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

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10000/105/518

ECON, ADVISORY ANTI-INFLATION BOARD
MAR. 1944; MAR.-MAY 1945

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HEADQUARTERS ALLIED COMMISSION
APO 394
CIVIL AFFAIRS SECTION

(21a)

Ref: 5/8 R/CA.

19 May 45

SUBJECT: Anti-Inflation Board Meeting.

TO: Economic Section
(Attn. Mr. Stauffer.)

(20a)

Reference your 11.06/45 dated 18 May 45.

Brig. Upjohn will be unable to attend the Anti-Inflation Board Meeting on Monday, 21 May 45 at 1500 hrs, as he is away from Rome.

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J.C. HARVEY, J/Cdr.,
PA to VP CA Section.

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HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APC 394

John

11.06/RS

18 May 1945

18 May 1945

SUBJECT: Anti-Inflation Board Meeting

TO : ✓ Brig. G. E. Upjohn, Civil Affairs
Brig. Graffety-Smith, Finance S/C
Col. Menapace, Finance S/C
W. E. Braine, Labor S/C
L. Allbaugh, Agriculture S/C
Col. Legg, Food S/C
H. J. Tasca, American Embassy
R. L. Nosworthy, British Embassy

1. There will be a meeting of the Anti-Inflation Board in the Chairman's office Monday, 15:00 hours, 21 May.
2. The purpose of the meeting will be to discuss the conditions found in the North.

K. E. Stauffer
K. E. STAUFFER
Secretary

cc: A.G. Antolini

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

HEADQUARTERS ALLIED COMMISSION
APO 394
CIVIL AFFAIRS SECTION.

19A

Ref: 5/08/04

3 May 1945

SUBJECT: Economic Line

TO : V.P. Economic Section.

Referring to discussion of Anti Inflation Advisory Board yesterday, it is suggested that:-

- 1) Economic Section prepare a form of "Transport of Merchandise Permit" for use in crossing the Economic Line; such form to be approved by P.S. Sub-Commission before being printed.
- 2) Economic Section to be responsible for distribution to relevant H.Q.s of these permits when printed together with instructions for their use.
- 3) Permits be prepared by Economic Section or officers of Supply Division in Regions but submitted to P.S. Sub-Commission or P.S. Division in Regions for signature before issue.
- 4) All persons to whom Transport of Merchandise Permits are given will also require to be in possession of a Movement of Civilians Pass issued under Exec. Memo 77 when going from South to North.
- 5) It is requested that you ask A.P.H.Q. (if this has not already been done) to instruct 1 and 2 District and P.B.S. to co-operate in forming road blocks, now that armies are moving forward so readily.


G.R. UNJOHN Brigadier
V.P. C.A. Section

Copies to:

Exec: Commissioner
P.S. Sub-Commission.

Original 4841 by G.R.

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Declassified E.O. 12356 Section 3.3/NND No. 785016C O P YHEADQUARTERS ALLIED COMMISSION
ATO 194
LABOUR SUB-COMMISSIONC O P Y

WHB/ac

REF. : LSC/204

30 April 1945

SUBJECT : Wage Rates in Northern Italy

Information reported Monday 30 April 1945 by Lt. Col. Babcock, forward Labour Officer, is as follows:

1. There are only two groups for wage purposes in Northern Italy, these are on a geographical basis. The groups are:

I

Alessandria, Asti, Bergamo, Bologna, Brescia, Como, Genova, Imperia, La Spezia, Milano, Novara, Pavia, Savona, Torino, Trieste, Varese, Venezia, Vercelli;

All other districts come within group II.

2. The following is the "net take home wage" for the main categories of workers and relates to the typical worker with the basic wage a war Indemnity dated from 1 November 1944 of 27 lire in group I and 20 lire in group II for a male head of the family, it includes where appropriate Family Allowances for wife and two other dependents.

	I	II
Highly Skilled	114	103
Skilled	106	95
Helpers	98	89
Unskilled Labourer	95	86
Women 1st Class	77	68
" 2nd Class	73	64

TODT Organization (German) paid:

Highly Skilled	171
All others	131

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785016

Current Labour Conditions for Armed Forces.

At the moment there is a general holiday feeling which will last some days. When this is over, the position regarding the engagement of labour is somewhat complicated by the otherwise praiseworthy practice of employers paying their normal employees a wage whether they are working or not. It will probably be necessary to make arrangements through the normal employer to place his employees at the disposal of the Armed Forces.

W.H. BRAINE
Director,
Labour Sub-Commission

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SECRETCOPY

AMG Rear Eight Army

SUBJECT: Economic Policy

OA/115

HQ Allied Commission

24 Apr 45

Copy to HQ AMG Fifth Army
HQ Region Emilia
HQ Region Venezia

1. Steps have been taken to implement the new economic policy in the Provinces of BOLOGNA and FERRARA as they are occupied. These include:

(i) Reduction in Army Wage scales to the Basic Wage scale (approximately L. 85 per day for unskilled labour). Corresponding maxima for civilian labour are enforced. It should be noted here that until the provincial capital and most of the province is captured it is not feasible to continue all wages at occupation level. (Proclamation No. 2) since these differ widely from village to village. As an example unskilled labour in ARGENTA has been paid L. 132 per day since Nov. 44; this clearly cannot be continued as long as the Army is only allowed to pay L. 85.

(ii) Fixing of maximum prices for commodities as low as possible. Bread has been fixed at L. 5 per kilo pro tem though in several communes it has been sold at L. 8 official price for some time.

(iii) Road blocks of the "frontier" are being established to prevent the inevitable smuggling.

2. It is NOT yet possible to say whether of NOT prices are much lower in the newly occupied territory. The capture of FERRARA will no doubt yield further information.

Lt. Col. R.A.,
S.O.I.,
For Air Commodore,
Officer Commanding
AMG Eight Army

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785016

HEADQUARTERS
 AMG FIFTH ARMY -
 A.P.O. 464, U.S. Army
 Commerce & Industry Section

FCM/afs
 27 April 1945

SUBJECT : Price, Wage, and Distribution Situation
 Bologna, Modena, 23-26 April, 1945

TO : Vice President, Economic Section, Allied Commission
 APO 394, U.S. Army. (Attn: Anti-Inflation Committee)

1. Attached find quick survey made by the writer in the Bologna-Modena areas on the above dates. It gives only a general picture as there was no time to run down inconsistencies or questionable items. A complete set of the prices promulgated by the republican fascist government was secured and furnished to G-4, Fifth Army, for use in connection with procurement and contracting. Price freezing proclamations have been published.

2. A cursory examination of republican fascist price list indicates that the official price level in north Italy is closer to one that would normally be based on an exchange rate of 100 lire to the dollar than anything we have yet encountered. It is doubtful, however, if the 100 lire level has been completely attained even yet. In any event, continued expenditure at the present rate, given the existing state of production and transport is bound to produce further inflationary pressures. As wages and agricultural prices are raised in response to these pressures, all prices will inevitably rise.

3. Under these conditions, markets will become saturated with money & will easily support prices far above production costs of scarce manufactured products. A principal problem, therefore, is to hold these prices within bounds by the establishment of an effective cost analysis, pricing, and distribution control system with the Consiglio Provinciale dell'Economia in each province. These systems can be coordinated and merged as conditions warrant.

4. As far as we have been able to observe, prior systems of pricing and distribution controls have broken down. Inflation control thus means that new systems must be set up. Initially, the new systems must be stronger at the provincial level than they have been in the past when they leaned heavily upon the central government. 4807

5. Controls should cover as many industrial products as possible, particularly building materials and other key items that will be used in the reconstruction of the country's industrial and transport system. The prices at which these items enter the capital structure of the future Italian economy will affect the cost-price structure of the nation for years to come.

FRED C. MURPHY
 Captain SR,
 Asst Commerce & Industry Officer
 AMG - Fifth Army

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

785016

HEADQUARTERS
 13 FIFTH ARMY
 A.P.O. 464, U.S. Army
 Commerce and Industry Section

WOM/afs
 27 April 1945

SUBJECT : Price, Wage, and Distribution Situation
 Bologna - Modena, 23-26 April 1945.

The attached tables are the result of a quick survey of the price, wage and distribution situation in the Bologna and Modena areas. The price and distribution data were obtained from the appropriate officials of the Consiglio Provinciale dell'Economia in each province and from our independent investigation. Wage, and some of the price, data were gathered by Captain John Moffit and Lt. James Cantilli of the Labour Division. Conferences were held with Dr. Eugenio Casini and Sig. Tomino Risi of the Bologna price office, and with Dr. Tullio Renaggi, vice-director of the CPE, and members of his staff, at Modena.

A rough comparison with conditions in comparable areas of liberated Italy indicates that prices of breadstuffs and vegetables are considerably lower, prices of manufactured products a little lower, and prices of fats and oils, equal to or higher than those prevailing in the earlier occupied areas to the south. Distribution has been practically uncontrolled for many months and prices are largely free market prices. Prices of breadstuffs and vegetables are low due to a favorable supply situation and to the fact that wages and other incomes are relatively low. Prices of manufactured products are high and will go higher as small remaining stocks are gradually sold off. There has been almost no production of essential civilian manufactured products i.e. clothing, shoes, soap, building materials, in the area. Moreover, transportation has been almost completely disrupted with consequent choking off of supplies from other sources.

Pressure for higher wages and higher agricultural prices will thus come from the attempts of workers and farmers to buy these high priced, almost non-existent, manufactured articles. The market for manufactured products will thus become richer and richer in money, poorer and poorer in goods. To prevent exploitation of this market at prices far above production costs, local Consiglios must establish an effective cost analysis, pricing, and distribution control system for industrial products as the production of these products is gradually resumed.

In my opinion production costs will be higher due to higher costs of labor and transport, and of the raw materials and fuel furnished at landed costs at the exchange rate of 100 lire to the dollar. On this latter basis, many raw materials and fuels will enter into industrial costs at much higher levels than previously. But strong action by provincial authorities will be necessary even to hold prices to the limits determined by these higher costs.

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

785016

- 2 -

A complete set of the price decrees of the Italian Fascist Republican Government was picked up and examined. The consensus of opinion of those with whom we talked was that these were nice prices in only the goods were available. As matters now stand the prices are meaningless numbers. Provincial price officers formerly received these prices from the central government and applied them to their respective provinces. The prices applied generally to the whole country.

At present, however, the various provinces have been, and are, rather effectively isolated from one another. As a result, supply and cost conditions vary widely between provinces. In the initial period, considerable manufacturing will take place under these provincial cost conditions, and will be of small quantity for provincial distribution. This places a new and heavy responsibility upon provincial price authorities, involving a great deal more cost analysis and independent pricing than previously. Steps should be taken to see that provincial price organizations are so strengthened from a personnel stand-point they will be able to carry out these added duties effectively.

FRED C. MURPHY
CAPTAIN
Asst Commerce & Industry Officer
AMG - Fifth Army

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785016

HEADQUARTERS
AMC FIFTH ARMY
A.P.O. 464, U.S. Army
Commerce and Industry Section

180

FCM/afs
27 April 1945

Subject : Prices Bologna Modena, 23-25 April 1945

TABLE I

BOLOGNA PRICES (in lire)

<u>Commodity</u>	<u>Unit</u>	<u>Legal price</u>	<u>Black market or Free market</u>	<u>Ration</u>
Bread	Kg.	6	25-30	150 gr/day 350 gr/day, heavy worker
Milk	liter		30	
Vino (poor)	"		50-100	none
Eggs	each		23-30	"
Potatoes	Kg.		7	"
Onions	"		8	"
Butter	"		1000-1200	"
Lard	"		700-800	"
Pasta	"		50	"
Marmelade	"		300	Children, aged get small amount
Spinach	"		50-70	none
Asparagus	"		50-70	"
Greens	"		50-70	"
Tomato paste	"	30	200	100 gr/day during winter 44/45
Apples	"		50-70	none
Meat	"	56	200-400	Not available
Soap	"	8	200-300	100 grams per person in March
Salt	"		400	200 grams received during entire winter

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

785016

- 2 -

TABLE I (Contd)

BOLOGNA PRICES (in lire)

Commodity	Unit	Legal Price	Black market or free market	Ration
Rent	per year	2500 (ave. family)		
Light	" month	50 " "		
Wood	quintal		600	none available

.. Rationing and distribution system largely broke down after November 1944. Ration cards are still issued but are of little meaning. Bread position good as more than 50 percent of populace received 200 kilograms of wheat in September October 1944, in lieu of daily ration.

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

785016

TABLE II
PRICES OTHER ITEMS (uncontrolled)

<u>Article</u>	<u>Unit</u>	<u>Price in lire</u>
Combs (hard rubber)	each	45-80
Tooth brush	each	140-160
Shaving brush	each	140-350
Hair brush (military type)	each	300-350
Rubber heels	pair	28
" soles	pair	60
Shoe laces	pair	10-14
Sandals (Children, rubber sole, hemp tape tops)	pair	180
Shoes, adults (poor quality)	pair	3000-4000
Cloth (women's dress)	Meter	1000-1400
Stockings (silk)	pair	500
Blouses (ladies, cotton, rayon mixtures)	each	500-600
Brassieres " " " "	each	150-200
Shopping bags (large, heavy canvas)	each	1500-1800
Fountain pens	each	350-800
Wrist watch straps	each	90-110
Brief cases (poor quality imitation leather)	each	400-700
Electric cooker (resistance coil type, hot plate 4 in. diam.)	each	350
Cups, aluminum	each	16-34
Cups, plastic	each	10-18
Forks, knives, soup spoons, aluminum	each	12
" " " " steel	each	45
Acetylene lantern, (coleman type, Swedish made)	each	3200

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Declassified E.O. 12356 Section 3.3/NND No. 785016TABLE II Contd

<u>Article</u>	<u>Unit</u>	<u>Price in lire</u>
Gas stove (swedish Made)	Each	1100

Most of the above mentioned materials are from old stocks, - were being sold in small shops which were apparently very poorly stocked.

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

TABLE III
MOIENA PRICE (in lire)

<u>Commodity</u>	<u>Unit</u>	<u>Legal price</u>	<u>Black market or Free market</u>	<u>Ration</u>
Bread	Kg.	2.40	15-20	200 gr/day 450 gr/day heavy worker
Vino	liter	12.50	30-35	None
Eggs	each	10	17	2 per person in last six months
Potatoes	Kg.		6	None
Onions	"		8	"
Butter	"	75	700	" in last 4 months
Lard	"	29	600	100 grams in Dec. 1944
Pasta	"	3.80	20-25	130 gr/day
Marmelade	"	49	100	Sick and children 500 grams in 3 months
Greens	"		15-20	none
Tomato paste	"	21	100	300 grams in 6 months
Meat	"	50	160	100 grams per week
Soap	"	40	160-200	125 grams in April 1945 first in a year
Salt	"	32	400	none
Sugar	"	32.40	700	250 grams for sick and aged per month
Wood	qtls	148	500-600	none
Candles	each	6	25	none
Olive oil	liter	37	1100-1200	300 grams in 8 months
Cheese			300	
Legumes (peas beans, etc)			40-45	none

4800

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785016

MODENA PRICE (contd)

Among uncontrolled items dress cloth ranged from 900 to 1000 lire per meter, men's suiting 1200-1500 lire per meter, shoes for adults, poor quality 3000 lire per pair. Workers shoes, canvas, were distributed in winter at 450 lire per pair to consumer. Were purchased in Milano by CFE for 1500 lire per pair on black market and brought to Modena. CFE apparently subsidized this transaction, but we did not have time to investigate source of funds. Transport cost, Milano to Modena, 3000 lire per quintal, distance 200 kilometers (roundabout was necessary because of bombings)

As in Bologna, bread position is fairly good because populace received 150 kilos of wheat per person in September-October 1944 in lieu of daily ration.

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

785016

WAGES STATE

<u>OCCUPATION</u>	<u>PERIOD</u>	<u>GROSS PAY</u>	<u>FAMILY</u>
Doctors	Month	3321	Wife and 2 children
Sanitary Aid	"	2454	" " " "
Nurse-M. & F.	"	2265	" " " "
Capo ufficio (office manager)	"	4637	"
Section chief	"	3716	"
Chief engineer (2000 employees)	"	7287	" " " "
Vice Prefect	"	6000	" " " "

Todt was paying 100 lire for front line labor - also flour and salt.

August 1944 got an emergency indemnity of 27 lire. This to continue for 6 months after war. In effect in northern cities in October 1944.

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785016

<u>OCCUPATION</u>	<u>PERIOD</u>	<u>GROSS PAY</u>	<u>FAMILY</u>
Operai - non special i.e. usher-porter	7 days pay 6 days work 8 hours	529	Wife and 2 children
Operai spec. i.e. plumber, Foreman mechanic. Driver-light truck	"	584	" " "
Manual labourers	"	546	" " "
Typist-female	Month	<u>CLERICAL</u> 2027	None
Clerk-male	"	2450	Wife and 2 children
Steno	"	3300	None
Hockkeeper	"	2920	Wife and 2 children
Engineer	"	4058	" " "
Tax collector & city police	"	2340	" " "
Janitor-male-female female	"	2292 2062	" " "

4797

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

785016

PRIVATE EMPLOYMENT

<u>OCCUPATION</u>	<u>PERIOD</u>	<u>GROSS PAY</u>	<u>FAMILY</u>
Operaia non specializzati i.e. stone mason brick layer, carpenter	Week 6 days 8 hours	572 guar.min.	Wife and two children
Operai specializzati i.e. mechanic-cabinet maker, lathe man plumber	"	620 guar.min.	Wife and two children
Manual laborer	"	510 guar. min.	Wife and two children.

MOLENA - Unskilled labor - ave wage L. 112 per day

4736

EXCERPTS FROM MONITORING REPORT

April 27, 1945

CONFIDENTIAL

Central Economic Commission of Central Committee of Liberation of Northern Italy

Ordinance No. 1

It is ordered that all public officials and employees and all citizens engaged in any activity or employment of a public character (banks, owners and employers of retail shops, doctors, transportation, etc.) continue to observe their hours of work and to do their duty during the period of the state of emergency. In addition to sanctions of an administrative or penal character, those who desert their post will be deferred to the Epuration Commission. These instructions can only be disregarded on the order of the political authorities and the local Committees of National Liberation.

Ordinance No. 2

All public officials and employees responsible as consignees for goods, archives, grain, etc., will answer for their activities and for steps taken during the emergency period in regard to the material entrusted to them by the local National Liberation Committee, which in the case of omissions, negligence, desertion and lack of initiative will take action against all such persons in relation to the amount of responsibility ascertained.

Ordinance No. 3

As from today, no firm may discharge any member of its personnel; in the case of grave offences, the approval of factory Committees of Liberation must be obtained.

Ordinance No. 4

Art. 1) - All the present orders relating to prices remain provisionally in force until the issue of new instructions.

Art. 2) - The police are charged to see that these orders are obeyed.

Art. 3) - The sanctions for the non-observance of fixed prices are hereby confirmed with the stipulation that the punishments laid down for each crime will be increased in the measure decided upon for crimes committed and taking advantage of circumstances resulting from the state of war.

Art. 4) - The local and outlying Committees of National Liberation are invited to collaborate in order to obtain the observance of the above orders.

Ordinance No. 5

Given the necessity of ensuring the continuity of food supplies and distribution, and safeguarding the present stocks from possible destruction, it is laid down that:

Art. 1) - All persons in possession of quantities of rationed food-stuffs, whether because they have had a part in the production or been entrusted with the warehousing, care or distribution of such material, will be held responsible for its preservation. By rationed goods, we mean: cereals, dried vegetables, ^{4, 6, 8, 9} toots, farinaceous foods, pasta and rice, butter, edible oil, edible fats of all kinds, condensed milk, dairy products, cheese, frozen, chilled or other meat including sausages, eggs, sugar, jams and other vegetable preserves.

Art. 2) - No product may be coded except by the explicit permission of the competent authorities, in accordance with the present laws, which are confirmed until further orders, and that is:

from the Cereals Office, for flour and pasta, and for cereals other than rice and its derivatives;

from the Rice Industry Service, for rice;

from the Central Office for the Supply of Horticultural Products, for potatoes

Ordinance No. 1

It is ordered that all public officials and employees and all citizens engaged in any activity or employment of a public character (banks, owners and employers of retail shops, doctors, transportation, etc.) continue to observe their hours of work and to do their duty during the period of the state of emergency. In addition to sanctions of an administrative or penal character, those who desert their post will be deferred to the Epuration Commission. These instructions can only be disregarded on the order of the political authorities and the local Committees of National Liberation.

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Art. 2) - The police are charged to see that these orders are obeyed.

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Art. 2) - No product may be ceded except by the explicit permission of the competent authorities, in accordance with the present laws, which are confirmed until further orders, and that is:

from the Cereals Office, for flour and pasta, and for cereals other than rice and its derivatives;
from the Rice Industry Service, for rice;
from the Central Office for the Supply of Horticultural Products, for potatoes and dried vegetables;
from the Distribution Office, for oil, edible fats and butter;
from the Cheese Control Office, for cheese and condensed milk;
from the Meat Census Office, the Cattle Imports Company and the Provincial Butchers' Union, for meat, frozen meat and sausage meat;
from the Central Egg Office, for eggs;
from the National Sugar Refining Syndicate, for sugar;
from the Distribution Office for sweet preserves, meat and vegetable preserves.

For goods held by wholesalers it is sufficient to obtain a release from the Provincial Distribution Office in so far as it is given in agreement with the regular assignment by the Ministry.

Art. 3) - Until further orders, the laws regulating the consignment of animals for slaughtering remain unchanged.

Art. 4) - All the penal clauses relating to rationing remain in force and are to be applied also in the case of violation of the above orders, except where heavier sentences are liable to be passed.

Art. 5) - All means of transport used to transport supplies which should have been pooled or otherwise subjected to food regulations will be requisitioned.

Committee of National Liberation for Upper Italy, Central Commission for Economy

Ordinance No. 6

1) - Regulations regarding the centralization and distribution of food which are now in force are temporarily re-affirmed.

2) - All the allowances already issued by the proper organizations and not revised upon the date of the present ordinance are cancelled and this is to go into immediate effect. The persons at the head of agencies which effect allowances after the said date in disregard of these dispositions shall be held responsible.

3) - New allowances may be released as of today only in cases of admitted emergency. Exigencies of transport or stoppage of major units of production, delivery of products to stores, impelling need for food until new distribution can be carried out according to rules to be set up by the competent authorities.

4) - Chiefs of the distributing agencies will be held responsible for the proper distribution until the promulgation of new rules which will govern the respective agencies to which these rules will apply.

5) - Chiefs of central and distributing agencies will supply as soon as possible and not later than seven days from today to the Central Economic Commission, Prefecture Building, a statistical information which will include the stocks of all raw materials and products in question as well as orders cancelled for lack of delivery within the meaning of article No. 2, indicating the most recent possible date to which the situation applies.

6) - The penal sanctions concerning municipalities remain in force.

7) - Local Committees of National Liberation are requested to co-operate in the enforcement of this order.

Ordinance No. 7

1) - All raw materials, finished products, products in the course of transformation of any kind, which are property of public or military administrations, or which belong to firms or persons of German nationality or to public or military administrations of any kind of the former Italian Social Republic, or (any products which are) owed to these authorities, firms or persons as a result of paid installments, are blocked with the present owner. This is to go into effect immediately.

2) - The holders (of the above products) under whatever title - as well as those charged with transport of same - are responsible for the proper keeping of the above products until forthcoming directions are issued.

3) - The holders will also make a declaration of these products within a period not to exceed 15 days from today to the Central Economic Commission, Prefecture of the Prefecture. They will certify the clauses which had been stipulated at the time the contracts for supplies were made....the nature of the goods which are the object of the contract, the present state of the goods (i.e. the extent they have received manufacture treatment), the amounts collected either in full or as part payment for the supplies proper or the allowances for the raw materials necessary for the completion of said supplies.

4) - Existing contracts for supplies with the Fascist authorities of the persons above named which have not been carried out by delivery of the goods are hereby cancelled. Raw materials consigned for the executions of said contracts

have been pooled or otherwise subjected to food regulations will be requisitioned.

* * * * *

Committee of National Liberation for Upper Italy, Central Commission for Economy

Ordinance No. 6

- 1) - Regulations regarding the centralization and distribution of food which are now in force are temporarily re-affirmed.
- 2) - All the allowances already issued by the proper organizations and not revised upon the date of the present ordinance are cancelled and this is to go in to immediate effect. The persons at the head of agencies which effect allowances after the said date in disregard of these dispositions shall be held responsible.
- 3) - New allowances may be released as of today only in cases of admitted emergency: Exigencies of transport or stoppage of major units of production, delivery of products to stores, impelling need for food until new distribution can be carried out according to rules to be set up by the competent authorities.
- 4) - Chiefs of the distributing agencies will be held responsible for the proper distribution until the promulgation of new rules which will govern the respective agencies to which these rules will apply.
- 5) - Chiefs of central and distributing agencies will supply as soon as possible and not later than seven days from today to the Central Economic Commission, Prefecture Building, a statistical information which will include the stocks of all raw materials and products in question as well as orders cancelled for lack of delivery within the meaning of article No. 2, indicating the most recent possible date to which the situation applies.
- 6) - The penal sanctions concerning municipalities remain in force.
- 7) - Local Committees of National Liberation are requested to co-operate in the enforcement of this order.

