lire "cash debentures", effectively 9,200,000 (same allowance of 8% being made), equal to

Reckoning up 100 "cash debentures" for each sheet of paper (300 x 500 x 100) and (200 x 200 x 100).

Altogether 36,800,000 Lire "cash debentures" which could be put in circulation, printed on paper, which, though being both of same color and texture, would nevertheless appear different from the one actually in circulation for "cash debentures" of the same kind.

This would, obviously, give rise to serious inconveniences, also considering that for lack of a durable stock of the same type of paper, a third type of note would be put in circulation, after the end of the manufacture from this stock of paper, in a period of 30 days.

RECEIVED

- Watermarked paper for the manufacture of 5 lire State currency (56 x 46 measures = old type) 364 reams
- Watermarked paper for the manufacture of 10 lire State currency (56 x 56 measures = old type) 200 reams
- Watermarked paper for the manufacture of 25 lire State currency (33 x 41 measures) 2,343 reams

The 600 reams, composed of 500 not watermarked sheets each, available to manufacture 1 and 2 lire "cash debentures" could be employed to turn out (allotted 400 reams to 1 lire "cash debentures" and 200 reams to 2 lire "cash debentures") respectively 20 millions - 1 lire "cash debentures" and effectively (an allowance of 8% being made of them, equal to

and 16,000,000 of 2 lire "cash debentures", effectively 9,200,000 (same allowance of 8% being made), " 18,400,000 equal to

Reckoning up 100 "cash debentures" for each sheet of paper (300 x 500 x 100) and (200 x 200 x 100).

Lire 36,800,000

Altogether 36,800,000 lire "cash debentures" which could be put in circulation, printed on paper, which, though being both of same color and texture, would nevertheless appear different from the one actually in circulation for "cash debentures" of the same kind.

This would, obviously, give rise to serious inconveniences, also considering that for lack of a durable stock of the same type of paper, a third type of note would be put in circulation, after the end of the manufacture from this stock of paper, in a period of 30 days.

It is therefore felt that the existing stock of paper being should not be employed for said purpose.

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The 364 reams of watermarked paper (56 x 46 measures, old type) available to manufacture 5 lire State notes, could be employed to turn out 8,190,000 (364 x 500 x 45), effectively 7,534,800 notes (same allowance of 8% being made) totalling to

The 200 reams of watermarked paper (56 x 56 measures, old type), available to manufacture 10 lire State notes could be employed to turn out 3,200,000 (200 x 500 x 32) notes, effectively 2,994,000 notes (same allowance of 8% being made) equal to

Lire 37,574,000

total Lire 67,114,000

As to such notes, the same observations made above for "cash debentures" must be confirmed, viz, that the small available stock of paper does not allow of maintaining in circulation a note of constant type; hence there would result serious inconvenience from putting provisionally in circulation a note printed on paper different from the one actually in circulation and, moreover, differently watermarked.

As to the proposal to put in circulation £.25 notes, it is deemed that it should be discarded - a priori - for the following considerations:

It has, in fact, to be remembered that in the years preceding 1926, before the Bank of Italy was allowed, by law, the exclusive right to issue notes, there existed three types of 25 lire Bank notes, two of which issued by the Southern Banks of issue (Banca di Napoli and Banca di Sicilia) and one by the Bank of Italy itself. Subsequent to the said law, the State issued a new model of 25 lire note, but all the three, for many reasons, did not satisfy the taste of the public, so that, after a certain time it was deemed necessary to withdraw them definitely from circulation. Thus, it does not seem advisable to revert, presently, to an experiment which failed in the past, also excluding that the small existing stock of paper would give rise to the same inconvenience as set out in respect of "cash debentures" and State notes, viz, that after having exhausted the 2,343 reams of paper actually in stock and by which could be turned out 9,372,000 notes, effectively 3,522,240 (some allowance of 3% being made) equal to Lira 215,556,000, a new type would have to be put in circulation.

It would be more suitable to put at the disposal of the Bank of Italy the said stock of paper to issue fiduciary notes marked by special characteristics.

+ Note: This is the paper which might be used to print notes of 1,000 lire or 500 lire denominations, according to suggestions made by some persons at the Istituto Poligrafico dello Stato, although notes would be different from existing types.

In regard to "Ordinary Treasury Bonds", first of all it has to be fixed exactly that during the financial year 1942 - 1943, 467,000 of them were issued in the denomination from 500 to 2,000 lire and 625,240, from 5,000 to 10,000 lire.

The sample of paper would very well do for the purpose, by employing the whole existing stock of paper up to 500,000 sheets to print the note from D to I, namely the denominations from 5,000 to 10,000 lire.

In such a way, the amount of bonds which could be turned out would not be far less than that issued during the financial year 1942 - 1943.

due notes, there existed three types of 25 lire Bank notes, two of which issued by the Southern Banks of issue (Banca di Napoli and Banca di Sicilia) and one by the Bank of Italy itself. Subsequent to the said law, the State issued a new model of 25 lire note, but all the three, for many reasons, did not satisfy the taste of the public, so that, after a certain time it was deemed necessary to withdraw them definitely from circulation. Thus, it does not seem advisable to revert, presently, to an experiment which failed in the past, also excluding that the small existing stock of paper would give rise to the same inconveniences as set out in respect of "cash debentures" and State notes, viz, that after having exhausted the 2,343 reams of paper actually in stock and by which could be turned out 9,372,000 notes, effectively 8,622,240 (some allowance of 8% being made) equal to lire 215,556,000, a new type would have to be put in circulation.

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The sample of paper would very well do for the purpose, by employing the whole existing stock of paper up to 500,000 sheets to print the notes from D to I, namely the denominations from 5,000 to 10,000 lire.

In such a way, the amount of bonds which could be turned out would not be far less than that issued during the financial year 1942 - 1943.

As to sets from A to C, namely for bonds of denominations from 500 to 2,000, the deficiency could be made up through another model of paper, taking into consideration that the payments of bonds is always guaranteed by the accompanying of a double counterfoil.

The Bonds of denominations from 500 to 2,000 lire would be printed in lithography, others from 5,000 to 10,000 lire, in caligraphy.

Mod. 49 T could be made use of to meet the demand of Banks wanting to employ their liquid funds in Treasury Bonds.

Part IV.

SUBJECT: Production of Metropolitan Lire in Rome.

TO : Joint Directors, Finance Sub-Commission.

The Bank of Italy, taking into consideration the views set forth by its own technical experts (as per enclosed statement) has ascertained the possibility of having manufactured in Rome - on the basis of the existing stock of water marked paper owned by the Bank itself - as many notes (of L'Aquila type) as are needed to reach the amount, in round figure, of three milliards, in the following dimensions: (out of the maximum prudential allowance).

N°	1,465,000	1,000 lire	B.N.	equal to	1,465,000,000 lire
"	2,222,000	500 "	"	"	1,111,000,000 "
"	308,000	100 "	"	"	30,800,000 "
"	7,300,200	50 "	"	"	365,010,000 "
total					2,972,810,000 "

available within 60 working days, and thus within nearly two months and a half from the date in which the electric motor power will be supplied. But it has to be borne in mind that from the latter date no less than 35 days must elapse before beginning the productive cycle; so, upon the whole, the manufacture of the aforesaid amount of B.Ns may be obtained within a period of about three months and a half.

Reckoning on two shifts of eight hours each per working day, the average daily output would be as follows:

N°	48,000	1,000 lire	B.Ns	equal to	48,000,000 lire
"	75,000	100 "	"	"	7,500,000 "
"	125,000	50 "	"	"	6,250,000 "
total					61,750,000 "
or					
N°	64,000	500 lire	B.Ns	equal to	32,000,000 lire
"	75,000	100 "	"	"	7,500,000 "
"	125,000	50 "	"	"	6,250,000 "
total					45,750,000 "

depending on whether 1,000 lire or 500 lire B.Ns were being manufactured.

three milliards, in the following dimensions: (net of the maximum prudential allowance).

N°	1,466,000	1,000 lire	B.N.	equal to	1,466,000,000 lire
"	2,222,000	500 "	"	"	1,111,000,000 "
"	308,000	100 "	"	"	30,800,000 "
"	7,300,200	50 "	"	"	365,010,000 "
total					2,972,510,000 "

available within 60 working days, and thus within nearly two months and a half from the date in which the electric motor power will be supplied. But it has to be borne in mind that from the latter date no less than 35 days must elapse before beginning the productive cycle; so, upon the whole, the manufacture of the aforesaid amount of B.Ns may be obtained within a period of about three months and a half.

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"	75,000	100 "	"	"	7,500,000 "
"	125,000	50 "	"	"	6,250,000 "
total					61,750,000 "
or					
N°	64,000	500 lire	B.Ns	equal to	32,000,000 lire
"	75,000	100 "	"	"	7,500,000 "
"	125,000	50 "	"	"	6,250,000 "
total					45,750,000 "

Depending on whether 1,000 lire or 500 lire B.Ns were being manufactured.

E 3977

The manufacturer of both 500 lire and 1,000 lire B.Ns. will be carried out by the STATERINI establishment, which, employing the machines actually in its possession has, necessarily to alternate the manufacture of said two dimensions.

The manufacture of both, however, would be carried out simultaneously should the Staderini establishment succeed in purchasing or taking on lease other machines existing in Rome.

The manufacture of both 100 lire and 50 lire B.Ms will be secured by the ISTITUTO POLIGRAFICO DELLO STATO as per definite statement in possession of the Bank.

The "Poligrafico" owns the whole material required for the manufacture of notes which will be carried out by it.

As to the "Stedierini" establishment, the materials not available there will eventually be supplied by the Bank.

The Bank of Italy, moreover, will supply both establishments with the required stock of appropriate water marked paper.

The manufacture of Bank notes can be intensified as soon as it is possible to get, little by little, a further supply of the appropriate water marked paper.

Meanwhile, a further period of production of at least two months can be carried out if the stock of paper previously held in store by the Bank's branch in Pescara becomes available.

Should the electric motor power be supplied during only four hours in the day, then technicians have to be asked to report whether the output would be reduced to exactly 1/4 of the estimated forecast amount. In such a case, it is deemed that about ten months, instead of three, would be required to produce the above-mentioned amount of three billions of notes.

ROME July 8 1944

BANK OF ITALY

REPORT UPON THE BOMB OF ITALIAN PAPER MILL, LINDERS IN AGUILA

A close inspection has been made, on the spot, first of all of the terminal central station consisting of two "Tomi" steam boilers (Baldock-Balcock type) with small water pipes which, as it is known served the whole set of machinery installed in the workshops and supplies, moreover, with steam heat all sections of the works. Said steam boilers have been out of use by mines exploded in the fire-box interior; in particular, the boiler pipes have been partly damaged; the iron up-rights should be replaced; a great part of the necessary has to be rebuilt; the fuel feed apparatus has been broken as well as the auxiliary feed pumps; levels and control combustion engines have been put out of use, whereas the cylindrical boiler have to be fixed to new uprights.

Mechanical laboratory. the most serious damage suffered by the machinery placed in the mechanical laboratory consists principally in the destruction of the cutting machine which has undergone irreparable damage. Out of the three turner's lathes, one has undergone considerable damage and is deemed to be out of use, the second may be repaired, whereas the third has fortunately been saved because it has already been taken to pieces when the Germans entered the workshop. Another turner's lathe of secondary importance has been put out of use, whereas the smaller ones may still be regarded as in good shape.

All of the five column meter drills are still in good shape whereas the planing machine has undergone damage both to the utensil carrier traverse and to the travelling-platform; but, on the whole, it may be repaired. Other machines such as the sharpening machine for paper-cutter blades, the arc-electric soldering machines, emery-wheel, two saw-machines for metals and so on, all of them are in good shape.

Carpentry section. The carpentry has suffered damage owing to its proximity to the electric plant, which as will be stated afterwards, has been completely wrecked. In particular, the joint plane has been heavily damaged; nevertheless it may be repaired; the circular saw machine has been destroyed. Another plane and a piercing-machine may both be easily repaired; the water grinding machine with motor and the screw tap plane are both in perfectly good shape.

Electric power transformer and distribution station. As far as it has been possible to ascertain (owing to the fact that transformers have been displaced by the explosions and are still debris littered), the situation has appeared not susceptible of being repaired. It must be pointed out that the electric motor power which was being supplied by the U.N.E.S. had to be transformed from 30,000 to 240V, so that it could be utilised by the workshop's motor. But apart from the damage which has been caused to the said station by the retreating enemy, the entire area of Aguilá has actually no electric power left owing to the destruction carried out by the Germans to numerous hydroelectric central stations. The Manager of the U.N.E.S. with whom the undersigned has spoken, was unable to say anything definite as to when the electric power may be again available even for a limited supply.

Warehouse. The main damage suffered by the warehouse has been caused by the explosive action of bombs dropped during preceding air raids. Part of the material has been recovered and attempts are still being made to recover as much more as possible.

Paper Mill. "Olandesi" section. No damage has been caused to the "Olandesi" machines after the first air bombardment of 6th December 1943. Damage has been caused to three "refiners" for "Dupont" machines.

...the most serious damage suffered by the machinery placed in the ... which has undergone irreparable damage. Out of the three lathes, one has undergone considerable damage and is deemed to be out of use, the second may be repaired, whereas the third has fortunately been saved because it has already been taken to pieces when the Germans entered the workshop. Another turner's lathe of secondary importance has been put out of use, whereas the smaller ones may still be regarded as in good shape.

All of the five column motor drills are still in good shape whereas the planing machine has undergone damage both to the utensil carrier traverse and to the travelling-platform; but, on the whole, it may be repaired. Other machines such as the sharpening machine for paper-cutter blades, the arc-electric soldering machines, emery-wheel, two saw-machines for metals and so on, all of them are in good shape.

Carpentry section. The carpentry has suffered damage owing to its proximity to the electric plant, which as will be stated afterwards, has been completely wrecked. In particular, the joint plane has been heavily damaged; nevertheless it may be repaired; the circular saw machine has been destroyed. Another plane and a piercing-machine may both be easily repaired; the water grinding machine with motor and the screw tap plane are both in perfectly good shape.

Electric power transformer and distribution station. As far as it has been possible to ascertain (owing to the fact that transformers have been displaced by the explosions and are still debris littered), the situation has appeared not susceptible of being repaired. It must be pointed out that the electric motor power which was being supplied by the U.N.E.S. had to be transformed from 30,000 to 240V, so that it could be utilised by the workshop's motors. But apart from the damage which has been caused to the said station by the retreating enemy, the entire area of Aquila has actually no electric power left owing to the destruction carried out by the Germans to numerous hydroelectric central stations. The Manager of the U.N.E.S. with whom the undersigned has spoken, was unable to say anything definite as to when the electric power may be again available even for a limited supply.

Warehouse. The main damage suffered by the warehouse has been caused by the explosive action of bombs dropped during preceding air raids. Part of the material has been recovered and attempts are still being made to recover as much more as possible.

Paper Mill. "Olindesi" section. No damage has been caused to the "Olindesi" machines after the first air bombardment of 8th December 1943. Damage has been caused to three "refiners" for "Dupont" machines.

Hand machine section. This section could be set to work again as only one of the machines has undergone damage, which may be easily repaired. The "Cornovaglia" steam boiler, which apparently has suffered little damage, caused by the fall of the perimetrical wall structure, might service this section. It should be borne in mind, however, that the stock of coal available on the spot is estimated as being hardly sufficient for the requirements of 15 working days.

"Satin" - Press - Grinding - Filigree and Hand machine inspection section. These have all been found to be in good condition and, apart from some minor repairs, could be set to work within a very short time.

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"Duvent" section. It is impossible to set forth definite views as to the efficiency of the two "Duvent" machines, because it has been ascertained, on the spot, that even the two steam-cylinders have undergone damage caused by the action of cylinders which have heavily damaged the external part of these cylinders. Definite views may be set forth only when it becomes possible to put the whole set of machinery to a pressure test. Naturally, should the damage suffered by the said cylinders be such as not to permit the retention of steam, then all the bronze pieces ought to be retasted, but this could only be done with great difficulty.

Printing laboratory - Typographic section. All of the 13 "Marbott" machines have been heavily damaged in the cylinders and in the tables as a consequence of action accurately prepared by German Demolition Troops by means of high explosive loads placed close to the said cylinders. The "Mishl" machine is also damaged out of use owing to the damage done to the cylinders, the platen, the sheet-shifter and to the lateral sides. Furthermore it seems very difficult to make repairs. The remaining printing machines have suffered minor damage, so that it is deemed that three machines in working condition may be secured from the 5 "Libby" machines, utilizing pieces that are still sound, by means of appropriate couplings. The said machines are placed as follows: 2 in the typographic section and 3 in the counter-mark section. The "Grabtree" machine might be not to make after having repaired the pump, the sheet-placer and the sheet-pulver, inasmuch as they have suffered very light damage. It must however be pointed out that the said machine is working in precision. Finally, the "Rapid" machine, now dismantled, is in good shape.

Calcomgraphic section. The 12 "White" machines which have suffered only a few blows with crowbars, may easily be repaired. Some few casting pieces such as small fly-wheels, etc., which have been broken or taken away should be replaced by new ones. The 5 "Johnson" machines are in perfectly good shape and these might work regularly.

Counter-mark section. The "Stoly" machine has been completely destroyed by one of the preceding air bombardments. Not even the motor can be recovered. Out of the 5 "Moening-Koerner" machines, one has been completely destroyed and the remaining four seriously damaged. In fact, only the motor-reducer is still sound, while both the cylinder, the lateral sides and the sheet-placer have been broken. The "Plamette" machine also has been severely damaged. Both the cylinder and the internal sides of the said machine have been broken.

Navigation section. Out of the 4 "Platine" machines, one has been severely damaged, two have suffered only slight damage, while the third might still be set to work. The six "Moening-Koerner" machines are hopelessly out of use inasmuch as all of them have undergone very severe damage both to the cylinders, roller carrier support and the sheet-placer.

Money-Order section. This section has undergone very severe damage as a consequence of preceding air bombardments. Very few machines can be restored, the principal ones being the "Optima" and "Rapid", the "Pedalium" (Phoenix), the paper-cutter with motor and the "Diamond".

Money order checking station. The whole set of small machines belonging to this section is still sound, namely the multiple plate-punching machine, two sewer machines with motor-reducer, the plate punching machine with fly wheel and the other one with lever, and the re-print money-color machine with motor-reducer.

Galvanic section. This section has remained almost untouched inasmuch as only two converters found in the "Calmar-Vedette" are missing.

damage to the cylinders, the platen, the sheet-shifter and to the lateral roller. It seems very difficult to make repairs. The remaining printing machines have suffered minor damage, so that it is deemed that three machines in working condition may be secured from the 5 "Moby" machines, utilizing pieces that are still sound, by means of appropriate couplings. The said machines are placed as follows: 2 in the typographic section and 3 in the counter-mark section. The "Cribtree" machine might be set to work after having repaired the pump, the sheet-placer and the sheet-roller, 2 machines which have suffered very light damage. It must however be pointed out that the said machine is wanting in precision. Finally, the "Rapida" machine, now dismantled, is in good shape.

Calcomographic section. The 12 "Mito" machines which have suffered only a few blows with crowbars, may easily be repaired. Some few casting pieces such as small fly-wheels, etc., which have been broken or taken away should be replaced by new ones. The 5 "Johnson" machines are in perfectly good shape and these might work regularly.

Counter-mark section. The "Totely" machine has been completely destroyed by one of the preceding air bombardments. Not even the motor can be recovered. Out of the 5 "Koenig-Weerner" machines, one has been completely destroyed and the remaining four seriously damaged. In fact, only the motor-reducer is still sound, while both the cylinder, the lateral roller and the sheet-placer have been broken. The "plano" machine also has been severely damaged. Both the cylinder and the lateral roller of the said machine have been broken.

Illustration section. Out of the 4 "Platina" machines, one has been severely damaged, two have suffered only slight damage, while the third might still be set to work. The six "Koenig-Weerner" machines are hopelessly out of use inasmuch as all of them have undergone very severe damage both to the cylinders, roller carrier support and the sheet-placer.

Money-Order section. This section has undergone very severe damage as a consequence of preceding air bombardments. Very few machines can be restored, the principal ones being the "Optima" and "Rapida", the "Fedmina" (Theodix), the paper-cutter with motor and the "Diamond".

Money order checking station. The whole set of small machines belonging to this section is still sound, namely the multiple plate-punching machine, two sewer machines with motor-reducer, the plate punching machine with fly wheel and the other one with lever, and the re-print money-order machine with motor-reducer.

Galvanic section. This section has remained almost untouched inasmuch as only two converter groups in the "Galvano-vaglia" are missing.

Rome, 4th July 1944

Bank of Italy.

