

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

785017

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10000/109/230
(VOL. II)

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ADVISORY COUNCIL
SEPT. 1945 - JAN. 1946

Declassified E.O. 12356 Section 3.3/NND No. 785017

File closed -

see Volume 3.

Declassified E.O. 12356 Section 3.3/NND No. 785017

File closed -

see Volume 3.

183.

CSO.

Letter at 184 submitted in answer to 168 - 170 and 172 refer. Polada
A and B concur in 184. File was kept at the American Embassy until 9 January
hence delay.

RS. 11/1.

184.

CSO.

Hope this is OK.

FIDMCOI. 14/1.

RS. 11/1.

189.

Chief Commissioner.

Attached is submitted for your signature.
already been signed by me.

Covering letter below has

FIDMCOI. 18/1.

199.

Ex Comm.

191-198 for info. H.L. 42

M/7/2

172

C30:

With reference to Minute 159, I feel I should say, for the record, that what Mr. Kirk and I agreed "wholeheartedly" with was the abolition of the Advisory Council for Italy rather than follo 168, which we saw for the first time only today.

While it should be made clear to AFHQ that the Advisory Council for Italy was not created by the armistice terms and that it is not subject to the disposition of SAC or CCS, I would not like to see AFHQ discouraged in any recommendations which it might wish to make to the Combined Chiefs of Staff for consideration by the Governments with respect to the desirability of liquidating ACI. SAC might remind CCS that, under the terms of reference of ACI (Moscow 1943), he should turn over direction of AC to ACI when it is possible "to bring direct military control of the Italian administration to an end". Since that phase is obviously upon us, SAC could point out the disastrous consequences of such a course and suggest that the best means of avoiding it would be for the Governments to agree to abolish ACI.

I agree that only decision at a Governmental level can terminate ACI but recommendations from the British or American Embassies or from AFHQ to this effect when it is felt the time of its usefulness has been fulfilled, would seem to be in order. We have reason to believe that the views, at least of the State Department, may have changed since last summer (see views of Polad (B) at Minute 170).

January 4, 1946

Walter Jones
Political Adviser (American)

Copy to Polad (B)

173

Min S. - This file reader was today. Why the delay?
 Minute 168 is lighty min.

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January 4, 1946

J. H. Kelly
Political adviser (American)

Copy to Polad (B)

173

Min S. — This file reaches me today. Why the delay?

Pl. now submit draft reply to 168 in light of min.

170 to 172.

Polad V. Polad 181.

1-11-46 9/1

1-11-46 9/1
I am... is draft at 181 OK? Would be grateful if you could pass this file quickly as AFHQ has been chewing C-40. 10/1

097

2. The letter of 10/10/68, I agree, can often reflect the limitations of the position. The Advisory Council has been asked to do with the Ambassadors - its basis of validity is the degree of interest of the 197. The provision on which the letter is based is therefore being and the argument is that the letter is in the wrong. There is nothing in the letter which would suggest that the Advisory Council should not continue in being after the completion of work with the 197.

Sharon

171

Lab (4)

would be grateful if you could discuss minute 170 with Lab (8) if you view coincide with his we can then inform 4442, but at the moment it's a bit difficult in view of min. 169.

St 3/1

1370 (10/10/68)
10000 575 10000
10000 575 10000
10000 575 10000
10000 575 10000

091

(OVER)

135

Gen. Com. P. 128-135 for info.

WV/27/1x

~~Final~~
2/10.

vs. 100

140.

Def. Com.

P. 136-139 for info.

143

Gen. Com.
2/10

P. 140-144 for info.

2/10

24/10

pt. 1/10/10

~~Final~~
10/10

148.

Gen. Com. attended the meeting on 6.6.10 behalf

WV/27/1x

2/10

161

Gen. Com.

P. 136-139 for info.

Ex Comm.

147

Trans. 10th

Pt. 1st/1st

P. 140-144 for info.

205 24th

148

Ex. Com. attended the meeting on C. G.'s behalf.

16/12

17/12

16

Ex. Com. C. 155-160 for info.

Why when the records omitted?

16/12

169

Ex. Com. (A) agrees wholeheartedly with 167, so does P. 1. V. K. cannot go hold of total 167 12/12.

167

PA/Ex Com

Has Ex Com seen 112?

True
2/19

CSO

(114)

Thank you. Freeman Call D-11

Sees these in fact (W.O. Hendry man)

I should like to see CD Ciffe document

Don't
submit it in
an attempt

antilections.

True (SD)

115

Min Sampson

114 pl see that Capt. Duff

get a copy

True 1/10

CSO

Done

True

116 1/10

126

175 / 507

115

Min Sampson

114 pt. sec. that Sept. Drafts

give a copy

116 / 110

117

118

Done

119 / 10

120

Ex. Com.