Ordinance No. 7

- 1) - All raw materials, finished products, products in the course of transformation of any kind, which are property of public or military administrations, or which belong to firms or persons of German nationality or to public or military administrations of any kind of the former Italian Social Republic, or (any products which are) owed to these authorities, firms or persons as a result of paid instalments, are blocked with the present order. This is to go into effect immediately.
- 2) - The holders (of the above products) under whatever title - as well as those charged with transport of same - are responsible for the proper keeping of the above products until forthcoming directions are issued.
- 3) - The holders will also make a declaration of these products within a period not to exceed 15 days from today to the Central Economic Commission, Palace of the Prefecture. They will certify the clauses which had been stipulated at the time the contracts for supplies were made... the nature of the goods which are the object of the contract, the present state of the goods (i.e. the extent they have received manufacture treatment), the amounts collected either in full or as part payment for the supplies proper or the allowances for the raw materials necessary for the completion of said supplies.
- 4) - Existing contracts for supplies with the Fascist authorities of the persons above named which have not been carried out by delivery of the goods are hereby cancelled. Raw materials consigned for the executions of said contracts are to remain blocked with present holder. Dispositions for legal administration on this matter shall be taken by the proper authorities.
- 5) - The penal standards pertaining to the discipline for the articles of consumption remain in force and apply also to violations of the previous ordinance.
- 6) - Local and outlying Committees of National Liberation are invited to collaborate to obtain proper observance of the above.

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

785016

Ordinance No. 8.

1) - Law regarding traffic of motor vehicles remain in force as well as the inherent penalties.....

2) - All owners or possessors of motor-vehicles under whatever title will declare them to the provincial office within a period not to exceed 15 days from the date of the present communication of this ordinance.

3) - The commission charged with the issuing of new permits for motor-vehicles used for the transport of goods will deliver copy of the declarationand it will have the value of a permit to travel.

4) - The motor-vehicles which will travel disregarding the present regulations will be confiscated; this not to exclude penal action against the offender.

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

Ext. 503

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO 394

KES/ea

17A

11.06/ES

1 May 1945

1 - MAG 1945

SUBJECT: Anti-Inflation Board Meeting

TO : Brig. G. R. Upjohn, Civil Affairs Section
Col. Graffety-Smith, Finance S/C
Col. Menapace, Finance S/C
W. H. Braine, Labor S/C
L. Allbaugh, Agriculture S/C
Col. Legg, Food S/C
H. J. Tasca, American Embassy
R. L. Nosworthy, British Embassy

1. There will be a meeting of the Anti-Inflation Board in the Chairman's office Wednesday, 16:00 hours, 2 May.

2. A copy of Commerce S/C's comments on the so-called Einaudi's theory is attached. A copy of Einaudi's article in the *Risorgimento Liberale* of 20 March has been previously circulated to members of the Board. The policy with respect to pricing imports will be discussed in the above-scheduled meeting.

3. Also attached is a copy of a document prepared by Labor S/C on the subject of future wage regulations in the North. This will also be open for discussion in the above-scheduled meeting.

KES.

K. E. STAUFFER
Secretary

Attachments

CC-

A. G. Antolini

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

HEADQUARTERS ALLIED COMMISSION
APO 394
COMMERCE SUB-COMMISSION

C
O
P
Y

Tel. 461

WPE/rc

Ref. AC/5201/Commerce

SUBJECT: Selling Prices of Imported Goods

TO : Economic Section

1. Reference your ES/20.02 dated 11th April 1945 enclosing a translation of some comments on Prof. Luigi Einaudi's article published in the *Risorgimento Liberale* of March 20th 1945.

2. In the first paragraph of the translated memorandum, mention is made of an official note delivered to the Quintieri-Matteoli Mission by the American State Department. This Subcommittee has no knowledge of this document and, therefore, finds it somewhat difficult to offer any constructive comment on what appear to be contrasting views i.e.

- a. State Department apparently wished goods imported into Italy to be sold at landed cost.
- b. Prof. Einaudi advocates selling imported goods at Black Market price level.

3. Prof. Einaudi has such a high reputation as an expert economist that before passing judgment on his theories it is felt that much thought and study should be given to his views. As a first impression this Sub-commission feels that his plan if put into practice must necessarily lead to increased inflation and eventually to financial suicide.

4. The policy of the Economic Section, and it is assumed also of the Italian Government, is to bring prices down and to achieve this purpose it would appear to the Commerce Subcommittee that a system of strictly controlled rationing of all essential commodities should be established at least until such time as supply equals or even exceed demand.

Distribution should be made through ordinary commercial channels allowing a fair margin of profit over landed cost.

As a source of increased revenue for the State, which appears to be Prof. Einaudi's purpose, import duties or trading tax, both within reason, might be considered.

W. P. Evens
Colonel
Director
Commerce Sub-Commission

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

ANTI-INFLATION BOARD

Memorandum by Director of Labor Sub-Commission

17 April 1945

WAGE REGULATION

1. The policy is, so far, clearly established that the wages level of 1 April, 1945, will be recognized on entry into the North of Italy; and that ASU shall regulate wage increases, acting upon the advice of Joint Advisory Committees.

2. Wages have been controlled rigidly by Fascist regime and it is inevitable that in the reaction of liberation there will be requests for wage increases. Some increases may be immediately justifiable, e.g., the establishments under direct Fascist control where wages were kept out of step with the general level, and in specific areas or particular districts wages increases may be requested to meet local circumstances. Variations in prices levels may occur either because of inadequate control or because of approved changes such as gas charges, transportation charges, telephone charges, etc. On the assumption, therefore, that demands for wage increases will be made and that some of them will be justifiable, it is necessary to establish policy and practices for permitting wages increases.

3. There are two alternatives:

- (a) To follow, as closely as may be, the recommendations of the Joint Advisory Committees;
- (b) To establish levels at which wages may be allowed to rise by various dates.

4. The first alternative may be feasible, particularly if the Committees are strengthened by the appointment of representatives of Finance, but it leaves a wide field of variation and permits possibilities of sharp increases in the absence of regulating directives.

5. The second alternative is to fix general levels to which wages may be allowed to rise. For example, taking N as the date of liberation of the North, for the period to N plus 30 days wage increases should be allowed, although requests could be submitted probably from the earliest day. Up to the date N plus 60 days, wage increases might be allowed not exceeding 50 lire per day, per adult. By the date N plus 90 days, wage increases might

173

- 2 -

be allowed up to a ceiling not exceeding 70 lire per day, per adult over the 3 April level. Observance of this procedure would enable it to be said that three months after liberation adult wages had risen by not more than 70 lire per day, including all indemnities, bonuses and changes in basic rates. The figures mentioned are arbitrarily selected and have no actual basis in prices, charges, or otherwise. Experts from Finance or other Sections could probably give a firmer basis for establishing ceilings at spot dates.

6. It is proposed to request Regional Commissioners to report to A.C. the first important wage increases for particular districts which they propose to approve so that A.C. may know the precedents which are being established. Serious increases over the first established precedents are also to be reported so that A.C. may keep in touch with Regional developments.

7. The recommendation of the Anti-Inflation Board on the above points is sought.

T. H. BRAINE
Director
Labor Sub-Commission

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

ANTI-INFLATION BOARD

Memorandum to, Director of Labor Sub-Commission

17 April 1945

The "separate economic sphere" for Northern Italy may be maintained for the immediate post-liberation period, say for three months. After three months the general position in Italy, as between North and South will have changed and it will be necessary to devise policy for the next stage.

Discussion on the general outlines of such policy seem advisable.

W. H. KRAINE
Director
Labor Sub-Commission

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1. This directive amends Directive JG/4816/2/1 of 31 March 1945.

2. To avoid inflation in Northern Italy it has been proposed that the economic level in territory north of the provinces of Ravenna, Florence, Fiesole, Lucan and Apulia should be kept separate from those in Southern Italy. At least during the initial period after liberation. Wages and prices in the north would then be maintained initially at their level of 5 April 1945.

3. In view of the rapid advance in the north it has been decided that before this policy is introduced a survey should be made of the price and wage structure now existing in various parts of the northern territory.

4. In order to enable Italian decrees to be implemented in the north during the period when this survey is being made it is necessary to exclude from implementation in the north all decrees creating allowances, increasing salaries or wages, or establishing prices which are in force in the South and are inconsistent with the proposed northern levels.

5. A Special Order has been issued for this purpose and appears in the Supplement to S.I. No. 2 of 28 April 1945. The decrees concerned are limited in the schedule to that order. The schedule is in two parts: the decrees in the first part grant allowances or increases which have retrospective effect and commence at dates earlier than the effective date of operation of the decrees themselves, S.I. No. 1945; the decrees in the second part of the schedule contain provisions which are inconsistent with the above mentioned economic policy.

6. It is uncertain to what extent it will be possible to maintain separate levels, and local conditions may require the reintroduction of certain elements of the southern economy. For this purpose it may be necessary to bring into effect at short notice in a particular province the provisions of some or all of these decrees. The special order therefore provides that the decrees in both parts of the schedule will remain excluded in all the northern territory unless implemented in any province by order of the Provincial Commissioner. No such order may be issued in any province without express authority from the Allied Commission. Any Provincial Commissioner who considers that local economic conditions require the issue of such an order will therefore forward to the Regional Commissioner, his recommendations to the Allied Commission before issuing any order to bring these decrees into operation. If authority is given for the reimplementation of any of the decrees contained in the first part of the schedule to the special order, the authority will state the date from which the payments will commence.

7. The special order covers also the Provinces of Apulia, Forlì and Ravenna.

8. In principle the southern economy will in general prevail. The decrees in the second part of the schedule will be implemented in full and those in the first part will be implemented but retrospective only to the date of liberation of the provincial capital. When the actual implementation procedure is introduced into Apulia Province, the Provincial Commissioner should issue an order to establish the date for commencement of the payments under these decrees. On decree, S.I. No. 45 of 25 Jan 45, which established a bonus for Christmas 1944, is excluded from Apulia Province as it is considered too late to give such a bonus.

b. In Forlì and Ravenna Provinces the same considerations apply to the retrospective decrees. In these provinces, Provincial Orders have already been made establishing the dates for commencement of payments in the case of some of these decrees and the special order therefore applies these dates to all the decrees in the first part of the schedule.

DLI No. 13 will be implemented in these provinces, since they had already been liberated by Christmas 1944.

The decrees implemented in Forlì and Ravenna Provinces, include DLI No. 38 of 1 March 1945 which imposes an economic price for bread. This decree should be put into operation in these provinces when the territory is handed over to the control of EMILIA Region and the Army area has moved forward. Until such time it can be excluded from implementation by ensuring that the prefects do not receive a copy of the Gazzetta Ufficiale containing the decree.

8. There are attached hereto:

- a. Translation of the special order referred to in para. 5.
- b. Draft of Provincial Order for use as in para. 6.
- c. Draft of Provincial Order for use as in para. 7 (a).

3 Incls:

- Incl 1 - Translation of Special order
Incl 2 - Draft of Provincial Order
Incl 3 - Draft of Provincial Order

Copies to: Chief Commissioner (2)
Ch. Sec (2)
Dech Sec. (15)
Executive Commissioner

Distribution to Regions:

UMBRIA-MARCHE Region	- 25 copies	
Toscana Region	- 60 "	
Emilia Region	- 50 "	) sufficient for distribution
Liguria Region	- 30 "	) down to Provincial Commissioners,
Piemonte Region	- 45 "	) Provincial Finance Officers,
Lombardia Region	- 50 "	) Provincial Labor Officers and
Venezia Region	- 60 "	) Provincial Legal Officers.
SGAO, 5th Army	(20)	
SGAO, 8th Army	(20)	
Hq IV Corps	(5)	

MSL
Brigadier,
Executive Commissioner.

The decrees implemented in Turli and Pavane Provinces, in 1945, should be put into operation in these provinces when the territory is handed over to the control of Emilia Region and the Army Area has moved forward. Until such time it can be excluded from implementation by ensuring that the prefects do not receive a copy of the Gazzetta Ufficiale containing the decree.

8. There are attached hereto:

- a. Translation of the special order referred to in para. 5.
- b. Draft of Provincial Order for use as in para. 6.
- c. Draft of Provincial Order for use as in para. 7 (a).

Handwritten signature
Brigadier,
Executive Commissioner.

3 Incls:

- Incl 1 - Translation of special order
- Incl 2 - Draft of Provincial Order
- Incl 3 - Draft of Provincial Order

Copies to: Chief Commissioner (2)
Ch. Sec. (9)
Exec. Sec. (15)
Executive Commissioner

Distribution to Regions:

EMERIA-MARCHE Region	-	25	copies
Toscana Region	-	60	"
Emilia Region	-	50	"
Liguria Region	-	30	"
Piemonte Region	-	45	"
Lombardia Region	-	50	"
Venezia Region	-	60	"
SCAO, 5th Army	(20)		
SCAO, 8th Army	(20)		
Hq IV Corps	(5)		

Sufficient for distribution down to Provincial Commissioners, Provincial Finance Officers, Provincial Labor Officers and Provincial Legal Officers.

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

ORDER NO. 1

I, GERALD R. BRYCE, Brigadier, Vice-President (Civil Affairs Section), Allied Commission, hereby take the following order in respect of the territory hereinafter mentioned which is or may hereafter become subject to Allied Military Government.

1. So far as concerns the provinces of Apurimac, Arequipa, and Arequipa, I hereby vary the implementation orders already made in respect of the decrees enumerated in the first part of the schedule hereto and I order that each of the said decrees shall have full force and effect of law from the date on which the prefect of each of the said provinces shall receive from the Allied Commission a copy of the present number of the Gazette of the Republic, it being understood that the date from which payments under the said decrees shall commence shall be in the provinces of Apurimac the date which may hereafter be laid down in the said Gazette by order of the Provincial Commission and thereof and in the provinces of Arequipa and Arequipa the 4th November 1944 and 5th December 1944 respectively.

2. So far as concerns the provinces situated north of a line forming the northern boundary of the provinces of Arequipa, Puno, Piura, Tarma, and Arequipa, I hereby cancel the implementation orders previously made in respect of all the decrees listed in the first and second parts of the said schedule and I order that the said decrees shall remain excluded from implementation in the said provinces unless the Provincial Commission of any province shall hereafter make a further order in respect of any of the said decrees in which case in such province such decrees shall have full force and effect of law as provided by such order. It being understood that in no case shall payments commence in respect of any of the said decrees at a date earlier than the date which may hereafter be laid down by the order of the Provincial Commission as aforesaid.

3. So far as concerns the Province of Arequipa and also the provinces situated north of a line forming the northern boundaries of the provinces of Arequipa, Puno, Piura, Tarma, and Arequipa, I hereby cancel the implementation orders previously made in respect of all the decrees listed in the said schedule and I order that the said decrees shall remain excluded from implementation in the said provinces unless the Provincial Commission of any province shall hereafter make a further order in respect of any of the said decrees in which case in such province such decrees shall have full force and effect of law as provided by such order. It being understood that in no case shall payments commence in respect of any of the said decrees at a date earlier than the date which may hereafter be laid down by the order of the Provincial Commission as aforesaid.

G. R. BRYCE, Brigadier,
Vice President,
(Civil Affairs Section),
Allied Commission.

Dated: 17 April 1945.

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

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THE SCHEDULE

PART I

TELETYPE

No.

DATE

REL	18/5	6 Dec 1942
REL	25/5	7 Dec 1943
RD	12	14 Jan 1944
REL	85	13 Mar 1944
REL	105	23 Mar 1944
REL	110	15 Apr 1944
RD	121	23 Mar 1944
RD	122	5 Apr 1944
REL	131	9 May 1944
RD	155	2 Jun 1944
DLL	276	26 Jul 1944
RD (G.P. No. 79 of 9 Nov 1944)		28 Sept 1944
REL	301	19 Oct 1944
REL	303	2 Nov 1944
DLL	307	9 Nov 1944
DLL	326	16 Nov 1944
DLL	331	19 Oct 1944
DLL	360	19 Oct 1944
REL	386	2 Nov 1944
REL	400	4 Dec 1944
REL	424	5 Dec 1944
REL	434	22 Nov 1944
DLL	28	4 Jan 1945

PART II

Radio
Radio
Radio
Radio

REL	3	8 Oct 1943
REL	10	4 Nov 1943
REL	11	4 Nov 1943
REL	12	1 Nov 1943
REL	12/5	2 Dec 1943
REL	14/5	2 Dec 1943
REL	24/5	13 Dec 1943
REL	6	3 Jan 1944
REL	11	18 Jan 1944
REL	16	2 Jan 1944
REL	17	24 Jan 1944
REL	34	31 Jan 1944
REL	43	29 Jan 1944
REL	74	2 Mar 1944
REL	80	2 Mar 1944
REL	84	10 Mar 1944
REL	85	13 Mar 1944
REL	102	27 Jan 1944
REL	108	6 Apr 1944
REL	109	13 Apr 1944
REL	152	5 Jul 1944
REL	158	4 Jun 1944
REL	165	3 Aug 1944
REL	167	10 Aug 1944

785016

I. Provincial Commissioner, Province,
pursuant to the authority granted to me by order of the Allied Commission promul-
gated in the Supplement to Gazzetta Ufficiale No. 51 of 28 April 1945 hereby order
that all decrees listed in (Parts I and II of) the schedule hereto shall have full
force and effect of law in the Province of ^{from} 1945 (and I
further order that in respect of the decrees listed in (Part I of) the said sche-
dule the date for the commencement of payments under all such decrees shall be the
1945).

IO. Commissario Provinciale della Provincia di
in base ai poteri conferitimi con l'ordinanza della Commissione Alleata, pubblica-
ta nel Supplemento Ordinario alla Gazzetta Ufficiale del 28 aprile 1945 n. 51, con
la presente ordino che tutti i decreti elencati nella Tabella ivi contenuta (Parte
I e II) abbiano piena forza ed effetto di legge a far data dal 1° gennaio 1945
e per-
tira dal 1945 (4) ordino inoltre che rispetto ai decreti elencati nella
Parte I della detta Tabella la data per l'inizio dei pagamenti ai sensi dei decre-
ti stessi sia il 1945).

Notes:

1. Only those decrees required to be implemented should be listed. If the de-
crees to be implemented are comprised in both parts of the schedule to the be-
sides order in G.O. they should be similarly enumerated in two schedules to
this order.
2. If any decrees in Part I of the schedule are implemented it will be necessary
to make provision for the date of the commencement of payments.
3. Unnecessary parts of the order should be deleted before issue.

Pursuant to the order of the Allied Commission promulgated in the Supplement
to Gazzetta Ufficiale No. 51 of 28 April 1945 I, Provincial Commis-
sioner of Aquila Province hereby order that in the Province of Aquila the date
for the commencement of payments under the decrees listed in the schedule hereto
shall be the 1945. (Here set out the 23 decrees listed in Part I of the
Schedule)

In conformità con l'ordinanza della Commissione Alleata pubblicata nel Sup-
plemento ordinario alla Gazzetta Ufficiale del 28 aprile 1945 n. 51, IO,
Commissario Provinciale della Provincia di Aquila, emulo presento
ordine che tutti i decreti elencati nella Tabella ivi contenuta (Parte I e II)
dei decreti elencati nella Tabella ivi contenuta sia il 1945.

(Here set out the 23 decrees listed in Part I of the Schedule).

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

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO 394

fil in
reputable
file

27 April 1945

11:06/ES

SUBJECT: Anti-Inflation Board Meeting

TO 1. Brig. G. R. Upjohn, Civil Affairs
W. H. Braine, Labor S/C
Maj. B. E. L. Tinsons, Finance S/C
L. Allbaugh, Agriculture S/C
Col. Legg, Food S/C
R. L. Nosworthy, British Embassy
H. J. Tasca, American Embassy

Enclosure 1

1. There will be a meeting of the Board 15:00 hours, Saturday 28 April in the office of the Chairman.

2. Purpose of the meeting is to review activities and results to date and to project the course of future activities with special emphasis given to determining the basis for permitting the movement of goods across the economic boundary between North and South Italy.

3. Attached is file containing:

- a. 12 April Report of the Board
- b. Copy of Signal to AFHQ
- c. Copy of AFHQ Signal to this Headquarters
- d. Copy of General Order No. 41
- e. Copy of General Order No. 42
- f. Copy of AFHQ Signal to Military Formations
- g. Copy of Signal 5920

4. This confirms telephone conversation of this morning.

K. E. STAUFFER
Secretary
Anti-Inflation Board

4780

AFHQ (5-5)

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17 APRIL 45

PRIORITY

SECRET PD

SUBJECT IS NORTH ITALY PRICE AND WAGE POLICIES PD
PAR. ONE PD FOLLOWING IS DRAFT OF SIGNAL PROPOSED FOR DISTRIBUTION TO REGIONS
PIEMONTE, LIGURIA, EMILIA AND VENETIA; AND 4 CORPS; 6 5 SEC 5 ARMY;
AND 8 ARMY; FOR INFORMATION TO 6 5 SEC 15TH ARMY GROUP AND AFHQ. YOUR
CONCURRENCE IS REQUESTED PD

PAR. TWO PD REPORTS FROM NORTHERN ITALY INDICATE SUCH WIDE VARIATIONS FROM
SOUTH ITALY PRICE AND WAGE SCALES THAT IT IS VITAL TO SEPARATE THE TWO ECONOMIES
FOR SOME INITIAL PERIOD PD ECONOMIC BOUNDARY LINE IS SET AS NORTHERN
BOUNDARIES OF EMILIA, PIEMONTE, PAVIA, AND LUGO PROVINCES PD WIDE PRICE
DIFFERENTIALS WILL MAKE SHOOTING AND BLACK MARKETING ACROSS THE ECONOMIC
BOUNDARY PROHIBITIVE FOR BOTH CIVILIAN AND MILITARY VEHICLES (ARMED AND ITALIAN)
PD EFFECTIVE BLACKOUTS MUST BE ESTABLISHED TO PREVENT ILLEGAL MOVEMENTS OF
GOODS NORTH OR SOUTH ACROSS BOUNDARY PD

PAR. THREE PD GENERAL ORDER AND DETAILED DIRECTIVES ARE BEING PREPARED PD
IN THE MEANTIME IT IS REQUESTED THAT THE FOLLOWING GENERAL POLICIES WILL BE
ENFORCED NORTH OF THE ECONOMIC BOUNDARY SUPERSEDING ALL PREVIOUS INSTRUCTIONS
PD (A) PRICES OF ALL NON IMPORTED ITEMS WHICH THERE WAS AN OFFICIAL PRICE
IN THE NORTH AS OF 5 APRIL ARE TO BE HELD OR ROLLED BACK TO THAT PRICE AS
MAXIMUM PD OTHER IS INITIAL NON IMPORTED ITEMS ON WHICH THERE WAS NO OFFICIAL
NORTHERN PRICES AS OF 5 APRIL SHOULD BE PRICED ON BASIS OF THE NORMAL PRICE
RELATIONSHIP TO OTHER ITEMS DURING MAY 1938 PD (B) REPORTED COMMODITIES
OTHER THAN FOOD WILL BE PRICED AT LANDED COST PLUS COST OF DISTRIBUTION PD
(C) WHEAT AND WHEAT CENTALS WILL BE ANALYZED AT THE 5 APRIL EXISTING PRICE
PD (D) ALL FOOD IMPORTED OR INDIGENOUS TO THE NORTH MUST BE PRICED AT 45%
PRICES PD (E) A PRICE SCALE FOR AGRICULTURAL SUPPLIES WILL BE SET SHORTLY PD

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

785016

PAR. ONE PD FOLLOWING IS DRAFT OF SIGNAL PROPOSED FOR DISTRIBUTION TO REGIONS
 PIEMONTE, LIGURIA, LOMBARDIA, EMILIA AND ROMAGNA; AND 4 CORES; C 5 SEC 5 AREA;
 AND 8 AREA; FOR INFORMATION PD C 5 SEC 10TH AREA GROUP AND AREA. YOUR
 CONCURRENCE IS REQUESTED PD