Statement prepared by the Ex-Governor of
the Banca d'Italia
on the shipment of gold to Germany

4.7.1944

On the morning of 20th September 1943 the Commissioner of the Ministry of Finance, Cabi, while in conference with the Governor, was hurriedly summoned to the German Embassy to receive an important communication.

At 11.30 the Governor was called by the Commissioner, who, in the presence of the Director General of the Treasury, Doctor Grassi, told him to German Ambassador the Deputato Cabi be immediately transported to Northern Italy. The Ambassador himself would telephone at 15.00 the same day to determine whether the Bank had carried out his orders or whether it would be necessary to proceed in another manner. Cabi added that, under the circumstances, the request must be considered as an order and expressed the opinion, shared by the Director General of the Treasury, Grassi, that an attempt to resist would give the Germans an excuse to enter the Bank by force, a possibility which was absolutely to be avoided.

The Governor, taking note of these statements, replied that he would immediately call a meeting of the Directors to acquaint them of the situation.

While still at the Ministry of Finance, the Governor was urgently summoned by the Commandant of the open city. Another Bank official was sent in his place who was informed by a senior officer that they had reason to believe that the German Ambassador had requested the transfer of Italian gold North, and added that there was no possibility of giving the slightest aid or assistance to resist German orders on this subject.

The Governor, upon his return to the Bank from the Ministry of Finance immediately called a meeting with the Vice Director General, Introna, Secretary-General, Giacomelli, Chief-Inspector, Quattrone and the Central Cashier, Urbini. He informed them of what he had learned from the Minister of Finance.

At this point, it should be noted that at about the close of the winter of 1943, when the possibility of the Sicilian invasion was apparent, I had asked the Minister of Finance, Acarbo, to indicate where the gold was to be secured. Branch offices with buildings of recent construction with suitable vaults were: Banca for Sicily (the currency of Sicilian 240.3, metallic and paper, were concentrated here); Potenza for Southern Italy (acquisitions of the Bank of Calabria, Puglia and, in part, Naples were deposited here); Ancona for Central Italy (a large mass of securities worth billions were stored here); the branch at Viterbo was still under construction.

The Minister of Finance suggested that the gold be sent to either Bologna or Verona. I objected that the vaults were not sufficiently large. The real significance of my objection was that I did not want to do anything which would place the gold at nearer to the Germans, having greater fears of our so-called ally, Germany, than we. I had occasion to speak with a trustworthy person on this question, Signor P. who now is in Switzerland and who will be able to testify as a witness. I agreed with him that it would be better to hold it in Rome. This opinion was also shared by a very highly placed person.

... requested that the gold of the Banca d'Italia as well as that of the Treasury and of the Istituto Cambi be immediately transported to Northern Italy. The Ambassador himself would telephone at 15.00 the same day to determine whether the Bank had carried out his orders or whether it would be necessary to proceed in another manner. Gamsi added that, under the circumstances, the request must be considered as an order and expressed his opinion, shared by the Director General of the Treasury, Grassi, that an attempt to resist would give the Germans an excuse to enter the Bank by force, a possibility which was absolutely to be avoided.

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The Governor, upon his return to the Bank from the Ministry of Finance immediately called a meeting with the Vice Director General, Introna, Secretary-General, Giardelli, Chief-Inspector, Chatterone and the General Cashier, Orsini. He informed them of what he had learned from the Minister of Finance.

At this point, it should be noted that at about the close of the winter of 1943, when the possibility of the Sicilian invasion was apparent, I had asked the Minister of Finance, Acarbo, to indicate where the gold was to be secured. Branch offices with holdings of recent construction with suitable vaults were: Bank for Sicily (the currency of Sicilian Banks, metallic and paper, were concentrated there); Potenza for Southern Italy (securities of the Bank of Calabria, public and, in part Naples were deposited here); Ancona for Central Italy (a large mass of securities worth billions were stored here); the branch at Viterbo was still under construction.

The Minister of Finance suggested that the gold be sent to either Palermo or Verona. I objected that the vaults were not sufficiently large. The real significance of my objection was that I did not want to do anything which would place the gold of the Bank in the hands of the Germans, having greater fears of our so-called "allies" (Germany) than of the Germans. I had occasion to speak with a trustworthy person on this question, Senator R. who now is in Switzerland and who will be able to testify as a witness. I read him that it would be better to hold it in Rome. This opinion was also shared by a very highly placed person.

Later, 19th August, Marshal Badoglio told me that it would be necessary to move the gold to more than one locality in Northern Italy and with that objective in mind I was to contact the Deputy Chief of Staff of the Army who could have the gold loaded on the military vehicles to be taken to the railroad cars outside Rome, so as not to alarm the people. It should be noted that a movement of gold of some value cannot escape observation because of the great weight of the barrels or of the wooden boxes. And in this case it was a matter of more than a thousand barrels, averaging over 150 kilos each.

When the Germans occupied Rome, upon agreement with the Vice Minister General, the Secretary General and the General Cashier, it was decided to hide part of the gold in a niche next to the vault, the floor of which would then be walked upon. Very little, but of serious-minded persons were chosen for this work was done during the night.

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The question was being studied, the Director General, Acandora, joined the meeting and said that he had been advised by an officer of the Chief of Staff, who was familiar with the matter, that the Germans had taken over possession of strong-boxes containing all the existing documents held by the Chief of Staff and, almost certainly, had in their hands the papers which, upon demand, had been given to General R. with the precise indication of the number and weight of the barrels, contents, etc., of the gold stocks.

This most serious news greatly preoccupied the officers present. Each person's opinion was requested in order of rank. All were in accord that there was nothing else to do but to follow out the order given by the Commissioner of Finance, Deibit, in the presence of the Director General of the Treasury. The Central Cashier, Urbini, said that he would willingly expose his life and that of his collaborators of the Central "Caser" if there was any way of saving the gold; but under the circumstances it was futile to expose them to execution and have the Bank building destroyed without having obtained the objective in view. It was unanimously recommended that it was impossible to resist the order and that it was advisable at least to provide that the railway cars used to transport the gold should be escorted by employees of the Bank.

On the same day, at 15.30, an official of the German Embassy - General Meulhauser - accompanied by the Chancellor of the Embassy and several officers arrived at the Banca d'Italia in Via Nazionale, intending to transport immediately the gold by air. It was pointed out, however, that it was not possible to prepare quickly such a large shipment and that in any case it could not be transported by means of the volume and weight of the gold.

Immediately following the visit of the Germans I went to confer with the Commissioner, Gatti, and General Salvi di Montale. The latter was ignorant at the time of the fact which the Germans were demonstrating. He continued what he had already mentioned to the employees of the Bank that morning through Col. Contesoglio, that he could not give an exact and that the Germans, truly "believers", were so equipped for operations of the type so as not to be irremediable.

The statement regarding the possibility of assistance was probably made because upon a request for about 60 million lire by a German Captain on Saturday evening, 11th September, to be delivered immediately Sunday morning, I was able to resist because at dawn on Sunday with a well-armed small force of 25 soldiers from the P.A.I. commanded by a Lieutenant had gone to the Bank before the Germans arrived. The force was taken away the same afternoon except for a few recruits from the Guardia di Pubblica Sicurezza with rifles Mol. 91.

At 19.10 the Governor was advised by Gatti that the German Embassy had communicated to him shortly before, that the next morning it would send for all the gold which was to be removed in one shipment.

On the morning of 22nd, General Meulhauser returned to see the Governor, accompanied by Major Rapples, a Lieutenant and other officers and officials of the "Banca" in order to hasten the shipment of gold and to advise, at the same time, that all the foreign currency was also to be transferred; moreover, we were also to consider a quick transfer to Northern Italy even of the cashbooks of Napoli and Rome. During the meeting, an official of the Reichsbank arrived, Doctor Maximilian Bernhuber.

The cold left for Milan escorted by ~~divers~~ divers of the ~~Italian~~ Italian between 22nd and 23rd September and after arriving there was placed in the custody of the ~~Italian~~ Italian of the Banca d'Italia.

On 25th November, at 11.00, the Governor was visited by Doctor Bernadoff accompanied by Doctor Nollan. They advised the Governor that following understandings between the head of the Government and the officer, the gold of the Banco d'Italia should be placed in a more secure place than this where it was exposed to the risks of bombardment. Dr. Bernadoff indicated Portoken as a suitable locality. The Governor replied that he would have to study the matter a great deal adding that the solution did not present itself easily; since the branches, which are situated in mountainous zones, have only limited vault space and that to transfer the vault space, or to adapt to the purpose old military works or railway tunnels would require a preliminary study on the part of the engineers and of expert personnel of the Bank in order to prevent the gold adequately.

Dexter Bernheimer then stated that Dr. Paul purported to ship the following to Berlin; the gold covering obligations of the Banca d'Italia to B.R.I.; gold covering obligations due to the Banca Nazionale del Lavoro; gold borrowed in favor of the Reichsbank for operations in dollars made by Italy; and gold appropriated from Yugoslavia. With respect to the latter two, the Governor recalled how he had endorsed on the 5th November to have the matter clarified with Interchange and the Ministry of Finance, before questions within their respective jurisdictions.

However, regarding the first two, the Governor strongly declared that he was absolutely convinced that it was impossible to accord to Dr. Pelli's demand nothing, in the face of Dr. Dominici's insistence, that the B.I.I. had requested on numerous occasions that the gold be transferred to Switzerland but that he had always refused to do so, considering it would be an act of distrust towards Italy. Therefore, it was quite evident that if the Governor had consented to transfer the gold, not to Switzerland but elsewhere, B.I.I. would have had ample reason to complain of the failure to comply with their previous requests.

Moreover, regarding the gold of the Swiss National Bank, the Governor had offered it the security of holding the key to the vault where the gold was to be stored or to affix seals to the barrels containing it, but that the Swiss Bank had not considered it necessary to avail itself of such precautions considering the undertakings in this respect assumed by the Swiss authorities. Therefore, the Governor maintained that it was a cloak of honor not to give the gold without the consent of the Swiss Bank. Dr. Bernhiller continued to press the matter and the Governor, in order to cut short the discussion, declared that he would take it upon himself to reserve his arguments with Dr. Puhl at the first opportunity.

The Governor immediately communicated Dr. Fahl's telegram in writing to the Minister of Finance indicating his personal view, and informing him of the considerations already pointed out to Dr. Bernhardt (letter dated 29th October).

On 1st December, the Governor was received by the Minister of Finance who declared that he approved the line of action taken by the Governor as regards the movement of gold to Milan. He added that when the German Minister to Italy, Lina, spoke to him on the same topic, he had replied in terms analogous to those of the Governor to Dr. Bernheimer. However, on 3rd December, the following telegram arrived from the Milan branch: "Advise the Governor that ever since the shipment of gold, await your instructions for further arrangements". The Governor immediately confirmed the telegram in a letter to the Minister of Finance, in

the gold adequately.

Doctor Bernhuber then stated that Dr. Pahl proposed to ship the following to Berlin; the gold covering obligations of the Banca d'Italia to B.R.I.; gold covering obligations due to the Banca Nazionale del Lavoro; gold transferred in favor of the Reichsbank for operations in dollars made by Istituto; and gold transferred from Moscow. With respect to the latter two, the Governor recalled how he had addressed on the 9th November to have the matter clarified with Intecabi and the Minister of Finance, being questions within their respective jurisdictions.

However, regarding the first two, the Governor emphatically declared that he was absolutely convinced that it was impossible to comply with Dr. Pahl's demand unless, in the face of Dr. Bernhuber's insistence, that the B.R.I. had requested on numerous occasions that the gold be transferred to Switzerland but that he had always refused to do so, considering it would be an act of distrust towards Italy. Therefore, it was quite evident that if the Governor had consented to transfer the gold, not so Switzerland but elsewhere, B.R.I. would have had every reason to complain of the failure to comply with their previous requests.

Moreover, regarding the gold of the Banca Nazionale del Lavoro, the Governor had offered it the security of holding the gold to the vault where the gold was to be stored or to affix seals to the barrels containing it, but that the Swiss Bank had not considered it necessary to avail itself of such precautions considering sufficient the undertakings in this respect assumed by the Banca d'Italia. Therefore, the Governor maintained that it was a plaque of honor not to give the gold without the consent of the Swiss Bank. Dr. Bernhuber continued to press the matter and the Governor, in order to cut short the discussion, declared that he would take it upon himself to review his arguments with Dr. Pahl at the first opportunity.

The Governor immediately communicated Dr. Pahl's remarks in writing to the Minister of Finance indicating his personal view, and informing him of the considerations already pointed out to Dr. Bernhuber (letter dated 20th November).

On 1st December, the Governor was received by the Minister of Finance who declared that he approved the line of action taken by the Governor as regards the movement of gold to Milan. He added that when the German Minister to Italy, Milan, spoke to him on the same topic, he had replied in terms analogous to those of the Governor to Dr. Bernhuber. However, on 3rd December, the following telegram arrived from the Milan branch: "Advise the Governor that everything is ready for the shipment of gold. Await your instructions for further arrangements". The Governor immediately confirmed the telegram in a letter of the same date to the Minister of Finance, in order that those who, in the discussions of December 1st, had declared themselves to be in agreement with the Governor, might take all steps to avoid anything occurring to the contrary. The Governor in his letter declared also that in the event the Minister of Finance wished to consult the Head of the Government he should do so personally. Meanwhile, the following telegram was transmitted to Milan: "Reference your telegram this date, transfer of gold to Milan was suggested independently by the German authorities to the Minister of Finance and myself based on the necessity of placing it in a more secure place in Italy. The Minister and I even without a previous understating replied in the same terms, taking the view that it was necessary to examine the question from the technical point of view, other than that of physical safety and reserving the right to take the necessary steps in agreement with the said German authorities. Therefore, for the present, the gold should not be moved from there".

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On 6th December, at 12.30, Dr. Nehlsen returned to the Governor to tell him, on behalf of Dr. Bernabini, that an agreement had been effected with the Head of the Government for the transport of the gold to a place more secure than Milan. The Governor pointed out to Dr. Nehlsen that, since the gold was the property of the Banca d'Italia, the latter institution must also be heard from regarding the selection of a new place. He added that, having informed the Minister of Finance of the latter, who in turn would have to speak with the Head of the Government, he would have to await communication from the Minister of Finance before taking any initiative himself.

Dr. Nehlsen said at that time that the Reichsbank had sent to Italy certain experts in order to study where best and most securely the gold of Italy could be stored since, in Berlin, "it was somewhat doubtful whether the vaults of the new Reichsbank Palace offered sufficient measure of protection in view of the enormous bombs adopted by the British during the latest air raids.

During the conference, Dr. Nehlsen pointed out that the transfer of the gold should be kept secret. The Governor replied that the movements of gold are difficult to be kept secret and recalled that when, at the end of September, the gold had been transported to Milan, rumor had it that the Germans had taken the gold to Germany, a rumor which, naturally, created a bad impression. It was the Governor who, through the Banca d'Italia and the directors of the larger banks with whom in those days he had had occasion to confer, made known that the gold had been sent to Italy to the Banca d'Italia and that it was in the exclusive custody of the personnel of the Bank. The Governor added that to move the gold, and especially for a place such as Milan, would provide reason for serious rumors and therefore, transfer as far as possible, the transfer should be made to such a place that no credence would be given to rumors that the gold was being sent to Germany.

The Governor informed the Minister of Finance of all this. On 15th December, at 11. A.M., the following letter was received by the Governor from the Minister of Finance: "In accordance with arrangements between the German and Italian Governments, the gold transferred to Milan, and deposited there, will be transported elsewhere in Germany to the Province of Bolzano, in the same manner in which it was transferred from Rome. This Government will take care to give, this day, by telephone, precise orders to the Commandant of the Banca d'Italia's branch in Milan. The latter will contact the German authorities who have already arranged the plan of transfer and will supply the necessary personnel to escort the convey and take the gold in consignment to Bolzano".

In the transport of the gold to Bolzano was indicated in the letter, the Governor immediately sent a letter to the Minister in which, while confirming the advice that the gold could be safely kept in Milan, considering the location and security of the vaults, he suggested dividing up the gold between the Bank of Rome, Paris and Alessandria where the vaults afforded greater security than those of the Bolzano branch. The Governor added in his letter that if the transfer to Bolzano was held to be indispensable it would be necessary to make labor arrangements beforehand, as it was absolutely impossible to utilize the vaults of the Banca d'Italia. The Governor was willing to have a technician leave immediately to Berlin and seek involved. The latter concluded: "The Bank has not been informed of the plan of transfer under consideration by the German authorities and which is referred to in your letter. Further, it is not known whether, eventually, it will be contemplated to transport steel into localities outside authority of the Banca d'Italia. Nevertheless, in no instance, will the Bank surrender the custody of the gold which is its property. Should such be the intention, it would be essential to make arrangements to prevent any possibility of the

by the British during the latent air raids.

During the conference, Dr. Nohlson pointed out that the transfer of the gold should be kept secret. The Governor replied that the movements of gold are difficult to be kept secret and recalled that when, at the end of September, the gold had been transported to Milan, rumor had it that the Germans had taken the gold to Germany, a rumor which, naturally, created a bad impression. It was the Governor who, through the Banca d'Italia and the directors of the larger Banks with whom in those days he had had occasion to confer, made known that the gold had been sent to Milan to the Banca d'Italia and that it was in the exclusive custody of the personnel of the Bank. The Governor added that to save the gold, and especially from a place such as Milan, would provide occasion for serious rumors and therefore, insofar as it was possible, the press must be kept silent to such a place that no occasion could be given to rumors that the gold was being sent to Germany.

The Governor informed the Minister of Finance of all this. On 13th December, at 11 a.m., the following letter was received by the Governor from the Minister of Finance: "In accordance with arrangements between the German and Italian Governments, the gold transferred to Milan and deposited there will be transported by air to Germany, from Italy to the Province of Bolzano, in the same manner as when it was transferred from Rome. This Government will take care to give, this day, by telegram, precise orders to the Commandant of the Banca d'Italia's branch in Milan. The latter will contact the German authorities who have already arranged the plan of transfer and will supply the necessary personnel to escort the convoys and take the gold in consignment to Bolzano".

As the transport of the gold to Bolzano was indicated in the letter, the Governor immediately sent a letter to the Minister in which, while confirming the advice that the gold could be safely kept in Milan, considering the location and strength of the vaults, he suggested dividing up the gold between the Banca of Rome, Banca d'Italia and the vaults where the vaults offered greater security than that of the Bolzano branch. The Governor added in his letter that if the transfer to Bolzano was held to be indispensable it would be necessary to make later arrangements beforehand, as it was absolutely impossible to utilize the vaults of the Banca di Bolzano. The Governor was willing to have a technical leave immediately to handle the work involved. The latter concluded: "The Bank has not been informed of the plan of transfer under consideration by the German authorities and which is referred to in your letter. Further, it is not known whether, eventually, it will be contemplated to transport gold into localities outside authority of the Banca d'Italia. Nevertheless, in an instance, will the Bank surrender the custody of the gold which is its property. Should such be the intention of the said authorities, it would be equally necessary to permit prior examination of the localities by our technicians in order to make certain that all necessary exist for secure custody as well as protection by our personnel. However, whatever the solution proposed, as you know, it could not be effected immediately. And since your letter indicates that it is desired to carry out the transfer urgently, I request that you give us at the earliest possible date the Government's decision on the above so that I can make arrangements without delay for the inspection and the work mentioned above. Finally, I would remind you of my letter of 6th regarding the request made by the Banca dei Riformatori Internazionali and the Banca Nazionale del Lavoro with respect to the transfer to Switzerland the gold held in custody on their account at Milan. Your silence in this matter leads me to believe that it is not to be included in the transfer now under consideration and that these two Institutes should be so advised. I shall be pleased if you will advise us on this point and, in any case, arrange a meeting with the Secretary General of the D.R.I. who, as I have already informed you, has gone to Rome in order to settle the execution of the arrangements of his Bank and is awaiting your return".

The Minister of Finance, at 12.50 on 13th December, called the Governor on the telephone when he instructed to give immediate orders for the transfer of gold, including that of the R.R.I. and that of the B.N.C.

Upon the strong protests of the Governor of the great danger this would bring to Italian credit in Switzerland, the Minister argued that Switzerland had not proclaimed the Republic. Without success the Governor tried to make him understand that the banking credit had nothing at all to do with politics and that the R.R.I. was protected by international agreements signed and sanctioned by the law of Italy, and that the B.N.C. was not a state entity. All was in vain.

The Governor who at 12.50 had received Dr. Nehlsen, called him again following his telephone conversation with the Minister of Finance in order to obtain immediately a permit to circulate for the Chief Inspector and an engineer who would go immediately to Milan to arrange, together with the technicians of the Reichsbank, for the shipment and custody of the gold.