PAR. TWO PD REQUESTS FROM NORTHERN REGIONS INDICATE SUCH WIDE VARIATIONS FROM
 SOUTH ITALY PRICE AND WAGE SCALES THAT IT IS VITAL TO SEPARATE THE TWO ECONOMIES
 FOR SOVIET INITIAL PERIOD PD ECONOMIC BOUNDARY LINE IS SET AT NORTHERN
 BOUNDARIES OF RAVENNA, VERONA, PAVIA, AND LUCCA PROVINCES PD WIDE PRICE
 DIFFERENTIALS WILL BE MAINTAINED AND BLACK MARKETING ACROSS THE ECONOMIC
 BOUNDARY PROHIBITED FOR BOTH CIVILIAN AND MILITARY VEHICLES (ARMED AND ITALIAN)
 PD EFFECTIVE ECONOMIC BOUNDARY BE ESTABLISHED TO PREVENT ILLEGAL MOVEMENTS OF
 GOODS NORTH OR SOUTH ACROSS BOUNDARY PD

PAR. THREE PD GENERAL ORDER AND DETAILED DIRECTIVES ARE BEING PREPARED PD

IN THE MEANTIME IT IS REQUESTED THAT THE FOLLOWING GENERAL POLICIES WILL BE
 EFFECTIVE NORTH OF THE ECONOMIC BOUNDARY SUPERSEDING ALL PREVIOUS INSTRUCTIONS
 PD (A) PRICES OF ALL NEW REPORTED ITEMS C, WHICH THERE WAS AN OFFICIAL PRICE
 IN THE NORTH AS OF 3 APRIL AND TO BE HELD OR ROLLED BACK TO THAT PRICE AS
 MAXIMUM PD OTHER REPORTED NON REPORTED ITEMS ON WHICH THERE WAS NO OFFICIAL
 NORTHERN PRICES AS OF 3 APRIL SHOULD BE PRICED ON BASIS OF THE WORLD PRICE

RELATIONSHIP TO OTHER ITEMS DURING MAY 1930 PD (B) REPORTED COMMODITIES
 OTHER THAN FOOD WILL BE PRICED AT LIMITED COST PLUS COST OF DISTRIBUTION PD

(C) WHEAT AND MINOR GRAINS WILL BE PRICED AT THE 3 APRIL EXISTING PRICE

PD (D) ALL FOOD REPORTED OR INDICATED TO BE NORTH MUST BE PRICED AT 47%
 PRICES PD (E) A PRICE SCALE FOR MEDICAL SUPPLIES WILL BE ISSUED SHORTLY PD

IN THE MEANTIME AFRICA LIMITED COST PLUS COST OF DISTRIBUTION PD (F) ALL
 TRANSPORT RATES WILL BE FIXED AT LEVEL FOR ENTIRE NORTHERN AREA SCALE TO BE

ISSUED SOON PD IN THE MEANTIME AFRICA 50 PERCENT OFF 30 JANUARY 45 SCALE TARIFF
 CHANGE FOR PRESENT ITALIAN GOVERNMENT TARIFF PD

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PAGE FOUR PD THE FOLLOWING LGE POLICIES WILL APPLY PD (A) FOR PRIVATE
 EMPLOYEES LGE IN FORCE ON 3 APRIL WILL BE RECOGNIZED AS APPLICABLE PD RIGHT
 OF REPRESENTATION FOR WAGE CHANGES AT LATER DATES IS RECOGNIZED BUT APPLICATION
 OR CHANGES IS FORBIDDEN WITHOUT PRIOR APPROVAL BY ANS REGIONAL PROCEDURE SO
 BE DISCLOSED PD (B) STATE EMPLOYMENT FOUNDED IN THE NORTH WILL BE PAID AT
 RATES OF LGE 3 APRIL 45 PD DISCLOSED FROM THE SOUTH WILL BE PAID
 IN CASE IN NORTH AT 3 APRIL NORTH RATES AND CREDITED IN NORTH FOR 3 APRIL
 PD BETWEEN THE NORTH AND SOUTHERN RATES PD CARLINIERS WILL BE PAID
 IN CASE AT SOUTHERN RATES WHETHER TRANSFERRED FROM SOUTH OR EAST ON IN THE
 NORTH PD (C) BOTH IN PRIVATE INDUSTRY AND IN STATE EMPLOYMENT THERE WILL
 BE NO EXIST NO AUTOMATIC APPLICATION OF COST OF LIVING BONUS OR OTHER WAGE
 INCREASES DECREASES OR CHANGES IN FORCE IN SOUTH PD
 PD FIVE PD IT IS RECOMMENDED THAT APPLIED FORCES BASIC WAGES AND BONUS
 PD MODIFIED FOR APPLICATION IN THE NORTH SO AS TO CONFORM TO THE ABOVE
 POLICIES FOR PRIVATE INDUSTRY PD FOR LGE PD REQUEST YOU ISSUE NECESSARY
 INSTRUCTIONS PD

0350

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

785016

3 62709
REF 200859E

FROM : JPAQ SHARED WAREHOUSE

TO : ACTION HQ

SECRET

This is concurs in your plan to recognize and maintain, at least for initial period, the reportedly lower prices and wages in north IL.IV, as outlined in draft signal quoted in you 5564 of 17 April. Instructions are being issued to JPLS to take appropriate action in accordance your page 2290 4, and commands are being instructed to cooperate in establishing road block for detection of illegal cargo on military vehicles. Arrangements for checking civilian vehicles at road block will be responsibility of AC/AGC.

Dist

Action - Moon Sec (3)
Info - /President
Chief Commissioner
File (2)
Fleet

4702

D/8168
REF 201220E
PRIORITY

150

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

SECRET

ECONOMIC SECTION
84 .C

24 April 1965

REF : Message 5920

SUBJECT : Establishment of Road Blocks along North-South Economic
Boundary

TO : Civil Affairs Section

1. Secret message 752709 of 20 April 1965 to HQ AFSA, Rome provides
- "Arrangements for checking civilian vehicles at road block will be responsibility of AS/AMC."
2. Secret message 526484 of 22 April 1965 to military formations states

a. "Economic boundary line will be northern boundaries of Bayona, Firenze, Pistoia and Lucina provinces and northern and western boundary of Apuania Province".

b. "Frontiers will establish police road blocks (check posts) on all roads crossing the boundary in paragraph 1, to examine both northbound and southbound traffic for illegal cargo. Road blocks will be staffed jointly by military police (US search military vehicles) and Carabinieri Guardia di Finanza (to search civilian vehicles) blocks in areas under US control will conform in general to SPG announced in SAC Circular number 1."

c. "Types of cargo to be made subject of search will be notified through AS/AMC channels."

d. "Allied Commission issuing similar instructions through AS/AMC channels."

3. Attached is draft copy of secret message to be No 5920 and to be sent out by HQ AFSA.

4. Concurrence of Civil Affairs Section and Public Safety S/C requested.

5. It is requested that necessary additional instructions and implementation with respect to AS/AMC joint responsibility of staffing road blocks and the search of civilian vehicles by Carabinieri or Guardia di Finanza, be issued by Civil Affairs Section - copy to Economic Section.

6. Attached is extract copy of message 5920 for your information.

Incl - per paras 3 and 6.

... G. J. TOLLENT
Acting Vice President
Economic Section
4781

SECRET

HEADQUARTERS UNITED COMMISSION
Civil Affairs Section
...30 394

10/14/77/PS.

Ref. 183081 - 365
24th April, 1945

SUBJECT : Establishment of Road Blocks along North-South
Economic Boundary.

TO : Economic Section

1. Reference your letter "Message 5920", dated 24th April, 1945.
2. This Section, which includes Public Safety Sub-Commission, agrees with the draft copy of Message 5920.
3. Detailed arrangements for manning Road Blocks will be made in the various Regions by the Regional Public Safety Officers, whose attention will be called to Message 5920. Instructions will also be issued to Commanding Generals CC.III and CC.IV, and to the Director of Public Security, Ministry of the Interior.
4. Attention is directed to the absence of instructions as to sea-borne cargo which may be brought into use at a later stage.

(4) Lt. Col. Bonham Carter
for G.S. DEJOHN, Brig.
VP C.A. Sec.

4780

0 5 6 3

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

ALLIED MILITARY GOVERNMENT

OF OCCUPIED TERRITORY

GENERAL ORDER NO. 44

FIXING OF WAGES AND PRICES

I, ALBERT WHEELER STOKES, Rear Admiral, United States Naval Reserve, Chief Civil Affairs Officer, for and on behalf of the Supreme Allied Commander and Military Governor hereby order as follows:

ARTICLE 1

This Order applies to all territory subject to Allied Military Government and situated north of the northern boundaries of the Provinces of Ravenna, Firenze, Pisa, Livorno and Ancona. Such territory is hereinafter referred to as the northern territory and all other territory of Italy whether subject to Allied Military Government or to the administration of the Italian Government is hereinafter referred to as the southern territory. The Province of La Spezia forms part of the northern territory.

This order shall come into effect in any province or part thereof in the northern territory on the date of its first posting therein.

ARTICLE 2

Until further order of the Allied Military Government, all persons who, within any province of the northern territory, at the effective date of this Order are or may hereafter become employees of state administrations, including those under autonomous management, or of parastatal organizations or of organizations created by public law shall receive payment by way of salaries or allowances in respect of such employment at the rates which were in fact in force on the 31st April 1945 for employees in that province engaged on similar employment.

It is forbidden to demand, receive, offer or pay in respect of such salaries or allowances any sum in excess of the said rates.

ARTICLE 3

In each province of the northern territory the rates of wages for employees other than those mentioned in Article 2 of this Order shall from the effective date of this Order and until further order of Allied Military Government be the rates which were in fact in force in such province on the 31st April 1945 and no person shall, save as provided in article 4 hereof, demand, receive, offer or pay any sum for labor in excess of such rates.

ARTICLE 4

Notwithstanding the provisions of Article 3 of this Order it shall be lawful for the employees therein specified to negotiate with their employers for the purpose of modifying the wage rates laid down by this Order provided always that any agreement made as a result of such negotiation shall be submitted through the local Ufficio del Lavoro to the Allied Military Government

I, **DAVID WATSON STONE**, Rear Admiral, United States Naval Reserve, Chief Civil Affairs Officer, for and on behalf of the Supreme Allied Commander and Military Governor hereby order as follows:

ARTICLE 1

This Order applies to all territory subject to Allied Military Government and situated north of the northern boundaries of the Provinces of Ravenna, Rimini, Forlì, and Ancona. Such territory is hereinafter referred to as the northern territory and all other territory of Italy whether subject to Allied Military Government or to the administration of the Italian Government is hereinafter referred to as the southern territory. The Province of Le Spezie forms part of the northern territory.

This order shall come into effect in any province or part thereof in the northern territory on the date of its first posting therein.

ARTICLE 2

Until further order of the Allied Military Government, all persons who, within any province of the northern territory, at the effective date of this Order are or may thereafter become employees of state administrations, including those under autonomous management, or of parastatal organizations or of organizations created by public law shall receive payment by way of salary and allowances in respect of such employment at the rates which were in fact in force on the 3rd April 1945 for employees in that province engaged on similar employment.

It is forbidden to demand, receive, offer or pay in respect of such salaries or allowances any sum in excess of the said rates.

ARTICLE 3

In each province of the northern territory the rates of wages for employees other than those mentioned in Article 2 of this Order shall from the effective date of this Order and until further order of Allied Military Government be the rates which were in fact in force in such province on the 3rd April 1945 and no person shall, save as provided in Article 4 hereof, demand, receive, offer or pay any sum for labor in excess of such rates.

ARTICLE 4

Notwithstanding the provisions of Article 3 of this Order it shall be lawful for the employees therein specified to negotiate with their employers for the purpose of modifying the wage rates laid down by this Order provided always that any agreement made as a result of such negotiation shall be submitted through the local Ufficio del Lavoro to the Allied Military Government for consideration and shall not be binding upon the employers or employees concerned and shall have no legal effect unless and until approved in writing by the Allied Military Government.

It is forbidden to demand, receive, offer or pay any sum in respect of any such agreement unless and until the same has been approved as aforesaid.

- 2 -

ARTICLE 5

articles 2, 3 and 4 of this Order shall not apply to:

- (a) Persons employed in the northern territory by the armed Forces of the ally; or
- (b) Members of the OPR in the northern territory who shall receive pay and allowances in accordance with the scales officially in force in the southern territory for the payment of all members of the OPR.

ARTICLE 6

The following provisions for the determination of maximum prices for food and other commodities shall from the effective date of this Order and until further Order of the Allied Military Government apply to each province in the northern territory.

- (a) The maximum price for any item of foodstuffs sold or offered for sale;
 - (i) shall be the official price prevailing therefore in such province on the 3rd April 1945; or
 - (ii) in the absence of such official price shall be fixed by reference to the items for which an official price did prevail in such manner that the said respective prices shall stand in the same proportion to each other as they stood on the 1st May 1938.
- (b) The maximum price for any commodity, other than food, which has not been imported into the northern territory either from the southern territory or elsewhere.
 - (i) In respect of those items for which on the 3rd April 1945 a maximum price had in fact been established, shall be such maximum price.
 - (ii) In respect of all essential items not included in clause b (i) of this article shall be fixed by reference to the items which are so included in such manner that the said respective prices shall stand in the same proportion one to another as they stood on the 1st May 1938.
- (c) The maximum price for any commodity other than food, which has been imported into the northern territory either from the southern territory or elsewhere shall be either;
 - (i) The price prevailing for such commodity in such province on 3rd April 1945; or in the absence of such price,
 - (ii) the cost to the importer thereof on entry into the northern territory together with the costs necessarily incurred in the subsequent distribution thereof.
- (d) In respect of medical supplies, transportation and utility services, rents and such other goods or services as may be hereafter specified in such further order, the maximum prices shall be as laid down from time to time by further order of the Allied Military Government.

It is forbidden to demand, receive, offer or pay any sum in excess of the

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and allowances in accordance with the scales officially in force in the southern territory for the payment of all members of the OGER.

ARTICLE 6

The following provisions for the determination of maximum prices for food and other commodities shall from the effective date of this Order and until further Order of the Allied Military Government apply to each province in the northern territory.

- (a) The maximum price for any item of foodstuffs sold or offered for sale;
- (i) shall be the official price prevailing therefore in such province on the 3rd April 1945; or
- (ii) in the absence of such official price shall be fixed by reference to the items for which an official price did prevail in such manner that the said restrictive prices shall stand in the same proportion to each other as they stood on the 1st May 1938.
- (b) The maximum price for any commodity, other than food, which has not been imported into the northern territory either from the southern territory or elsewhere.
- (i) In respect of those items for which on the 3rd April 1945 a maximum price had in fact been established, shall be such maximum price.
- (ii) In respect of all essential items not included in clause b (i) of this Article shall be fixed by reference to the items which are so included in such manner that the said restrictive prices shall stand in the same proportion one to another as they stood on the 1st May 1938.
- (c) The maximum price for any commodity other than food, which has been imported into the northern territory either from the southern territory or elsewhere shall be either;
- (i) The price prevailing for such commodity in such province on 3rd April 1945; or in the absence of such price,
- (ii) the cost to the importer thereof on entry into the northern territory together with the costs necessarily incurred in the subsequent distribution thereof.
- (d) In respect of medical supplies, transportation and utility services, rents and such other goods or services as may be hereafter specified in such further order, the maximum prices shall be as laid down from time by further order of the Allied Military Government.

It is forbidden to demand, receive, offer or pay any sum in excess of the maximum prices hereinbefore specified.

- 3 -

ARTICLE 7

For the purpose of this Order the term "essential items" shall, unless subsequently varied by notice of the Allied Military Government, include:

- (a) Metals, ferrous and non-ferrous, fabricated and non-fabricated.
- (b) Building materials.
- (c) Plywood
- (d) Electrical materials.
- (e) Industrial Gases and Chemicals.
- (f) Hemp-raw, tow and manufactured products including rope and canvas.
- (g) Leather and all leather articles.
- (h) Hides and skins.
- (i) Ores and solvents.
- (j) Textile fibres.
- (k) Matches.
- (l) Phosphate rock.
- (m) Farming materials.
- (n) Cellulose for paper-making
- (o) Carbon disulphide.
- (p) Soap.
- (q) Sulphuric acid.
- (r) Sulphur rock and Processed Sulphur.
- (s) Newsprint and printing paper.
- (t) Solid fuel.
- (u) Petroleum products, oils and lubricants and containers therefor.
- (v) Tyres, rubber and rubber products.
- (w) Motor and animal drawn vehicles, and parts and accessories therefor.
- (x) Animals customarily used for draught purposes.

ARTICLE 8

All provisions of the Italian law and all decrees and regulations in force on 8 September 1943 or enacted by the legitimate Italian Government after that date which are inconsistent with the provisions of this Order are hereby suspended from operation in the northern territory.

ARTICLE 9

Any person who fails to comply with this Order or otherwise disobeys the provisions thereof shall upon conviction by an Allied Military Court be liable to such lawful punishment as the said court may determine.

ARTICLE 10

This Order shall continue in full force and effect until varied or cancelled by further Order of the Allied Military Government.

FOR THE SUPREME ALLIED COMMANDER AND MILITARY GOVERNOR:

4771

ELDER WHEELER SIGNED

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

- a) Metals, ferrous and non-ferrous, fabricated and non-fabricated.
- b) Building materials.
- c) Plywood
- d) Electrical materials.
- e) Industrial Gases and Chemicals.
- f) Hemp, raw, tow and manufactured products including rope and canvas.
- g) Leather and all leather articles.
- h) Hides and skins.
- i) Greases and solvents.
- j) Textile fibres.
- k) Matches.
- l) Phosphate rock.
- m) Tanning materials.
- n) Cellulose for paper-making
- o) Carbon Bisulphide.
- p) Soap.
- q) Sulphuric acid.
- r) Sulphur rock and Processed Sulphur.
- s) Newsprint and printing paper.
- t) Solid fuel.
- u) Petroleum products, oils and lubricants and containers therefor.
- v) Tyres, rubber and rubber products.
- w) Motor and animal drawn vehicles, and parts and accessories therefor.
- x) Animals customarily used for draught purposes.

ARTICLE 8

All provisions of the Italian law and all decrees and regulations in force on 8 September 1943 as enacted by the legitimate Italian Government after that date which are inconsistent with the provisions of this Order are hereby suspended from operation in the northern territory.

ARTICLE 9

Any person who fails to comply with this Order or otherwise disobeys the provisions thereof shall upon conviction by an Allied Military Court be liable to such lawful punishment as the said court may determine.

ARTICLE 10

This Order shall continue in full force and effect until varied or cancelled by further Order of the Allied Military Government.

FOR THE SUPREME ALLIED COMANDER AND MILITARY GOVERNOR :

4771

ELMER WHEELER STONE,
Rear Admiral
United States Naval Reserve,
Chief Civil Affairs Officer.

Dated :

0569

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

ALLIED MILITARY GOVERNMENT

OF OCCUPIED TERRITORY

GENERAL ORDER NO. 42

TRANSPORTATION RATES

I, EILEY WHEELER STONE, Rear Admiral, United States Naval Reserve, Chief Civil Affairs Officer, for and on behalf of the Supreme Allied Commander and Military Governor, hereby order as follows:

ARTICLE 1

This Order applies to all territory subject to Allied Military Government and situated north of the northern boundaries of the Provinces of Ravenna, Firenze, Fisticia, Lucca and Apuania. Such territory is hereinafter referred to as the northern territory.

This Order shall come into effect in any province or part thereof in the northern territory on the date of its first posting therein.

ARTICLE 2

This Order applies to all contracts for the transportation by any motor vehicle, as hereinafter defined, of goods, freight or merchandise, in which the goods, freight or merchandise to be transported are situated within any part of the northern territory whether or not a truck pool is operating in that part of the northern territory and irrespective of the route to be covered in such transportation and the point of destination.

ARTICLE 3

The maximum freight rate to be charged in respect of any such contract shall be calculated as laid down in this Order and in accordance with the Schedule hereto or any later variation of such Schedule duly made and publicly notified by the Allied Military Government.

ARTICLE 4

For the purpose of this Order, motor transport shall include all motor vehicles which are propelled by mechanical means and which are designed and suitable for the transportation of goods, merchandise or freight and in particular shall include all such auto-trains, trucks, trailers and trailers, tractors and trailers, motor cars and motor bicycles.

ARTICLE 5

A. The rate to be charged in respect of any motor transportation contract shall be computed in accordance with Table I of the Schedule

4770

I, ELLERY WHEELER STONE, Rear Admiral, United States Naval Reserve, Chief Civil Affairs Officer, for and on behalf of the Supreme Allied Commander and Military Governor, hereby order as follows:

ARTICLE 1

This Order applies to all territory subject to Allied Military Government and situated north of the northern boundaries of the Provinces of Ravenna, Firenze, Pistoia, Lucca and Apuania. Such territory is hereinafter referred to as the northern territory.

This Order shall come into effect in any province or part thereof in the northern territory on the date of its first posting therein.

ARTICLE 2

This Order applies to all contracts for the transportation by any motor vehicle, as hereinafter defined, of goods, freight or merchandise, in which the goods, freight or merchandise to be transported are situated within any part of the northern territory whether or not a truck pool is operating in that part of the northern territory and irrespective of the route to be covered in such transportation and the point of destination.

ARTICLE 3

The maximum freight rate to be charged in respect of any such contract shall be calculated as laid down in this Order and in accordance with the Schedule hereto or any later variation of such Schedule duly made and publicly notified by the Allied Military Government.

ARTICLE 4

For the purpose of this Order, motor transport shall include all motor vehicles which are propelled by mechanical means and which are designed and suitable for the transportation of goods, merchandise or freight and in particular shall include all such auto-trains, trucks, tractors and trailers, tractors and trailers, motor cars and motor tricycles.

ARTICLE 5

A. The rate to be charged in respect of any motor transportation contract shall be computed in accordance with Table I of the Schedule hereto in all cases except where in respect of any particular contract

- (i) the hirer of the motor vehicles agrees that the rate to be charged shall be computed in accordance with Table II of the said Schedule, and
- (ii) the distance to be travelled by the motor vehicle is less than 100 kilometers in a period of 8 hours,

in which case in respect of that particular contract the rate shall be computed in accordance with the said Table II.

B. For the computation of rates in accordance with the said Tables, the following rules shall apply:

- (i) The capacity of the motor vehicle shall be the capacity as shown in the circulation booklet of the vehicle concerned, and shall be used for the computation of all rates in connection with that vehicle without regard to the bulk or weight of the load carried thereby.
- (ii) Under Table I the total tariff shall consist of a basic charge (Column B) which shall be determined solely by the capacity of the motor vehicle (Column A) and, in addition to the basic charge, of a quintal-kilometer charge which shall be calculated by a multiplication of the said capacity by the quintal-kilometer rate (Column C) applicable thereto and by the distance (in kilometers) travelled thereby.
- (iii) Under Table II the total tariff shall consist of a charge calculated by a multiplication of the capacity of the motor vehicle (Column A) by the rate per quintal per hour (Column D) and by the number of hours involved and shall be without reference to the distance travelled and without the addition of any basic charge.
- (iv) In any territory in which a truck pool is operating the "distance travelled" shall be computed to be the distance from the despatch office of the motor truck pool to the unloading point and return according to the route reasonably necessary for the transportation involved and including all detours and diversions. The distance between the said despatch office and the garage of the motor vehicle shall be excluded.
- (v) In any contract to which Table I applies, a 50% deduction shall be made in the quintal-kilometer charge for any part of the distance travelled without carriage of any goods, freight or merchandise.
- (vi) In any contract to which Table I applies and in which goods, freight, or merchandise are transported for more than one hirer and whether for the whole or part only of the distance travelled, the total tariff charged shall be determined as laid down in rule (ii) hereof and shall be payable by and between the said hirers in proportion to the weight carried multiplied by the distance travelled, in quintal-kilometers, for each of the said hirers respectively.
- (vii) In any contract to which Table I applies, the basic charge shall be included once only per day without regard to the number of journeys made between the loading and unloading points.