On the following day, 14th, Dr. Nehlsen, who had previously informed Camillo of a communication from Dr. Bernhuber expressing great resentment as to the part of the German authorities against the Governor for not giving immediate orders for the transfer of the gold, called on the Governor again and told him that the Reichsbank wanted to ensure him that the gold at Portofino would not be transported to Germany and that it would remain the property of the Banca d'Italia. He insisted that the gold must be evacuated immediately.

The Governor assured Dr. Nehlsen that he would give the necessary instructions to Milan for the shipment and confirmed that the Chief Inspector, and an engineer, would leave immediately for Bolzano so as to be certain, in agreement with the technicians of the Reichsbank, of the safe custody of the gold from an administrative and technical point of view. The Governor sent a similar communication to the Minister of Finance.

The gold, having left Milan, arrived at Portofino on 18th - 19th December and was placed in the selected premises in the presence of the German authorities, the Chief Inspector and Major, the engineer of the Banca d'Italia, in accordance with the previous verbal understanding. On the following day, 20th December, Mussolini was received at the office of the German Embassy. On 23rd December, the Governor saw Dr. Bernhuber who renewed the formal assurances that "the gold remains the property of the Banca d'Italia". The Governor confirmed these assurances in a letter to Dr. Bernhuber dated 28th December.

On 24th January 1944, Dr. Paul arrived in Bolzano from Switzerland without having previously seen the German authorities. He had his first conversation with the Governor between 16 and 20 hours. The Governor told him that one of the reasons why he had resigned himself to follow out the order to go north was to be sure that the Banca d'Italia would honor a promise made to the R.R.I. and the B.N.C. which had shown great trust in the Bank and in his personally. He pointed out that Italy and Germany would have need for credit after the war in order not to prevent the people from suffering. Even the hope of obtaining credit after the war was subordinate for Italy to the necessity of completely fulfilling certain binding obligations. It would also be useful to the Reichsbank to be able to show that it had facilitated the Banca d'Italia in such circumstances even under such tragic circumstances.

The first conversation lasted four hours and at the end Dr. Paul was per-

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to Milan to arrange, together with the technicians of the Reichsbank, for the shipment and custody of the gold.

On the following day, 14th, Dr. Heilmann, who had previously informed Gamm, of the German authorities against the Governor for not giving immediate orders for the transfer of the gold, called on the Governor again and told him that the Reichsbank wanted to secure him that the gold at Portofino would not be transferred to Germany and that it would remain in the custody of the Reichsbank. He insisted that the gold must be executed immediately.

The Governor assured Dr. Heilmann that he would give the necessary instructions to Milan for the shipment and confirmed that the Chief Inspector, and an engineer, would leave immediately for Bologna as far as to be certain, in agreement with the technicians of the Reichsbank, of the safe custody of the gold from an administrative and technical point of view. The Governor sent a similar communication to the Minister of Finance.

The gold, having left Milan, arrived at Portofino on 18th - 19th December and was placed in the selected premises in the presence of the German authorities, the Chief Inspector and Murali, the engineer of the Banca d'Italia, in accordance with the previous verbal understanding. On the following day, 20th December, Murali was received at the offices of the German Embassy. On 23rd December, the Governor saw Dr. Bernabur who renewed the formal assurance that the gold remains the property of the Banca d'Italia. The Governor confirmed these assurances in a letter to Dr. Bernabur dated 28th December.

On 24th January 1944, Dr. Puhl arrived in Portofino from Switzerland without having previously seen the German authorities. He had his first conversation with the Governor between 16 and 20 hours. The Governor told him that out of the reasons why he had resigned himself to follow out the order to go North was to be sure that the Banca d'Italia would honor a promise made to the R.S.I. and the B.N.B. which had shown great trust in the Bank and in him personally. He pointed out that Italy and Germany would have need for credit after the war in order not to prevent the people from starving. Even the hope of obtaining credit after the war was subordinate for Italy to the necessity of completely fulfilling certain basic obligations. It would also be useful to the Reichsbank to be able to show that it had facilitated the Banca d'Italia in its obligations even under such tragic circumstances.

The first conversation lasted four hours and at the end Dr. Puhl was persuaded to give the aid asked for. The matter was taken up again after supper and a visit was arranged to the Ambassador who required persuasion. This occurred on 25th January. The Ambassador after two conversations promised not to oppose a request to Berlin to export the gold to Switzerland, provided that it was presented by the Minister of Finance.

Knowing the attitude of the Minister, I pressed Dr. Puhl the evening of 25th January, at Venice, to obtain through the good offices of President Funk, an acknowledgment of my request. He promised to do his best in the matter. There was nothing now up to 25th February when the Governor visited Dr. Bernabur at the Banca d'Italia's branch in Milan. In the course of their conversation, they referred to an agreement made 5th February between the Italian and German Governments and signed on behalf of the Italians by the Minister of Finance, and the Secretary General of the Ministry for Foreign Affairs. They stated that it was necessary to expedite the agreement because, in consideration of expenses to be made abroad at the end of the joint war,

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a certain quantity of the Banca d'Italia's gold (that is, 1,400,000,000 it. lire equaling 44 million marks in gold) to be taken out of the gold deposited at Florence; should be transferred to Germany to the amount of and in the interests of the Italian State, maintaining it to the Deutsche Reichsbank, Berlin. Dr. Bernhuber informed the Governor that the Minister of Finance had given his assurance that the Governor had been duly informed.

The Governor declared immediately to Dr. Bernhuber that no such communication had been received from the Minister of Finance or from any other source. He observed that if the Italian State had reserved for its own purposes a part of the Banca d'Italia's gold the Government would have to assume responsibility for operations involved.

I stated that I could not comply with the request for assistance from the Banca d'Italia to accompany and consign the gold to the Deutsche Reichsbank.

Dr. Bernhuber, after having expressed his surprise over the failure to inform the Governor of the agreement in respect to the assurance from the Minister of Finance to this effect, communicated to the Governor the terms of the agreement which arranged for the shipment into Germany of a quantity of gold corresponding to the value of 140 million Reichsmarks as follows:

R.M.	10 million	for the Italian foreign expenses.
"	26 "	reimbursement of the delivery of gold made by Reichsbank to Istituto Nazionale per i Cambi con l'Estero.
"	5 "	Part of the Yugoslav gold taken over by the Italian Government which should have been distributed among the successive States, Italy included.
"	100 "	the buying of new material and other items required for the conduct of the war.

Dr. Bernhuber also requested from the Governor copies of the correspondence sent to the Minister of Finance with reference to the shipment of gold belonging to R.A.I. for the purpose of securing more facilities with the Reichsbank which would enable him to support the Government's position with the Minister. At the Governor's request, he admitted that there was no doubt that the Reichsbank itself, in this case, was in favor of meeting obligations regularly assumed.

The Governor asked Dr. Bernhuber to put in writing what he had told him verbally with respect to the shipment of gold to Germany, including the quantity of marks, having calculated that the latter represented a lesser weight of gold than that requested in Rome. Dr. Bernhuber did so at the meeting.

The Governor, in possession of the document, explained to Dr. Bernhuber that he was prepared to give orders for the necessary arrangements to transfer the gold but, before proceeding, would ask instructions immediately from the Minister of Finance by letter the same day.

The preparation for the transfer of gold was begun. In the meantime the first of the record agreed to reached the Governor from the Minister of Finance with precise orders for its execution.

Meanwhile I continued to press, notwithstanding the opposition of the Minister of Finance, regular payments to Saltinorlay. In April, Dr. Bernhuber made it known

I stated that I could not comply with the request for assistance from the German Government to accompany and consign the gold to the Deutsche Reichsbank.

Dr. Bernhuber, after having expressed his surprise over the failure to inform the Governor of the agreement in contrast to the assurances given the Minister of Finance to this effect, communicated to the Governor the terms of the agreement which arranged for the shipment into Germany of a quantity of gold corresponding to the value of the million Reichsmark as follows:

R.M.	10 million for the Italian foreign expenses.
"	26 " reimbursement of the delivery of gold made by Reichsbank to Istituto Nazionale per i Cambi ed i Conti.
"	5 " part of the Jugoslav gold taken over by the Italian Government which should have been liquidated among the extensive states, Italy included.
"	100 " the buying of raw material and other items required for the conduct of the war.

Dr. Bernhuber also requested from the Governor copies of the correspondence sent to the Minister of Finance with reference to the shipment of gold belonging to B.M.I. For the purpose of recording, more familiar with the facts which would enable him to support the Governor's position with the Minister. At the Governor's request, he admitted that there was no doubt that the Reichsbank itself, in this field, was in favor of meeting obligations regularly assumed.

The Governor asked Dr. Bernhuber to put in writing what he had told him verbally with respect to the shipment of gold to Germany, including the quantity of gold, having calculated that the latter represented a lesser weight of gold than that expressed in L.M. Dr. Bernhuber did so at the meeting.

The Governor, in presentation of the document, explained to Dr. Bernhuber that he was prepared to give orders for the necessary arrangements to transfer the gold but, before proceeding, would ask instruction immediately from the Minister of Finance by letter the same day.

The preparation for the transfer of gold was begun. In the meantime the text of the accord agreed to required the Governor from the Minister of Finance with precise orders for its execution.

Meanwhile I continued to press, notwithstanding the opposition of the Minister of Finance, regarding payments to Switzerland. In April, Dr. Bernhuber made it known that the German authorities would not oppose the shipment but that the gold would have to pass through Germany. I replied (informed the two Berlin correspondents) that I could not accept such conditions except through a written request from President Berber of the B.M.I. and President Kitchin of the B.M.I. and that the letters should be brought to me at once by officials of each bank authorized to give by-arrangements. As a result of my resistance, it was agreed by the German authorities that the gold should pass directly from Germany to Germany. In the early hours of 20th April, before dawn, I was informed that the five carloads of gold were in Germany. The permission of the Swiss Republic authorities had not yet arrived, but it was possible to arrive, as the banks of my written statement, for the transfer of the war without consent to Switzerland at Chiasso, which is located in Swiss territory. They were held there by authority of the Italian customs until the arrival of 21st April, when the Minister of Finance authorized their movement forward. The Swiss Consul General in Milan, resident at Geneva, having been informed by us of the matter, had issued his authority. Furthermore, that the same did not require in Italian gold when the Italian Customs officials had agreed the customs transfer across the frontier.

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Subsequently, while I was in Rome in May, I received ~~urgent~~ ^{urgent} telegrams on behalf of Dr. Bernheimer who was at Pineres requesting my return to Rome. His return was conveyed to me by Dr. Bernheimer, personally, he himself came to Rome on the morning of the 15th but did not see me. He was very friendly and very pleasant, but very busy. He was in a hurry to leave Rome for his home in Switzerland. He told me that, in accordance with an agreement between the Republic and German Government, the German Republic's gold was to be handed over to the Germans. I protested strenuously saying that the German Republic was a private concern, even though it happened to be invested with certain public functions and that neither the Minister of Finance, Pellegrini, nor the Republican Government could dispose of property which was not theirs. I added that as an official of a central bank it would be a dishonorable procedure to hand oneself to such an act of betrayal and robbery. I pointed out that the Bank's capital of 500 million represented less than half the gold remaining after the previous deduction, and that the unjust appropriation of the gold would lead the German Republic to bankruptcy for which, at the end of the war, the Reichsbank would be bitterly criticized by all the central banks. In my energetic protests, there was some incoherence for obvious reasons. My protests were such an imposition. Dr. Bernheimer told me that he did not want me to meet under any circumstances, the German military authorities would not leave behind any gold and that therefore there was nothing to be done. However, as an official of the Reichsbank, he was willing to do everything possible to see that the gold which was paid for to avoid the bankruptcy of the German Republic. He then suggested that the Minister should, as in February last, provide a concrete explanatory statement showing the amount of gold involved, and promising that it would be paid for. I was assured that they would follow this procedure.

On Sunday, 4th June, I succeeded in dispatching a communication to my colleagues in Cass advising them that I had obtained this concession both to secure the payment for the gold and for the purpose of providing, in a single statement, the total amount of gold at Pineres so as to be able to say other quantities of gold, the existence of which was unknown to the Germans and the Minister of Finance, without expecting to meet danger the Directors and Cashiers of the Banca d'Italia in the event that later on some spy betrays us. In fact, they had had nothing whatever to do with the compensation of the gold stocks at Pineres and they would not be subject to blame for not uncovering the gold which they had in their custody; whereas till the formula used by the Fascist Republic and German Government "all the property of the Banca d'Italia, in all branches" would have compelled the consent of such conditions as they had in custody under penalty of severe punishment. Gold is a public function, which cannot be stated publicly at this time, exists in two branches of the Banca d'Italia in Central Italy and one in Northern Italy, amounting to over 400 kilograms.

In addition, it is probable that there are small stocks of devalued gold in other branches. It has only been possible to conceal such gold up to the present time because the Reichsbank has not energetically expressed its wish of liquidation and has not assayed all the gold bars. The difference in Pineres of the various parts of the gold stocks has not been made it possible to state that all of the gold in the vaults of the Banca d'Italia at Via Nazionale, Rome, represents the total reserve.

In this way it has been possible to conceal some part of the gold. Had it not been for the operations of spies, it would have been possible to liquidate in Rome a part of the gold in question which the allies might still have found hard to they had occupied the capital shortly after the landing at Nettuno.

of Italian represented less than half the gold remaining after the previous deductions, and that the gold remaining after the deduction of gold to be destroyed for which, at the end of the war, the Reichsbank would be bitterly criticized by all the central banks. In my energetic protests, there was some indication that he did not want me to rest until my illness, the German military authorities would not leave behind any gold and that therefore there was nothing to be done. However, as an official of the Reichsbank, he was willing to do everything possible to see that the gold taken was paid for to avoid the bankruptcy of the Banca d'Italia. He then suggested that the Minister should, as in February last, provide a separate explanatory statement showing the amount of gold involved, and promising that it would be paid for. I was assured that they would follow this procedure.

On Sunday, 14th June, I succeeded in demonstrating a communication to my collaborator in Rome advising them that I had obtained this concession both to secure the payment for the gold and for the purpose of providing, in a single statement, the total amount of gold at Portofino so as to be able to save other quantities of gold, the existence of which was unknown to the Germans and the Minister of Finance, without exposing to great danger the Directors and Cashiers of the Banca d'Italia in the event that later on some one betrays us. In fact, they had had nothing whatever to do with the concession of the gold stocks at Portofino and they would not be subject to blame for not uncovering the gold which they had in their custody; moreover with the formula used by the Fascist Republic and German Government "all the property of the Banca d'Italia, in all branches" would have compelled the concealment of such quantities as they had in custody under penalty of severe punishment. Gold in notable quantities, which cannot be stated precisely at this time, exists in the branches of the Banca d'Italia in Central Italy and one in Northern Italy, amounting to more than 100 kilograms.

In addition, it is probable that there are small stocks of concealed gold in other branches. It has only been possible to reveal such gold up to the present time because the Reichsbank has not energetically expressed its wish of spoliation and has not ascertained all the gold bars. The difference in thousands of the various parts of the gold stocks has made it possible to state that all of the gold in the vaults of the Banca d'Italia at Via Nazionale, Rome, represents the total reserve.

In this way it has been possible to conceal some part of the gold. Had it not been for the operations of spies, it would have been possible to ascertain in Rome a part of the gold in possession which the allies might still have found here if they had occupied the capital shortly after the landing at Normandy.

APPENDIX B

ASSETS OF THE UNITED STATES
FOR SUBJECT TO COMBAT CONTROL

(As of June 16, 1944)

A. ITALIAN FUNDS

1) On hand		
2) Current accounts with banks:		
Banca d'Italia - C/Spec.D.	Lit. 25,039,135	
" - C/" - Btp.	842,389,30	
Comit - C/Vaccario	22,555,60	
" - C/Mercati	51,354,700,--	
Banca d'Italia - C/Mond. in giro.	42,463,050,--	
Credit - C/Infrastr.	52,761,100,--	
	Lit. 380,452,830,30	
		1,--
		415,196,65

Payments effected in liberated Italy by Italian debtors to the Banca d'Italia and Agent Banks on clearing accounts from June 1943 to June 1944

B. GOLD

1) On hand in Rome:		
U.S.A. Gold Dollars		10,000,--
Sovereigns		6,017,--
Gold bars		57,--
2) Deposited with third parties outside Rome:		
Deposito presso Istituzione Religiosa		2,659,10
Divareti Depositari - Lima		23,86
R. Ambasciata d'Italia - Ankara		7,117
R. Ambasciata d'Italia - Lisbona (1)		57,43
Legazione di Spagna - Lima (2)		1,11
Regione di Venezia - Chiasso (2)		300,--
		10,535
		3971

(1) Presumably non-existent. On the day of the communication from our representative dated 10/1/44, it must be assumed that this quantity of gold has been sent with consequent payment of the proceeds into the account with Banco d'Italia Santo and Comm. de Lisbon (see second page below).

(2) Funds for the purchase of Italian ration aid.

C. FOREIGN FUNDS

Scrittelle - C/Spec. B.	715.25.000.135
" - C/ " Stip.	" 042.389.50
Comit - C/Mecchio	" 22.555.60
" - C/Merci	" 50.354.700.---
Bancoroma - C/mand. in circ.	" 42.463.050.---
Credit - C/Infrastr.	" 52.761.100.---
	Subt. 150.482.930.10

Payments effected in liberated Italy by Italian debtors to the Banco d'Italia and Agent Banks on clearing accounts from June 1943 to June 1944

" 1,--

B. GOLD

1) On hand in Rome:

U.S.A. Gold Dollars	
Sovereigns	10.000.---
Gold bars	6.047.---
	57.---

2) Deposited with third parties outside Rome:

Deposito presso Istituzione Religiosa	kg.	2.659.10
Diversi Depositi - Ita	"	23.86
R. Ambasciata d'Italia - Ankara	"	71.47
R. Ambasciata d'Italia - Lisbona (1)	"	37.43
Legazione di Spagna - Ita (2)	(kg.)	1.11
	(Gvrs.)	300.---
Legazione Olanda - Genova (2)	\$ Gold	10.595

3971

(1) Presumably non-existent. On the basis of the communication from our representative dated 10/9/43, it must be assumed that this quantity of gold has been sold with consequent payment of the proceeds into the account with Banco d'Italia Santo and Comm. de Lisboa (see escape report on below).

(2) Funds for the assistance of Italian nationals.

C. FOREIGN EXCHANGE

1) On hand:

U.S.A. Dollars	\$	19.766.40
Pounds Sterling	£	409.112 3/4
Swiss fcs.	S.W.fcs.	20.95
Escudos	Esc.	7.790.---
French fcs.	Frs. fcs.	6.230.425.55
Alg. fcs.	Frs.	125.300.---
Tunis fcs.	"	434.604.00
Mor. fcs.	"	315.---

\$	677.307,4
L.	+1.447.15,0
Sw Rec.	301.975,35
Doc.	709.990,---
Etc.	527.771,---
mn.	82.600,---
le.	5.050,---
Itq.	5.39,---
...	1.00,---

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.	24.	25.	26.	27.	28.	29.	30.	31.	32.	33.	34.	35.	36.	37.	38.	39.	40.	41.	42.	43.	44.	45.	46.	47.	48.	49.	50.	51.	52.	53.	54.	55.	56.	57.	58.	59.	60.	61.	62.	63.	64.	65.	66.	67.	68.	69.	70.	71.	72.	73.	74.	75.	76.	77.	78.	79.	80.	81.	82.	83.	84.	85.	86.	87.	88.	89.	90.	91.	92.	93.	94.	95.	96.	97.	98.	99.	100.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.	24.	25.	26.	27.	28.	29.	30.	31.	32.	33.	34.	35.	36.	37.	38.	39.	40.	41.	42.	43.	44.	45.	46.	47.	48.	49.	50.	51.	52.	53.	54.	55.	56.	57.	58.	59.	60.	61.	62.	63.	64.	65.	66.	67.	68.	69.	70.	71.	72.	73.	74.	75.	76.	77.	78.	79.	80.	81.	82.	83.	84.	85.	86.	87.	88.	89.	90.	91.	92.	93.	94.	95.	96.	97.	98.	99.	100.

1. The first step is to identify the problem or question that needs to be addressed. This involves understanding the context and the specific requirements of the task.

5) Parosites with third parties outside zone:

\$		
L.	677.307,-	
Sw Fcs.	11.442.15.0	
Lec.	501.975,35	
Pch.	752.940,-	
Mgn.	527.771,-	
le.	82.681,-	
Itq.	5.360,-	
S.A.L.	5.350,-	
Cp.		1.1.1
C.T.		