- shown in the circulation booklet of the vehicle concerned, and shall be used for the computation of all rates in connection with that vehicle without regard to the bulk or weight of the load carried thereby.
- (ii) Under Table I the total tariff shall consist of a basic charge (Column B) which shall be determined solely by the capacity of the motor vehicle (Column A) and, in addition to the basic charge, of a quintal-kilometer charge which shall be calculated by a multiplication of the said capacity by the quintal-kilometer rate (Column C) applicable thereto and by the distance (in kilometers) travelled thereby.
- (iii) Under Table II the total tariff shall consist of a charge calculated by a multiplication of the capacity of the motor vehicle (Column A) by the rate per quintal per hour (Column D) and by the number of hours involved and shall be without reference to the distance travelled and without the addition of any basic charge.
- (iv) In any territory in which a truck pool is operating the "distance travelled" shall be computed to be the distance from the despatch office of the motor truck pool to the unloading point and return according to the route necessarily necessary for the transportation involved and including all detours and diversions. The distance between the said despatch office and the garage of the motor vehicle shall be excluded.
- (v) In any contract to which Table I applies, a 50% deduction shall be made in the quintal-kilometer charge for any part of the distance travelled without carriage of any goods, freight or merchandise.
- (vi) In any contract to which Table I applies and in which goods, freight, or merchandise are transported for more than one hirer and whether for the whole or part only of the distance travelled, the total tariff charged shall be determined as laid down in rule (ii) hereof and shall be payable by and between the said hirers in proportion to the weight carried multiplied by the distance travelled, in quintal-kilometers, for each of the said hirers respectively.
- (vii) In any contract to which Table I applies, the basic charge shall be included once only per day without regard to the number of journeys made between the loading and unloading points.
- (viii) In any contract to which Table II applies, any fraction of an hour shall count as one hour.
- (ix) In any contract an additional charge of L. 400 shall be made for each night that the motor vehicle is with due cause and by reason of the performance of the contract prevented from

0573

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

being returned to its normal garage, provided that such charge shall not be made if such non-return is due to the fact that the said motor vehicle is in process of being repaired.

C. Loading, storage and unloading of goods shall be the obligation and at the risk and expense of the consignor and consignee thereof and shall not be included as a charge in a transportation contract.

D. In any contract to which Table I applies there shall be added to the total tariff in clause b (ii) hereof a charge in respect of all time consumed in the loading and unloading of motor vehicles which shall be calculated as follows:

	Capacity		
	Vehicle Up to 30 Qli.	30 to 120 Qli.	Over 120 Qli.
1st hour	0 lire	0 lire	0 lire
Each additional hour or portion thereof	200 "	250 "	300 "

FOR THE SUPREME ALLIED COMMANDER AND MILITARY GOVERNOR:

EMERY WHEELER STONE,
Rear Admiral,
United States Naval Reserve,
Chief Civil Affairs Officer.

Dated:

4712

0574

Declassified E.O. 12356 Section 3.3/NND No. 785016THE SCHEDULETABLE 1TABLE II

RATED CAPACITY OF VEHICLE (Quintals)		BASIC CHARGE (litre)	RATE PER Q.II KM. (litre)	RATE PER Q.II PER HOUR(litre)
A	B	C	D	E
From 1 to 10 Q.II	110	1.05	16.82	
" 11 " 15 "	210	0.91	15.30	
" 16 " 20 "	320	0.82	14.35	
" 21 " 22 "	350	0.78	13.67	
" 23 " 24 "	380	0.74	13.08	
" 25 " 26 "	400	0.71	12.56	
" 27 " 28 "	420	0.68	12.10	
" 29 " 30 "	430	0.66	11.69	
" 31 " 32 "	440	0.64	11.32	
" 33 " 34 "	450	0.62	10.98	
" 35 " 36 "	470	0.60	10.57	
" 37 " 38 "	500	0.58	10.39	
" 39 " 40 "	540	0.56	10.13	
" 41 " 42 "	570	0.55	9.79	
" 43 " 44 "	580	0.54	9.66	
" 45 " 46 "	590	0.53	9.45	
" 47 " 48 "	620	0.52	9.25	
" 49 " 50 "	630	0.51	9.07	
" 51 " 55 "	740	0.49	8.90	
" 55 " 60 "	750	0.48	8.75	
" 61 " 65 "	800	0.47	8.61	
" 66 " 70 "	850	0.46	8.48	
" 71 " 80 "	910	0.45	8.37	
" 81 " 90 "	1000	0.44	8.27	
" 91 " 100 "	1100	0.43	8.13	
		0.42	8.10	

0575

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

785016

A	B	C	D
From 1 to 10 Q.11	110	1.05	16.82
" 11 " 15 "	210	0.91	15.30
" 16 " 20 "	320	0.82	14.35
" 21 " 22 "	350	0.78	13.67
" 23 " 24 "	390	0.74	13.08
" 25 " 26 "	400	0.71	12.56
" 27 " 28 "	420	0.68	12.10
" 29 " 30 "	430	0.66	11.69
" 31 " 32 "	440	0.64	11.32
" 33 " 34 "	450	0.62	10.98
" 35 " 36 "	470	0.60	10.57
" 37 " 38 "	500	0.58	10.39
" 39 " 40 "	540	0.56	10.13
" 41 " 42 "	570	0.55	9.79
" 43 " 44 "	580	0.54	9.66
" 45 " 46 "	590	0.53	9.45
" 47 " 48 "	620	0.52	9.25
" 49 " 50 "	630	0.51	9.07
" 51 " 55 "	740	0.49	8.90
" 56 " 60 "	750	0.48	8.75
" 61 " 65 "	800	0.47	8.61
" 66 " 70 "	850	0.45	8.48
" 71 " 80 "	910	0.45	8.37
" 81 " 90 "	1000	0.44	8.27
" 91 " 100 "	1100	0.43	8.15
" 101 " 120 "	1220	0.42	8.10
" 121 " 140 "	1300	0.41	8.05
" 141 and over	1500	0.40	8.00

4773

EX 84492

AIR 2209380

0/8449

AIR 2208300

ROUTINE

AIR 2208300

ACTION 3 AMM, 3 AMM, 4 COMMS, 4 AMM, 4 DISTRICT INFO 13 AMM GROUP,
MILITARY COMMISSION INFO, 2 DISTRICT, 3 DISTRICT

ROUTINE

1. Owing to side variations between prices and wage scales reported from northern ITALY and those in southern ITALY it has been decided to maintain low reported lower prices and rates in northern ITALY in order to separate the two economies for an initial period. Economic boundary lines will be north and south of the border, FLORENCE, FLORENCE, FLORENCE and FLORENCE provinces.

2. Probable wide price differentials will make smuggling and black market across the economic boundary profitable for both civilian and military vehicles (allied and Italian).

3. Formations will establish police road blocks (check posts) on all roads crossing the boundary in paragraph 1, to examine both northbound and southbound traffic for illegal cargo. Road blocks will be staffed jointly by military police (to search military vehicles) and Carabinieri or Guardia di Finanza (to search civilian vehicles). Road blocks in areas under US control will continue in general to stop announced in PMS Circular number 1.

4. Types of cargo to be made subject of search will be notified through AC/AMC channels.

5. Allied Commission are issuing similar instructions through AC/AMC channels. You are requested to cooperate closely with AC in establishing an effective system of check and blocks.

6. For AMM. Owing to possibility of minor smuggling of goods by air passengers across boundary in paragraph 1, AMM are asked to take suitable preventive action.

Dist. Information - Mont. Sec. 471, 1
Info - Incident

0 5 7 6

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

785016

1. Owing to wide variations between price and wage scales reported from northern ITALY and those in southern ITALY it has been decided to maintain the previously low prices and rates in northern ITALY in order to separate the two economies for an initial period. Economic boundary line will be north and boundaries of ABRUZZO, MARCHE, PIEMONTE and INDIRIA provinces.

2. Probable wide price differentials will make smuggling and black market across the economic boundary profitable for both civilian and military vehicles (allied and Italian).

3. Formations will establish police road blocks (check posts) on all roads crossing the boundary in paragraph 1, to examine both northbound and southbound traffic for illegal cargo. Road blocks will be staffed jointly by military police (to search military vehicles) and Carabinieri or Guardia di Finanza (to search civilian vehicles). Road blocks in areas under US control will continue in general to WOP announced in PAC Circular number 1.

4. Types of cargo to be made subject of search will be notified through AC/AFS channels.

5. Allied Commission are issuing similar instructions through AC/AFS channels. They are requested to cooperate closely with AC in establishing an effective system of check and blocks.

6. For WOP. Owing to possibility of minor smuggling of goods by air passengers across boundary in paragraph 1, WOP are asked to take suitable preventive action.

Dist. Information - Doc. Sec. 471
 Info - President
 Chief Commission
 C. S. Sec.
 P. Sec.
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Declassified E.O. 12356 Section 3.3/NND No.

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ECONOMIC POLICY FOR THERMIST ITALYINTRODUCTION

A. Reports from Northern Italy up to the 15th of March 1945 indicate that vigorous action has been taken to control prices and wages, so that most prices are reported to be substantially lower than those in the South. It is however possible that the control mechanism established will be used by the enemy in the last days of occupation deliberately to damage and confuse the economic structure for the purpose of rendering the resumption of normal work, industry and trade more difficult. In any case it is probable that where the Allies can gain effective control there will be a period during which significant increases in prices may be expected.

B. This Board in its report of 4 April indicated that price, wage and distribution controls of the Italian Government in Southern Italy had not been effective with the result that prices and wages have risen sharply and that goods were moving to a considerable extent outside the controlled distribution channels. It is expected that this trend toward inflation in the South will continue until corrective measures are applied.

C. Notwithstanding the possibility of a measure of inflation in the North as pointed out in Paragraph A, it is probable that such inflation will be less than in the South. The best indications are that the Allies will find wages, prices and industrial costs at a level below those of the South.

I. RECOMMENDATION

A. The Board recommends that initially Northern Italy should be treated as a separate economy and that the areas to be so treated comprise Emilia, Liguria, Piemonte, Lombardia and Venetia regions. This report deals only with this area and its administration by AMF. The Board will at a later date report on the problem of bringing the economies of the North and South back into their normal peacetime relationship to each other.

B. The above recommendation implies the creation of an economic boundary line at the northern boundary of Toscana and Marche. The effective application of the policies proposed in this report and of the administrative procedure to be recommended later will depend on vigorous action to make the boundary an effective economic barrier. Price differentials will exist which would make smuggling across the line extremely profitable for both civilian and military vehicles. It is recommended that road blocks be established under the direction of Allied Military Police with Italian personnel (Carabinieri, Guardia Finanza) attached to inspect civilian vehicles. Italian forces alone could be unable to deal with smuggling by military vehicles. Moreover, it has been pointed out that the armies would establish a control line at some points between presently liberated and occupied Italy. The economic boundary line proposed is relatively easy to guard because of the small number of roads crossing it and it is suggested that if the military control line and economic boundary coincided, the same personnel could handle both functions. The importance of preventing black market and smuggling over this

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will be used by the enemy in the last days of occupation deliberately to disrupt and confuse the economic apparatus for the purpose of rendering the resumption of normal work, industry and trade more difficult. In any case, it is probable that before the allies can gain effective control there will be a period during which significant increases in prices may be expected.

B. This board in its report of 4 April indicated that price, wage and distribution controls of the Italian Government in Southern Italy had not been effective with the result that prices and wages have risen sharply and that goods were moving to a considerable extent outside the controlled distribution channels. It is expected that this trend toward inflation in the South will continue until corrective measures are applied.

C. Notwithstanding the possibility of a measure of inflation in the North as pointed out in Paragraph A, it is probable that such inflation will be less than in the South. The best indications are that the Allies will find wages, prices and industrial costs at a level below those of the South.

I. RECOMMENDATION

A. The Board recommends that initially Northern Italy should be treated as a separate economy and that the area be so treated completely until, Liguria, Piemonte, Lombardia and Veneto regions. This report deals only with this area and its administration by AGO. The Board will at a later date report on the problem of bringing the economies of the North and South back into their normal post-war relationship to each other.

B. The above recommendation implies the creation of an economic boundary line at the northern boundary of Florence and March. The effective application of the policies proposed in this report and of the administrative procedure to be recommended later will depend on vigorous action to make the boundary an effective economic barrier. Price differentials will exist which would make smuggling across the line extremely profitable for both civilian and military vehicles. It is recommended that road blocks be established under the direction of Allied Military Police with Italian personnel (Carabinieri, Guardia Finanza) attached to inspect civilian vehicles. Italian forces alone could be unable to deal with smuggling by military vehicles. Moreover, it has been pointed out that the border would establish a control line at some point between presently liberated and occupied Italy. The economic boundary line proposed is relatively easy to guard because of the small number of roads crossing it and it is suggested that if the military control line and economic boundary coincided, the same personnel could handle both functions. The importance of preventing black market and smuggling operations by military personnel is demonstrated by the recent serious cases and court martials in France.

C. The appropriate military authorities should be urged to take action to prevent excessive spending by troops. Such action might take the form of limiting the portion of pay which could be drawn in the theater of operations, or the form of an appeal for voluntary cooperation. Most of the troops in Italy have seen the results of inflationary spending and the response to a request for voluntary curtailment might, therefore, be excellent.

II. BASIC PRICE AND WAGE POLICY

Prices and wages will be established at the officially recognized rates existing in the area on 3rd April 1945. Initially, where there is no official price the Provincial Price Committee will establish the appropriate levels.

III. ADJUSTMENT OF BASIC PRICES AND WAGES

The adjustment and procedure whereby recommendations for adjustments will be acted upon will be planned immediately in conjunction with the administrative and technical organizations who will be charged with carrying out the policy in the regions.

IV. PRICES

A. Goods for which prices must be considered fall into three general categories:

1. Relief goods - food, medical supplies and clothing.
 2. War relief goods - including all industrial goods, and consumer goods not included in Category 1.
 3. Goods and services - including public utility and transport rates, as well as household goods.
- B. The prices of relief goods imported from abroad or from Southern Italy will be related to the appropriate level even if it is necessary to provide a subsidy on point of entry in cases where the imported landed cost is higher, plus the 3 April 1945 price. If landed costs are lower than appropriate local levels, pricing will still be at these latter levels. Such levels will also apply to all indigenous supplies.

C. The price for non-relief supplies if imported from abroad will be the landed cost plus a mark-up limited to the actual cost of distribution. Imports from Southern Italy will be priced at Northern levels. A subsidy will be granted at point of entry if landed costs plus distribution cost exceed Northern levels. All supplies, as far as the North will move at appropriate price levels.

D. All prices in the 2nd Category will remain at existing levels except road transport rates. Reports indicate that transport in the North has been so completely demoralized that there may be no standard rates in existence. Transportation is a basic cost item which influences all phases of the economy. Administration and enforcement of any transportation rate structure is greatly simplified by the absence of regional differentials. Therefore, a simple tariff, which will bear approximately the proper relationship to current levels reported in the North, will be established for use during the initial period throughout the Northern Regions.

E. The Directive of 20 June 1944 will be withdrawn with respect to the Northern Regions.

F. The Directive of 20 June 1944 will be withdrawn with respect to the

The organization can produce. The following recommendations for adjustments will be acted upon will be planned immediately in conjunction with the administrative and technical organizations who will be charged with carrying out the policy in the regions.

IV. PRICES

A. Goods for which prices must be considered fall into three general categories:

1. Relief goods - food, medical supplies and clothing.
 2. War relief goods - including all industrial goods, and consumer goods not included in Category 1.
 3. Rents and services - including public utility and transport rates, as well as household rents.
- B. The prices of relief goods imported from abroad or from Southern Italy will be related to the appropriate level even if it is necessary to provide a subsidy at point of entry in cases where the imported Italian cost is higher, plus the 5% retail overhead price. If landed costs are lower than appropriate local levels, pricing will still be at these latter levels. Such levels will also apply to all indigenous supplies.

C. The prices for non-relief supplies if imported from abroad will be the landed cost plus a markup limited to the actual cost of distribution. Reports from Southern Italy will be priced at Northern levels. A subsidy will be granted at point of entry if landed costs plus distribution cost exceed Northern levels. All such items, unique to the North will move at appropriate price levels.

D. All prices in the 3rd Category will remain at existing levels except road transport rates. Reports indicate that transport in the North has been so completely demoralized that there may be no standard rates in existence. Transportation is a basic cost item which influences all phases of the economy. Administration and enforcement of any transportation rate structure is greatly simplified by the absence of regional differentials. Therefore, a single tariff, which will bear approximately the proper relationship to current levels reported in the North, will be established for use during the initial period throughout the Northern Regions.

E. The Directive of 22 June 1944 will be withdrawn with respect to the Northern Regions.

F. The maintenance of the above price policy will depend upon rigid rationing, and other distribution controls and on the vigorous control of transport. It is recommended that all sale of imported industrial machinery and equipment should be on a seasonal basis with resale permitted only to such. As the first step in controlling civilian supplies, the Board recommends that commodities for civilian supply be purchased only by government agencies or other agencies licensed by the Government. Barring for supplies by and or licensed

agents will not be allowed. Other techniques of control will be developed by the appropriate in a. i. i. sub-panels into an operating system to be administered by the.

3. Organization for handling price adjustments

1. Regional and Provincial Italian Joint Advisory Price Boards will be established to advise the administrative officers with respect to adjustments in prices. These Boards will include representatives of agriculture, industry, the distributive trades and the Government. In general, the posts will be advisory only. The Regional Commissioner will be authorized at his discretion to employ a paid secretariat for the regional board; or, alternatively, a paid secretary for a Provincial Board; or employ as a board member any outstandingly valuable person not available on an honorary basis. The price boards will also include a consumer representative having no business interests at stake.
 2. Provincial Officers, with the advice of the Provincial Price Board, will determine prices on a carefully limited list of commodities and within limited ranges. Beyond these prescribed limits the function of the Provincial price organization is to collect, evaluate and transmit appropriate data and recommendations to the National Commissioner for final decision.
 3. The National Commissioner will refer cases reaching his office to the Regional Advisory Board for further evaluation and recommendation. The final decision and responsibility will remain with the Regional Commissioner.
 4. Memo 18.09/PS of the Economic Section under date of 17 March 1945 will be withdrawn.
- ### V. WAGE REGULATION IN INDUSTRY AND COMMERCE
- It has been agreed in principle that wage rates prevailing in industry and in other employment in the North on 3 April, 1945, should be recognized as the appropriate rates unless there is good reason to the contrary (such as the grant of an abnormal wage increase as a political weapon to throw Italian economy into disorder, or a disproportionate wage rate fixed by a management board on which workers' representatives predominate); and also that no changes in wage rates will be recognized until 1946, through the Regional Commissioners, has indicated approval.
- Requests for a review of proposed wage changes will reach the Regional Commissioner through the Ufficio del Lavoro. In transmitting the requests each office should attach observations confirming that the request referred to an agreement, or alternatively recording the disagreement of one or the other of the negotiating bodies as representative of the interests concerned; indicating which important interests are outside or not parties to the agreement; give the relative precedent cases; refer to the current standing wages paid in the area to employees of the armed forces; and make a recommendation regarding the particular request.

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2. Provincial Officers, with the advice of the Provincial Price Council, will determine prices on a carefully limited list of commodities and within limited ranges. Beyond these prescribed limits the function of the provincial price organization is to collect, evaluate and transmit appropriate data and recommendations to the Regional Commission for final decision.
3. The Regional Commission will refer cases reaching his office to the Regional Advisory Board for further evaluation and recommendation. The final decision and responsibility will remain with the Regional Commission.
4. Item 16.09/53 of the Economic Section under Arts of 17 March 1945 will be withdrawn.

V. REGULATION OF WAGES AND EMPLOYMENT

It has been agreed to provide that wage rates prevailing in Italy and in other employment in the North on 1 April, 1945, should be recognized as the appropriate rates unless there is good reason to the contrary (such as the grant of an abnormal wage increase to a political worker to allow Italian economy into disorder, or a disproportionate wage rate fixed by a management board on which workers' representatives predominate); and also that no changes in wage rates will be recognized until 1946, through the Regional Commissioners, has indicated approval.

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2. Requests for a review of proposed wage changes will reach the Regional Commissioner through the Ufficio del Lavoro. In transmitting the requests each office should attach observations confirming that the request related to an agreement, or alternatively according to the disagreement of one or the other of the negotiating bodies as representative of the interests concerned; indicating which important interests are outside or not parties to the agreement; give the relative present rates; refer to the corresponding wages paid in the area to employees of the same forces; and make a recommendation regarding the particular request.
3. The Regional Commissioner will refer the request to the Regional Italian Joint Advisory Committee, which comprises representatives of the Italian Government, Italian Industry and organized labor, and will receive from that Committee a recommendation for the approval, or the rejection, or the reference back for further consideration of the proposals. Regional Italian Joint Advisory Committees will have

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regard to local circumstances and particularly the effect of proposed wage changes on other industries in the same locality; and will also have regard to prevailing rates in similar industries in other parts of the Western Region; and to the rates of wages prevailing in other parts of Italy. In view of the policy of Allied Military Government to control a country's distribution and prices, the Advisory Committee will have particular regard to suggested increases of wage control measures that may be advanced as a reason for increase of wage scale. The Advisory Committee may consider it appropriate to recommend action to remedy unauthorized price variations instead of recommending wage variations. In general, any approved wage changes will have regard to local variations of circumstances in Northern Provinces so that different rates may be approved within the same region.

D. Regional Labor Offices (ALG) and Regional Italian Joint Advisory Committees will keep themselves informed of progress of negotiations for wage changes in larger industries in principal localities.

E. Enforcement of Wage Agreements

The Labor Inspectorate of the Ministry of Labor, Industry and Commerce will be the agents of ALG for the enforcement of observance with the ALG order on the subject of wage regulation. Uffici del Lavoro in the respective localities will also be concerned with wage negotiations and the general observance of agreements. Uffici del Lavoro will report, as a matter of urgency, to Regional Italian Officers, through channels, any evidence of industrial unrest or any stoppages of work or strikes that may occur as a result of dissatisfaction with wages and conditions. Reports will be referred to the Regional Italian Joint Advisory Committee, whose intervention and advice will be sought.

VI. FURTHER ACTION

The Board will foster and coordinate development of inflation control measures by the technical and administrative organizations of A.C. and ALG. The importance of such coordination is stressed because it is obvious that any one element of increasing prices or costs could destroy the entire program. Close coordination is also made necessary by the experience of one area of economic control activity upon another. For example, the control of food supplies will depend largely upon control of transportation; and the control of prices themselves depends on control of supplies.

12 April 1945
Advisory Anti-Inflation Board

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2. Regional Labor Offices (LRO) and Regional Italian Joint Advisory Committees will keep themselves informed of progress of negotiations for wage changes in larger industries in principal localities.

3. Enforcement of Wage Agreements

The Inter-Inspectorate of the Ministry of Labor, Industry and Commerce will be the agents of authority for the enforcement of observance with the law order on the subject of wage regulation. Uffici del Lavoro in the respective localities will also be concerned with wage negotiations and the general observance of agreements. Uffici del Lavoro will report, as a matter of urgency, to Regional Italian Offices, through channels, any evidence of industrial unrest or any stoppages of work or strikes that may occur as a result of dissatisfaction with wages and conditions. Reports will be referred to the Regional Italian Joint Advisory Committee, whose intervention and advice will be sought.

VI. FURTHER ACTION

The Board will foster and coordinate development of inflation control measures by the technical and administrative organizations of M.I. and M.C. The importance of such coordination is stressed because it is obvious that any one element of increasing prices or costs could destroy the entire system. Close coordination is also made necessary by the dependence of one area of economic control activity upon another. For example, the control of food supplies will depend largely upon control of transportation; and the control of prices themselves depends on control of supplies.

12 April 1945
Advisory Anti-Inflation Board.

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WTI-INFLATION BOARD

Memorandum by Director of Labor Sub-Commission

5/8B/CA

17 April 1945

The "separate economic sphere" for Northern Italy may be maintained for the immediate post-liberation period, say for three months. After three months the general position in Italy, as between North and South will have changed and it will be necessary to devise policy for the next stage.

Discussion on the general outlines of such policy seem advisable.

W. H. BRAINE
Director
Labor Sub-Commission

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ANTI-INFLATION BOARD

Memorandum by Director of Labor Sub-Commission

17 April 1945

WAGE REGULATION

1. The policy is, so far, clearly established that the wages level of 3 April, 1945, will be recognized on entry into the North of Italy; and that ASG shall regulate wage increases, acting upon the advice of Joint Advisory Committees.

2. Wages have been controlled rigidly by Fascist regime and it is inevitable that in the reaction of liberation there will be requests for wage increases. Some increases may be immediately justifiable, e.g., the establishments under direct Fascist control where wages were kept out of step with the general level, and in specific areas or particular districts wages increases may be requested to meet local circumstances. Variations in prices levels may occur either because of inadequate control or because of approved changes such as gas charges, transportation charges, telephone charges, etc. On the assumption, therefore, that demands for wage increases will be made and that some of them will be justifiable, it is necessary to establish policy and practices for permitting wages increases.

3. There are two alternatives:

- (a) To follow, as closely as may be, the recommendations of the Joint Advisory Committees;
- (b) To establish levels at which wages may be allowed to rise by various dates.

4. The first alternative may be feasible, particularly if the Committees are strengthened by the appointment of representatives of Finance, but it leaves a wide field of variation and permits possibilities of sharp increases in the absence of regulating directives.

5. The second alternative is to fix general levels to which wages may be allowed to rise. For example, taking M as the date of liberation of the North, for the period to M plus 20 days no wage increases should be allowed, although requests would be submitted probably from the earliest day. Up to the date M ⁴⁵⁶⁶ plus 20 days, wage increases might be allowed not exceeding 50 lire per day, per adult. By the date M plus 30 days, wage increases might

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

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be allowed up to a ceiling not exceeding 70 lire per day, per adult over the 3 April level. Observance of this procedure would enable it to be said that three months after liberation adult wages had risen by not more than 70 lire per day, including all indemnities, bonuses and changes in basic rates. The figures mentioned are arbitrarily selected and have no actual basis in prices, charges, or otherwise. Experts from Finance or other Sections could probably give a firmer basis for establishing ceilings at spot dates.

6. It is proposed to request Regional Commissioners to report to A.C. the first important wage increases for particular districts which they propose to approve so that A.C. may know the precedents which are being established. Serious increases over the first established precedents are also to be reported so that A.C. may keep in touch with Regional developments.

7. The recommendation of the Anti-Inflation Board on the above points is sought.

V. R. BRAINE
Director
Labor Sub-Commission

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

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10 April 1945.

My dear Mr. Prime Minister:

There was forwarded to you yesterday, and I enclose herewith an additional copy, an Aide-Memoire containing the Commission's views with respect to the desirability of instituting inflationary control. The Commission's interest, you will appreciate, arises from the fact that the present rising trend of wages of workers employed by private industry is having, and has had, a serious effect on the labor problems of the Allied Armed Forces, who, as you know, are the employers of large numbers of civilians.

As I advised you orally last Friday, the Commission will be glad to assist and consult with your Government on this important question after the Ministers concerned have had an opportunity to review the attached.

Sincerely,

Ellery W. Stoen

ELLERY W. STOEN
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi,
The President of the Council of Ministers,
Italian Government,
Rome.

4764

Copy to: Mr. A.G. Antolini, A/VP Econ. Sec.
Brig. G.R. Upjohn, CA Sec.
Brig. Grafftey-Smith, Finance S/C
Comdr. J.J. Lawler, Finance S/C
W.H. Brains, Labor S/C
Lt. Comdr. Tasca, Treasury Attache, American Embassy
Mr. Nosworthy, Commercial Attache, British Embassy
U.S. Political Advisor (AC)
British Political Advisor (AC)
Exec. Commissioner
CC Files.

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"PES" QUESTIONNAIRE

10 APR 1945/la

All figures are referred to the northern administration only. They show results at the indicated date by comparing figures for the whole State in the period prior to September 8th, 1943.

CURRENCY

I - Quantity in circulation: Up to 31 Dec 1944 circulation of Bank of Italy notes appears to amount - according to informations obtained - to 240 billions (rough figure). According to another source, which refers to the Solari Statements, bank notes for an amount of 39 billion lire appear to have been issued in the period 1st Aug 1944 to 31 Jan 1945 (6.5 billions a month).

II - Monthly issues:

a), b) - total amount at present, 8 billions, one fourth of which delivered to the German Command.
c) whether other means of payment are in circulation and if so in what quantity: circulation of circular cheques of fixed amount is estimated to about 30 billions (another source indicates 15 - 20 billions).

III - Budget income figures: incomes of the 1943-44 financial year are shown to be the following (according to ascertained data made in the various areas up to the moment of liberation, and June 1944 forecasts):

- main incomes (direct taxes, business taxes, customs and monopolies)
- minor incomes

	BILLIONS
29	
4.9	
Total	33.9

According to the estimate published in Gazzetta Ufficiale No 151 of 30 June 1944, ordinary incomes for 1944-45 financial year, including territories of Piacenza, Marche & Umbria, were estimated at 31, 4 billions.

It appears that in the course of 1944 direct taxes were collected, as an average, in proportion not exceeding 50% of due fees. In many cities of northern Italy (e.g. Genova) Prefects have dispensed tax-collector's offices from the obligation "non riscosso per riscosso" (System according to which those officers were held responsible also for what had not actually been collected - Trans-lator's Note).

IV - Expenditure figures: In the financial year 1943-44 expenditures have been:

	BILLIONS
- Ordinary expenditures	36.3
- Extraordinary expenditures	90.3
- Indemnity to Germany	80.0
Total	206.6

For the financial year 1944-45 expenditures are foreseen as follows: 470.3

	BILLIONS
- ordinary expenditures	34.7
- extraordinary expenditures	30.0
- indemnity to Germany	120.0
Total	234.7

The deficit would be, according to the above quoted figures, 175 billions for 1943-44 and 203.3 billions for 1944-45. According to another source, which considers

circulation: Up to 31 Dec 1944 circulation of Bank of Italy notes appears to amount - according to informations obtained - to 240 billions (rough figure). According to another source, which refers to the Soleri Statements, bank notes for an amount of 39 billion lire appear to have been issued in the period 1st Aug 1944 to 31 Jan 1945 (6.5 billions 4 month).

II - Monthly issues:

- a), b) - total amount at present, 5 billions, one fourth of which delivered to the German Command.
c) whether other means of payment are in circulation and if so in what quantity: circulation of circular cheques of fixed amount is estimated to about 20 billions (another source indicates 15 - 20 billions).

III - Budget income figures: incomes of the 1943-44 financial year are shown to be the following (according to ascertained made in the various areas up to the moment of liberation, and June 1944 forecasts):

- main incomes (direct taxes, business taxes, customs and monopolies)
- minor incomes

BILLIONS	
25	
4.9	
<u>30.9</u>	Total

According to the estimate published in Gazzetta Ufficiale No 151 of 30 June 1944, ordinary incomes for 1944-45 financial year, including territories of Tuscany, Marche & Umbria, were estimated at 31, 4 billions.

It appears that in the course of 1944 direct taxes were collected, as an average, in proportion not exceeding 50% of due fees. In many cities of northern Italy (e.g. Genova) Prefects have dispensed tax-collector's offices from the obligation "non riscosso per riscosso" (System according to which those officers were held responsible also for what had not actually been collected - Translator's Note).

IV - Expenditure figures: In the financial year 1943-44 expenditures have been:

BILLIONS	
38.3	
90.3	
<u>80.0</u>	
<u>208.6</u>	Total

- Ordinary expenditures
- Extraordinary expenditures
- Indemnity to Germany

For the financial year 1944-45 expenditures are foreseen as follows:

BILLIONS	
34.7	
80.0	
<u>120.0</u>	
<u>234.7</u>	Total

- ordinary expenditures
- extraordinary expenditures
- indemnity to Germany

The deficit would be, according to the above quoted figures, 175 billions for 1943-44 and 203.3 billions for 1944-45. According to another source, which considers recent variations in expenditures, deficit for 1944-45 is estimated 220 billions.

0597

V. - Situation of the Treasury, including "floating" debit:

- deficit up to 31 June 1943 165 BILLIONS
- deficit of 1943-44, including cost of occupation 175
- deficit of the first 6 months, financ. year 1944-45 100
- Total deficit on 31st December 1944 440 BILLIONS

VI - Whether there have been issues of Treasury bonds, and of what type:
there has been no issue of Treasury bonds except of ordinary ones, the release of which is permanently open. Circulation of the latter on the whole is indicated in 85 billions on 31 December 1944.

VII - In what other ways the Treasury has faced the deficit: with advances of the Bank of Italy and deposits of Banks with the Treasury, as well as with state notes. Circulation of the Bank of Italy has been contained mainly thanks to the flowing back of money, with an increase in current account deposits at the ordinary banks.

PRICES

VIII - Level of prices. Whether there is one single market, or whether there are considerable differences between the various areas: we enclose results of various ascertainsments made on the Milan & Turin markets. We lack figures from the production centres, in which considerable variations are indicated, especially as far as foodstuffs are concerned.

IX - Price of gold & of foreign currencies: in Milan gold is quoted 1800 lire a gramme. On other markets however lower prices are reported, with differences that reach 200-300 lire below that price. Gold sterling is being sold at 11-12,000 lire, the "marrango" at 9500 lire.

TRANSPORTATION

X - Situation of railways: immediately behind the front lines are in a similar condition to the one you have noticed in the area of Central Italy abandoned by the Germans. Further north, on many lines one track has been removed, on others there are bridge destructions and various interruptions that the Germans repair only as far as military traffic is concerned. Long stretches of the main lines, and entire secondary lines are completely abandoned.

XI - Quantity of locomotives and of surviving rolling stock: in the regions of Northern Italy (not including Emilia) towards the end of January, figures were the following:

	NUMBERS	% ON PRE-WAR TOTALS
- Steam locomotors	500-600	40%
- Electric locomotors	350	
- Passenger wagons	600	30%
- Open freight wagons	7000	
- Closed freight wagons	3000	15%
- Luggage vans	400	40%

4762

Of the surviving stock about one half can be considered efficient, the remaining half is in need of repairs.

XII - Available motor transports) We shall give detailed information

XIII - Situation of river navigation) later.

there has been no issue of Treasury bonds except of ordinary ones, the release of which is permanently open. Circulation of the latter on the whole is indicated in 65 billions on 31 December 1944.

VII - In what other ways the Treasury has faced the deficit: with advances of the Bank of Italy and deposits of Banks with the Treasury, as well as with state notes. Circulation of the Bank of Italy has been contained mainly thanks to the flowing back of money, with an increase in current account deposits at the ordinary banks.

PRICES

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XIII - Situation of river navigation)

TRANSLATIONQUESTIONNAIRE "GOV"

N.B. All data refer to the administration of the North only, reflecting results up until the date indicated by bringing forward the data for the entire nation for the period prior to 8 September 1943.

I - Circulation of currency up to the most recent date:

Until 31 December 1944 the circulation of Bank of Italy notes, according to information received, amounted to approximately 240 billions. Another source, referring to the Soleri statement, tells us that from 1 August until last month (31 January) 39 billion notes (6 1/2 billion per month) were probably issued.

II - Amount of notes printed daily: 270 million

III - Has it been determined that some are being printed outside of Italy and where?

Not determined.

IV - Decree of 1 August 1944 authorizing the issue of currency:

The issue of 16.8 millions has been authorized.

V - Commissioner appointed to the Bank of Italy:

Avv. Giovanni Orgera (Decree of 28 June 1944)

VI - Commissioners appointed to the principal banks:

Bank of Naples: Dr. Francesco Lo Jucco (D. 25/9)
 Bank of Sicily: Avv. Bruno Selerno (D. 11/11)
 National Labor Bank: Dr. Vincenzo Lisi (D. 30/10/44)
 Savings Bank of Turin: Prof. Agostino Cerutti
 (Gazzetta Ufficiale 20/12/44)
 Institute for Industrial Reconstruction: Avv. Vincenzo Tecchio (D. 11/5/44)
 Government Credit House for Public Works: Dr. Giuseppe Ferrario (D. 28/9/44)
 Italian Real Estate Institute: Pag. Ferdinando Tasi (D. 11/5/44)
 Institute of Credit for Public Utilities works: Dr. Angelo Terchi (D. 11/11/44)

We will inform you later of other appointments.

VII - Commissioners appointed to large industries:

Dalmine: Appointed President: Ing. Massimino Rosari

N.B. All data refer to the administration of the North only, reflecting results up until the date indicated by bringing forward the data for the entire nation for the period prior to 6 September 1943.

I - Circulation of currency up to the most recent date:

Until 31 December 1944 the circulation of Bank of Italy notes, according to information received, amounted to approximately 240 billions. Another source, referring to the Soleri statement, tells us that from 1 August until last month (31 January) 29 billion notes (67 billion per month) were probably issued.

II - Amount of notes printed daily: 270 million

III - Has it been determined that some are being printed outside of Italy and where?

Not determined.

IV - Decree of 1 August 1944 authorizing the issue of currency:

The issue of 16.8 millions has been authorized.

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Institute of Credit for Public Utilities Works:
Dr. Angelo Terchi (D. 11/11/44)

We will inform you later of other appointments. 4761

VII - Commissioners appointed to large industries:

Delmine: Appointed President: Ing. Massimino Rosari
(February, 1944)
FIAP : Commissioner: Gray Avv. Ezio Maria (From
December 1942)
AGIP : Commissioner: Ing. Zammatti.

We will inform you later of other appointments.

VIII - Measures taken by the Council of Ministers for the protection of the Lira:

The Council of Ministers, at its meeting of 15 November 1944, addressed the following appeal to the people:

"The Council of Ministers, recognizing that it is becoming more and more necessary, even among the serious difficulties and exceptional exigencies of the present time, to carry out with resolute firmness a policy aimed at the strengthening of the public finances and especially at the defense of the real value of the Lira, protection and guarantee of depositors of savings and of the classes with fixed incomes, addresses to the Italian people, in this decisive hour for the fortunes of our Nation, an appeal and a plea that they give their help, with all the means at their disposal and above all with their faith and will to fight all speculation, to the defense of the national currency, symbol and basic instrument of the economic capacity and the political power of the country; and reaffirms as in 1927, on the basis of the policy declarations contained in the speech at Pesaro in 1926, while actually in a different situation and emergency, the Government's intention to hold firm to its obligation to workers of every class, directed toward protecting the fruit of their labors and of their savings, avoiding at the same time the danger of inflation which, utterly destroying all savings and all buying power, might, as has recently occurred in other countries, completely ruin the economic life of the Nations."

Following these declarations several provisions were made directed above all against the black market. They may be summarized as follows:

The setting up in every comune of consumers' cooperatives entrusted to the direct management of the workers. For this purpose the Government has granted a contribution of 100 millions, declaring that it is desired to hasten the setting up of the cooperatives in all the comunes that were deprived of them and to strengthen the cooperatives already functioning in such a way that the mass of the consumers could find food supplies at listed prices.

The transformation of eating places and restaurants into collective messes with fixed prices. All restaurants and eating places of all kinds, and types have been closed and at the same time special "war messes" were opened with fixed prices, organized on a unified basis by the comunes themselves to provide

4780

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- The transformation of eating places and restaurants into collective messes with fixed prices. All restaurants and eating places of all kinds, and types have been closed and at the same time special "war messes" were opened with fixed prices, organized on a unified basis by the comunes themselves to provide for furnishing the necessary supplies and for providing a control over the management.
- The requisition of foodstuffs businesses. A decree published in the Gazzetta Ufficiale of 8 January 1944 has provided for the requisition, until six months after the conclusion of hostilities, of all industrial firms engaged in the production, preparation, and conversion of foodstuffs, as well as wholesale firms dealing in harvested foodstuffs

and in goods that may generally concern the feeding of the people. The appointment of Commissioners chosen from the heads of the respective provinces provides for the management of the firms. By and large the previous directors have been retained at their posts.

- Strengthening of surveillance against clandestine commerce in agricultural foodstuffs, which have had a wide distribution, as well as the requisition of auto transport and the requirement of all owners of automobiles to carry out four trips a month on behalf of the Provincial Section for provisioning.

Subsequently, in the meeting of the Council of Ministers of 19 January 1945, the following measures were taken:

- 1) The taking in of savings by means of capitalization receipts with premium to be issued by the National Institute of Insurance. The issue of said receipts should begin in the first ten days of March. Their issue is meeting practical difficulties of various kinds.
- 2) Obligatory restitution of the extraordinary real estate tax instituted with Royal Decree of 6 October 1926. The restitution of said tax, which was previously voluntary and could be obtained through the restitution of the bonds of the Obligatory Loan redeemable at 5%, has been made obligatory for the possessors of land and buildings which have not yet been provided for, through the turning over in cash rather than the restitution of the bonds, deducting the annuities still due under the tax of 4%. The measure should produce about 3 billion lire.
- 3) Bringing up to date of the registry appraisalment of lands, which it is declared desirable to make equal to the actual present incomes concerned, through the application of a coefficient of increase not yet determined. At the same time it has been decided to reduce the rate of tax from 10% to 6% as well as, in the same way, the provincial and communal supplements.
- 4) Extension of the extraordinary tax on exceptional incomes resulting from the state of war, to incomes derived from agrarian rents, whatever may be the manner of rate payment, as well as to agrarian incomes obtained by owners directly cultivating their lands or managing them on a fixed-price basis following the system of manual laborers or that of collective farming. For the said incomes, however, the rates are reduced by half.

- 5) Modification of the set-up of inheritance and trading taxes. New inheritance rates on inherited goods

0603

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- 3) Bringing up to date of the registry appraisal of lands, which it is declared desirable to make equal to the actual present incomes concerned, through the application of a coefficient of increase not yet determined. At the same time it has been decided to reduce the rate of tax from 10% to 6% as well as, in the same way, the provincial and communal supplements.
- 4) Extension of the extraordinary tax on exceptional incomes resulting from the state of war, to incomes derived from agrarian rents, whatever may be the manner of rate payment, as well as to agrarian incomes obtained by owners directly cultivating their lands or managing them on a fixed-price basis following the system of manual laborers or that of collective farming. For the said incomes, however, the rates are reduced by half. 4759
- 5) Modification of the set-up of inheritance and trading taxes. For inheritances new rates on inherited goods acquired during the war period have been introduced. Insofar as the trading tax, for commercial shares and obligations quoted on the stock exchange, is concerned, there has been established an increase in the taxable base and the tax rate has been maintained at the same level. For shares not quoted on the stock exchange there has been applied instead a capital increase in the companies, the trading surtax has been fixed at the rate of 10%, and at the same time there

has been reestablished the obligation of investing in special interest-bearing accounts, with the Provincial treasuries, 20% of the increased capital.

6) Reduction of 20% in the economic treatment of personnel transferred to the North with the Government, in job indemnities payable to presidents and commissioners of Government bodies, in the allowances of members of administrative councils and syndical colleges, in retributions, and attendance checks on the attendance of commissions and committees as well as in the indemnities in case of emergency.

In addition to the aforesaid measures aimed to increasing incomes, the Council of Ministers has made an appeal to the "necessity of drastic measures being adopted throughout all of the national life, not only to eliminate all superfluous expenditures but, by means of understanding, sacrifice, and contribution on the part of all citizens, to reduce all expenses, keeping them within the closest economy for the sake of the war and for the safeguarding of the national patrimony" and taking upon itself "the first step towards a more severe reduction of expenses." The Council has deliberated:

- prohibition against proposing increases in the budget not directly resulting from expenses in connection with the war or which have no reference to income.
- Prohibition against engaging new personnel even if previously authorized.
- Utilization, by means of an intensification of work, of enrolled and non-enrolled personnel now in service, also providing for, in those administrations which because of current contingencies have reduced their activities, the transfer of enrolled personnel under their jurisdiction to other administrations which find themselves in need of them.

IX - Ordinary Treasury Bonds:

According to information received, circulation up to 31 December 1944 probably amounted to approximately 85 billion lire (until 30 June 1943, 53.3 billion).

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785016

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BLACK MARKET PRICES IN MILAN

(September-December 1944)

COPIES

785016

COPY

FOOD ITEMS

Bread, common kind.....	25/40 per Kg.	Carrots.....	20/25 per
White bread.....	50/70 "	Beet-roots.....	20/25 "
Wheat flour.....	35/40 "	Onions.....	30/35 "
Corn flour.....	20/25 "	Alcohol.....	500/600 "
Potatoes.....	20/25 "	Coffee.....	1600/2000 "
Rice.....	30/40 "	Pepper.....	3000 "
Sugar.....	700/1000 "	Cinnamon.....	3000 "
Salt.....	500/700 "	Tea.....	2000 "
Meat.....	350/400 "	Wine.....	60/80 "
Poultry.....	300/350 "	Wine in bottles.....	150/250 "bot
Salt-meat.....	450/500 "	Italian liquors.....	450/1000 "
Fresh cheese.....	100/120 "	Butter.....	650/700 " Kg
Hard cheese.....	500 "	Lard.....	650/700 "
Canned meat (cans of 250gr)	50/60 each	Seeds oil.....	500/550 "
Honey.....	350/400 per kg	Catsup.....	150 "
Powdered milk (250 gr. cans)	80/90 each	Jam.....	200/300 "
Broth dice (vegetable).....	1.50/2 "	Cured fish.....	300/400 "
Broth dice (meat).....	3/3.50 "	Eggs.....	20 eac
Soup paste.....	35/50 per kg	Sardines in oil	
Beans.....	40/50 "	(250 gr. can).....	250 per ca
Apples, pears.....	60/70 "	Laundry soap.....	250/300 "kg
Chestnuts.....	40 "	Face soap.....	30/45 a pie
Citrus fruits.....	70/80 "	Candles.....	12/15 "
Lemons.....	15/25 a piece	Tobacco.....	1000/2000 kg.
Dry plums.....	170/200 per kg	Cigarette paper (40	
		sheets).....	15/20

CHEMISTRY ITEMS

Paraffine.....	100 per kg	Copper sulphate.....	150/300pr Kg
Talc.....	10 "	Sulphur.....	100 "
Tar oil	100 "	Calcium carbide.....	70/100 "

RUBBER

Tubes cuttings.....	200/250 per kg	Bicycle tubes.....	250/300 each
Tires cuttings.....	150 "	Motor-car tubes.....	2500/3000 "
Motor-car tires (4.00-15)...	15.000 a piece	Rubber putty.....	2000 pr kg
Motor-car tires (5.50-15)...	45.000 "	Rubber pipe (10x20)...	150 pr met
Motor-car tires (165x400)...	50.000 "	Soil sheets.....	140/150" kg
Motor-car tires (30x5).....	35.000 "	Soils (mountain type)	250 per pair
Motor-car tires (42x9).....	90.000 "	Belts (685 cm. long)	100 a piece
Motorcycles tires.....	7.000/8.000 "	Soccer balls tubes...	200 "
Bicycles tires.....	1.400 "		

FUELS

Gasoline.....	250 per liter	Pit coal.....	1400/1800 pr
Gas-oil.....	180 "	Compressed coal	100kg
Kerosene.....	100 "	powder.....	1400
Naphta.....	80/100 "	Coke coal.....	1000/1200 "
Firewood.....	600 pr 100 kg.	Lignite.....	450/600 "
Soft coal.....	1000/1500 "	Peat.....	250/350 "
		Fuel casks (250 lts)	2000 a piece

METALS

Iron sheets.....	60/65 per Kg.	Lead.....	40 per kg.
Rolling iron items.....	35/40 "	Tin.....	350 "

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Salt-meat.....	300/350	"	"	Wine in bottles.....	120/250	"
Fresh cheese.....	450/500	"	"	Italian liquors.....	450/1000	"
Hard cheese.....	100/120	"	"	Butter.....	650/700	Kg
Canned meat (cans of 250gr)	50/60	each	"	Lard.....	650/700	"
Honey.....	350/400	per kg	"	Seeds oil.....	500/550	"
powdered milk (250 gr. cans)	80/90	each	"	Catsup.....	150	"
Broth dice (vegetable).....	1.50/2	"	"	Jam.....	200/300	"
Broth dice (meat).....	3/3.50	"	"	Cured fish.....	300/400	"
Soup paste.....	35/50	per kg	"	Eggs.....	20	each
Beans.....	40/50	"	"	Sardines in oil		
Apples, pears.....	60/70	"	"	(250 gr. can).....	250	per can
Chestnuts.....	40	"	"	Laundry soap.....	250/300	"kg
Citrus fruits.....	70/80	"	"	Face soap.....	30/45	a piece
Lemons.....	15/25	a piece	"	Candles.....	12/15	"
Dry plums.....	170/200	per kg	"	Tobacco.....	1000/2000	kg.

CHEMISTRY ITEMS

Paraffine.....	100	per kg	Copper sulphate.....	150/300	pr Kg
Talc.....	10	"	Sulphur.....	100	"
Tar oil	100	"	Calcium carbide.....	70/100	"

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FUELS

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Gas-oil.....	180	"	Compressed coal		100kg
Kerosene.....	100	"	powder.....	1400	
Naphta.....	80/100	"	Coke coal.....	1000/1200	"
Firewood.....	600	pr 100 kg.	Lignite.....	450/600	"
Soft coal.....	1000/1500	"	Peat.....	250/350	"
			Fuel casks (250 lts).....	2000	a piece

METALS

Iron sheets.....	60/65	per Kg.	Lead.....	40	per kg.
Rolled iron items.....	35/40	"	Tin.....	350	"
Copper scraps.....	90	"	Brass loaves.....	70/80	"
Zinc.....	50	"	Aluminum.....	100/110	"
Gold (18 k.).....	900	" gr.	Silver (900/1000).....	30	" gr.