0.05

TOTAL

Содержание

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11

[illegible]

(7) Detached will

U.S.A. Dollars

$$\text{differences } \Delta T_{\text{eff}} = T_{\text{eff}} - T_{\text{eff}}^{\text{ref}}$$

Legione di Dono - Cuneo

06882590 X. 9.4275

[illegible][illegible]

Abstract

(b) Page - 2002021

reduced by the use of the

(3 order of 10^5 , 10^6 each)

reduced to Swiss Fed. 7,752.01.

97-024087-0000 - 1182000

Martínez

110

- 3 -

Pesetas	
R. Ambasciata d'Italia - Madrid	4,198,395.85
R. Consolato d'Italia - Valencia	11,091.25
	<u>4,209,487.80</u>
Pesos Argentini	
R. Ambasciata d'Italia Buenos Aires	692,454.28
Ma/ Rappresentanza - " "	475,093.58
R. Ambasciata d'Italia - " "	<u>270,055.58</u>
	2,137,603.54
Turkish Pounds	
R. Ambasciata d'Italia Ankara	33,671.36
	1,100,15.10
Irish Pounds	
R. Legazione d'Italia - Dublin	12,852.58
	19,288.--
Pesos Messicani	
Legazione di Spagna - C. Jose' de Castarica	521,891.--
	947,960,500
Boliv. Col. (Costarica)	
Legazione Svizzera - Caracas	237,320.--
	312,414.40
Pesos Colombiani	
R. Legazione d'Italia - Bogota	
Dollari Cilend	
R. Ambasciata d'Italia - Santiago	85,607.55
Legazione Sviz. - " "	451,586.33
Banco Franco-It. Amer. del Sud - Santiago	
nostro scoperto	9,695.67+
	<u>3970</u>
	617,540.21

4) Current Accounts with Banks:

Banco Commerciale It. - New York	\$285,243.04
Banco di Napoli Trust Co. - " "	6,360.22
The Chase National Bank - " "	3,641.19
The Guaranty Trust Co. - " "	3,805.40

Ltd 33,671.36

Irish £	1,100.15.10
Pes. Mex.	12,652.58
Colon	19,288.--
Boliv.	521,891.--
Rs.	947,960/500
Pes. Col.	237,020.--
	318,414.40

3970
\$ Oil. 617,540.24

R. Legazione d'Italia - Dublin	Irish Pounds
Legazione Argentina - Messico	Pesos Mexican
Legazione di Spagna - S. Jose' de Costarica	Colon (Costarican)
Legazione Svizzera - Caracas	Bolivaros
Legazione Svizzera - Rio de Janeiro	Milreis
R. Legazione d'Italia - Bogota	Pesos Colombiani
Legazione di Spagna - Lima	Soles
Depositi vari - Lima	190,000.--
Banco di Credito del Perù - Lima	181,781.25
nostro scoperto	53,366.85+ Soles
R. Ambasciata d'Italia - Santiago	Dollari Ciliani
Legazione Sviz. - " "	\$ Oil. 85,607.55
Banco Franc. It. Amer. del Sud - Santiago	451,588.33
nostro scoperto \$ Oil.	9,655.57+

4) Current Accounts with Banks:

Banco Commerciale It. - New York	\$285,243.04
Banco di Napoli Trust Co. "	" 6,360.22
The Chase National Bank "	" 3,641.19
The Guaranty Trust Co. "	" 3,803.40
J.P. Morgan & Co. "	" 280.10
The National City Bank "	" 11,071.10
Swiss Bank Corporation "	" 344.62
Credito Italiano "	" 1,052.84
Bank of America - S. Francisco	" 286.97
Banco do Brasil - R. de Janeiro (1)	" 274,331.34+
Banco de Bilbao - Bilbao	" 15,425.39
Banco Com. It. Casablanca	" 21.40

(1) Uncovered balance of an accounting type as a result of

./.

\$ 53,193.93

operations in dollars which cannot be performed until further data are received; once the necessary entries are made, there will be a corresponding diminution in the dollar bill nos (see dollar position shown below)

	Dollars
Barclays Bank - London	842.10.0
Anglo-Portuguese Colonial - London	4.15.1
Commerzbank - London	12.10.7
Midland Bank - London	5. 6.0
Swiss Bank Corporation - London	6.19.15.1
Chase National Bank - London	235.13.10
Westminster Bank - London	549. 4.8
Bank of America (a/spec.) - London	0.10.11
Credito Italiano - London	76.791.15.4
Commerzbank AG - London	8.725.13.0
	45.004. 3.5
	48,563.0.5

	Swiss Francs
Banco del Vizcaya - Santiago de Cuba	500.00.70
Banco di Roma Svizzera - " "	377.283.90
Banco Nazionale Svizzera - " "	408.05.36
Credito Svizzera - " "	250.392.50
Banco di Roma Svizzera - " "	7.119.20
Banco Nacional de Chile - " "	561.203.50
Banco di " " - " "	130.578.30
Banco de Chile - " "	39.407.38
	2,212,905.40

	Escudos
Banco Nacional Ultramarino - " "	1.042.02
Banco de Portugal - " "	64.310.12
Banco Legitimato de " " (1)	560.947.04
	781.504.90

(1) In fact, settled; on the basis of communication from International representative in Lisbon dated 10/8/43, it is assumed that the unreported balance has been covered with the proceeds from the sale of gold (see A-2 above).

	Teles Argentini
Banco Italiano Buenos Aires	man 20.148.05
Banco Espanol de " "	" 3.150.61
Banco de " " (1)	" 720.231.80
Banco de la Region Argentina	"

Chase National Bank - London	235.13.10
Westminster Bank - London	545. 4.8
Bank of England (c/spec.) London	0.10.11
Credito Italiano - London	76.791.15.4
Banco Commerciale It.-London	9.725.13.8
	48.001. 3.5+

[illegible]

1200

**União Regional Metropolitana -
Foz de Iguaçu**

**Banco de Fomento e Investimentos
Governo Municipal de Foz de Iguaçu,
do Paraná - Foz de Iguaçu (PR)**

(1) In fact, notified; on the basis of communication from Informant's representative in London dated 10/9/43, it may be assumed that the above information has been covered with the records from the file.

(c) (Sect 2-T 608) [redacted] (b)(7)(C)

TKX 2000 50-03

[illegible]

(1) Temporary Road by the Banco de Brazil so that road which was to have been covered by the transfer of funds solicited by Ibero.

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Latco Exalo - Exempto -	
Exempto	1.064.123
Exempto	677.631
Exempto	30.000
Exempto	1.000.000

(1) In accounting entry regarding Egyptian Pounds to be transferred to the Bank of England and for which the confirmatory telegram has not been received; if the transfer has not been made, the sum will have to be cancelled and a corresponding credit made to the correspondent.

Turkish Lira	
Banco de Lira - Istanbul	114. 23.156,26
Swedish Krona	
Sveriges Riksbank	
Stockholms Bank	69.363,14
Skandinaviska Banken Akt.	149.331,91
Svenska Handelsbanken	108.564,61
	26.435,53
	Sw.Kr. 423.695,19

Milreis	
Banco do Brasil - Rio de Janeiro	R\$. 10.344,595
" " " c/Illoiro	" 970.669,783
" " " c/11111 (1)-(2)	" 76.125.619,878
" " " c/11111 (1)	" 58.980.000,000
Banco Franco It. y Amer. Sud-S. Paulo	17.998,200
Ambasciata d'Italia - Rio de Janeiro	255.253,770*
Banco Franco It. y Amer. Sud. Rio de Janeiro (c. indisponibile)	" 204,000*
	135.950.252,298

(1) Against a shortage in dollars.
 (2) The amount should be decreased by 5,405,620,000, the approximate equivalent of 2274,331 (note of 20), an uncovered balance of an accounting type in the dollar position. Once the book-keeping is brought up-to-date, the dollar balance will be increased by the amount indicated above. (see the preceding dollar position)

Uruguayan Pesos	
Banco Franco It. y Amer. Sud.	
Banco de la Rep. Oriental del Uruguay - Montevideo	2.530,46
Banco de la Rep. Oriental del Uruguay - Montevideo	" 1.341,03
Banco de la Rep. Oriental del Uruguay - Montevideo	" 30.564,00
Banco Ital. de Uruguay	" 2.094,94*
Banco de la Rep. Oriental del Uruguay - Montevideo	" 30.301,35
	3969

Data and information are lacking for all deposits maintained with our legations and representatives abroad as well as balances on current accounts maintained with banking institutions in non-European countries, even for the period prior to June 3, 1943.

D. ITALIAN FIN. STATEMENTS

Svenska Handelsbanken " " " 108,564.61 " " " 90,435.53 Sw. Ko. 423,695,19

Kilreals

Banco do Brasil - Rio de Janeiro	Re.	10,944,695
" " " c/ liberos	"	970,369,735
" " " c/ "A" (1)-(2)	"	76,325,619,700
" " " c/ "B" (1)	"	58,980,000,000
Banco Franco It. p/ Mauricio. Sud. S. Paulo	"	17,398,2208
B. Ambrosiata d'Italia - Rio de Janeiro	"	255,253,9770+
Banco Franco It. p/ Amer. Sud. Rio de Janeiro (c. indisponibila)	"	203,400+
		136,350,258,298

(1) Against a contango in dollars.
 (2) The amount should be decreased by 5,456,620,000, the approximate equivalent of \$274,331 (rate of 20), in uncovered balance of in accounting type in the dollar position. Once the book-keeping is brought up-to-date, the dollar balance will be increased by the amount indicated above. (see the preceding dollar position)

Uruguayan Pesos

Banco Franco It. p/ Amer. Sud.		
Montevideo	osu	2,530,46
Banco de la Rep. Oriental del Uruguay - Montevideo	"	1,341,03
Soc. Banque Suisse - Zurich	"	30,584,00
Banco Ital. de l'Uruguay		
Montevideo - n/soporte	"	2,084,04+
	osu	32,361,55

3969

Date and information are lacking for all deposits maintained with our legations and representatives abroad as well as balances on current accounts maintained with banking institutions in non-European countries, even for the period prior to June 1, 1943.

D. ITALIAN LIAISON SECURITIES

1) On hand:

Buoni Tesoro Nov. 944 5% S.R. - C.A.	
" " " 951 5% S.R. - C.A.	

	Tit.	1,170,000,--
	"	1,411,500,--

2) With third parties in Rome - Under d'Italia:

Buoni Tesoro Nov. 949 5% S.R.	C.A.
" " " 950 5% I. 03.5. R.	"
" " " 950 5% 2. " "	"
" " " 951 4% S.R.	"
" " " 946 5% quinqu. S.R.	"

	"	1,335,000,--
	"	2,455,500,--
	"	1,826,000,--
	"	407,500,--
	"	1,228,000,--
	"	500,--
	"	6,000,--

Preest. Red. 3 1/2% S.R.	
Preest. Red. Rend. 5% S.R.	

./.

24,000,000.00
Lit.

2. Substitution in Porcelain Surfaces

*) Go here! with third version in Rome - Bruce & I call.

[illegible]

2) On hand with third parties outside Rowe.
John Eubank - Washington

600.	Adriat.	7				48,000.
"	"	7	circolazione svizzera			46,000.
"	Brodz	7				32,500.
"	Cisalp.	7				23,000.
"	Gara, G.O.Fe.	7				236,000.
"	Dileon	6 $\frac{1}{2}$				795,000.
"	"	7 $\frac{1}{2}$				191,000.
"	Icaro					17,000.
"	L. Prusolini	7				18,000.
"	Publ. It.	7				1,637,200.
"	Superpower	6				650,000.
"	Imbarlo	7				493,000.
"	R. Karoli	6 $\frac{1}{2}$				50,500.
"	Nord,	7	b.n.			25,000.
"	"	7 $\frac{1}{2}$	c.a.			140,500.
"	Milano	6 $\frac{1}{2}$				2,350,000.
"	R. D'Italia	7				6,000,000.
"	Pion.	6 $\frac{1}{2}$				100,000.
"	Rosa	6 $\frac{1}{2}$				2,126,700.
"	Nova	7				424,000.
"	Venofant	7				35,000.
						6,000.

[illegible]

59.	321.50	
412.	26	
195.		
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122.10.		
1.400.		
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2.50		
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37.50		
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1.		

Gen. Prost. Cia. di Italia 4/1/1900 in Fria	Fr. in.	180
" " Bulgaro 4/1/1907	"	1.260
" Cia. des Chem. de fer du Nord de l'Europe.	"	30
" Durr. de la Villa de Madrid in Fria.	"	30
" Pontor Treton Veteri. Spitzkase 7/1/1931	"	770
" Prost. Bulg. 4/1/1909 in Pol.	Pol.	4.860
" di converse. pol. 5/1 in Zloty	Zloty	5
" Cari. Met f. Sa. Aktiengesell.	"	1.527
" Reichsbankentel S.L.	"	274
" Nord. Nordbahn	"	2
" Salzische Wapsta Akt.	"	22
" Kallische Tinct. Alf.	"	72
" Rente d'Austriche in oro 4/1	"	181
" Oesterreichische 4/1	"	25
" Oechenische Baumwoll Spinn.	"	1
" Ciot. Bret Ung. Akt. fur Chem. Ind.	"	24
" Oesterreichische Alp. Montangesell.	"	28
" Soc. Dalmat. Gen. de Constantinople	"	40
" Pest. Ungar. Comm. Bank 7/1/1930	"	18
" Comp. Paul. de Cetr. de Porto	"	52
" Braues. Mon. 3/1 Staatsanleihe	"	1
" Chicago Milk. St. Paul and Calif.	"	70

2) Deposited with third parties abroad:
Italian money - Washington

Gen. Lariat. 7/1 in S	C.E.	1.680
" " 7/1 b.n.	"	595
" " " " " "	"	210
" " " " " "	"	175.265
" " " " " "	"	130.265
" " " " " "	"	59.220
" " " " " "	"	4.165
" " " " " "	"	6.545
" " " " " "	"	127.500
" " " " " "	"	17342, 50
" " " " " "	"	32.205
" " " " " "	"	1.020
" " " " " "	"	2.941, 25
" " " " " "	"	93.140, 75
" " " " " "	"	20.540
" " " " " "	"	90.749, 75
" " " " " "	"	4.380
" " " " " "	"	15.250
" " " " " "	"	1.200, 25

29	1.690, --
30	595, --
31	310, --
32	175.345, --
33	130.250, --
34	59.320, --
35	3.165, --
36	5.345, --
37	127.300, --
38	17342, 50
39	32.205, --
40	1.020, --
41	2.261, 25
42	93.640, 75
43	20.340, --
44	90.749, 75
45	4.380, --
46	13.750, --
47	1.200, 25
48	1.600, 50

49	9.340, --
"	1.267,50
"	17.325, --
"	130.697, --
9	105, --
49	375, --
"	270, --
"	970, --
1	9.345, --

2) Deposited with third parties abroad:
Italian Embassy - Washington

Ced. Lumber.	7½		120		S.S.
" "	7½ b.n.				
Broad 7½					
Glasg. 7½					
Dixon 6¼					
" 7½					
Iscos 7½					
Publ. Util. 7½					
Superpower 6½					
Lumber 7½					
Additional 7½					
" 7½ b.n.					
Morrell 6¼					
Milano 6¼					
Pennate 6¼					
Rom 6¼					
Terra 6¼					
Uny 6¼					
Vestford 7½					
N. Illinois 7½					

Location - no. day	Species	Lyres
Coed. Charming 7 th	in 8	C.R.
Dillon 6 th	" "	"
" "	" "	"
R. & Ivellie 7 th	" "	"

U.S. Marine - New York
Col. E. A. Telle in

Amorollic Delerats - Washington

Ced.	Ariat.	7%	in 3
"	"	"	" "
"	Casely.	7%	" "
"	Edison	5%	" "
"	Meridior	7%	" "

Gen. Berni 644 in \$ 32,955,--
 " Unos 74 " " 12,283,--

Speciale di Banca Svizzera - Zurigo (idea Londra)

Operad. Ital. Cal. Co. in \$ can. divid. n. 6 su 100. n. 100,--

N.B. - Statistics with star are red items involving various types of transactions which in most cases are primarily a matter of accounting. Explanatory notes appear in a few cases. In others, data regarding the underlying transactions are, as yet, unavailable.

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

3967

of transactions which in most cases are primarily a matter of accounting. Explanatory notes appear in a few cases. In others, data regarding the underlying transactions are, as yet, unavailable.

APPENDIX D

ASSETS OF THE ISTITUTO NAZIONALE CASSA DI RISERVA, ROMA

Subject to German control
as June 16, 1944

A. Italian lire		
1) in current account with the Banco d'Italia		
balance 31. XII. 1944		Lit. 408,739,036.42
B. Gold		
1) Deposited outside Rome - Banco d'Italia		
ex Reichsbank Berlin(1) - bars	100	1,766.42
coins	"	10.86
ex Italian Treasury - bars	"	1,670.00
subsidies	"	8.10
platinum	"	0.02
U.S.A. \$	\$	6,110.00
Sovereigns	£	204.00
French francs	Fr.	2,205.00
Belgas	Belg.	200.00
Dutchmarks	Dt.	20.00
Hungarian Fl.	H. Fl.	20.00
Reichsmark	Rm.	20.00
Vatican lire	L.	300.00
Swiss francs	Sw. Fr.	100.00
bars and subsidies	kg.	1.16
Yokohama Specie Bank, Tokyo	bars	243.25

(1) This is all loaned by the Reichsbank in Berlin against 1/3,024,120.00 in currency (see corresponding note "dollars")

C. Foreign Currencies		
1) delivered to the Banco d'Italia Rome		
(transferred to North Italy)		
U.S.A. Dollars	\$	175,000.00
British Pounds	£	39,000.00
French francs	Fr.	250,000,000.00
Swiss francs	Sw. Fr.	135,160.00
Tun. francs	Tun. Fr.	103,000.00
Ind. francs	Ind. Fr.	90.00
Lei	Lei	2,431.00
Rune	Rune	174,624.50
Rechno	Rechno	1,274.04
Arg. \$	Arg. \$	205.92
Aus. \$	Aus. \$	103.16
N.I. \$	N.I. \$	97.32
Pal. \$	Pal. \$	94.24
S.A. \$	S.A. \$	14.13
Cyprus Piatro	Cy.	263.50
Confederacy Piatro	Conf.	

1) Deposited outside Rome - Banca d'Italia
ex Reichsbank Berlin(1) - bars

ex Italian Treasury	coins	1,765.42
	bars	10.86
	surpluses	1,670.00
	Platinum	8.70
	U.S.A. \$	9.00
	Swiss Francs	6,110.00
	French Francs	204.00
	Belgas	2,205.00
	Drachmas	200.00
	Hungarian Fl.	20.00
	Polish Mark	20.00
	Vatican Lire	20.00
	Swiss Francs	205.00
	bars	100.00
	bars	1.16
	bars	243.28

bars and surplus

Reichsbank Berlin, Tokyo

(1) This is old loaned by the Reichsbank in Berlin against 13,021,120.00 in currency (see corresponding note "dollars")

C. Foreign Currencies

1) delivered to the Banca d'Italia Rome
(transferred to North Italy)

U.S.A. Dollars	175,000.00
English Pounds	39,000.00
French Francs	250,000,000.00
Alger. Francs	135,160.00
Tun. Francs	1403,000.45
Mar. Francs	90.00
Lei	2,431.00
Rune	174,624.50
Pogno	1,374.04
Argentin Pounds	205.82
Australian Pounds	100.16
English West African Pounds	27.92
Malta Pounds	22.24
South African Pounds	41.13
Cyprus Pounds	263.50
Cyprus-Lebanon Pounds	9.00
Indian Rupees	139.30
Iraq Dinars	5.80
Canadian Dollars	37.00
Reichsmark	23,000.3966
Malta Pounds	102.2
English West African Pounds	335.30
Belgas	

- 2 -

New Zealand Pounds	N.Z.\$	4.10
Irish Pounds	Ir.£	26.10
Ceylon Rupees	C.Rp.	5.00
Leopoldine	Leop.	0.63
Danish Kr.	Dn.Kr.	13.35
Soles	Soles	231.00
Malrois	Mal.	30.00
Albanian Francs	Alb.Frs.	219.84
Swedish Kr.	S.Kr.	1,861.25
Rials	Rials	27,085.00

2) Deposited with third parties outside Bank:

R. Ambasciata d'Italia - Tokio	U.S.A. Dollars	3	1,334,760.76
R. Legazione d'Italia - Bucarest	Pounds Sterling	£	4,500.00
French Francs			
R. Legazione d'Italia - Torino	Fr.Frs.	14,643,659.43	
R. Legazione d'Italia - Cairo	"	402,000,000.00	
R. Legazione d'Italia - Cuneo	"	699,776,210.00	
Delegazione Militaria -	"	487,000,000.00	
Nizza	"		
Nostre Rappresentanze -	"	237,294,400.35	
Parigi	"	1,200,000.00	
C.I.A.F. - Algeri	"		
			Fr.Frs. 1,839,374,869.76

R. Legazione d'Italia - Danzica	Rundic Lei	
R. Legazione d'Italia - Budapest	Kuna	254,301,755.00
R. Legazione d'Italia - Zagabria		
Dutch Florins		29,041,539.47
Gesamte Affari Consolari - L'Aja	Fls.	62,018.06
Pango		
R. Legazione d'Italia - Budapest	Bengo	22,561.55
Reichsmark		
R. Ambasciata d'Italia - Berlino	Rm.	2,331.29
Sorbian Dinars	Din.	61,457.25
R. Legazione d'Italia - Belgrado		
Belgas	Blgs.	62.50
Gesamte Affari Consolari - Bruxelles		
Leva	Leva	37,643.00
R. Legazione d'Italia - Sofia		
Ticals	Ticals	10,002.30
R. Legazione d'Italia - Bangkok		

3) In current accounts with Banks

Cristiania Bank og Kreditkasse	U.S.A. Dollars	3	6,263.30
	Oslo	3	1,021.20

2) Deposited with third parties outside Rome:

R. Ambasciata d'Italia - Tokio	U.S.A. Dollars	1,334,760.76
R. Legazione d'Italia - Buenos Aires	Pounds Sterling	4,500.00
R. Legazione d'Italia - Buenos Aires	French Francs	
Banca d'Italia - Torino Prs. Pos.		11,643,859.43
Banca d'Italia - Cuneo	"	402,000,000.00
Banca d'Italia - Cuneo	"	699,776,210.00
Delegazione Binario	"	487,000,000.00
Mostra Rappresentanza	"	237,254,400.35
Parigi	"	1,200,000.00
C.I.A.P. - Algeci		

Tot. Pos. 1,838,374,863.78

Rumanian Lei

R. Legazione d'Italia - Bucarest	Rumanian Lei	254,801,755.00
R. Legazione d'Italia - Zagabria	Kuna	29,041,539.47
Corrente Affari Consolari - L'Aja	Dutch Florins	62,618.06
R. Legazione d'Italia - Budapest	Pengo	22,561.55
R. Ambasciata d'Italia - Berlino	Reichsmark	2,331.29
R. Legazione d'Italia - Belgrado	Serbian Dinars	61,487.25
Barone Affari Consolari - Bruxelles	Belgian Francs	62.50
R. Legazione d'Italia - Sofia	Leva	37,643.00
R. Legazione d'Italia - Bangkok	Ticals	16,002.30

Tot. 1,336,854.77

3) In current accounts with Banks

Cristiana Bank og Kreditkasse	U.S.A. Dollars	8,865.80
Reichsbank - Berlino (1)	"	1,021,100.00
Yokohama Specie Bank - Tokio	"	32,404.03
Banca Italiana per la Cina - Shanghai	"	324,166.94

(1) This involves 3,201,120 against which Reichsbank loaned gold for the equivalent of 2,000,000 (see sub. 3)

-3-

French Francs

Banque de France	Fr. Pcs 100.621.720,14	
Banque Franc. e Ital.		
B/ Americ. Sud.	353.951,02	
Comptoir Nat. d'Escompte	139.530,36	
Credit Lyonnais	323.684,24	
Sec. Gen. pour favor. etc.	44.558,14	
Banca Comm. Ital. (France)	19.459.807,22	
Banque de -arie et de -ays		
Bas	1.149,13	
Bque Ital. Franc. de Credit	142.428.482,42	
Banco di Rom (France)	215.278.942,87	
Banco d'Italia - Tripoli	143.341,70	
Banca Italiana di Cred. Tunis	23.971.354,08	
Bque Ital. Franc. de Credit	35.667.841,55	
	<u>Fr. Pcs 420.656.073,61</u>	
Rumanian Lei		
Banca Comm. Italiana e Romena - Bucarest	Lei.	11.218,--
Kuna		
Hrvatska Bank - Zagabria	Kuna.	8.400,--
Amsterdamsche Bank N.V. - Amsterdam	Flas.	4,25
Pengo		
Banca Ungaro Italiana - Budapest	Pengo	3.678,78
Deutsche Bank - Berlin		
Deutsche Goldkontobank		
Deutsche Bank - Leipzig		
6/blocato		
1.118,29		
Yugoslavian Dinars		
Banque Nat. du Royaume de Yougoslavie		
Belgrade		
Sarajev Dinars		
Banque Franco-Serbe-Belgrade		
Belgrade		
16.220,--		
Credit Lyonnais-Bruxelles		
Leva		
Banca Comm. Italia e Bulgara - Sofia		
Norwegian Kr.		
Des Norske Kreditbank - Oslo		
Martha Finlandesi		
Nordiska Foreningsbanken - Helsinki		
Danish Kr.		

Banca d'Italia - Tripoli	216,270,942,37		
Banca Italiana di Cred. Tunisi	143,341,70		
Banc Ital. Franco-je Credit	23,971,354,08		
	35,667,841,55		
			Fr. Esc. 420.536,021,61
Banca Comm. Italiana e Rumana - Bucurest	Lei.	11,218,--	
Hrvatske Bank - Zagabria	Kuna.	8,400,--	
Amsterlansche Bank N.V. - Amsterdam	Flas.	4,25	
Banca Ungaro Italiana - Budapest	Pengo	3,678,78	
Deutsche Bank - Berlino			
Deutsche Goldkontobank			
Estylos Bank-Nich			
			6/bloccato)
		1,115,29	
Banka Mat. in Roynau de Yugoslavia-Melgrade	Din.	4,824,345,15	
Serbian Bank	S. Din.	46,929,25	
Banko Franco-Serbe-Belgrade S. Din.			
Im. Gen. Yugoslave			
			16,220,--
Credit Lyonnais-Buxelles	Belges		
Banca Comm. Italia e Bulgaria - Sofia	Leva	54,95	
Den Norske Creditbank - Oslo	Leva.	310,--	
Nordiska Foreningsbanken - Helsinki	N. Ko.	10,126,68	
Den Danske Landmandsbank - Copenhagen	DKr.	16,467,--	
Bank Handlowy w Warsaw	Pol. Ko.	1,053,62	
Corona Banka e Kirevia	Zloty		13965
Zivnostrenska Banka - Praha	Kr. el.	662,--	
Banca di Grecia - Atene			
Banc Nazionale de Grèce			
Dea Comm. Ital. e Grecia			
Banco di Napoli - Napoli			
Banco di Roma - Roma			

Banco Nat. del Lavoro - Roma
Banco d'Italia A.C. - Roma

Banco Nat. del Lavoro - Corfu
Banco di Napoli - Corfu

Tokaiwa Specie Bank
Tokio c/ "VR"
" c/ spec.
" c/ ord.

Banco Italiana per la Cina - Shanghai

D. - ITALIAN COMPANIES IN ITALIAN LINES
1) Withdrawn by the Istambul Brescia

Banco Tesoro Indipenden.	5/ 1942 (1)	
" " "	5/ 1945 (ric. Prov.)	
" " " Navarra.	5/ 1944 (in due ric. prov.)	
" " " "	5/ 1949 (ric. Prov.)	
" " " "	5/ 1950 10 anis. (ric. prov.)	
" " " "	5/ 1950 20 anis.	
" " " "	4/ 1951	
" " " "	5/ 1951	

(1) The receipts of the subscription is in our possession; it appears, however, that Mr. Pellegrini has given orders that the securities should be delivered to Istambul Brescia.

E. - COMPANIES IN FOREIGN COUNTRIES

1) Withdrawn by Istambul Brescia

Banco del Tesoro del Regno d'Italia 3%
Bond. 31.12.44

Regno d'Italia 7/ 1951 con ord.
" 7/ 1951 Estr. ord.
" 7/ 1951 ostr. ord.
Citta' di Roma 6 1/2 1952 con ord.
Citta' di Milano 6 1/2 1952 con ord.
Italian Superpower 6 con ord.
Gorizia 7/ 1949 con ord.
City of Kiev 5/ 1914 con ord.

German 7 1/2 con ord.
Russian 4 1/2 1909 con ord. 15/7/1918
" 5/ 1906 " " 1/5/1918
" 4/ 1889 " " 1/4/1918
" 4/ 1889 " " 1/4/1918
Brazilian Ry. 4/ 1901/5 con ord. 1/12/39
Alliance 5 1/2 1930 con ord. 1/12/39
Credito de Per Ethiopia 3 con ord. 1/9/40
Credito de Per Ethiopia 3 1/2 con ord. 15/5/40

1,003,543.00
15,508,420.70

42,022,166.88
18,541,245.12

8,033,196.00
31,332,232.69
1,242,636.12

24,853,001.24

62,553,412.04

77,112,791.97

237,524.39

1,000,000,000.00
103,000.00
255,205,300.00
103,000.00
25,123,000.00
25,059,000.00
259,000.00
25,120,000.00

75,000,000.00
31,301,100.00
7,000.00
1,000.00
1,127,700.00
49,100.00
25,000.00
2,000.00
100.00
1,000.00
416.17
397.00
2,274.12
395.10
30.00
2,000.00
12,480.00
9,600.00

Mark 2 237,524.39

D. - ITALIAN SUBSCRIPTIONS IN ITALIAN AIR
1) Withdrawn by the Istituto Brescia

Buoni Tesoro Quinquenni, 5%	1948	(1)
"	1948	(ric. prov.)
"	1948	(in due ric. prov.)
"	1948	(ric. prov.)
"	1949	(ric. prov.)
"	1950	10 mils. (ric. prov.)
"	1950	20 mils.
"	1951	"
"	1951	"

1,000,000,000.	---
103,000.	---
255,265,300.	---
103,000.	---
25,125,000.	---
25,055,000.	---
259,000.	---
25,120,000.	---

(1) The receipts of the subscription is in our possession; it appears, however, that Mr. Pellegrini has given orders that the securities should be delivered to Istituto Brescia.

E. - SUBSCRIPTIONS IN FOREIGN CURRENCIES

1) Withdrawn by Istituto Brescia

Buoni del Tesoro del Regno d'Italia 5%
scad. 31.12.44

Regno d'Italia 7%	1951	con ced.	1/6/44	
" "	7%	1951	con ced.	1/12/40
Citta' di Roma 6 1/2%	1952	con ced.	1/12/39	
Citta' di Milano 6 1/2%	1952	con ced.	1/12/44	
Italian Superpower 6%	1952	con ced.	1/12/44	
German 7%	1949	con ced.	15/4/39	
City of Kiev 5%	1944	con ced.	2/1/18	
German 7%	con ced.		1/12/39	

c.n. Sw.Fas.	75,000,000.	---
"	51,801,100.	---
"	7,000.	---
"	1,000.	---
"	4,127,700.	---
"	1,000,000.	---
"	2,000.	---
"	100.	---
"	1,000.	---
"	416.17	---
"	397.	---
"	2,274.12	---
"	395.10	---
"	30.	---
"	2,000.	---
"	12,480.	---
"	9,600.	---
"	11,000.	---
"	20.	---
"	505.	---
"	10.	---

Russian 4 1/2%	1909	con ced.	15/7/1918
" 5%	1906	" "	1/5/1918
" 4%	1889	" "	1/4/1918
" 4%	1889	" "	1/4/1918
Brazilian Rly. 4%	1901/5	cert. Braz.	
Allomagne 5 1/2%	1930	con ced.	1/12/39
Ghordin de Per Ethiopiens 3%	con ced.	1/9/40	
Gibouci Adia Ababa 3 1/2%	con ced.	15/6/40	
Turquois 7 1/2%	1933	- 20 tr.	
Bons de la Presse			
Mexique 4%	1910	con ced.	1/7/26
Palais Voor Volkswylt	1867		

Tithe Exits 1960					
Banco Paz. Albania con ced 10					10
Leiberg Czenovitz Jassy					250,000,--
Cia. Chilena de Electricidad 2% 1922					162,402,--
Texas (Textil Africanin) con ced. 11 in Fr. b.					1,000,--
Tramways Piemontais ord. con ced 39					7
" " priv. con ced 39					350
" " de turn con ced. 29					210
Wagons Lits. Ord. con ced 11					305
Croix Rouge de Serbie					1,085
Textil Artificial s. E. C					3
Obbl. Canale di Suez 5%					18
" " " 3%					46
Textil de Gêneve					9
International Sleeping Car Trust in £					10
Ottoman Fly. Holding					6,500
Marconi's Wireles Tel. Co. of America in \$					33
Zentral Europeische con ced. 14 in Au. Sh.					125
Nuevo Banco Italiano con ced. 86 in msn					20
Istituto Centrale di Credito in Lit.					12
					340

2) Deposited with third parties outside Rome

- with "Terini" Soc. per l'Ind. e l'Elett.

obbl. "Terini" Soc. per l'Ind. e l'Elett.

6 1/2% 1928/53 ced. 1/2/44

with Cons. di Cred. per le Opere Pubbl.

Obbl. Ital. Cred. Cons. for Public Works

7 1/2% 1927/41 ced. 1/3/44

Cons. for Public Works

7 1/2% 1927/47 ced. 1/3/44

with Ist. di Cred. per le Impr. di Pub. Utilità

obbl. Ital. Pub. Ut. Cred. Inst. 7 1/2% 1926/52

ced. 1/1/44

with Ambasciata del Giappone (Gia a Rome)

obbl. Imp. Giapp. Gov. 4% 1910 ced. 1/12/40

with Banque Italo-Française de Cred. - Parigi

Cia. d'Ass. l'Urbaine et la Seine

in Fr. Fos.

3) COURTES IN FOREIGN CURRENCY

1) Withdrawn by Istituto di Credito

Regno d'Italia 7% 1951

Aristica di -lettricità 7%

Ernesto Brede 7%

Comorale 00. RR. 7%

Bilson 6 1/2%

" 7%

\$	1,812,000,--
"	363,000,--
£	19,600,--
\$	79,500,--
£	13,700,--
£z. No	30,--
\$	12,117,--
"	37,625,--
"	5,355,--
"	3,395,--
"	2,860,--
"	3,570,--

Textil de Geneve
 International Sleeping Car Trust in £
 Ottoman Fly. Holding " "
 Marconi's Wireless Tel. Co. of America in \$
 Zentral Europeische con ced. 14 in Au. Sh.
 Nuevo Banco Italiano con ced. 88 in msn
 Istituto Centrale di Credito in lit.

2) Deposited with third parties outside Rome
 - with "Terni" Soc. per l'Ind. e l'Elett.
 obbl. "Terni" soc. per l'Ind. e l'Elett.
 61% 1928/53 ced. 1/2/44
 with Cons. di Cred. per le Opere Pubbl.
 Obbl. Ital. Cred. Cons. for Public Works
 7% 1927/41 ced. 1/3/44
 " " " Cons. for Public Works
 7% 1927/41 ced. 1/3/44
 with Ist. di Cred. per le Impr. di Pub. Utilita
 obbl. Ital. Pub. Ut. Cred. Inst. 7% 1926/52
 ced. 1/1/44
 with Ambrosiana del Giappone (gia a Roma)
 obbl. Imp. Giapp. Gov. 4% 1910 ced. 1/12/40
 with Banque Indo-Francaise de Cred. - Parigi
 Cir. d'Ass. l'Urbanisme et la Reine
 in lrs. Fos.

3) COUPONS IN FOREIGN CURRENCY IS

1) Withdrawn by Intecombi, Brescia
 Regno d'Italia 7% 1951
 Adriatica di -elettricit 7%
 Ernesto Brede 7%
 Consorzio CO. EP. 7%
 Eliaon 6%
 " 7%
 Casalpino 7%
 Italian Superpower 6%
 Istituto Credito Imp. Pubbl. Utilita 7%
 Idroelettrica Isarco 7%
 " Piemonte 6%
 Citta di Milano 6%
 " " Roma 6%
 Lombarda 7%
 Soc. Merid. di Elettricit 7%
 Terni 6%
 Brolet Merelli 6%
 Unione Isarco Elettrica 7%
 Venetondario 7%

\$	1.812.000.---	
"	863.000.---	
£	19.600.---	
\$	79.500.---	
£	13.700.---	
Az. No	30.---	
\$	12.117.---	
"	37.625.---	
"	5.355.---	
"	3.395.---	
"	2.860.---	
"	3.570.---	
"	1.575.---	
"	4.740.---	
"	124.860,50	
"	13.300.---	
"	59.005.---	
"	94.886.3964	
"	173.111,25	
"	25.427,50	
"	146.690.---	
\$	89.017,50	
"	2.063,75	
"	28.105.---	
"	6.107,50	

./.

Isotta Fraschini
 Consorzio OO.FE.7%
 Idroelettrica Isonnese 6%
 Idroelettrica Cisona 6%
 Aluminio Veneto 6%
 G. Crespi 7%

910,--
 1.305,--
 SW. Inc. 687.140,--
 " 325.000,--
 " 147.192,50
 Tot. 47.930,--

3.3. Transactions with a star are red items involving various types of transactions, which in most cases are primarily a matter of accounting. Explanatory notes appear in a few cases. In others, data regarding the underlying transactions are, as yet, unavailable.

APPENDIX E

Text of Agreement between Great Germany and the Italian

Republican Government, February 1944

The following agreement has been reached between the Government of Great Germany, represented by Ambassador Dr. Adolf Keen, Plenipotentiary of Great Germany in Italy, and the Government of the Italian Social Republic, represented by Dr. Benigno Mussolini, Secretary General of Foreign Affairs and by Professor Gaetano Fellegrini, diplomat, Minister of Finance:

The Government of the Italian Social Republic will dispose of free gold the property of the Banca d'Italia as follows:

1. The Government of the Italian Social Republic will consign to the Government of Great Germany for Italian diplomatic expenses abroad 100 million lire, equaling 10 million RM in gold which will be administered by the German Ministry of Foreign Affairs in Berlin in a fiduciary capacity. From this amount the sum of 10 million lire, equaling 1 million RM in gold already paid out by Germany for the purposes mentioned will be returned to the German Ministry of Foreign Affairs.
2. The Government of the Italian Social Republic will consign to the Government of Great Germany the sum of 50 million lire, equaling 5 million RM in gold which will be returned to the Reichsbank in restitution of the gold credit made for the same amount.
3. The Government of the Italian Social Republic will consign to the Government of Great Germany an amount calculated at 250 million lire, equaling 25 million RM in gold, which was requested in Yugoslavia, in a fiduciary capacity and for distribution to the States having a right thereto on the basis of proportional quotas established for this purpose.
4. As a contribution to the joint war effort the Government of the Italian Social Republic places at the disposal of the Ambassador and Plenipotentiary of Great Germany in Italy the total amount of free gold the property of the Banca d'Italia after having subtracted the amount required under 1, 2, and 3 above. Of this amount 1000 million lire, equaling 100 million RM in gold will be immediately assigned.
5. In appreciation of the contribution made under 4 above by the Government of the Italian Social Republic for the common war effort, the Ambassador and Plenipotentiary of Great Germany in Italy will place immediately after the signing of the present agreement one (1) billion lire at the disposal of the Italian Social Republic for war expenditure.

The Government of the Italian Social Republic will dispose of free gold the property of the Banca d'Italia as follows:

1. The Government of the Italian Social Republic will consign to the Government of Great Germany for Italian diplomatic expenses abroad 100 million lire, equaling 10 million RM in gold which will be administered by the German Ministry of Foreign Affairs in Berlin in a fiduciary capacity. From this amount the sum of 10 million lire, equaling 1 million RM in gold already paid out by Germany for the purposes mentioned will be returned to the German Ministry of Foreign Affairs.
2. The Government of the Italian Social Republic will consign to the Government of Great Germany the sum of 10 million lire, equaling 5 million RM in gold which will be returned to the Reichsbank in restitution of the gold credit sale for the same amount.
3. The Government of the Italian Social Republic will consign to the Government of Great Germany an amount calculated at 200 million lire, equaling 20 million RM in gold, which was sequestered in Yugoslavia, in a fiduciary capacity and for distribution to the States having a right thereto on the basis of proportional quotas established for this purpose.
4. As a contribution to the joint war effort the Government of the Italian Social Republic places at the disposal of the Ambassador and Plenipotentiary of Great Germany in Italy the total amount of free gold the property of the Banca d'Italia after having subtracted the amount required under 1, 2, and 3 above. Of this amount 1000 million lire, equaling 100 million RM in gold will be immediately consigned.