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MECHANICAL ITEMS

Large trucks w. trailer (see id hand).....	3,000.000	each	Bicycles.....	8000/12,000	each
Light three-wheeled trucks....	800.000	"	Typewriters (Olivetti M40).....	15,000	
Battery-operated trucks.....	3/400.000	"	Ballances (15 kg.)..	900/1000	
Motorcycles.....	80.000	"	Ball-beaters		
Motor-cars.....	from 100.000	on	(30x72x19) ..	450/500	
Ammeters (15/20 amp).....	2,000	each	Battery for FIAT 500	990	
Temperature gauges.....	3,000	"	" " 1100/1500	1360	
Helicoidal drilling points 7mm.	70	"	" " 26.....	4015	
Three-corner files.....	70	"	" " 66.....	5100	
1/2 inch taps.....	90/100	"	" " 34.....	1400	
3/4 inch taps.....	250/270	"	" "three wheel		
			trucks.....	700	

BUILDING MATERIAL

Plain bricks.....	2.50	a piece	Gravel.....	95	pr cu.
Hollow bricks.....	3.00	"	Flat glasses.....	450	sqmeter
Flat tiles.....	13/15	"	"Masonite".....	150/180	" "
Cement.....	600	per 100kg	Plywood....(4mm).....	150	" "
Sand.....	100/105	cu. m.	Firwood.....	6500/6700	cu."

TRANSPORTS

Truck-&-trailer hire (fuel not included).....	100	per Km.	Horse-drawn car hire	1200	per day
Three-wheeled truck hire (fuel not included).....	30	" "			

CLOTHING ITEMS

Wool cloth for man.....	3000	per meter	Raw wool.....	800/1000	pr kg.
"Combed" wool cloth for man.....	5000	"	Raw spinned wool..	1000/1500	" "
Cloth for man (ministerial type).....	1000	"	Cotton shirt (man) ..	800/1000	each
Pure silk cloth.....	400/500	"	Wool socks (man) ..	250/300	pair
Cotton cloth.....	150/250	"	Cotton socks (man) ..	150/200	" "
Flax cloth.....	350/500	"	Rayon socks (man) ..	80/100	" "
Hemp cloth.....	150/180	"	Silk stockings (woman).....	200/300	" "
Light rayon cloth...from 100 on		"	Rayon stockings (woman).....	80/120	" "
"Popelin" cotton cloth. 250/350		"	Man hats.....	600/800	a piece
Cotton handkerchiefs..1000/1500	dozen	"	Man gloves.....	400/500	pair
Rayon " ".....	600	"	Man shoes.....	1500/3000	" "
Pure wool yarn.....	3500/5000	per Kg	Woman shoes.....	1500/3000	" "
Cotton sewing yarn (400 meters).....	120/180	each	Silk umbrellas..	800/1000	a piece
Rayon sewing yarn (1000 meters).....	120/140	"	Rayon " ".....	300/500	" "
Blankets (cheaper type) 1200 a piece		"	Raincoats.....	2500/8000	" "
Wool blankets.....	4000/5000	"			

ARTISANS' PRICES

Men suit manufacturing	1500/3000		Dyeing.....	300	per kg.
Shoes manufacturing...	800/1000		Suit cleaning...	100/150	each
Man shirt " ".....	150/300		Hat cleaning	40/50	" "
Man suit turning inside	1000/1500		Men shoes resoling (leather).....	300/350	" "

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corner flies.....	70 "	"	60.....	5100
1/2 inch taps.....	90/100 "	"	" 34.....	1400
3/4 inch taps.....	250/270 "	"	" "three wheel trucks.....	700

BUILDING MATERIAL

Plain bricks.....	2.50 a piece	Gravel.....	95 pr cu.
Hollow bricks.....	3.00 "	Flat glasses.....	450 sq meter
Flat tiles.....	13/15 "	"Masonite".....	150/180 "
Cement.....	600 per 100Kg	Plywood...(4mm).....	150 "
Sand.....	100/105 cu. m.	Firwood.....	6500/6700 cu."

TRANSPORTS

Truck-&-trailer hire (fuel not included).....	100 per Km.	Horse-drawn car hire	1200 per day
Three-wheeled truck hire (fuel not included).....	30 " "		

CLOTHING ITEMS

Wool cloth for man.....	3000 per meter	Raw wool.....	800/1000 pr kg.
"Combed" wool cloth for man.....	5000 "	Raw spinned wool.....	1000/1500 "
Cloth for man(ministerial type).....	1000 "	Cotton shirt(man).....	800/1000 each
Pure silk cloth.....	400/500 "	Wool socks(man).....	250/300 pair
Cotton cloth.....	150/250 "	Cotton socks(man).....	150/200 "
Flax cloth.....	350/500 "	Rayon socks (man).....	80/100 "
Hemp cloth.....	150/180 "	Silk stockings (woman).....	200/300 "
Light rayon cloth...from 100 on	"	Rayon stockings (woman).....	80/120 "
"Popelin" cotton cloth.....	250/350 "	Man hats.....	600/800 a piece
Cotton handkerchiefs.....	1000/1500 dozen	Man gloves.....	400/500 pair
Rayon ".....	600 "	Man shoes.....	1500/3000 "
Pure wool yarn.....	3500/5000 per Kg	Woman shoes.....	1500/3000 "
Cotton sewing yarn(400 meters).....	120/180 each	Silk umbrellas.....	800/1000 a piece
Rayon sewing yarn (1000 meters).....	120/140 "	Rayon ".....	300/500 "
Blankets(cheaper type).....	1200 a piece	Raincoats.....	2500/8000 "
Wool blankets.....	4000/5000 "		

ARTISANS' PRICES

Men suit manufacturing.....	1500/3000	Dyeing.....	300 per kg.
Shoes manufacturing.....	800/1000	Suit cleaning.....	100/150 each
Man shirt ".....	150/300	Hat cleaning.....	40/50 "
Man suit turning inside out.....	1000/1500	Men shoes resoling (leather).....	300/350 "
Darinings.....	from 100 on	Woman ".....	200/300 "

HOUSE ARRANGEMENTS

Kitchen-range(Standard type)...	30.000	Gas range.....	15.000
Gas-stove.....	1500	Kitchen-kit(aluminum).....	15.000
Kitchen dishes set(ceramic)...	1200/1500	Dishes-set(china).....	13.000/15.000
Chrystal set.....	30.000	Cover set(stainless steel).....	12000/15000
Broom-corn brooms.....	40 a piece	Kitchen-range(wood).....	12000/15000
Carbide lamps.....	450/850 "		

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HOUSE ELECTRIC ITEMS

Electric kitchen ranges.....	25000/30000	El. stoves(one place).....	500
Electric irons.....	250	" " (two places).....	3000
Fan.....	1500	5 tubes radio receivers.....	6500 /7000
Room-stoves.....	800/1200	Vacuum-cleaners.....	8000/8500
Domestic ovens.....	5000	Electric wire.....	11 per meter
Lead-covered cable (2x2.5).....	60/70 meter	Flashlight batteries.....	6/15 each
Portable batteries.....	120 a piece	Bulbs.....	20/40 "
Switchers 9(6 Amp).....	15		

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

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

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BLACK MARKET PRICES IN TURIN
(September - December 1944)

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BLACK MARKET PRICES IN TURIN

(September-December 1944)

We relate some data, collected by the "Municipio" of Turin from September to December last year in seven different shops, concerning the state of 21 prices of 15 different food items sold on the black market.

For each item, three prices are quoted; minimum, maximum and medium (monthly); although the extremely strong jolts between minimum and maximum prices make medium prices irrelevant.

Two facts must be pointed out, as signs of a serious situation:

1. The above mentioned difference between minimum and maximum prices, which means a strong dispersion of the prices around the average value, a consequence of markets' disorganization. These are some instances of the differences between maximum and minimum prices (it must be kept in mind that such differences have been observed in the same city and in the same days):

- White flour bread	-----difference	6 lire per Kg.	- 20% of minimum
- Bread, ration-card type	-----	" "	" - 56% "
- Corn flour	-----	" "	" - 33% "
- Dry beans	-----	" "	" - 90% "
- Milk	-----	"liter	-100% "
- Sugar	-----	" Kg	- 60% "
- "Nazionali" cigarettes	-----	" pack	- 43% "

2. The second fact is the remarkable mobility of prices in the period September-December. The strongest increases have been those of jam and sugar prices, with percentages of 135 and 304% respectively.

* * *

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PRICES ON THE BLACK MARKET - SEPTEMBER-DECEMBER 1944

	September			October			November			December		
	Min	Max	AV.	Min	Max	AV.	Min	Max	AV.	Min	Max	AV.
White flour bread	20,--	35,--	28,66	25,--	35,--	30,31	25,--	35,--	31,17	30,--	36,--	33,57
Bread, mixed flour	18,--	26,--	23,02	20,--	25,--	22,33	22,--	30,--	26,25	22,--	35,--	26,92
Bread, ration-card type	10,--	16,--	13,92	10,--	16,--	14,67	10,--	20,--	16,50	16,--	25,--	17,93
White, dry soup paste	25,--	40,--	30,84	25,--	30,--	31,82	30,--	35,--	31,99	32,--	40,--	36,93
Soup paste, ration type	10,--	20,--	14,54	10,--	25,--	16,32	15,--	25,--	18,27	16,--	25,--	20,68
Rice	15,--	20,--	17,70	18,--	20,--	18,60	20,--	25,--	22,60	20,--	35,--	23,93
White flour, wheat	20,--	35,--	26,79	25,--	30,--	27,70	25,--	35,--	28,42	28,--	38,--	32,15
Wheat, mixed flour	15,--	25,--	19,69	15,--	25,--	19,75	16,--	25,--	20,80	18,--	30,--	24,12
Corn flour	10,--	18,--	13,41	10,--	18,--	14,04	12,--	18,--	15,33	15,--	20,--	17,71
Common dry beans	12,--	30,--	20,10	18,--	25,--	20,40	20,--	30,--	26,--	20,--	38,--	29,86
Choice dry beans	15,--	50,--	33,75	24,--	50,--	30,71	25,--	58,--	42,--	25,--	65,--	44,65
Beef meat (tight), no bones	150,--	250,--	204,41	170,--	250,--	210,60	220,--	250,--	229,33	220,--	250,00	234,29
Beef meat (tight), with bones	120,--	180,--	156,25	140,--	200,--	167,50	180,--	200,--	190,--	180,--	220,--	192,--
Sheep meat	140,--	140,--	140,--	140,--	140,--	140,--	150,--	150,--	150,--	160,--	160,--	160,--

4751

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

785016

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Bread, ration-card type	Max	26,--	25,--	30,--	35,--
	AV	23,02	22,33	26,25	26,92
White, dry soup paste	Min	10,--	10,--	10,--	16,--
	Max	16,--	16,--	20,--	25,--
Soup paste, ration type	Min	13,92	14,67	16,50	17,93
	Max	25,--	25,--	30,--	32,--
Rice	Min	40,--	30,--	35,--	40,--
	Max	30,84	31,82	31,99	36,93
White flour, wheat	Min	10,--	10,--	15,--	16,--
	Max	20,--	25,--	25,--	25,--
Wheat, mixed flour	Min	14,54	16,32	18,27	20,68
	Max	15,--	18,--	20,--	20,--
Corn flour	Min	20,--	25,--	25,--	28,--
	Max	35,--	30,--	35,--	38,--
Common dry beans	Min	26,79	27,70	28,42	32,15
	Max	15,--	15,--	16,--	18,--
Choice dry beans	Min	25,--	25,--	25,--	30,--
	Max	19,69	19,75	20,80	24,12
Beef meat (tight), no bones	Min	10,--	10,--	12,--	15,--
	Max	18,--	18,--	18,--	20,--
Beef meat (tight), with bones	Min	13,41	14,04	15,33	17,71
	Max	12,--	18,--	20,--	20,--
Sheep meat	Min	30,--	25,--	30,--	38,--
	Max	20,10	20,40	26,--	29,86
Raw salame	Min	15,--	24,--	25,--	25,--
	Max	50,--	50,--	56,--	65,--
Raw ham	Min	33,75	30,71	42,--	44,65
	Max	150,--	170,--	220,--	220,--
Parmisan cheese	Min	250,--	250,--	250,--	250,00
	Max	204,41	210,60	229,33	234,29
	Min	120,--	140,--	180,--	180,--
	Max	180,--	200,--	200,--	220,--
	Min	156,25	167,50	190,--	192,--
	Max	140,--	140,--	150,--	160,--
	Min	140,--	140,--	150,--	200,--
	Max	140,--	140,--	150,--	177,50
	Min	280,--	350,--	350,--	400,--
	Max	400,--	450,--	450,--	500,--
	Min	367,86	390,--	421,67	447,15
	Max	400,--	450,--	450,--	450,--
	Min	400,--	450,--	450,--	550,--
	Max	433,34	450,--	485,--	505,--
	Min	300,--	320,--	350,--	380,--
	Max	400,--	400,--	450,--	500,--
	Min	351,67	364,17	391,67	431,43
	Max				

0617

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

785016

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		September	October	November	December
Table cheese	Min	120,--	130,--	140,--	150,--
	Max	300,--	300,--	330,--	380,--
	AV	207,50	218,10	239,17	273,22
Milk (per liter)	Min	7,--	10,--	10,--	10,--
	Max	10,--	15,--	15,--	20,--
	AV	9,75	10,75	11,75	13,15
Butter	Min	380,--	400,--	450,--	450,--
	Max	500,--	500,--	520,--	580,--
	AV	427,50	459,65	489,17	537,86
Olive oil	Min	900,--	950,--	950,--	1000,--
	Max	1200,--	1400,--	1400,--	1400,--
	AV	1038,75	1120,--	1204,17	1250,--
Lard	Min	380,--	350,--	440,--	440,--
	Max	450,--	450,--	500,--	500,--
	AV	408,22	418,22	470,84	472,86
Sugar	Min	100,--	160,--	250,--	500,--
	Max	200,--	300,--	500,--	800,--
	AV	164,41	210,48	381,67	665,--
washing Soap	Min	60,--	65,--	90,--	90,--
	Max	150,--	150,--	140,--	200,--
	AV	95,75	100,75	119,--	144,29
Jam	Min	40,--	70,--	100,--	130,--
	Max	100,--	100,--	150,--	200,--
	AV	66,--	92,50	114,50	155,--
"Naxionali" cigarettes, per package (10)	Min	25,--	30,--	30,--	35,--
	Max	35,--	35,--	37,--	50,--
	AV	31,23	33,04	33,64	42,36
"Macedonia" cigarettes, per package	Min	35,--	40,--	40,--	---
	Max	50,--	50,--	50,--	---
	AV	43,34	42,--	42,71	---
Cigars, "Toscani" and "Napolitani" types, a piece	Min	7,--	8,--	10,--	12,--
	Max	12,--	13,--	16,--	18,--
	AV	9,34	10,14	12,--	14,65

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PERCENTAGE INCREASE OF AVERAGE PRICES FROM SEPT TO DEC 1944

<u>ITEMS</u>	<u>% INCREASE</u>
White flour bread	17,17
Mixed flour bread.....	16,94
Ration-card type bread.....	28,80
Soup paste, white, dry	19,74
Soup paste, ration card type.....	97,24
Rice.....	35,19
Wheat white flour.....	20,11
Wheat mixed flour.....	22,49
Corn flour.....	32,06
Dry beans, common type.....	48,55
Dry beans, choice.....	32,29
Beef meat (tight), without bones.....	14,61
Beef meat (tight), with bones.....	22,88
Sheep meat	26,78
Raw salame	21,55
Raw ham	16,33
Parmisan cheese	22,68
Table cheese	32,67
Milk	34,87
Butter	25,81
Olive oil	20,33
Lard	15,85
Sugar	304,47
Washing soap	50,69
Jam	134,84
Tobaccoes: "Nazionali" cigarettes	35,63
"Toscani" cigars	56,85

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

785016

5/8/1945

JAG/ars

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10 April 1945

Subject: Report of Advisory Anti-inflation Board

To: Mr. A. G. Antolini, Acting Vice President, Economic Section.

Further to Chief Commissioner's letter of 7 April 1945, same reference and subject as above, enclosed is a copy of the Aide Memoire which was forwarded to the Office of the President of the Council of Ministers on 9 April 1945.

18A

J. A. QUAYLE
Major, R. A.
Staff Officer to CC

Copy to: Brig. G. R. Upjohn, CA Sec.
Brig. Grafton-Smith, Finance S/C
Comdr. J. J. Lawler, Finance S/C
W. H. Brown, Labor S/C
Lt. Comdr. Tasea, Treasury Attache, American Embassy
Mr. Neworthy, Commercial Attache, British Embassy
U.S. Political Advisor (AO)
British Political Advisor (AC)

4740

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

ATTACHMENT

ATTACHMENT - ITALIAN REPORT

1. The previous anti-inflation board reported by the Italian Commission, Italian Commission, Italy, on 10 March 1953, entitled, "The Italian anti-inflation report which as a matter of fact deals with price controls, controls on control and wage regulation in Italian non-protected territory, referring also to the other measures in the territory. It does not deal with Italian internal market which will be the subject of a separate report."

2. THE ITALIAN DISCUSSION

The Italian Commission commented to the Italian Government by the acting president on the reports of the new executive on the functions of the Italian Commission stating:

"It is noted that the Italian Government formulate and implement appropriate economic controls and take all other steps possible in order to ensure that maximum production and effective and equitable distribution and control of consumption of local commodities exist under existing conditions of security and as a prerequisite to economic development."

It is noted that the Italian Government is making definite efforts in the fiscal and financial field and that in any event the effect of fiscal and financial measures on the present situation will be delayed. However, in the major areas the efforts of the Italian Government do not appear to have been effective. It is to these two areas, controlled price and wage, that the attention of the government should be directed at this time.

3. This interim report recommends that the Italian Government be advised to exercise the more rigidly to enforce control over the distribution of local commodities, the prices of such commodities; and to increase regulation of changes in wages and salaries. The first largely governs the second, and it is emphasized that the measures which are recommended for the regulation of wages and salaries will fail, both in the long and short term, unless there is ample evidence of a determined effort to deal with the problems of controlled commodities and prices. The wage problem cannot be treated in isolation from the other interrelated problems, and any attempt to do so will inevitably lead to uncontrolled inflation.

47-21

3705

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

785016

maintaining in large scale disaster.

CONTROL OF COMMODITIES AND SERVICES

In considering the prices of goods and services which enter into the cost of living, it becomes apparent that the greatest portion lies in making price and distribution controls effective. Interruption of the price relationship between cost and price income control, especially when the price is fixed, is not effective. It is evident that the bulk of handicrafts are not sold at legal prices.

Some are controlled. Enforcement in this field is comparatively simple because of the availability of the commodity involved. Textiles, clothing, and shoes are in such short supply that price fixing and distribution control require particular attention. The same for electricity, telephone service and public transportation and utilities. Food commodities are the most difficult problem and the area in which vigorous price and distribution control action would yield the greatest results in curbing the price rise situation.

Most of the present price and distribution control measures taken by the Italian Government are ineffective. Experience in wartime controls indicates clearly that effective price control action can be taken only with respect to that portion of supplies which it is possible to control at the most absolute physical point of the word. This does not mean that the commodities need always literally be taken into control. Typically the existence of the possibility of doing so is frequently sufficient to bring the normal buying and distribution mechanism into observance of the regulations.

The first principle to be followed is for the Government or Government licensed and supervised agencies to buy and take possession of the commodities. A report for such an organization exists in the Government records. This does not mean that the Government is to take possession of Government organizations as sole primary buying agents of commodities. Private agents should also be licensed as they demonstrate their ability to function effectively and their willingness to function within established regulations.

The next to be achieved is complete control of transportation for the goods because that is in itself one of the shortest commodities in Italy and that its control is essential to prevent diversions to unauthorized channels and to force sale to the approved agencies. A network for such an organization exists in Italy.

Third is the control of any intermediate handlers and the channels

through which controlled commodities finally reach the consumers. At this stage as in the initial buying, the Government should provide a distributing organization and/or apply rigorous licensing measures to private distributors.

Controls placed on the initial buying, transportation and distribution must be integrated. A serious control of prices involving the operations of private organizations requires that the Government's position be clear with respect to prices at all levels of trade and with respect to utilization of transport. Whether controls are placed on exclusive Government operation or exclusive operation of private enterprises under Government regulations or some combination of the two, it is necessary that the controls cover all stages from producer to consumer.

6. WAGES AND THE COST OF LIVING

The official Central Institute of Statistics provides information regarding the monthly food expenditure of a typical family, consisting of 3 persons (equals 3.75 consuming units) on the basis of 2,200 calories daily per consuming unit. Fluctuating from month to month these statistics show an upward trend which for Rome rose from 9,194 lire in September 1944, to 12,697 lire in February 1945. In other districts there is generally the same upward trend and the significant feature is that it is more sharply pronounced in most recent months. It is reported that at least 70% of essential food items can be obtained only outside the controlled markets and the costs reflect unofficial prices to this extent. This factor is evidence of failure to control commodity prices and distribution of essential items. Comparison with gross wages of Senior State employees shows the difficulty of maintaining food standards from salaries. Normally the cost-of-living index covers other items, such as clothing and household necessities, but these are not included in the cost of food figures. A cost-of-living index based on normal family necessities would, at prevailing Italian prices, produce an astronomical figure.

7. WAGE REGULATION

Prior to the downfall of Fascism wage changes were regulated by the State. After the liberation wages were ostensibly subject to approval by Government (Italian or Allied Military Government in respect of territories). Approval was given for a 70% increase on basic rates at the time of liberation, but in October 1944 it was found necessary to acquiesce in payment of a further cost-of-living bonus. In December 1944 the Italian General Confederation of labor presented a memorial to the Italian Government requesting various measures to be taken to improve the condition of the working class, such as elimination of black market, provision of work centers and public food kitchens, use of cooperatives in

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

785016

distribution of food and necessities, and also immediate measures to increase workers wages in the light of prevailing circumstances. The Italian Government decided, with regard to the final item, to permit representatives of industry and of labor to negotiate wage increases for a revision of the wages scale in private industry; and decided also to grant substantial salary increases to State employees.

The effect of wage increases agreed up to March 1945, is mainly in the form of additional cost-of-living bonuses and there has been no detailed revision of basic rates. In view of the change in money values and in the size of the various bonuses subsequently granted, the distinction between skilled and unskilled workers, which was reflected in the basic wage of 1942, is losing its significance. For example, in the building industry a bricklayer, who is a skilled operator, receives 285 lire per day, and an unskilled laborer receives 275 lire per day.

In addition to these wage changes which are duly recorded as trade agreements, there are unofficial rates which are paid by individual employers to placate or to retain their workers. For example, the sheet metal worker may receive 600 lire per day in Rome and other trades correspondingly high in rates. It therefore represented an improvement on unofficial wage agreements to encourage wage negotiations between responsible representative organizations of industry and labor respectively. But central regulation and guidance is not provided.

3. WAGE REGULATION IN PRIVATE INDUSTRY IN ITALIAN GOVERNMENT TERRITORY

It is recommended that the Italian Government establish a National Wage Regulation Committee to advise it on the variation of wages in private industry; and that provincial wage regulation committees be established to advise Prefects in the respective provinces in Italian administered Territory.

The right of freedom of association of workers in industry for the purpose of maintaining and improving their conditions of labor has been restored in liberated Italy and the right of collective bargaining on wages and working conditions is being exercised by trade unions and workers' associations which have developed since the downfall of Fascism. Where wage changes which may be agreed between employers and workers can be applied without unduly disturbing the balance of prices of necessities or of the wage structure in the same industry in other localities or other industries in the same locality, it is desirable to allow negotiated wage changes to take effect. In the disturbed conditions of war-time and particularly in the light of difficulties which may be temporary in nature or due to be affected by special events, it is desirable to arrange for special consideration of proposed wage changes when the negotiating parties are unable to reach agreement or when objection is lodged by other interested parties.

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

It is the responsibility of organized industry to have regard to the overall effect of individual wage changes, and it is the responsibility of organized workers to look after the interests of their members. The Italian Government has the overall responsibility for insuring that wage changes in industry do not adversely affect the financial and economic position of the country.

Any of these parties should therefore be afforded the opportunity of protesting against proposals for wage variations; and the recommended National Wage Regulation Committee, together with the Provincial Wage Regulation Committees, would be the appropriate authorities to which reference should be made. The proposed bodies must keep in touch with wage negotiations in progress and should be able to exercise some influence on the conclusion of such negotiations or to prepare the way for further consideration if it becomes evident that difficulties are likely to arise.

Similar Advisory Committees are to be established to assist Regional Commissioners in Allied Military Government Territory. They will be advisory only, and the responsibility for ultimate decisions will rest with Allied Military Government.

It is for the Italian Government to decide to what extent authority and responsibility would be delegated to the proposed Wage Regulation Committees if the recommendation is adopted. If the recommendations of the National Committee are not given the force of law, it is recommended that the Italian Government assume power to give decisions based upon the recommendations of the National Committee.

9. ESTABLISHMENT OF NATIONAL AND/OR JOINT ADVISORY COMMITTEES ON LABOR AND INDUSTRIAL QUESTIONS IN AMO TERRITORY

Following a decision to appoint an Advisory Committee for each Regional Commission in AMO territory, comprising representatives of Italian Government, industry and organized workers, the Prime Minister has been invited to submit nominations of individuals to serve on the Committees. While AMO will retain full responsibility, the Advisory Committees should be of considerable assistance with regard to the regulation of wages changes and their successful operation should assist in setting the standards for Italian administered territory. The effective control of commodity distribution and of price levels in AMO territory will affect the success of wage regulation in Italian Government territory.