In appreciation of the contribution made under 4 above by the Government of the Italian Social Republic for the common war effort, the Ambassador and Plenipotentiary of Great Germany in Italy will place immediately after the signing of the present agreement one (1) billion lire at the disposal of the Italian Social Republic for war expenditure.

The Government of the Italian Social Republic will take the necessary steps to ensure that the above indicated quantities of gold are consigned as early as possible to Fortuna to the representatives of the Ambassador and Plenipotentiary of Great Germany in Italy.

Rasano, February 5th 1944

3963

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

APPENDIX P
Security Prices in Rome
1. Shares

							1	2	3			
							July up to 23rd	From July 27th to Sept. 8th	From Sept. 9th to Sept. 30th	October	November	
January	February	March	April	May	June							
Finance	100	95.3	92.2	112.5	162.9	181.0	180.1	166.7	155.0	150.4	156.3	
Insurance	100	86.8	86.6	99.9	150.3	83.6	174.6	205.5	244.3	250.3	248.0	
Transport and Communications	100	87.1	89.7	123.3	183.9	200.0	220.4	222.4	216.2	213.0	223.7	
Textiles and Dressmakings	100	97.0	97.3	128.0	140.1	141.7	140.9	137.3	115.3	106.3	103.8	
Mining and Metallurgical	100	82.6	99.3	132.1	166.8	161.9	156.4	137.3	121.3	111.2	122.3	
Engineering and Motor Cars	100	97.0	97.9	123.4	131.8	125.1	120.2	105.8	96.6	88.8	89.2	
Electric Power	100	95.8	88.7	126.9	153.3	156.7	170.7	163.3	166.2	167.7	175.2	
Food Processing	100	90.2	88.7	96.0	156.5	170.0	176.3	196.8	198.8	191.9	193.6	
Chemical	100	97.2	85.3	110.0	131.8	124.0	110.6	99.7	91.1	90.3	98.2	
Land & Property	100	83.1	82.5	100.6	123.1	127.2	149.2	145.7	141.3	157.6	186.2	
Miscellaneous	100	94.5	93.9	124.6	168.8	164.6	167.3	158.0	153.4	151.4	161.5	
General Index Number	100	95.3	95.3	93.5	101.7	153.9	155.4	163.3	153.5	150.5	148.0	159.9

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

APPENDIX F
Security Prices in Home
1. Shaver

3962

1943										
January	March	April	May	June	July up to 23rd	From July 27th to Sept. 8th	From Sept. 9th to Sept. 30th	October	November	December
95.3	92.2	112.5	162.9	181.0	180.1	166.7	145.0	150.2	156.3	183.8
86.3	86.6	95.0	130.8	83.6	174.6	201.5	244.3	250.3	248.0	278.3
87.1	89.7	123.3	183.9	200.0	220.4	222.4	216.8	213.0	228.7	246.3
97.0	97.3	128.0	140.1	141.7	140.9	117.3	115.3	106.3	103.8	133.4
92.6	99.3	132.1	166.8	161.9	156.4	137.3	121.5	111.2	122.3	145.9
97.0	97.9	123.4	131.8	125.1	120.2	105.8	96.6	88.8	89.2	102.5
93.8	88.7	126.9	153.3	156.7	170.7	163.3	166.2	167.7	175.2	216.7
90.2	88.1	96.0	156.5	170.0	176.3	196.8	198.8	191.9	193.6	194.6
97.2	85.3	110.0	131.8	124.0	110.6	99.7	91.1	90.3	98.2	101.1
83.1	125.5	100.6	123.1	127.2	149.2	145.7	141.3	157.6	196.2	212.1
14.5	93.9	124.6	168.8	164.6	167.3	158.0	153.4	151.4	161.5	177.4
9.3	93.5	101.7	153.9	155.4	163.3	153.5	150.5	148.0	155.9	186.1

Page 2, Appendix F.

APPENDIX F
Security Prices in Rome
1. Shares (Con't.)

Share	1 9 4 4					
	January	February	March	April	May	June 1st.
Finance	207.0	193.7	173.2	208.6	261.2	342.9
Insurance	350.6	381.3	406.0	456.4	485.4	553.1
Transport and Communications	238.1	258.2	259.1	325.9	386.2	494.8
Textiles and Dressmaking	136.4	138.0	162.6	246.2	366.7	452.8
Mining and Metallurgical	162.3	142.0	151.2	224.9	274.3	320.8
Engineering and Motor cars	124.0	114.5	124.8	199.3	255.7	296.2
Electric power	226.3	158.1	185.2	255.5	288.7	326.6
Food Processing	250.8	239.8	239.3	358.3	493.9	566.0
Chemical	114.7	113.1	118.9	157.2	213.1	213.3
Land and Property	232.5	249.2	245.4	348.6	395.6	444.7
Miscellaneous	202.0	200.2	197.8	258.2	333.5	411.5
General Index Number	201.8	167.5	168.2	251.9	304.7	352.3

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

APPENDIX F
Security Prices in Rome
1. Shares (Con't.)

1944

<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June 1st.</u>
207.0	193.7	173.2	208.6	281.2	342.9
380.6	381.3	406.0	450.4	485.4	558.1
288.1	258.2	255.1	325.9	386.2	494.8
336.4	138.0	162.6	246.2	366.7	432.8
162.3	142.0	151.2	224.9	274.3	320.8
124.0	114.5	124.8	199.3	255.7	296.2
226.3	158.1	185.2	255.5	288.7	326.6
259.8	239.8	239.3	358.3	493.9	586.0
114.7	113.1	118.9	157.2	213.1	213.5
232.5	249.2	245.4	348.6	395.5	444.7
202.0	200.2	197.8	258.2	333.5	411.5
201.8	167.5	108.2	251.9	304.7	352.3

Page 3, Appendix B.

2. Fixed Interest-bearing Securities

Fixed Interest-bearing Securities	1 2 4 3										
	January 29th	February 26th	March 26th	April 30th	May 28th	June 25th	July 30th	August 27th	September 24th	October 29th	November 26th
3 1/2% Bonds 1906	80.90	86.25	89.10	88.40	90.50	91.75	90.00	84.60	82.50	82.25	86.50
5% Bonds	90.60	87.75	90.30	90.40	90.60	90.60	77.00	71.30	64.00	64.00	73.50
9 years term Treasury Bonds											
5% - due Feb. 15, 1969	97.00	95.50	95.75	94.20	94.20	93.80	83.00	71.25	66.00	64.75	76.00
4% - " " " 1963	99.65	99.50	99.45	99.375	99.375	99.30	99.00	99.00	95.25	93.50	94.00
4% - " Sept. 15, 1951	-	-	-	-	-	-	-	-	-	-	69.00
I.R.I. Perro 4 1/2%	536.00	547.00	550.00	593.00	593.00	612.50	530.00	536.50	512.00	530.00	448.00

	1 9 4 4					
	January 28th	February 25th	March 31st	April 28th	May 26th	June 1st
3 1/2% Bonds 1906	97.30	99.75	100.50	113.00	114.50	128.00
5% Bonds	80.30	87.25	88.00	97.25	93.20	96.30
9 years term Treasury Bonds						
5% - due Feb. 15, 1969	85.90	89.30	91.05	97.30	94.50	96.20
4% - " " " 1963	-	-	-	-	-	-
4% - " Sept. 15, 1951	70.00	84.45	82.70	90.95	87.60	89.20
I.R.I. Perro 4 1/2%	489.00	494.00	565.00	650.00	800.00	820.00

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

2. Fixed Interest-bearing Securities

1 9 4 3											
January 29th	February 26th	March 26th	April 30th	May 20th	June 26th	July 30th	August 27th	September 24th	October 29th	November 30th	December 31st
80.90	86.95	89.10	88.40	90.50	91.75	80.--	84.60	82.50	82.25	86.50	92.--
90.60	87.75	90.30	90.40	90.60	90.60	77.--	71.30	64.--	64.--	72.50	80.75
97.--	95.50	95.75	94.20	94.20	93.80	83.--	71.25	66.--	64.75	76.10	81.50
99.65	99.50	99.45	99.375	99.375	99.50	99.--	99.--	95.25	93.50	94.--	-
-	-	-	-	-	-	-	-	-	-	69.--	72.25
536.--	547.--	550.--	593.--	593.--	612.50	530.--	536.50	512.--	450.--	448.--	494.--
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January 28th	February 25th	March 31st	April 28th	May 26th	June 1st
97.30	99.75	100.50	113.--	114.50	128.--
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85.90	89.30	91.05	97.30	94.50	96.20
-	-	-	-	-	-
74.--	84.45	82.70	90.95	87.60	89.20
489.--	494.--	565.--	650.--	800.--	820.--

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22 JUN 1944

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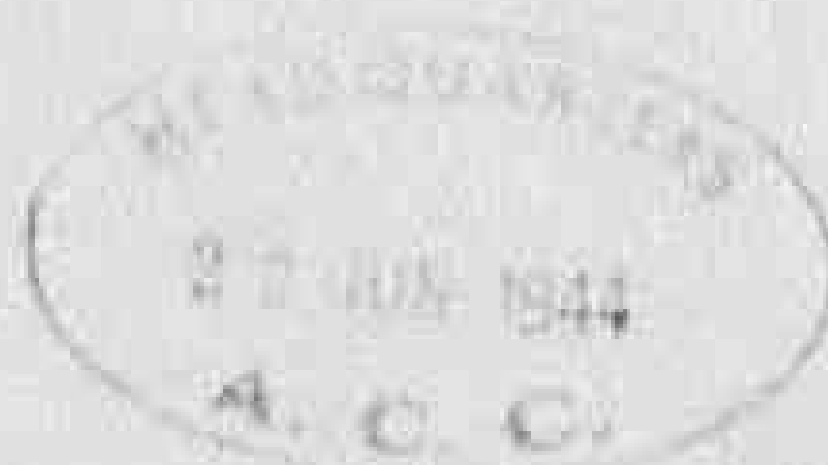
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WORK OF
ALLIED MILITARY GOVERNMENT
OF HOME

Report of the first forty-eight hours.

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WORK OF
ALLIED MILITARY GOVERNMENT
OF ROME

Report of the first forty-eight hours.

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ALLIED MILITARY GOVERNMENT
OF HONOR

Report of the first forty-eight hours.

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PLANS OF ALLIED MILITARY GOVERNMENT
 OF ROME

Report of the first forty-four hours.

I. Introduction

Conditions existing on our occupation of Rome were in sharp contrast to those found when we captured Naples. The writer, having had charge of the setting up of Allied Military Government in both cities, is in a position to compare the state in each after the departure of the Germans.

Naples was largely in ruins; Rome was little hurt. Naples had suffered numerous and highly destructive air attacks by the Allies, but Rome had not been fired upon by us, except for some of the suburban quarters and the railway yards. Naples was crowded with refugees in dire want and all but starving. Rome had a two day supply of food when we came in. Refugees there were in Rome, but they were of a considerably better class, as a whole, than were the poor found in such numbers in Naples. Prior to the war, Naples was larger than Rome, being the metropolis of Italy; but now what with the influx of war employees and their families, as well as people from the North who were caught in Rome by our rapid advance, Rome was about half as large again as Naples. In Naples the Germans, before their retreat, had done everything conceivable to wreck the city and all its modern conveniences. In Naples there were no telephones, electric light apparatus, gas, tram (street-car) lines, automobiles (except a few at first hidden), no lamps or candles, no food and no fuel. None of these things were absent in Rome, though many were in very short supply. In Naples even educational and religious institutions had been the object of zeutonic fury. In Rome, probably because of the nearness of the Vatican, there was no damage to such places. Naples, having been exposed to German propaganda, expected the worst of Allied troops. Rome, having been reassured, awaited us as liberators.

All this is not to be taken to mean that Rome was in a normal state. There was ample evidence that the enemy had made extensive preparations to cause damage to bridges, public buildings, public utilities and even streets, but there were signs that his retreat had been so hasty that there was not time to put into effect all these. There was, nevertheless, damage as will be described below.

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The Allied Military Government destined for Rome had been making plans for this work for more than five months, owing to the delay in the advance of the Allied armies. Everything that could be done in anticipation had been done, and the soundness and completeness of plans thus made were evident in the smooth way that our officers assumed their new tasks and without difficulty took over the management of the Italian capital. The Army Commander, Lieutenant-General Mark W. Clark,

characterized the work by AMG in Rome as a "grand job," and added that its having been done well took a heavy burden from his shoulders.

The report that follows gives only what we did during the first forty-eight hours of our occupation. A later report will continue the story. Many of the things mentioned below as being projected were, in fact, put into reality before this report could be typed.

The advance of the Fifth Army has been so rapid that our troops are already far to the north, much further than we had anticipated at this time. The Eighth Army likewise is moving on. Herein lies another great difference between the position of AMG in Rome from that in Naples. In Naples the actual fighting was for many weeks within a few miles, comparatively, of the city, so that all that we did was necessarily colored by it. In Rome the battle zone moved on so quickly that Rome is already a rear area. The Fifth Army will soon be able to turn over the responsibility for Rome to others, a thing which was long delayed in Naples.

I take advantage of this opportunity to commend the heads of the several divisions of Allied Military Government of Rome, and their subordinates. They have worked with hearty will and have given full measure of zeal and industry. They deserve the gratitude of their respective countries and of the Allies as a whole.

Edgar Brakine Kune
Brigadier General, General Staff Corps
In Charge of Allied Military Government of Rome.

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IX. The Occupation of Rome

1. Lt. Gen. Mark W. Clark, accompanied by his Chief of Staff, Major General A.M. Gruenther, Brigadier General George Beucier, Chief of the French Mission with the Fifth Army and Colonel Britten of the British Incumbent, Fifth Army, Major General Harry H. Johnson, Commander of the troops in the Rome Area and Brigadier General Edgar Erskine Hume, Chief of Allied Military Government Section (S.C.A.G.), Fifth Army, entered Rome in several jeeps at approximately 8 a.m. on Monday, 5 June 1944. The Germans had been driven out of the city at approximately 10 p.m. of the previous night, some of our units having maintained contact with the enemy at intervals for the previous twenty-four hours.

2. General Clark's party, as prearranged, proceeded directly to the Campidoglio (City Administrative Offices) where they were met by General Roberto Bencienga of the Italian Army, who had been designated by Marshal Badoglio, with the approval of Lieutenant General Noel Mason MacFarlane, Chief Commissioner of the Allied Control Commission, to have civil and military control of Rome during the interval between the departure of the enemy and the arrival of Allied troops. At 10 o'clock of the same morning, General Clark was joined by his three Corps Commanders, General A. Juin, commanding the French Expeditionary Corps, Major General Geoffrey Keyes, commanding the II Corps and Major General Lucien Truscott, commanding the VI Corps.

Immediately on arrival the officers of Allied Military Government who had been designated for duty in the Rome Area and the staff of the Rome Area Command, (heretofore known as the City Administration Section, to avoid the use of the word "Rome") began their work. These officers of the two groups have shown a high degree of efficiency and have taken hold effectively of their manifold tasks, all of which required the exercise of initiative, energy and good judgment. In the following paragraphs is outlined briefly the work of each of the special divisions during the first two days of our administration of the Government of the Italian capital.

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III. Relationship with the Rome Area Command

All of our plans were made in connection with those of the Rome Area Command -- known, until our arrival here, as the City Administration Section, a title used in order to avoid mentioning of the name Rome. Under the Chief of Staff of the Rome Area Command and his four Chief Assistants namely, G-1 (Personnel), G-2 (Intelligence), G-3 (Operations) and G-4 (Supplies), the heads of the Allied Military Government division have been arranged. This has been found a most satisfactory arrangement as our departments are given a degree of cooperation that never existed during our Government of Naples. Many of the matters of purely military moment are worked out directly by the Rome Area Command, which if not done, would have devolved upon us. The offices of the two organizations are in the same building (see above) and the chiefs of each division meet for a conference at the beginning of each morning. In some of the sections the work is so intimately united that it is difficult to draw a line between the members of the two staffs, for instance the Engineers officer of the Rome Area Command and head of our Transportation, Communications and Utilities Division.

IV. Headquarters

On arrival in Rome in accordance with plans previously made, the Allied Military Government and the Rome Area Command established offices jointly in the Campidoglio. This historical building has been traditionally the see of the Government of the city of Rome from time immemorial and it was felt that in the early stages of occupation it was important for us to begin our administration and governmental duties at such a place. It was never intended that our offices should continue there permanently.

Accordingly, at the end of the second day of our occupation, arrangements were made to take over part of the Istituto Assicurazioni Venezia. This building, as foreseen, is admirably adapted for our purposes. It is centrally located and easily accessible to the Campidoglio, in which the civic offices continue to function.

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V. Finances

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V. Finances

On our arrival in Rome the banks were closed as the day was a holiday. It would have been necessary in any case to close the banks in order to have time to study the condition of each, especially of the Banca d'Italia, the central bank. Anticipating a shortage of cash, we brought with us 600,000,000 lire from Banca d'Italia, Naples. This money, together with 240,000,000 Allied

Military Government Lire belonging to AFA (Allied Financial Agency) were brought in four trucks which reached Rome with the first elements of AMG. The money was deposited in the Banca d'Italia before noon on the day of arrival. Our anticipation was verified by investigation which proved that all the banks were short of cash and that the Banca d'Italia was down to practically none. The Germans and their Fascist allies had made away with nearly all the available money in the banks. There were a few notable examples of hidden cash, two of the banks having concealed 75,000,000 lire each and one 40,000,000 lire. The funds brought in proved to be a vitally necessary element in restoring confidence and in laying the basis for the reopening of the banks. Additional funds are being brought from Naples.

The officials of the Banca d'Italia were interviewed on the first day and a meeting of all the banks of the city was called for the next. At the meeting, the financial policies of AMG were explained and each bank was requested to make prompt reports of its condition. These reports have been received and analyzed. On the basis of our study of the figures, the Finance Division decided that the banks could be re-opened promptly. General Order No. 2 was posted on Sunday 11 June, making effective on Monday, 12 June, the re-opening of the banks and of the banking services of the Post Offices (the postal savings and current accounts, and the issuance of postal savings bonds). This General Order and the conditions of re-opening were explained to the banks at a meeting held on Sunday 11 June. To be able to re-open banks so quickly after our occupation is a record for Allied Military Government, irrespective of the size of the city concerned.

The finances of the city, province and state were simultaneously studied. The financial officials of all three were requested to present copies of their current budgets and those of the previous year, and to furnish estimates of their immediate needs for the next month. The Regione Capo (Chief Accountant) of the Governatorato, on the second day of our occupation, requested funds for payment of city employees for the month of June. As would have been the beginning of an unsound practice of paying salaries before they are due, we have declined for the present, requesting a more detailed justification. If a real need be shown, the Finance Division proposes to authorize the payment of the salaries of the first half-month. It is contemplated that the salary increase allowed in the liberated areas of the South will also be made effective here in the near future.

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The finances of the Governatorato showed a deficit of 190,000,000 lire for the year 1943. Substantial deficits are the rule in the financial situation of the province and the state offices. The officers in charge of revenue matters have

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impressed on the tax collecting offices that all tax laws are in effect and that all taxes must be collected. All the tax offices are intact, with sufficient personnel to function normally.

The announcement of the reopening of the banks in the record time of only one week from the date of entry, and the simultaneous resumption of the activities of the postal savings system in the city, have created a most favorable impression among the Roman public. The postal banking system is the poor man's bank and is an important feature of the life of the people. There is every evidence that money in hiding will now come back to the banks in large volumes. The Roman public had been in a very nervous state for months, having in mind the Germans' exaction of 10,000,000,000 lire monthly from the Fascist government and the restrictions placed by the Germans on withdrawals from bank accounts. With the removal of this incubus on the economic system and the genuine restoration of public confidence, the local bankers now assure us that the occupation by the Allies has served greatly to reestablish the faith of the people.

VI. Public Safety

The entire personnel of our Public Safety division was attached, sometime prior to leaving Caserta and Naples, to the S-Force, a special body created to enter Rome as soon as practicable to preserve records, archives and papers in public buildings, which might have been damaged or destroyed by enemy action. Thus our police officers to whom 2800 Carabinieri and 400 Guardia di Finanza were attached, were available for immediate duty. Even prior to leaving Littoria for the advance on Rome, these men did excellent work in highway traffic control and in guarding vulnerable points in the Fifth Army area or elsewhere as requested by various entities of Fifth Army.

The personnel of the Public Safety division threw themselves into the work in Rome in a most efficient fashion. Our Carabinieri and Guardia di Finanza went direct to each of the ten districts into which Rome is divided, each group working under an experienced Allied police officer. These officers who are mostly British, have all been found efficient and thoroughly trained. Radio apparatus was brought in by us, one being placed in each district so that Headquarters is in immediate and twenty-four hours touch with each group.

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The conduct of the population of Rome with but a few exceptions, has been excellent since our arrival. Great enthusiasm was displayed by persons of all ages in every street through which the military vehicles passed. In only a few instances was there anything like sniping, after the city quieted down within the first twenty-four hours. There have so far been a few cases of looting

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reported in and in almost all of them the culprits have been captured.

Announcements have been placed in the newspapers telling in simple words and briefly just what is expected by the Allied Military Government, of the people of the city. It was felt that by this means, persons who wish to obey our rules will be able to do so and will not be forced to depend on reading the lengthy and not too clear proclamations and the like which were prepared in advance. Such proclamations have been posted, as required, in the appropriate places. A curfew has been established from 10 P.M. to 5 A.M. -- these hours corresponding to the hours of darkness. One of the first and chief difficulties was the matter of disarming the "partisans." These men, in most instances, were encouraged by the Allies to bear arms, and in some instances were given arms by the Allies so as to offer resistance to the enemy. It is not known to what extent these persons rendered useful services prior to our arrival but it was considered that it would be a potential menace from now on to permit men in civilian clothing having only an armband by way of identification on to go about, armed. It is a most unwise practice, particularly in the early days of an occupation. Moreover, since a police force which we consider trustworthy has been placed on duty, there is no further duty or use for these partisans.

On the other hand, it was realized that these men have a certain claim upon us and we did not wish to be accused, as we were in Naples in several instances, of not protecting those who had been our friends. At the same time that the order was issued to disarm these men, the matter was carefully explained to members of the National Committee of Liberation and they were requested to inform their several organizations as to why this was necessary. Appropriate notices have been placed in the papers, explaining this. Thus far we are experiencing no difficulties from individuals who are unwilling to give up the arms. There has been but one casualty in our personnel since arriving in Rome, although one officer, Lt. Zittel, was slightly wounded by an exploding land mine on the day before we entered Rome and during the time that he was marshalling the Carabinieri for the march.

The casualty was a lieutenant of the Finance Guards who was killed while pointing a notice pertaining to the return of arms. He was shot in the back and the culprit has not yet been discovered. An autopsy has been ordered to determine from what direction the fatal bullet came. One public security officer, who is experienced in homicide detection, has undertaken this case.

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The associates are not being arrested, this being upon the unanimous advice of persons who have been in Rome throughout the German occupation and with whom our contacts have been maintained. It may later be found necessary to take even the associates into custody.

Thus far about 2200 Carabinieri have come forward in response to our notice and are offering themselves for duty. They are being vetted under the direction of the Chief of Police since it is obviously unwise to take them into our service without careful examination of each individual case. Among the Carabinieri who have thus come in, is Lt. Gen. Angelo Cerica, who was in command of the Carabinieri some months ago and who being persona non grata to the Germans went into hiding. He claims to have been in the hills during most of this period although some of those who do not care for him state that he was hiding in the Vatican. It has not been possible to verify this report. General Cerica claims to be senior to Lt. Gen. Fieche, whom we recognized as the head of the Carabinieri and whose appointment was by Marshal Badoglio. We have explained to General Cerica that the question of his future status must be determined later and that for the present the senior officer of the Carabinieri serving here must remain with Lt. Col. Perinetti, who came to Rome with us and who has been in our group throughout the period of planning.

In cooperation with P.M.B. we have aided in supplying material to be used by the loud speaker apparatus in various parts of the city whereby the information that we desire to be given to the public can reach them without delay. Similarly the regular radio station has been broadcasting material supplied by us. Refugees as far as the police standpoint goes, are not a serious problem (see paragraph XIII).

There have been also 200 arrests on security grounds. At least 1600 undesirable police agents have been completely cleared from office. Our round-up of Fascists continues. Elements under political cloak being watched and appropriate action will be taken.

VII. Food Supply

It is obvious that one of the most, if not the very most important duties of Allied Military Government in the first days of the city's occupation is that of supplying the city with food. This was anticipated and during the period of about one week when our headquarters was at Littoria, much time was devoted to the unloading of the ship containing the flour and other foods which had been sent from Naples into the port of Anzio. The first most serious diffi-

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the situation, the three hundred -- and later four hundred -- Finance Guards (Guardie di Finanza) included in our party were used as laborers to aid in the unloading. The decision to use these men for this purpose was made only after careful consideration and after ascertaining that no other men were available. Although expected, the Italian labor companies (they) had not arrived to replace the Guardie di Finanza until after the ship was half unloaded. Though this duty was not a pleasant one, the Guardie di Finanza undertook it cheerfully, feeling that by so doing they were rendering a necessary and urgent service. The fine spirit which they demonstrated is worthy of commendation.

After the labor troops arrived just before we left Litteria, they were immediately assigned to this duty and were still engaged in it when orders came for ABC to proceed with its whole organization, accompanied by that of the Rome Area Command, to Rome.

Thus far food for approximately 24 days has been transported from Anzio to Rome and held as a reserve. It was not necessary to use this immediately on arrival since it was found that food for approximately two days had been already distributed by the Germans, so that our supplies were not immediately necessary. This was a great aid to us in view of the circumstances above outlined. This also indicates the speed with which the Germans had to leave since, though they were able to make off with the undistributed food supplies they were not able to recover supplies already sent out for distribution.

We found on arrival in the city that there were approximately 1,385,000 registered food ration cards in Rome. It is however difficult to estimate the population of the city from this figure alone, which did not include the numerous refugees nor persons temporarily in Rome. These two groups added considerably to the population, particularly since they were unable or unwilling to leave the city at the time of our coming.

The Germans had an elaborate system of allowance of extra ration of bread for different types of individuals beginning with 75 grams extra for children and going up to 450 grams extra for heavy workers. The amount of the normal day ration was 100 grams but it was stated -- and our Economics and Supply Department estimates tend to verify this -- that not less than 35% of the population were drawing extra rations above the normal allowance. There is another fact

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ing that no other men were available. Although expected, the Italian labor companies (they) had not arrived to replace the Guardia di Finanza until after the ship was half unloaded. Though this duty was not a pleasant one, the Guardia di Finanza undertook it cheerfully, feeling that by so doing they were rendering a necessary and urgent service. The fine spirit which they demonstrated is worthy of commendation.

After the labor troops arrived just before we left Littoria, they were immediately assigned to this duty and were still engaged in it when orders came for AMG to proceed with its whole organization, accompanied by that of the Rome Area Command, to Rome.

Thus far food for approximately 28 days has been transported from Anzio to Rome and held as a reserve. It was not necessary to use this immediately on arrival since it was found that food for approximately two days had been already distributed by the Germans, so that our supplies were not immediately necessary. This was a great aid to us in view of the circumstances above outlined. This also indicates the speed with which the Germans had to leave since, though they were able to make off with the undistributed food supplies they were not able to recover supplies already sent out for distribution.

We found on arrival in the city that there were approximately 1,385,000 registered food ration cards in Rome. It is however difficult to estimate the population of the city from this figure alone, which did not include the numerous refugees nor persons temporarily in Rome. These two groups added considerably to the population, particularly since they were unable or unwilling to leave the city at the time of our coming.

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We are distributing 100 grams of bread per day and so far this has delighted the people because, though not greater in amount than that furnished before, the white flour is a source of both wonder

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and delight since none has been available in Rome during the whole period of the war.

Our Economics and Supply Division has found the Alimentazione organization efficient and we are continuing to make our distributions through this agency. This division has a part of its office in the building of the Alimentazione. See also Section XIII on cooperation of the Vatican in feeding needy persons.

Thus far, 240 truck-loads of food have been received in addition to the first arrival, bringing the total to 110 tons. Some 210 tons of flour were distributed on the second day of our occupation, leaving 500 tons as our back-log. Beginning with the third day, it is anticipated that we will bring in 375 tons of supplies per day, of which three hundred will be distributed, leaving seventy-five tons reserve to be added to our back-log.

VIII. Water Supply

At the time of the arrival of the Allied troops in Rome it was reported that while there was a reduction in the available water there was no actual famine. The water pressure however was so reduced by breaks in the Acqua Marcia Aqueduct that water was not available in the pipelines in the higher parts of the city, although available in the lower parts. On the night of the second day of our occupation there was a sharp drop in even this water supply and it was found that the cause was sabotage, by the retreating enemy, of the main aqueduct near Fivoli, and still within their lines, approximately 10 miles from the city. Inasmuch as the water system of Rome operates under high pressure, this break immediately resulted in practically cutting off the source of ninety percent of the city water. The engineers of AMG, in cooperation with those of the Rome Area Command, immediately undertook the work of repairing damage to the aqueduct and at the same time providing for shunting water from the smaller mains into those normally supplied by the large aqueduct. In this way, a rationed amount of water was made available in all parts of the city, except those highest.

There were auxiliary storage facilities for ~~393~~ many places in Rome. Some of the hotels, for instance, had wells or cisterns so that water in limited amounts was available. The danger of such supplies becoming contaminated was obviously great so that

Alimentazione organization efficient and we are continuing to make our distributions through this agency. This division has a part of its office in the building of the Alimenti. See also Section XIII on cooperation of the Vatican in feeding needy persons.

Thus far, 246 truck-loads of food have been received in addition to the first arrival, bringing the total to 110 tons. Some 210 tons of flour were distributed on the second day of our occupation, leaving 600 tons as our back-log. Beginning with the third day, it is anticipated that we will bring in 375 tons of supplies per day, of which three hundred will be distributed, leaving seventy-five tons reserve to be added to our back-log.

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There were auxiliary storage facilities, ~~for~~ ^{for} in many places in Rome. Some of the hotels, for instance, had wells or cisterns so that water in limited amounts was available. The danger of such supplies becoming contaminated was obviously great so that chlorination was carried out in such sources. Signs have been posted warning persons not to drink unchlorinated water and our personnel are making efforts to repair the Acqua Marcia aqueduct. To prevent actual shortage of water for drinking and cooking purposes we have followed the practice that had been found successful in Naples --

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namely the setting up of power distillation units, the water derived from which being transported by water carts to water points in various parts of the city. Knowledge on the part of the public of these measures to insure them from thirst was not without effort in keeping up public morale.

Arrangements for the general chlorination of water exist and as soon as the source at Tivoli has been repaired, water there can be chlorinated before it is carried to Rome. Small potable chlorination apparatus are available and are being used at key points in the city again to supplement the regular supply.

By the end of our second day, seventy-five percent of breaks to Marcia Aqueduct had been repaired. The present flow is fifty-eight percent of the ordinary. In three days, if nothing adverse happens, seventy-five percent of the water sources will be in operation.

The aqueduct company of Rome informed our engineers that the inflow of water to the city is not more than five gallons per person per day but in three or four days, if our anticipation is correct, this amount will be increased to twelve gallons per person per day. Work on the damaged aqueduct is done by civilians, under our direction.

IX. Electricity

Since the electric power for Rome was largely hydro-electric and since the plants are still in possession of the enemy, it is not surprising that only a limited supply of current was available at the time of our arrival. Since there will be a delay before the hydro-electric lines from the south, which have been brought forward as the Allied forces advanced, can be able to deliver power in Rome, our engineers immediately gave their attention to operating at greater than previous extent the stand-by steam and Diesel for the power plants in the city.

Excellent cooperation was had from the Allied Railway Service which immediately made available to us one-thousand tons of coal or 1/4 of the total supply. Other fuel supplies have been located. Besides this coal, we found on hand undestroyed by the Germans, about a twelve-day supply of fuel for conversion into electric current.

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Arrangements for the general chlorination of water exist and as soon as the source at Tivoli has been repaired, water there can be chlorinated before it is carried to Rome. Small portable chlorination apparatus are available and are being used at key points in the city again to supplement the regular supply.

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There is a much larger demand for current to provide water pressure, chiefly because of the lowering of the pressure in the mains (See Section VIII), whereby it is necessary to devote more current to pumps for the supplying of water.

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Power for trains is being made available. Hydro-electric plants in the vicinity are being examined and one has been found which can be returned to service in ten to twelve days, it is hoped.

Trams (street cars) are ready to be placed in operation but so far only a few lines are in use because of shortage of electricity. The serious insufficiency of coal for the manufacture of current will necessitate rigid rationing.

X. Gas

Under the German domination no gas whatever was supplied to the city. We have been able to install gas for the use of hospitals by carefully conserving the small amount of fuel available for its manufacture. Gas is already being furnished to the hospitals in the city. It is difficult thus far, to establish any priority beyond this because so many types of uses draw gas from the same mains.

XI. Telephones

Though the Germans did not wreck the telephone exchange, as they did in Naples, they damaged the plant to a certain extent by carrying away part of the equipment and practically all of the spare instruments and parts. Long before our advent, the Germans had sharply restricted the number of telephones that could be used. They had, for one reason or another, permitted the storage batteries to run down so that shortage of current therefrom was one of the reasons that the service was cut of operation at the time of our arrival.

Our engineers and signal officers have been at work on this problem and shortly after the end of the second day of our occupation telephone service was restored to the more important military centers in the city such as the office building used by Allied officers, the Command Posts of the Fifth Army, the 3rd Division and of the British and French battalions attached to the Rome Area Command. By the end of the following day, service was as extensive as had been permitted under German domination. The work is going on in order that the full telephone service may be restored to the city. See Section XIX for statement regarding telephone service between the Vatican City and Rome proper.

XII. Public Works

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XII. Public Works

The streets, roads and bridges of Rome, appeared at first sight to be in excellent condition. On more complete examination however, a number of streets were found damaged by heavy traffic though there were no signs of land mine. Only one bridge over the Tiber in the city had been destroyed. Two others were prepared for demolition but the charges they had were not exploded. Our Bomb Disposal Squad

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removed these charges and the bridges were saved. All bridges over the river outside Rome were destroyed. In the outskirts of the city, many roads had been damaged by air raids so that traffic had slowed down.

The roads of the Government are in very bad condition due to battle action and heavy military use. The repair and maintenance of certain of these roads have been turned over to AMG (Rome Area Command) on a priority basis. Work by civilian contractors on these roads is being prosecuted.

The zoological gardens of Rome demanded immediate attention as the animals were very hungry and evidently had not been fed for some time. Food is being provided by us.

The sewers and drainage of the city seem to be uninjured from battle action and since they operate by gravity, they seem to be functioning satisfactorily even though water is inadequate.

The damage done through bombing has been ascertained and work is in progress to restore to normal.

Fire and Air Raid Alarm Systems. As far as can be ascertained, the alarm system, both for fire and air raid warning is in good condition but lack of electrical power for signal communications renders them inoperable for the time being. There is nothing to be done beyond restoring the power, as indicated.

XIII. Public Health

On our arrival in Rome, municipal, including medical authorities, reported that there were 25,000 wounded Germans in the various hospitals of the capital. However, upon actual checking, it was found that only seventeen German prisoners were in the following hospitals: Ospedale Celio e Militare, Policlinico and Capodale dell'Ordine di Malta.

Through the officer in charge of the civil affairs officers in an many sections of Rome, the Public Health division has located a small quantity of medical stores. This may supply civilian needs for one month, exclusive of those suitable for army use.

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Through the officer in charge of the ³³¹³ civil affairs officers in as many sections of Rome, the Public Division has located a small quantity of medical stores. This may supply civilian needs for one month, exclusive of those suitable for Army use.

The health offices of the city are functioning satisfactorily although some of the office bearers have fled. It is stated that there is no incidence of malaria, as far as the inhabitants go, but malaria has been found among refugees, thus there is the obvious danger of spreading if mosquito-breeding takes place in this area. All our personnel have been warned to protect themselves by the use of mosquito nets and atabrine, even though they might at first

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think the danger slight.

The incidence of tuberculosis during the past six to ten months has increased tremendously. The local medical men attribute this to over-crowding.

The death rate has increased from about ten per thousand to over thirteen per thousand. The birthrate remains as before.

The problems incident to water shortage are discussed in section VIII.

The venereal disease rate is comparatively high, the exact figure not being available at this time. The actual number of cases reported during the last trimester was 544. It was stated by more than a few physicians and nurses that the Germans were constantly complaining about the difficulty of controlling the spreading of venereal disease although the usual methods were all in vogue.

It is estimated that there are 16,000 hospital beds in Rome of which approximately six thousand are available for general medical-surgical cases. The others are for special types of patients.

XIV. Welfare

The officer in charge of welfare is being ably assisted by personnel, men and women, of the British and American Red Cross Societies. These were selected on the basis of extensive experience in welfare work.

Previous to entering Rome, contact was established with Vatican authorities asking their cooperation in coordinating and protecting the various organization which had been operating soup kitchens in Rome. This they did very efficiently with the result that over 225 church-controlled and 44 E.C.A. kitchens (Ente Comunale Assistenza) have continued to feed over 100,000 individuals. Supplies of food were hidden from the Germans by all of these organizations at great risk to many of the various administrators.

Arrangements have been made to continue this work in cooperation with the Vatican authorities, who offer us the use of their extensive facilities including, if necessary, motor vehicles.

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Arrangements have been made to continue this work in cooperation with the Vatican authorities, who offer us the use of their extensive facilities, including, if necessary, motor vehicles for the transportation of food. The presence of numerous refugees who come into this city shortly before our occupation (see Section XIII) has grown greatly. The number of people receiving food from the kitchens has increased to almost 400,000. These people, who are of all ages, receive one meal per day.

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Supplies of clothing were available in warehouses of E.C.A. where they had been hidden by the E.C.A. officials. Large quantities of these goods were stolen by the various so called parties under the guise of requisitioning. So far no clothing is available for distribution nor is the need anything so great as if the city had fallen during the cold weather. The Welfare Division is conducting a survey of the various institutions in the city which are concerned with relief and with care of needy individuals, especially children. The Division of Public Health is cooperating in this.

XV. Post Office

The six main Post Offices of Rome have been examined and all found to be in good condition. Postal service in the city can be reinstated as soon as it is considered safe to do so from the standpoint of security. It is believed that local postal service should be permitted very soon.

Announcements have been made that the stamps overprinted by the Germans are no longer valid, but the regular Italian stamps may be used.

We plan to institute a post card service between Rome and Naples, and possibly later, extending it to other centers. The cards would be not unlike those permitted prisoners of war, that is, with space for a few simple statements, such as concerning health, etc. The use of such cards should do much to keep up the morale of the people, who are in so many instances disturbed at lack of news of their nearest and dearest.

XVI. Legal

Immediately upon arrival in Rome, liaison was established with the Italian courts through the Ministry of Justice. Due inquiry disclosed that all the Courts were prepared to function with complete normalcy except three sections of the Court of Cassation whose members had left with the Italian and Germans. Within twenty-four hours five summary and inferior courts and two superior courts were prepared to handle Proclamation offenses and violation of Army order. Though no General Courts were necessary in our operation in the initial stages, the Legal Division was prepared to establish a General Court had occasion arisen.

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Following their practice in Naples the Germans opened the doors of the penal institutions. Thus the criminals were thrown upon the public, an act of pure ruthlessness as no military objective was attained. In Naples, through initiative and prompt action we have been able to recover approximately one half of the serious offenders

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so released. In Rome, profiteering by our experience in Naples, an even better recovery will be established. The Legal Division issued orders to the Procurators del Re immediately to re-arrest all persons freed by the Germans who were waiting trial on proper charges or serving sentences imposed as a result of convictions on proper charges. Every assurance was given that this would be done and recent investigation discloses that complete list of all persons re-arrested will be submitted shortly. The prison records discovered by the Public Safety Division are proving most helpful in the operation.

A competent officer of the Legal Division has been placed on duty in the Ministry of Justice to the end that there may be complete co-ordination between the Ministry and local courts.

Meetings have been held with the local Bar Associations and the legal division has been assured of the complete co-operation on the part of the bench and bar generally.

Actually the operations of the Legal Division have thus far been ahead of the original plans.

XVII. Education

An initial survey was made of the most important educational buildings including the University of Rome, libraries, foreign academies and scientific institutes. All were found in good physical condition and the responsible heads declared that the Germans had neither touched the properties nor interfered with their functioning.

By the time of the occupation of Rome, some of the University buildings had already been taken over by the 3rd Division. On the whole, the Division had avoided putting its troops in libraries or laboratories. At the suggestion of AMG, other installations were put off limits in order to complete the protection of all cultural and scientific equipment. It must, however, be added that any use of the University buildings for housing of troops is considered most undesirable by AMG.

Arrangements were made with the Provveditore degli Studi that examinations in the secondary schools which were actually being held at time of occupation, should be completed. Diplomas not be issued, however, until a Committee of anti-Fascist professors had received the results for Fascist favoritism or hostility. Further a complementary session of examinations should be held shortly.

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XVII. Education

An initial survey was made of the most important educational buildings including the University of Rome, libraries, foreign academies and scientific institutes. All were found in good physical condition and the responsible heads declared that the Germans had neither touched the properties nor interfered with their functioning.