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

785016

- 6 -

RECOMMENDATIONS:

That the Italian Government take the following action:

- I - To extend control of purchasing, transporting and distribution organizations for essential commodities, together with price control at all stages.
- II - To exercise strict enforcement of these controls.
- III - To establish wage regulation committees to deal with variation of wages in private industry.
- IV - To enforce observance of accepted recommendations of the National Wages Regulation Committee.

/s/ Antolini
A. E. ANTOLINI, CHAIRMAN
ADVISORY ANTI-INFLATION BOARD

GENERAL ECONOMIC POLICY FOR NORTHERN ITALY

Ga

INTRODUCTION

- A. Reports from Northern Italy up to the end of March 1945 indicate that vigorous action has been taken to control prices and wages, so that most prices are reported to be substantially lower than those in the South. It is however possible that the control mechanisms established will be used by the enemy in the last days of occupation deliberately to damage and confuse the economic structure for the purpose of rendering resumption of normal work, industry and trade more difficult. In any case it is probable that before the Allies can gain effective control, there will be a period during which significant increases in prices may be expected.
- B. This Board in its report of 4 April indicated that price, wage and distribution controls of the Italian Government in Southern Italy had not been effective with the result that prices and wages have risen sharply and that goods were moving to a considerable extent outside the controlled distribution channels. It is expected that this trend toward inflation in the South will continue until corrective measures are applied.
- C. Notwithstanding the possibility of a measure of inflation in the North as pointed out in Paragraph A it is probable that such inflation will be less than in the South. The best indications are that the Allies will find wages, prices and industrial costs at a level below those of the South.

I. RECOMMENDATION

The Board recommends that initially Northern Italy should be treated as a separate economy and that the area to be so treated comprises Emilia, Liguria, Piemonte, Lombardia and Venezia Regions. This report deals only with this area and its administration by AMG. The Board will at a later date report on the problem of bringing the economies of the North and South back into their normal peace-time relationship to each other.

II. BASIC PRICE AND WAGE POLICY

Prices and wages will be stabilized at the officially recognized rates existing in the area on 3rd April 1945. Initially, where there is no official price the Provincial Price Committee will establish the appropriate levels.

III. ADJUSTMENT OF BASIC PRICES AND WAGES

The organization and procedure whereby recommendations for adjustments will be acted upon will be planned immediately in conjunction with the

0627

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

- 2 -

administrative and technical organizations who will be charged with carrying out the policy in the regions. (see V)

IV. PRICES

- A. Goods for which prices must be considered fall into three general categories:
 - 1. Relief goods - food, medical supplies and clothing.
 - 2. Non relief goods - including all industrial goods, and consumer goods not included in Category 1.
 - 3. Rents and services - including public utility and transport rates, as well as household rents.
- B. The prices of relief goods imported from abroad or from Southern Italy will be related to the appropriate level even if it is necessary to provide a subsidy at point of entry in areas where the imported landed cost is higher. If landed costs are lower than appropriate levels, pricing will still be at those levels. Such levels will also apply to all indigenous supplies.
- C. The price for non relief supplies if imported from abroad will be the landed cost plus a mark-up limited to the actual cost of distribution. Imports from Southern Italy will be priced at Northern levels. A subsidy will be granted at point of entry if landed costs plus distribution cost exceed northern levels. All indigenous supplies will move at appropriate price levels.
- D. All prices in the 3rd category will remain at the existing levels.
- E. The directive of 22 June 1944 will be withdrawn with respect to the Northern regions.
- F. The maintenance of the above price policy will depend upon rigid rationing and other distribution controls and on the vigorous control of transport. It is recommended that all sales of industrial machinery and equipment should be on a conditional basis with re-sale permitted only to AMG. As the first step in controlling civilian supplies, the Board recommends that commodities for civilian supply be purchased only by government agencies or other agencies licensed by the Government. Bartering for supplies by AMG or licensed agents will not be allowed. Other techniques of control will be developed by the specialists in A.C. sub-commissions into an operating program to be administered by AMG.
- G. An organization and procedure for considering recommended adjustments in prices will be established as referred to in the above Paragraph III 4743

- 3 -

V. WAGES RESOLUTION IN INDUSTRY

1. It has been agreed in principle that wage rates prevailing in industry in the North on 3 April, 1943, should be recognized as the appropriate rates unless there is good reason to the contrary (such as the grant of an abnormal wage increase as a political weapon to throw Italian economy into disorder, or a disproportionate wage rate fixed by a management board on which workers' representatives predominate); and also that no changes in wage rates will be recognized until AMG, through the Regional Commissioners, has indicated approval.
2. Requests for approval of proposed wage changes will reach the Regional Commissioner through the Ufficio del Lavoro. In transmitting the requests each Ufficio should attach observations confirming that the request related to an agreement, or alternatively recording the disagreement of one or the other of the negotiating bodies as representative of the interests concerned; indicating which important interests are outside or not parties to the agreement; give the relative precedent rates; refer to the corresponding wages paid in the area to employees of the Armed Forces; and make a recommendation regarding the particular request.
3. The Regional Commissioner will refer the request to the Regional Italian Joint Advisory Committee, which comprises representatives of the Italian Government, Italian Industry and organized labor, and will receive from that Committee a recommendation for the approval, or the rejection, or the reference back for further consideration of the proposals. Regional Italian Joint Advisory Committees will have regard to local circumstances and particularly the effect of the proposed wage changes on other industries in the same locality; and will also have regard to prevailing rates in similar industries in other parts of the Northern regions; and to the rates of wages prevailing in other parts of Italy. In view of the policy of Allied Military Government to control commodity distribution and prices, the Advisory Committee will have particular regard to suggested inadequacy of control measures that may be advanced as a reason for increase of wage scale. The Advisory Committee may consider it appropriate to recommend action to remedy unauthorized price variations instead of recommending wage variations. In general, any approved wage changes will have regard to local variations of circumstances in Northern Provinces so that different rates may be approved within the same region.
4. Regional Labor Offices (AMG) and Regional Italian Joint Advisory Committees will keep themselves informed of progress of negotiations for wage changes in larger industries in principal localities.
5. Enforcement of Wage Agreements - The Labor Inspectorate of the Ministry of Labor, Industry and Commerce will be the agents of AMG 4746 for the enforcement of observance with the AMG Order on the subject of wage regulation. Uffici del Lavoro in the respective localities will also be concerned with wage negotiations and the general observance of agreements. Uffici del Lavoro will report, as a matter of urgency, to Regional Labor Officers, through channels, any evidence of industrial

0629

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

- 4 -

unrest or any stoppages of work or strikes that may occur as a result of dissatisfaction with wages and conditions. Reports will be referred to the Regional Italian Joint Advisory Committee, whose intervention and advice will be sought.

VI. FURTHER ACTION

The Board will foster and coordinate development of inflation control measures by the technical and administrative organizations of A.C. and A.S.G. The importance of such coordination is stressed because it is obvious that any one element of increasing prices or costs could destroy the entire program. Close coordination is also made necessary by the dependence of one area of economic control activity upon another. For example, the control of food supplies will depend largely upon control of transportation; and the control of prices themselves depends on control of supplies.

9 April 1945

47-1

GENERAL ECONOMIC POLICY FOR NORTHERN ITALY

9B

INTRODUCTION

- A. Reports from Northern Italy up to the end of March 1945 indicate that vigorous action has been taken to control prices and wages, so that most prices are reported to be substantially lower than those in the South. It is however possible that the control mechanisms established will be used by the enemy in the last days of occupation deliberately to damage and confuse the economic structure for the purpose of rendering resumption of normal work, industry and trade more difficult. In any case it is probable that before the Allies can gain effective control, there will be a period during which significant increases in prices may be expected.
- B. This Board in its report of 4 April indicated that price, wage and distribution controls of the Italian Government in Southern Italy had not been effective with the result that prices and wages have risen sharply and that goods were moving to a considerable extent outside the controlled distribution channels. It is expected that this trend toward inflation in the South will continue until corrective measures are applied.
- C. Notwithstanding the possibility of a measure of inflation in the North as pointed out in Paragraph A it is probable that such inflation will be ~~far~~ less than in the South. The best indications are that the Allies will find wages, prices and industrial costs at a level ~~far~~ below those of the South.

I. RECOMMENDATION

The Board recommends that initially Northern Italy should be treated as a separate economy and that the area to be so treated comprise Emilia, Liguria, Piemonte, Lombardia

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

785016

and Venezia Regions. This report deals only with this area and its administration by AMG. The Board will at a later date report on the problem of bringing the economies of the North and South back into their normal peace-time relationship to each other.

II. BASIC PRICE AND WAGE POLICY

Prices and wages will be stabilized at the rates existing in the area on 3rd April 1945.

III. ADJUSTMENT OF BASIC PRICES AND WAGES

The organization and procedure whereby recommendations for adjustments will be acted upon must be planned immediately in conjunction with the administrative and technical organizations who will be charged with carrying out the policy in the regions.

IV. PRICES

- A. Goods for which prices must be considered fall into three general categories:
 - 1. Relief goods - food, medical supplies and clothing.
 - 2. Non relief goods - including all industrial goods, and consumer goods not included in Category 1.
 - 3. Rents and services - including public utility and transport rates, as well as household rents.
- B. The prices of relief goods imported from abroad or from Southern Italy will be related to the existing level even if it is necessary to provide a subsidy at point of entry in cases where the imported landed cost is higher. If landed costs are lower than existing levels, pricing will still be at existing levels. Existing price levels will also apply to all indigenous supplies.
- C. The price for non relief supplies if imported from abroad will be the landed cost plus a mark-up limited to the actual cost of distribution (but in no case a mark-up of

more than 25%). Imports from Southern Italy will be priced at Northern levels. A subsidy will be granted at point of entry if landed costs plus distribution cost exceed northern levels. All indigenous supplies will move at existing price levels.

- D. All prices in the 3rd category will remain at the existing levels.
- E. The directive of 22 June 1944 will be withdrawn with respect to the Northern regions.
- F. The maintenance of the above price policy will depend upon rigid rationing and other distribution controls and on the vigorous control of transport. It is recommended that all sales of industrial machinery and equipment should be on a conditioned basis with re-sale permitted only to AMG. As the first step in controlling civilian supplies, the Board recommends that AMG be designated the sole procurement agency with authority to license other individuals and agents as suitable now are located. Bartering for supplies by AMG or licensed agents will not be allowed. Other techniques of control will be developed by the specialists in A.C. sub-commissions into an operating program to be administered by AMG.
- G. An organization and procedure for considering recommended adjustments in prices should be established as referred to in the above Paragraph III.

V. WAGES REGULATION IN INDUSTRY

1. It has been agreed in principle that wage rates prevailing in industry in the North of Italy on 3 April, 1945, should be recognised as the appropriate rates unless there is good reason to the contrary (such as the grant of an abnormal wage increase as a political weapon to throw Italian economy into disorder, or a disproportionate wage rate fixed by a management board on which workers' representatives predominate); and also that no changes in wage rates will be recognized until

0633

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

785016

AMG, through the Regional Commissioners, has indicated approval.

2. Requests for approval of proposed wage changes will reach the Regional Commissioner through the Ufficio del Lavoro. In transmitting the requests each Ufficio should attach observations confirming that the request related to an agreement, or alternatively recording the disagreement of one or the other of the negotiating bodies as representative of the interests concerned; indicating which important interests are outside or not parties to the agreement; give the relative precedent rates; refer to the corresponding wages paid in the area to employees of the Armed Forces; and make a recommendation regarding the particular request.

3. The Regional Commissioner will refer the request to the Regional Italian Joint Advisory Committee, which comprises representatives of the Italian Government, Italian Industry and organized labour, and will receive from that Committee a recommendation for the approval, or the rejection, or the reference back for further consideration of the proposals. Regional Italian Joint Advisory Committees will have regard to local circumstances and particularly the effect of the proposed wage changes on other industries in the same locality; and will also have regard to prevailing rates in similar industries in other parts of the Northern Regions; and to the rates of wages prevailing in other parts of Italy. In view of the policy of Allied Military Government to control commodity distribution and prices, the Advisory Committee will have particular regard to suggested inadequacy of control measures that may be advanced as a reason for increase of wage scales. The Advisory Committee may consider it appropriate to recommend action to remedy unauthorized price variations instead of recommending wage variations. In general, any approved wage changes will have regard to local variations of circumstances in Northern Provinces so that different rates may be approved within the same Region.

4. Regional Labor Offices (AMG) and Regional Italian Joint Advisory Committees will keep themselves informed of progress of negotiations for wage changes in larger industries in principal localities.

5. Enforcement of Wage Agreements

The Labor Inspectorate of the Ministry of Labor, Industry and Commerce will be the agents of AMG for the enforcement of observance with the AMG Order on the subject of wage regulation. Uffici del Lavoro in the respective localities will also be concerned with wage negotiations and the general observance of agreements. Uffici del Lavoro will report, as a matter of urgency, to Regional Labor Officers, through channels, any evidence of industrial unrest or any stoppages of work or strikes that may occur as a result of dissatisfaction with wages and conditions. Reports will be referred to the Regional Italian Joint Advisory Committee, whose intervention and advice will be sought.

VI. FURTHER ACTION

The Board will attempt to develop an inflation control program by and to coordinate it through the technical and administrative organizations of A.C. and AMG. The importance of such coordination is stressed because it is obvious that any one element of increasing prices or costs could destroy the entire program. Close coordination is also made necessary by the dependence of one area of economic control activity upon another. For example, the control of food supplies will depend largely upon control of transportation; the control of prices themselves depend on control of supplies.

9 April 1945

4730

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

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

11.06/35

4 April 1945

MEMORANDUM FOR ADMIRAL STONE:

Attached is draft letter for your signature
to H. E. The Prime Minister forwarding a copy of this
recommendation for appropriate action.

A. C. ANTCLIFF
Acting Vice President
Economic Section

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

WEB/ed

/EE

4 April 1943

(JB)

My dear Mr. Prime Minister:

Recently I had the honor to transmit to Your Excellency a letter indicating Allied policy in which the Italian Government was advised that as a prerequisite to increased economic assistance it must formulate and implement appropriate economic controls. I have now the honor to forward a copy of an interim report of a Board appointed by me to consider the trend of inflation apparent in Italy, and I have to invite your attention to the recommendations in that report with regard to control of commodities and prices and the establishment of machinery for the regulation of changes in wages and salaries.

I shall be glad to be informed of the steps that the Italian Government proposes to take to give effect to these recommendations.

Yours very truly,

ELIERY W. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Rome

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

HEADQUARTERS ALLIED COMMISSION
ADVISORY ANTI-INFLATION BOARD

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4 April 1945

1. The Advisory Anti-Inflation Board appointed by the Chief Commissioner, Allied Commission, Italy, on 30 March 1945, submits, as requested, an interim report which as a matter of urgency deals with prices control, commodity control and wages regulation in Italian administered territory, referring also to similar measures in AMG territory. It does not deal with Italian National finances which will be the subject of a separate report.

2. THE MACMILLAN DIRECTIVE

The Aide Memoire communicated to the Italian Government by the Acting President on the contents of the new directive on the functions of the Allied Commission states:

"It is essential that the Italian Government formulate and implement appropriate economic controls and take all other steps possible both in order to ensure that maximum production and effective and equitable distribution and control of consumption of local resources possible under existing conditions be secured and as a prerequisite to increased economic assistance."

3. It is felt that the Italian Government is making definite efforts in the fiscal and financial field and that in any event the effect of fiscal and financial measures on the present situation will be delayed. However, in two major areas the efforts of the Italian Government do not appear to have been effective. It is to these two areas, control of prices and wages, that the attention of the Government should be devoted at this time.

4. This interim report recommends that the Italian Government be advised to assume and more rigidly to enforce control over the distribution of essential commodities, the prices of such commodities; and to introduce regulation of changes in wages and salaries. The first largely govern the second, and it is emphasized that the measures which are recommended for the regulation of wages and salaries will fail, both in application and enforcement, unless there is ample evidence of a determined effort to deal with the problems of controlled commodities and prices. The wages problem cannot be treated in isolation from the other interlocked questions, and any attempt to do so will inevitably lead to unrest culminating in large scale disorder.

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6. CONTROL OF COMMODITIES AND PRICES

In considering the prices of goods and services which enter into the cost of living, it becomes apparent that the greatest problem lies in making price and distribution controls effective. Determination of the proper relationship between wages and prices becomes entirely academic when the prices fixed are not observed. It is evident that the bulk of foodstuffs are not sold at legal prices.

Rents are controlled. Enforcement in this field is comparatively simple because of the immobility of the commodity involved. Textiles, clothing and shoes are in such short supply that price fixing and distribution controls require particular emphasis. The rates for gas, electricity, telephone service and public transportation are relatively low. Food constitutes the immediate problem and the area in which vigorous price and distribution control action would yield the greatest results in curbing the present inflation.

Most of the present price and distribution control measures taken by the Italian Government are ineffective. Experience in wartime controls indicates clearly that effective price control action can be taken only with respect to that portion of supplies which it is possible to control in the most absolute physical sense of the word. This does not mean that the commodities need always actually be taken into control physically; the existence of the possibility of doing so is frequently sufficient to bring the normal buying and distribution mechanism into observance of the regulations.

The first principle to be followed is for the Government or Government licensed and supervised agencies to buy and take possession of the commodity. A pattern for such an organization exists in the Consorzio Agrario. This recommendation does not contemplate indefinite perpetuation of Government organizations as sole primary buying agents of commodities. Private agents should also be licensed as they demonstrate their ability to function effectively and their willingness to function within established regulations.

The next to be observed is complete control of transportation for the double reasons that it is itself one of the shortest commodities in Italy and that its control is essential to prevent diversions to uncontrolled channels and to force sale to the approved agencies. A pattern for such an organization exists in ERAC.

Third is the control of any intermediate handlers and the channels through which controlled commodities finally reach the consumer. At this stage as in the initial buying, the Government should provide a distributing organization and/or apply rigorous licensing measures to private distributors.

Controls placed on the initial buying, transportation and distribution must be integrated. A wartime control of prices involving the operations of private organizations requires that the Government's position

be clear with respect to prices at all levels of trade and with respect to utilization of transport. Whether controls established are based on exclusive Government operation or exclusive operation of private enterprises under Government regulations or some combination of the two, it is necessary that the controls cover all stages from producer to consumer.

6. WAGES AND THE COST OF LIVING

The official Central Institute of Statistics provides information regarding the monthly food expenditure of a typical family, consisting of 5 persons (equals 5.75 consuming units) on the basis of 2,200 calories daily per consuming unit. Fluctuating from month to month these statistics show an upward trend which for Rome rose from 9,194 lire in September 1944, to 12,696 lire in February 1945. In other districts there is generally the same upward trend and the significant feature is that it is more sharply pronounced in most recent months. It is reported that at least 70% of essential food items cannot be obtained only outside the controlled markets and the costs reflect unofficial prices to this extent. This factor is evidence of failure to control commodity prices and distribution of essential items. Comparison with gross wages of Senior State employees shows the difficulty of maintaining food standards from salaries. Normally the cost-of-living index covers other items, such as clothing and household necessities, but these are not included in the cost of food figures. A cost-of-living index based on normal family necessities would, at prevailing Italian prices, produce an astronomical figure.

7. WAGES REGULATION

Prior to the downfall of Fascism wage changes were regulated by the State. After the liberation wage changes were ostensibly subject to approval by Government (Italian or Allied Military Government in respect of territories). Approval was given for a 70% increase on basic rates at the time of liberation, but in October 1944 it was found necessary to acquiesce in payment of a further cost-of-living bonus. In December 1944, the Italian General Confederation of Labor presented a memorial to the Italian Government requesting various measures to be taken to improve the condition of the working class, such as elimination of black market, provision of Works Canteens and public food kitchens, use of cooperatives in distribution of food and necessities; and also immediate measures to increase workers wages in the light of prevailing circumstances. The Italian Government decided, with regard to the final item, to permit representatives of industry and of labor to negotiate among themselves for a revision of the wage scale, in private industry; and decided also to grant substantial salary increases to State employees.

The effect of wage increases agreed up to March 1945, is mainly in the form of additional cost-of-living bonuses and there has been no detailed revision of basic rates. In view of the change in money values and in the size of the various bonuses subsequently granted, the distinction between skilled and unskilled workers, which was reflected in the basic wage of 1944, is losing its significance. For example, in the building industry a bricklayer, who is a skilled operator, receives 283 lire per day, and an unskilled laborer receives 273 lire per day. 4752

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

785016

In addition to these wage changes which are duly recognized as trade agreements, there are unofficial rates which are paid by individual employers to placate or to retain their workers. For example, the sheet metal worker may receive 600 lire per day in Rome and other trades correspondingly high in rates. It therefore represented an improvement on unofficial wage agreements to encourage wage negotiations between responsible representative organizations of industry and labor respectively. But central regulation and guidance is not provided.

8. WAGE REGULATION IN PRIVATE INDUSTRY IN ITALIAN GOVERNMENT TERRITORY

It is recommended that the Italian Government establish a National Wage Regulation Committee to advise it on the variation of wages in private industry; and that Provincial wages regulation committees be established to advise Prefects in the respective Provinces in Italian Administered Territory.

The right of freedom of association of workers in industry for the purpose of maintaining and improving their conditions of labor has been restored in liberated Italy and the right of collective bargaining on wages and working conditions is being exercised by trade unions and workers' associations which have developed since the downfall of Fascism. Where wage changes which may be agreed between employers and workers can be applied without unduly disturbing the balance of prices of necessities or of the wage structure in the same industry in other localities or other industries in the same locality, it is desirable to allow negotiated wage changes to take effect. In the disturbed conditions of war-time and particularly in the light of difficulties which may be temporary in nature or due to be affected by special measures, it is desirable to arrange for special consideration of proposed wage changes when the negotiating parties are unable to reach agreement or when objection is lodged by other interested parties.

It is the responsibility of organized industry to have regard to the overall effect of individual wage changes, and it is the responsibility of organized workers to look after the interests of their members. The Italian Government has the overall responsibility for insuring that wage changes in industry do not adversely affect the financial and economic position of the country.

Any of these parties should therefore be afforded the opportunity of protesting against proposals for wage variations; and the recommended National Wages Regulation Committee, together with the Provincial Wages Regulation Committees, would be the appropriate authorities to which reference should be made. The proposed bodies would keep in touch with wage negotiations in progress and should be able to exercise some influence on the conclusion of such negotiations or to prepare the way for further consideration if it becomes evident that difficulties are likely to arise.

Similar Advisory Committees are to be established to assist Regional Commissioners in Allied Military Government Territory. They will be Advisory only, and the responsibility for ultimate decisions will rest with Allied Military Government.

4731

It is for the Italian Government to decide to what extent authority and

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

responsibility would be delegated to the proposed Regional Regulatory Committees if the recommendation is adopted. If the recommendations of the National Committee are not given the force of law, it is recommended that the Italian Government assume power to give decisions based upon the recommendations of the National Committee.

9. ESTABLISHMENT OF REGIONAL ITALIAN JOINT ADVISORY COMMITTEES ON LABOR AND INDUSTRIAL QUESTIONS IN AIG TERRITORY

Following a decision to appoint an Advisory Committee for each Regional Commission in AIG territory, comprising representatives of Italian Government, industry and organized workers, the Prime Minister has been invited to submit nominations of individuals to serve on the Committees. While AIG will retain full responsibility, the Advisory Committees should be of considerable assistance with regard to the regulation of wages changes and their successful operation should assist in setting the standard for Italian administered territory. The effective control of commodity distribution and of price levels in AIG territory will affect the success of wage regulation in Italian Government territory.

RECOMMENDATIONS

That the Italian Government take the following action:

- I - To extend control of purchasing, transporting and distribution organizations for essential commodities, together with price control at all stages.
- II - To exercise strict enforcement of these controls.
- III - To establish wage regulation committees to deal with variation of wages in private industry.
- IV - To enforce observance of accepted recommendations of the National Wages Regulation Committee.

A. G. ANTOLINI, CHAIRMAN
ADVISORY ANTI-INFLATION BOARD

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VHB/rmw

5 April 1945

WAGES REGULATION IN INDUSTRY IN AMG TERRITORY

1. It has been agreed in principle that wage rates prevailing in industry in the North of Italy on 3 April, 1945, should be recognized as the appropriate rates unless there is good reason to the contrary (such as the grant of an abnormal wage increase as a political weapon to throw Italian economy into disorder, or a disproportionate wage rate fixed by a management board on which workers' representatives predominate); and also that no changes in wage rates will be recognized until AMG, through the Regional Commissioners, has indicated approval.