By the time of the occupation of Rome, some of the University buildings had already been taken over by the 3rd Division. On the whole, the Division had avoided putting its troops in libraries or laboratories. At the suggestion of AMG, other installations were put off limits in order to complete the protection of all cultural and scientific equipment. It must, however, be added that any use of the University buildings for housing of troops is considered most undesirable by AMG.

Arrangements were made with the Provveditore degli Studi that examinations in the secondary schools which were actually being held at time of occupation, should be completed. Diplomas not be issued, however, until a Committee of anti-Fascist professors had received the results for Fascist favoritism or hostility. Further a complementary session of examinations should be held shortly, for students previously disqualified for political reasons (Jews, anti-Fascists). Finally a Committee of anti-Fascist professors is being asked to prepare lists of professors and administrators who had been Fascists. These will be submitted to the Education officer for recommendations as to the removal.

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XVIII. Monuments and Fine Arts.

On the day of our arrival, the Fine Arts officer discussed with Prof. Van Buren of the American Academy in Rome, the general situation which is extremely favorable in Rome, though considerable damage has occurred in the immediate vicinity at such places as Fivoli, Frescetti and Nemi. Guards have been posted on all monuments and museums.

Rome has suffered the following war damage: The Church of San Lorenzo, which was hit by bombs which destroyed the nave; repairs are in progress. The Protestant cemetery was hit by bombs which destroyed about 10 feet of the Aurelian wall and did slight damage to Pyramid of Cestius. The tombs of Keats and Shelley are intact. A bomb reportedly fell behind the apse of St. Peter's, Vatican City, destroying the Papal mosaic factory; this has not as yet been confirmed.

On 6 June the National Museum was inspected by the Fine Arts officer in the company of Prof. Aurigemma; all was found in order, the most valuable objects being in storage in the Museum and the Vatican. During the afternoon, the Fine Arts officer discussed with Prof. de Rinaldis, Superintendent of Galleries, the situation of state-owned picture galleries. Most of the paintings from these galleries are presently stored in Vatican City. About thirty pictures, not the most important, were removed by the Germans to Milan and are reportedly stored in the vaults of the Banca d'Italia in that city. There are no reports of German or civilian looting in Rome.

It is reported that the Germans purchased a small number of paintings from private collectors against the protests of the Superintendent of Galleries, who, however, was overruled by the Minister of Education and the late Count Ciano.

It is reported that certain Fascists sold art objects in their possession to local dealers before fleeing from Rome, contrary to Italian law. The Superintendent of Galleries is preparing a report on this.

XIX. Archives

None of the numerous collections of ancient archives reported to have been looted by the German or damaged in any way. In

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LIA, Archives

None of the numerous collections of ancient art objects reported to have been looted by the Germans or damaged in any way. In this connection one Archivist attached to ANI is working in close collaboration with the Superintendent of Archives for Central Italy, Comm. Emilio Re, in planning, for example, first aid measures within the immediate vicinity of Rome.

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The world famous archives of Monte Casino, dating as early as the Sixth Century, are reported to be safe in the Vatican.

It was the responsibility of S-Force to take over all buildings containing modern Archives. The Germans and Fascists have removed or destroyed a proportion of the more important documents, but a vast quantity remains. Previous to the entry into Rome, our Archives officer had cooperated with the S-Force in drawing up regulations to control the exploitation for intelligence purposes of this material and to prevent its permanent dispersal. It has not yet been possible to confirm the success of this arrangement.

An immediate danger, insufficiently considered in the plans for posting guards and police, is damage to Fascist material by enthusiastic democrats. The Palazzo Venezia containing numerous papers and relics of Mussolini was without any guard for several days. Similarly the "Mostra della Rivoluzione Fascista" containing books, papers and other records of historic importance, in a wing of the National Gallery of Modern Art, was looted by a mob on 7 June, though without serious damage. This building also is now under armed protection.

II. Property Control

The Property Control Division was charged with responsibility for assuring the protection of properties of Allied Nationals and, where necessary, enemy state or Fascist properties, and after protection is assured, proceed to take over the interests of Allied nationals.

The first phase of this responsibility was performed by the S-Force so effectively that no instances of loss to Allied nationals due to looting by civilians has been reported.

The Controller of Property, through the Finance Division had all bank accounts owned by Allied nationals blocked. Immediate contact was made with the Vice-Prefect and lists of sequestered properties obtained. There are approximately 200 sequestrators for individual owned properties.

Arrangements have been completed to obtain similar

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arrangements have been completed to obtain similar information from the Ministry of Corporations which sequestered and industries owned by Allied nationals. The Division is now engaged in contacting individual sequestrators and to date British, American, French and Brazilian properties in considerable numbers have had protective notices placed on them, preliminary to taking of formal custody

III. Labor

Immediately on our occupying the Assicurazioni Building

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The Labor Division established offices therein, with another office at Via Lucullo, 6. The latter was for the purpose of labor supply, such being the great demand made on this Division. The Italian Employment Office was taken over with all filed and equipment intact. The personnel however have not been forthcoming. Therefore a new staff is being set up by us. That office has a bad reputation in Rome, because it was used by the German Army in connection with their policy of acquiring forced labor. This may, of course, account for the absence of personnel who may have left with their German collaborators.

Despite difficulties, all requests for skilled and unskilled labor have been filled. The most difficult types of employees to acquire are English speaking typists and stenographers.

In the field of Social Security, the Previdenza Infantile e Materna have been opened and are functioning. The head of this institution is not present but secondary officials, acceptable to the Committee of Liberation, have been installed. The financial condition of the Social Security Institution will permit them to function without financial aid, although it is reported that the Previdenza has funds on hand for only one month's operation.

No accurate report as to unemployment can be given as yet. The Italian officials state that some 25,000 individuals are without work but our legal division consider this much too low.

See Section VII on shortage of labor at Anzio to unload our ships.

XIII. Refugees

The number of refugees present in Rome is not reported and we can only estimate the number on the basis of the count of individuals present in centers in which refugee congregated and from the amount of food set aside for their nourishment. The preliminary estimate would mean nearly 100,000 although the figure may be much higher. We have established a refugee camp about 10 miles from the city in what was once "Cinema City," but which was partly wrecked by Allied bombings. There are facilities there to care for from ten thousand to twenty thousand refugees, then operated as one of the stages of a series of camps and refugee centers, this locality serves the purpose of getting these people out of the overcrowded

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Many of the refugees encountered by our group are individuals returning to their homes from localities where heavy fighting has taken place, such as Cassino, Castelforte, Cisterna, Velletri, Genzano, Albano and many similar places. Many men, a

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large percentage of whom were soldiers or sailors, are returning from the north, whence they were taken by the enemy as laborers, in some cases almost as forced laborers.

Our Refugee Division is cooperating with the Provost Marshal and other offices of the Fifth Army in order that there may be a minimum of traffic and confusion on the roads. While it is obviously never entirely possible to free the roads from refugees, all has been accomplished that could have been expected. Our officers are informed that in the opinion of Military Commanders what civilian traffic there is on the roads is not unduly interfering with military traffic. Civilians are required to use the side roads, where they exist. Where only the main highways are available, animal-drawn vehicles are removed therefrom by the Military Police and kept in the fields until they can be put on the roads during lulls in military movements. Through close cooperation between the Division of Displaced Persons and that of Refugees, displaced persons as well as former prisoners of war and ex-internees (Allied nationals) are allowed to use the refugee centers as required.

There have been road blocks established to prevent refugees and other unauthorized civilians from entering Rome but there are no restrictions on such persons to leave Rome to go southward and every facility is being given to enable these persons to go into the southern provinces, particularly, Sicily.

It is hoped that requisitioning of houses and other buildings will not, as in Naples, proceed so as to create of itself a special class of refugees or homeless persons.

AXIII. Displaced Persons

The work of the Displaced Persons division has been largely in the care and assistance of former prisoners of war and other military persons of national and Allied nations, exclusive of French, British and American. This we consider a temporary undertaking since this is not a normal responsibility of AMG. What we have done has been carried on in order to meet the wishes of the Army Commander. Similarly certain assistance has been rendered released internees of the Allied Nations. This is in the place of any other local organization which might come to their assistance.

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XXIV. Black Market Control

The Black Market Control Unit, which for several months has functioned efficiently in Naples, thereby not only assisting the city but also gaining valuable experience, has undertaken its work without delay. It was found that the price of bread

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on the black market, prior to the fall of the city, was about 240 lire per kilo. As soon as it became evident that the Allies would capture Rome, the price fell to 100 lire per kilo. There were seemingly two causes for this drop in prices. First, a belief that the Allies would be more successful than the Germans in controlling the black market, and, secondly, a hope that the Allies would bring in a large amount of food which of course would automatically reduce black market demand.

Members of the Black Market Control Group, operating in civilian clothing in some instances, are already at work on their difficult but important task. Strong representations have been made to Military authorities to safeguard stocks of food including tobacco. The lessons learned in Naples is being stressed, namely, that the principal source of black market was stolen stores belonging to the Allied Nations. It is too early to give a detailed report of the results of our efforts to control the black market.

The fact that Guardia di Finanza personnel have, under exceptional circumstances, been required to do unloading of ships at Anzio has worked hardships on the Black Market Control Division. This unit depends on such personnel to no small degree. (See Section VII).

Widespread publicity has been given to Order No. 2, concerning the fixing of prices and the price-control scheme. The public has been advised of the existence of our unit for combating the black market and that we will gladly receive complaints. Announcements to this effect have been made not only in the press and on the radio, but also by P.M.B. sound trucks. The Federation of Merchants has offered help and through them we hope to get a list to be used in evaluating prices.

The first distribution of bread made with flour brought in by AMG was in the second day of our arrival, the bread having been baked the preceding night. The Black Market Control Unit checked a number of bakeries, chiefly to inspect the validity of coupons presented for bread. Instructions have been given to make an example of anyone attempting to commit fraud.

XXV. Registration of Automobiles

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Our plans for registering automobiles of all kinds

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Our plans for registering automobiles of all kinds belonging to Italian civilians are ready but do not become effective until the third day. In the meantime the cars are being collected in a central point for subsequent reallocation. A full report on this important feature of our government will follow.

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XXVI. Control of Petroleum Products

The plans made in advance have been put into effect and all the preliminary arrangements are completed for the rationing of gasoline (petrol), automobile oil, kerosene (paraffin oil) and candles. The last two items have not been so badly needed as anticipated because of the partial availability of electric current.

Civilian members of AFHQ which controls petroleum products have arrived and the next report will give details of their activities.

XXVII. Agriculture

It has been anticipated that this division would not be required to do much work in the first few days of the occupation, however, arrangements are already under way to carry out the very necessary function of assisting in the acquisition of agricultural products for use in Rome and in direct aiding of harvesting of crops. The Inspector of the Department of Agriculture for the Province of Rome, which in this case includes the city and Governorate, is ready to work in cooperation with our agricultural division and it is probably that the office of this division will be set up in that building in connection with the Inspectorate. Details are not yet available as to the extent of our program. One of the needs of this service is petrol for agricultural machinery in this area. Passes will be made available to workers now in the city to enable them to return to the farms to do the necessary labor.

Despite promises, no agriculture officer has as yet been assigned to us. The need grows apace. Even on the first day some of the great land proprietors came to ask aid in bringing the farm products to the city. This includes badly needed milk.

XXVIII. Removal of Fascist Officials.

A conference was held on the day of our arrival with Signor Ivanoe Bonomi, former Prime Minister of Italy and Chairman of the National Committee of Liberation. He was asked to give us the name of persons in office whom he felt should be removed on account of past Fascist history. At the same time we asked

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Arrangements are being made for the removal of persons

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holding offices in certain categories as laid down from memorandum from ACC Headquarters, although this directive cannot be followed implicitly because of certain inconsistencies and changes in the political picture since it was written.

Every effort is being made to drop the fascist office-bearers as quickly as possible. It is preferred, if possible, to make a mass removal at one time, for obvious reasons.

There is one type of individual that may cause confusion at first. He is the person who, having been an active Fascist, ran away during the first days after Mussolini's downfall, but who, for one reason or other, did not immediately return after the founding of the so-called Fascist Republic. He returns now to claim our consideration as one who suffered from the Fascist cause. He has received no sympathy from us.

XXIX. Relations with the Holy See
(Vatican City)

Within one hour of the time we set up government in Rome we made contacts with the American and British diplomatic representatives to the Holy See, namely Sir Francis D'Arcy Godolphin Osborne, K.C.M.G., British Minister and Mr. Harold H. Pittman, Chargé d'Affaires of the United States. These officials have been of the greatest assistance in establishing the proper contacts with the Vatican authorities. There also arrived with us Monsignor Walter S. Carroll, personal representative of Archbishop Spellman of New York City, in charge of the Army and Navy chaplains of the United States. Each of these gentlemen has assisted in his own particular way in maintaining the very delicate relationship with a small independent state, entirely surrounded by the capital of the country with which we are at once at war and engaged in combat as co-belligerents. This is of course aside from the tremendous religious complications concerned.

A group of Vatican authorities headed by Prince Jacelli, nephew of the Pope, called at our office on the first day of our occupation and in conference many details as to future relations were arranged. We offered to place military guards about the frontiers of Vatican City and the offer was accepted and hope was expressed that we could use Italian police rather than Allied soldiers. We explained that this would be done, but that a few British and American police in addition would be available to maintain order.

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Numerous pieces of work jointly undertaken by the authorities of Vatican City and Allied Military Government, are going forward satisfactorily (see Section XIV) on feeding of destitute persons.

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We have been asked to assist in making known to the military authorities the desire of the Vatican that Allied Military vehicles do not enter St. Peter's Square, the same being in Vatican territory although His Holiness has given order that soldiers be allowed to enter, not being armed at the time. Satisfaction was expressed by the Vatican authorities at our effort to protect religious property as well as works of art.

The Pope, on the second day of our occupation, accorded an audience to General Clark and six members of his staff. This took place at 9 a.m.; on Thursday, 8 June 1944. Besides General Clark, there were received Major General Gruenther, Chief of Staff of Fifth Army, Chaplain Ryan, Chaplain of Fifth Army; General Beucier, Chief of the French Military Mission; Colonel Britten, Senior British Officer at Fifth Army Headquarters; Major General Johnson, Commanding Rome Area; and Brigadier General Hume, in charge of A.M.G. Fifth Army. The Pope took this occasion to express his pleasure at our extensive program of bringing food and medical relief to the city. The party was received immediately afterwards, by Cardinal Magliana, Secretary of State, who expressed somewhat the same feelings.

A number of Catholic clergymen, British and American, who are in one way or another connected with the Vatican, have offered their services either in a religious capacity or as contractors with the Vatican City. The Pope held a press conference on the second day of our occupation, said to be one of the few which he ever permitted, and even allowed photographs to be made. This was arranged through our contact with the Vatican City. In his statement His Holiness commented on the humanitarian efforts made by us and his satisfaction at our desire to protect works of art and religious property.

It has been urged by the Vatican authorities that Rome be constituted an open city, reference being made to a German radio announcement that if we continue to use it for the passage of allied troops they would be justified in bombing it. The Vatican authorities stated that subsequent to the time that the Germans announced Rome as an open city they brought very few troops into or through the city, taking rather the roads outside.

We were asked to inform the military authorities that the Vatican object strongly to Allied air-crafts flying over its territory. This was communicated to the military authorities.

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We have made arrangements for telephone service from our office to the British and American officers to the Vatican City, this being the first time these officials have had the use of telephones in the Vatican city, since early in the war.

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XII. Enemy Diplomats

Upon the arrival of the S-Force two senior members of the staff of the German Embassy to the Holy See were captured, being without the boundaries of the Vatican at the time. The men taken in this way were Dr. Ludwig Weimer, Minister Plenipotentiary, and Herr Albrecht von Kessel, Counselor of the Legation. Our intelligence officers feel that in the case of the first of these Germans, an important man has been captured as it is commonly said in Rome that he was the leader and organizer of the Gestapo activities and other Nazi undertakings.

The British and American Diplomats at the Vatican were inclined to doubt that Weimer was a professional diplomat but the Vatican claimed that since he was an accredited member of the German Embassy he was entitled to protection. This matter is not one in which AMG is concerned although it is a doubtful point as to whether or not a diplomat accredited to the Holy See is entitled to immunity, when captured outside frontiers of the country to which accredited. It is appears true, even though the Concordat between the Vatican City and Italy recognizes the diplomatic immunity of Vatican diplomatic personnel even when in other parts of Rome. Our position is unquestionably modified by the fact that we are still at war with Italy.

The question has been raised of other Axis diplomats accredited to the Holy See but residing outside of its frontiers. The Japanese Ambassador, for instance, Ken Harada, whose residence is in Via Asmara, 11 and who was not permitted to leave his house by our S-Force, has demanded the right to go to the Vatican as will and has asked that his twenty-three servants and other Italian employees be allowed to return to their homes each night. In the absence to instructions to the contrary, it was stated that the Ambassador would be given the right to go to the Vatican City at will but only under guard and upon specific request for each such journey. His servants and other Italian employees will be permitted to remain within the Japanese Embassy if the Ambassador so wishes, but should he leave they are liable to be taken into custody and in no case will they be permitted to go back and forth between their homes and the Embassy. This is only a common-sense decision to shut off an obvious source of enemy activities.

It was suggested to the Vatican authorities that

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The question has been raised of other Axis diplomats accredited to the Holy See but residing outside of its frontiers. The Japanese Ambassador, for instance, Zen Harada, whose residence is in Via Amara, 11 and who was not permitted to leave his house by our G-Force, has demanded the right to go to the Vatican at will and has asked that his twenty-three servants and other Italian employees be allowed to return to their homes each night. In the absence to instructions to the contrary, it was stated that the Ambassador would be given the right to go to the Vatican City at will but only under guard and upon specific request for each such journey. His servants and other Italian employees will be permitted to remain within the Japanese Embassy if the Ambassador so wishes, but should he leave they are liable to be taken into custody and in no case will they be permitted to go back and forth between their homes and the Embassy. This is only a common-sense decision to shut off an obvious source of enemy activities.

It was suggested to the Vatican authorities that ³²⁹³⁶ diplomats be required to live within the Vatican City. This they said would be done as soon as Allied diplomats leave the Vatican City, and thereby make room for those of the Axis. In the event that there is no room for all of the Axis diplomats now accredited, those who cannot enter should, we believe, be interned in some place far from Rome, preferably in the extreme south of Italy.

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XXI. Relations with the Psychological Warfare Branch.

The work of the PWB has been coordinated with that of the Allied Military Government and the Rome Area Command in general to a degree that was unknown during any period of our early government of Naples.

While the AMG does not seek to control the PWB, it was sought to dissuade the latter from publishing material that might embarrass the AMG, as was not infrequently the case in Naples.

Material used by PWB in newspapers, radio broadcasts, talks with the aid of loud-speakers in the streets, and other means of disseminating information has been coordinated by our Public Relations officers.

Consideration was early given by AMG in conference with PWB of the newspapers in Rome. During the period when our friends in the city were working in our interest and undercover, there were being published a number of newspapers, which did much work for our cause. These have now come out into the open and have being, at least for the present, allowed to continue.

The Popolo di Roma and the Giornale d'Italia, both well known for their ardent Fascism, have been suppressed. Il Messaggero, which has a long history and one that was entirely honorable prior to the birth of Fascism, is being temporarily suspended but will be allowed to continue soon, under a new editorial staff. There is a tendency for new newspapers, of doubtful quality or permanency to spring up. While we are stressing the principle of freedom of speech, with its corollary, freedom of the press, we have informed publishers and would-be-publishers that the shortage of newsprint is such that there is a limit to the number of papers that can be allowed and a limit to the circulation of each. Moreover all this entails the duty of censorship which is already far too heavy.

XXII. CONCLUSION

Allied Military Government of Rome has begun auspiciously. The civil and military office bearers of the Italian government, the people of the city, the representatives of the Vatican, foreign diplomatic representatives and others have been both cordial in their at-

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XXII. CONCLUSION

Allied Military Government of Rome has begun auspiciously. The civil and military office bearers of the Italian Government, the people of the city, the representatives of the Vatican, foreign diplomatic representatives and others have been both cordial in their attitudes and cooperative.

The political situation is, of course, acute. We have sought to confine our activities to the affairs of the Government of Rome alone, though in some instances it has hardly been possible

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to draw a line between these and matters that concern the whole country. In every instance matters of more than local import have been referred to the three political advisers attached to this headquarters by Allied Control Commission.

The city has, we are assured, taken on a new air of gaiety. The streets are filled with people, shops are open, theatres are being placed in operation, etc. Further reports will bring the situation up to date.

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