2. Requests for approval of proposed wage changes will reach the Regional Commissioner through the Ufficio del Lavoro. In transmitting the requests each Ufficio should attach observations confirming that the request related to an agreement, or alternatively recording the disagreement of one or the other of the negotiating bodies as representative of the interests concerned; indicating which important interests are outside or not parties to the agreement; give the relative precedent rates; refer to the corresponding wages paid in the area to employees of the Armed Forces; and make a recommendation regarding the particular request.

The Regional Commissioner will refer the request to the Regional Italian Joint Advisory Committee, which comprises representatives of the Italian Government, Italian industry and organized labor, and will receive from that Committee a recommendation for the approval, or the rejection, or the reference back for further consideration of the proposals. Regional Italian Joint Advisory Committees will have regard to local circumstances and particularly the effect of the proposed wage changes on other industries in the same locality; and will also have regard to prevailing rates in similar industries in other parts of the Northern Regions; and to the rates of wages prevailing in other parts of Italy. In view of the policy of Allied Military Government to control commodity distribution and prices, the Advisory Committee will have particular regard to suggested inadequacy of control measures that may be advanced as a reason for increase of wage scales. The Advisory Committee

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

785016

- 2 -

may consider it appropriate to recommend action to remedy unauthorized price variations instead of recommending wage variations. In general, any approved wage changes will have regard to local variations of circumstances in Northern Provinces so that different rates may be approved within the same Region.

3. Regional Labor Offices (AMG) and Regional Italian Joint Advisory Committees will keep themselves informed of progress of negotiations for wage changes in larger industries in principal localities.

4. Enforcement of Wage Agreements

The Labor Inspectorate of the Ministry of Labor, Industry and Commerce will be the agents of AMG for the enforcement of observance with the AMG Order on the subject of wage regulation. Uffici del Lavoro in the respective localities will also be concerned with wage negotiations and the general observance of agreements. Uffici del Lavoro will report, as a matter of urgency, to Regional Labor Officers, through channels, any evidence of industrial unrest or any stoppages of work or strikes that may occur as a result of dissatisfaction with wages and conditions. Reports will be referred to the Regional Italian Joint Advisory Committee, whose intervention and advice will be sought.

4728

GENERAL ECONOMIC POLICY FOR NORTHERN ITALYI. INTRODUCTION

up to the end of March 1945 5W

A. Reports from Northern ~~regions~~ of Italy indicate that vigorous action has been taken to control prices and wages. Most prices are reported to be substantially lower than those in the South. *There also exists the possibility that the control mechanisms established will be used by the enemy in the last days of occupation to deliberately damage and confuse the economic structure for the purpose of rendering resumption of normal work, industry and trade more difficult for the Allies.*

B. This Board in its report of 4 April indicated that price, wage and distribution controls of the Italian Government in Southern Italy had not been effective with the result that prices and wages have risen sharply and that much *goods* ~~was~~ *are* moving outside of the controlled distribution channels. It is expected that this trend toward inflation in the South will continue as long as the Government pursues its present policies. *until corrective measures are implemented*

B-7 C. The situations pointed out in Paragraphs A and B indicate that there is little possibility of prices and wages in the North bearing their normal relationship to those of the South. The best indications are that *we* ~~we~~ *shall* ~~we~~ will find wages, prices and industrial costs at a level far below those of the South, but economic sabotage by the enemy may result in an entirely unpredictable situation.

II. RECOMMENDATION

up to Italy 4721
 D. The Board recommends that initially the Northern ~~region~~ *regions* should be treated as a separate economy and ~~defines~~ *define* the area to be so treated as Emilia, Liguria, Piemonte, Lombardia and Venezia

- 2 -

Regions. This report deals only with these regions and their administration by AMO. The Board will at a later date report on the problem of bringing the economies of the North and South back into their normal peacetime relationship to each other.

II. BASIC PRICE AND WAGE POLICY

- A. Price and wage relationships existing in the area will not be disturbed. Adjustments made necessary by emergency situations or by enemy acts will be allowed subject to review by competent authority.
- B. The organization and procedure whereby recommendations for adjustments will be acted upon must be planned immediately in conjunction with the administrative and technical organizations who will be charged with carrying out the policy in the regions.

III. PRICES

- A. Prices were considered for three general categories:
1. Relief goods - food, medical supplies and clothing.
 2. Non relief goods - including all industrial goods, and consumer goods not included in Category 1.
 3. Rents and services - including public utility and transport rates, as well as household rents.
- B. Supplies of relief goods imported from abroad or from Southern Italy will be subsidized at point of entry to bring the price down to the existing level in cases where the imported landed cost is higher. If landed costs are lower than existing levels,

4726

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

- 3 -

pricing will still be at existing levels. All indigenous supplies will move at the existing price levels. *exactly what*

- C. Non relief supplies if imported from abroad will be sold at landed cost plus a mark-up limited to the actual cost of distribution (but in no case a mark-up of more than 25%). Imports from Southern Italy will be priced at Northern levels and where landed costs are higher they will be subsidized at point of entry. All indigenous supplies will move at existing price levels.
- D. All prices in the 3rd category will remain at the existing levels. *as of 1/1/45*
- E. The directive of 22 June 1944 will be withdrawn with respect to the Northern regions.
- F. The maintenance of the above price policy will depend upon rigid rationing and other distribution controls and on the vigorous control of transport. It is recommended that all sales of industrial machinery and equipment should be on a condition basis with re-sale permitted only to AMG. As the first step in controlling civilian supplies, the Board recommends that AMG be designated the sole procurement agency with authority to license other individuals and agent as suitable onw are located. Bartering for supplies by AMG or licensed agents will not be allowed. Other techniques of control are known and must be developed by the specialists *4725* in the sub-commissions and developed into an operating program in conjunction with the administrative organization.

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

- 4 -

G. An organization and procedure for considering recommended adjustments in prices should be established as referred to in the above Paragraph II-E.

IV. WAGES (Insert Labor S/C Document 5 April)

V. FOR FURTHER ACTION

With approval on the policies stated above, the Board will attempt to coordinate the development of an inflation control program by the technical and administrative organizations. The importance of such coordination is stressed because it is obvious that any one element of increasing prices or costs could destroy the entire program. Close coordination is also made necessary by the dependence of one area of economic control activity upon another. For example, the control of food supplies will depend largely upon control of transportation; the control of prices themselves depend on control of supplies.

7 April 1945

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

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HEADQUARTERS ALLIED COMMISSION
ADVISORY REPRESENTATION BOARD

7 APR 1945

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6 April 1945

TO: ✓ Brig. G. E. Upjohn, COS
Brig. Graffaty-Smith, Finance S/C
Capt. J. J. Lawler, Finance S/C
W. H. Braine, Labor S/C
R. L. Kemworthy, British Embassy
R. J. Tasca, American Embassy

413
Attached is a translation of the Einaudi article in the
20 March Risorgimento Liberale which was discussed in a Board
meeting in connection with pricing policy for the North.

K. E. Stauffer
K. E. STAUFFER
Secretary

Attachment

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3588

RISCHIO DI LIBERAZIONE (20 March 1945)

As official communiques already announced the results of the negotiations carried out in the United States between the Italian Economic Mission Quattori-Mattiolli and the State Department. The conversations successfully completed the cycle of negotiations held in Rome at the same moment between the Allied Commission and the Italian Ministries concerned.

The American note covers so many subject that it is quite impossible to summarize it. Therefore, we only reproduce two of the numerous paragraphs (par. 8 and 9).

Par. 8: "As a general policy the United States Government hopes that Italy will be able to reconstruct her economy along the production lines best suited to the resources of the country and the capacities of the population. It is hoped Italy will follow a commercial policy planned to improve and promote her foreign trade activities, to facilitate payments on a multilateral basis (triangular trade) without any discrimination and through private firms. This is believed to be the best way towards the re-establishment of the Italian internal welfare and towards peaceful political and economical relations between all the nations."

Par. 9: "As regards present commercial relations between Italy and United States, the above-mentioned principles have to be modified for the moment according to war necessities and while battles are still to be fought on the Italian territory. Notwithstanding it is the desire of the U.S. Government to facilitate the exchange of goods between the two countries, this is obstructed by the great shortage of goods in both countries, by financial exchanges and transportation difficulties, and by strict limitation on the use of the ships required for military and essential civilian necessities."

The meaning of these paragraphs is clear. While the war goes on, and immediately after, as long as there will be a shortage of goods, of transportation facilities, and possibilities of payments will be scarce because of the unavoidable discrepancy between the imports and the exports, a strict Government control is indispensable. The Government has to establish what goods and what amount of them are to be imported and can be purchased within the limits of the Italian credits abroad, and the quality and quantity of Italian goods which must and can be exported without damaging the national economical situation.

It is necessary to list the goods to be imported according to their importance and to import first and only the goods which are absolutely necessary for the economical recovery of the country and for alimentary purposes. Luckily, the import of some of these essential goods has already been decided by the Allies and consist them of military necessities. These goods have been catalogued in a special category (category A) payment for these goods will be postponed until peace is signed. The listed goods and their amount have been established by the Allies, mostly by the Americans, on a basis recommendation by the Italian Government, and at present their purchase will not weigh upon Italian foreign credits. With regard to the other goods, purchased according to commercial criteria, and requiring payment, the balance can not be automatic until peacetime and it is Government's business.

There are in Italy two public organizations in charge: ICE and ISCOMI. Delimitation between these two organizations is not quite clear, however, the ICE decides upon the quantity, quality and purchase of goods.

Par. 2: "As a general policy the United States Government hopes that Italy will be able to reconstruct her economy along the production lines best suited to the resources of the country and the capacities of the population. It is hoped Italy will follow a commercial policy planned to improve and promote her Foreign Trade activities, to facilitate payments on a multilateral basis (triangular trade) without any discrimination and through private firms. This is believed to be the best way towards the re-establishment of the Italian internal welfare and towards peaceful political and economic relations between all the nations."

Par. 3: "As regards present commercial relations between Italy and United States, the above-mentioned principles have to be modified for the moment according to war necessities and while battles are still to be fought on the Italian territory. Notwithstanding it is the desire of the U.S. Government to facilitate the exchange of goods between the two countries, this is obstructed by the great shortage of goods in both countries, by financial exchanges and transportation difficulties, and by strict limitation on the use of the ships required for military and essential civilian necessities."

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There are in Italy two public organizations in charge: ICE and ISICOMIT. Delimitation between these two organizations is not quite clear, however, 472 can be said the ICE decides upon the quantity, quality and purchase of the exported goods and sees to the purchase reception and distribution of the imported goods. The ISICOMIT carries out all the financial transactions (payments, collection of cash, compensations in national and foreign currency). A certain amount of liberty can be granted to the producers and consumers and to the importers and exporters but nothing should be done without Governmental approval and ICE and ISICOMIT must have the monopoly with regard to all foreign trade and foreign currency transactions.

472

The monopoly thus created must be utilized as a means for the financial and currency recovery. For instance, the Government purchases through IOE 10,000 motor vehicles (of the type which is currently sold on the market at 1,000,000,000 lire each, the Government assigns 2,000 vehicles to public administrations and public services at cost price (1,000,000,000 lire) and sells the remaining 8,000 vehicles at the highest offered price (2,000,000,000 lire). This means a net profit of 4,000,000,000,000 lire. The same, for example, can be done with other goods, trucks, coffee and other items. It is actually the duty of the Government to do so. Selling the goods at cost prices will only make things worse. A few black market dealers will swiftly purchase the total amount of goods and sell them as they like to whom they like. This will not reduce the shortage of the goods but only enable the few people who managed somehow to buy them to make a lot of money. It is of course most desirable that the Government makes the money rather than a few speculators. This is a way of getting back a lot of currency notes, and the printing of new ones will thus be unnecessary. (An attempt for the same purpose is the issue of the new loan). The monopoly for Foreign Trade thus created by war necessities must be utilized to the fullest extent. When peace is signed, these monopolies must disappear and Foreign Trade must return to normal procedure. Custom duties, production taxes, etc. logically this is what must be understood from the American note as being their opinion on the subject. The notion of IOE and ICHIAI is NECESSARY in war time but in peace time threatens the rehabilitation of our economy. The American note clearly says that in normal times the only way for Italy to re-establish and resume sound commercial relations with other countries is to allow private commercial transactions, forget about the clearings promote triangular compensations without favors or discriminations toward any nation.

In paragraph 13 the document says that the two Government agreed to promote together a wider "world production" a "wider utilization of manpower" a wider consumption and exchange of goods" and "to eliminate all forms of preferential attitudes toward other countries, reduction of tariffs and other commercial barriers. Although all this can not be carried on during war time, it is hoped that it will be possible very soon to send American commercial representatives in Italy and to send representatives from Italy to the United States for the purpose of promoting exchanges and hand over the commercial transactions to private firms.

At present, Italy must have two main objectives: first, utilize to the utmost the public nuisance represented by the IOE and ICHIAI and draw the greatest possible profit from their activity; second, try to reduce the duration of their existence to the shortest possible period. All monopolies are dangerous, even State monopolies and must be suppressed in view of a better future.

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

HEADQUARTERS ARMED COMMISSION
ADVISORY ANTI-INFLATION BOARD

11:06/35

2 April 1945

TO : ☒ Brig. G. R. Upjohn, CGS
Brig. Graffety-Smith, Finance S/C
Cmdr. J. J. Lawler, Finance S/C
W. H. Brains, Labor S/C

1. The Chairman has suggested that each member of the Advisory Anti-Inflation Board should receive a copy of "Possible Financial Developments of the 'First Aid' Plan" which is attached hereto for your information.

2. The initial business meeting of the Board is scheduled for 17:00 hours, Tuesday, 3 April in the Chairman's office.

E. E. Stauffer
E. E. STAUFFER
Secretary

Copies to:

E. L. Mesworthy, British Embassy
H. J. Tasca, American Embassy

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TRANSLATION

5 March 1944

POSSIBLE FINANCIAL DEVELOPMENTS OF THE "FIRST AID" PLAN

The first imports relating to the "first aid" plan will only start in four or five months; only after August will they be in full progress and only from October on will they have full effect on production, prices, bank deposits and so forth.

A certain advance, in starting Italy's economic reconstruction can be obtained if only, once war is over, part of the armies' equipment can be put at the disposal of civilian needs; but as these supplies do not include any raw materials essential to the needs of the civilian population, this advance of economic revival can only be partial. In any case we shall always have to wait many months before the downward movement of the Italian economic situation is stopped and permits a return toward a more normal situation. Will the monetary situation be able to resist for many months more the increasing tension it is submitted to? or will it precipitate into a crisis which may prejudice the beginning of the process of revival foreseen for the last part of 1945?

Action is required to lessen this very serious risk:

- a. On a technical ground, by issuing provisions capable of supplying the Budget with sufficient funds to meet the needs of the Treasury for the next few months, thus avoiding the fact that Banks should be the only ones to supply these funds;
- b. On a psychological ground, by persuading people that powerful and efficient inside and outside powers are working for reconstruction.

The following provisions, in addition to those now in process relating to the budget ought to allow us to attain this aim:

- a. Issue of a loan of 50,000 million lire, to be called "Reconstruction First Loan" at the following conditions: 2 1/2% rate; three years currency; issue at par; available for the purchasing of special commodities (at prices which be established when the loan is issued), especially those commodities which the State will dispose of according to the "first aid" plan.

Justification of the conditions:

- a. Rate - low and outside market, because the interest on the loan is not covered by its yieldings but the guarantee of its real countervalue.
- b. Currency - short, because the loan is mainly destined to finance the purchasing of commodities which will soon reach Italy.
- c. Issue - at par, because it corresponds to valuables outstanding at the time of issue. 4715
- d. Limited Amount - 50,000 million, because limited quantities of commodities are being imported. 4715

The prices for future purchases should be determined by applying a 400/500 lire exchange rate per dollar; expenditures for transportation and insurance would thus be covered and a revenue could be obtained from it for the Treasury. This

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The following provisions, in addition to those now in process relating to the budget ought to allow us to attain this aim:

- a. Issue of a loan of 50,000 million lire, to be called "Reconstruction First Loan" at the following conditions: 2% rate; three years currency; issue at par; available for the purchasing of special commodities (at prices which be established when the loan is issued), especially those commodities which the State will dispose of according to the "first aid" plan.

Justification of the conditions:

- a. Rate - low and outside market, because the interest on the loan is not covered by its yieldings but the guarantee of its real countervalue.
- b. Currency - short, because the loan is mainly destined to finance the purchasing of commodities which will soon reach Italy.
- c. Issue - at par, because it corresponds to valuables outstanding at the time of issue. 4715
- d. Limited Amount - 50,000 million, because limited quantities of commodities are being imported. 4715

The prices for future purchases should be determined by applying a 400/500 lire exchange rate per dollar; expenditures for transportation and insurance would thus be covered and a revenue could be obtained from it for the Treasury. This issue would advance the monetary effects of the future throwing on the market of the materials imported: companies could now begin, on a sound basis, to increase capitals, as it is necessary to do in order to supply the funds required for our reconstruction and would also supply shares to the stock market thus reducing pressure on commodities; agriculturists, merchants, industrialists, who would never buy Treasury bonds (1), would be interested in the new bonds because they would constitute a guarantee for the value of the things they are interested in.

Naturally the possession of bonds would give no right to allotment of commodities; this would always be carried out according to reconstruction plans; besides this, the commodities can be thrown on the market in due time at prices in line higher than those in bonds, should the monetary situation get still worse. Further issues could take places later, according to the requirements of the Treasury and to new allotments of commodities to our country. An interesting repercussion of this issue would also be felt on bank deposits, the number of which would be increased, and would help banks which are now in a difficult situation owing to the fact that expenditures are 7/8 times higher than they used to be and deposits 3/4 less: The State will presumably pay the expenses due to this difficult situation by increasing the rate of Treasury Bonds.

A large part of the materials to be imported will not be passed by the State over to private economy, but will be made use of by public economy: reconstruction of railroads, harbours and roads, reactivation of the industries. of the monopolies of salt and tobacco. In the present situation no revenue would come to the State from the said loan for these commodities, unless autonomous forms of payment are carried into effect for each one of the "enti" which are to be reconstructed.

This is the time for industrializing these managements and for making them face precise patrimonial and balance responsibilities, by making recourse to the proper forms of organization.

The process of socialization in certain economic activities is not in contrast with the appeal to forms of organization and financing that are typical of private economy, only because the State has not thought it necessary to make use of it in large measure.

In other terms, it is necessary for the various economic activities of the State to finance themselves on the market without commotion appealing to the State Treasury who with its Treasury Bonds would be asked to finance the purchase of an electric turbine for a railway electric station, or machines for making cigarettes. There would then be the advantage of collecting the funds that would not be employed in Treasury Bonds for activities that are of interest to the State and there would be the further advantage of economic forces of the country being used in the Industrial Administrations of the State side by side with its official. For the railways, it must be remembered that reconstruction must for the greater part, absolutely be made within the next two years as otherwise the economic activity of the Country would be condemned for too long a time to that depression, which is inseparable from the inefficiency of the transport system.

The railways must therefore consider the problem of finding within these two years a large amount which will probably come to more than 300,000 millions at the actual prices.

The tremendous undertaking of finding and investing 300,000 millions cannot be left to the sole forces of bureaucracy with the usual obstacles of parliamentary and administrative controls: a railway reorganization that is independent of the financial problem is therefore necessary. As to the financial problem it is easy to foresee that an amount such as 300,000 millions cannot be collected with the simple issue of bonds at a fixed interest. A form of organization of the following type must therefore be studied: - a structure of the same company with a capital divided into two categories of shares:

- a. Privileged in their vote and with shares that are permanently registered in the name of the State in sufficient measure to maintain the control of the administration;

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- a. Privileged in their vote and with shares that are permanently registered in the name of the State in sufficient measure to maintain the control of the administration;
- b. Privileged in the dividend and to be placed on sale to the public not excluding foreign groups.

Issue of bonds with a variable interest that is bound to the interest of the shares.

Participation to the Board of Directors to the Auditors, not only of the representatives of the subscribers to shares but also of the various economic categories. As to the possibilities offered by the form of shareholding it must be noted that Switzerland has showed a great deal of interest in the reconstruction

of the most important sector of our railways, assuming a corresponding participation of capital. The electric plants of the railways should be contributed by a separate company with autonomous administration and functioning of which the railways would have the command and should finance themselves on the market.

The same sort of solutions can be studied for the "enti" of the ports. (Switzerland is interested on the port of Genoa) and for the salt and tobacco concerns. All these operations should be launched within a few weeks as soon as the modalities for their execution in the plan of first aid have been agreed on in Washington.

Besides offering a means of discharging the enormous monetary availabilities that at the present moment press on the market, it would give to all Italians the sensation that reconstruction had started in earnest; that the help of friendly countries will not be wanting in all this and help will not only be given by the supply of material but as a proof of confidence in our economy and in the Government upholding it, it will be given also under the form of a direct participation to the reconstruction of the fundamental services of our economy.

At the same time it would be the confirmation that the indispensable help of foreign capital for our reconstruction is not in contrast with the form of public or private administration which we have the intention of giving to determined sectors of our production.

Note 1: The determination of the selling prices of commodities that are being imported could be easily made by the application of a fixed rate of exchange with reference to American prices.

In the actual state of chaos of the market, in Italy there is no relation between costs and prices; the proportion between the various prices has no significance and frequently determines wrong orientations in the new productions. In adopting the proportion of the prices in use in America, a basis would be found for the calculations of convenience of our producers who would be thus oriented towards the ratio existing on the international markets which are not altered by protectionism; there would also be the advantage of taking away the determination of the prices of imported materials from the power of officials.

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

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7 April 1945.

SUBJECT: Report of Advisory Anti-inflation Board.

TO : Mr. A. G. Antolini, Acting Vice President,
Economic Section.

1. The draft letter of 4 April to the Prime Minister forwarding interim report of the Advisory Anti-inflation Board has not been and will not be signed. Instead, I conferred with the Prime Minister yesterday setting forth our concern over the inflationary trend of wages, specifically as to its effect on the employment of civilians by Allied Armed Forces. I stated that the question of wage control was but one of the factors involved in the general inflationary trend; that for the purpose of giving advice and assistance to the Italian Government pursuant to the new directive under which the Commission operates, I had established an Advisory Anti-inflation Board which had submitted to me an interim report; that I should be glad to make this interim report available to the Prime Minister in the form of an Aide-Memoire for his consideration if he so desired. The Prime Minister stated that he would be glad to receive the Aide-Memoire and welcomed our continued assistance.

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Copy to: Brig. G. R. Upjohn, CA Sec ✓
Brig. Graffety-Smith, Finance S/C
Comdr. J. J. Lawler, Finance S/C
W. H. Braine, Labor S/C
Lt. Comdr. Tasca, Treasury Attache,
American Embassy
Mr. Nosworthy, Commercial Attache,
British Embassy
U.S. Political Advisor
British Political Advisor

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

785016

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-7 APR 1945

April 1945

SUBJECT: Terms of Reference for Advisory Anti-Inflation Board

TO : Mr. A. G. Antolini, Chairman

1. Since the issue of the Anti-Inflation Committee report, there have been many changes in the economic conditions in Italy. It is now necessary to consider anew what measures should be adopted both by the Italian Government and this Headquarters to check the continued tendency towards inflation.

2. It has been decided therefore to form an "Advisory Anti-Inflation Board" composed as follows:

Chairman: - Vice President, Economic Section

Members: - Vice President, Civil Affairs Section
Joint Directors, Finance Sub-Commission
Director, Labor Sub-Commission

Advisors to be
co-opted as

required: Treasury Attache, American Embassy
Treasury Attache, British Embassy
A representative from the Italian Government.

Secretary: To be appointed by the Chairman.

3. Terms of reference:

a. Report to the Chief Commissioner measures and policies which should be recommended to the Italian Government for immediate action to check and control the existing tendencies towards inflation. In particular, this report will deal with the bearing of the Board's recommendations on production and procurement for the military.

b. Apart from preparation of the report mentioned above in paragraph (a), the Board will:

- (1) Consider what advice should be given to the Italian Government with respect to future measures for the control of wages and prices in Italian Government territory (with particular attention given to the bearing of such advice on problems of military production and procurement).

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

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- (2) Consider and recommend policies appropriate for Military Government territory and for territory which later will be liberated.
- (3) Consider questions involving or having a bearing on inflation which may be submitted to it from time to time.

4. The Board will meet at such times and places as the Chairman may direct.

W. Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Copies to:

✓ Brig. G. B. Upjohn, GCS
Brig. Graffaty-Smith, Finance S/C
Cdr. J. J. Lawler, Finance S/C
W. H. Brains, Labor S/O

Approved

A. G. Antolini
Acting Vice President
Economic Section

YES 2 Apr. '45

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