P 125 - 118 for info

121 / 12/10

An excellent report by Mr. Halford. Let PRO

visit for Bulletin

122 / 13/12

123

124

Noted with Mr. [unclear] 12/10

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

CC 803

FEB 6 1946

WEEKLY POLITICAL REPORT BY REAR ADMIRAL ELLERY W. STONE
for circulation to the
ADVISORY COUNCIL FOR ITALY
(Period of Jan 18th to 31 Jan 1946)

During the past two weeks there have been few major developments in either the domestic or foreign field. Perhaps the most important domestic topic at present is the matter of administrative and national elections, both of which have been discussed at great length in the Council of Ministers and by the Committee of the Consulta charged with reporting to the Plenary Session on electoral legislation. On the Constituent not much progress has been reported, although the Consulta Committee recommended on January 25 that the Constituent Assembly should consist of one deputy for every 75,000 inhabitants, or a total of 577. More definite progress was reported in the field of local elections and it has been announced definitely that voting for communal councils will take place as far as possible on Sundays March 10, 17, 24 and 31. In this connection, on January 26 a list of 319 communes where elections will be held on March 10 was released, while on January 30 a list of approximately 80 more communes where elections will be held on March 10 was released, in conjunction with a list of about 500 communes where councils will be selected on March 17. Although these two lists in the aggregate comprise only slightly over 10 percent of the total communes in Italy, it is thought that during the next few weeks electoral roles, complete in only 24.2 percent of the communes at the last report, will increase considerably in view of the fact that

by the Committee of the Council of Ministers and on electoral legislation. On the Committee not much progress has been reported, although the Committee recommended on January 25 that the Constituent Assembly should consist of one deputy for every 75,000 inhabitants, or a total of 577. More definite progress was reported in the field of local elections and it has been announced definitely that voting for communal councils will take place as far as possible on Sundays March 10, 17, 24 and 31. In this connection, on January 26 a list of 219 communes where elections will be held on March 10 was released, while on January 30 a list of approximately 80 more communes where elections will be held on March 10 was released, in conjunction with a list of about 500 communes where councils will be selected on March 17. Although these two lists in the aggregate comprise only slightly over 10 percent of the total communes in Italy, it is thought that during the next few weeks elected roles, complete in only 24.2 percent of the communes at the last report, will increase considerably in view of the fact that the Council of Ministers has now approved action eliminating the requirement that postal records be centrally checked for all voters, a somewhat tedious process.

In connection with the administrative elections, Minister of the Interior Reale despatched a telegram on January 19 to all Prefects stating that the Italian Government has the firm intention of holding communal elections in March and that every step should be taken to ensure the holding of these elections without incident and with all possible guarantees to ensure

- 1 -
See to 199
094

24
17
19
(Cao) 24
19

197:
freedom of voting. This telegram instructs the Prefects to summon the representatives of all political parties participating in the elections and to ask each of them personally to give a guarantee not to interfere with free and orderly electoral procedure. In his telegram, the Minister of the Interior stated that he was personally responsible to the heads of all political parties for any violation of these instructions and he therefore asked the Prefects for their fullest cooperation.

The electoral law, details of which were finally released on January 13, provide, as had previously been reported, that the majority system shall be used in all communes exclusive of provincial capitals with less than 30,000 population, while the proportional representation system shall be used in all other communes.

Incidentally one type of election has already begun in Italy, and L'Unita, on January 22, reports results of elections held in the Province of Modena among various labor unions there belonging to the local Camera di Lavoro. These figures indicate that Communist representatives obtained clear majorities in five of seven unions voting. The Milan edition of L'Unita later carried preliminary figures on voting in labor unions there, which also indicated clear Communist majority.

Among other matters of internal interest, the subject of operation has continued to occupy the attention of the Council of Ministers, which now, under decree law 716 of November 9, 1945 (the Nenni law), has the responsibility for examining the cases of state employees in the upper file of administrative categories, and on January 19 it was announced that of some

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During the earlier part of the period on which I am reporting, the Consulta was in session. Among the principal speeches given, in addition to De Gasperi's summary at the close of the meeting on January 21, Ritti, Parri,

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Ruini, and others spoke. Nitti's address was principally devoted to Foreign Affairs and especially to the thesis that Italy must remain outside of either of the two blocks now existing in Europe, while maintaining cordial relations with both groups. He also emphasized need for close friendship with France, based on complementary needs. Parri, also speaking on foreign affairs, likewise took the line that Italy should not join any European grouping of nations but should assist, if possible, in promoting better understanding among the large powers, being careful to avoid any anti-Soviet bias while at the same time naming the leadership of the minor powers in promoting European reconstruction.

De Gasperi on January 21 gave a major address concluding the Consultative debate on foreign affairs and making the following important points:

Italy's position vis-a-vis the Soviet Union. In this connection the President of the Council expressed his regrets that Italians had not yet had an opportunity to demonstrate to the Soviet Union the effectiveness of their new democracy and that "Russians unfortunately have known Italians only as enemies". In discussing the Soviet position on Italo-Yugoslav relations in Venezia Giulia, De Gasperi stated "I believe Russia considers she has an international mission: that of protecting states which have special ties of blood and special geographical relationships with her; and I believe that this is the reason for her attitude towards us. I still hope that much can be obtained through the conspicuous strength of Italy's workers and through the consolidation of our national unity."

Italo-Spanish relations. De Gasperi expressed satisfaction that

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Italo-Spanish relations. De Gasperi expressed satisfaction that Italy had been repaid 5 billion lire owed by Spain. "However", he continued, referring to demand of Communist Secretary of CGIL that Italy sever relations with Franco Spain, "the general policy of the Government has no connection with the commercial agreement", and Italian policy towards Spain is tied in with that of the United States, Great Britain, and France. He concluded on this subject as follows: "Many have asked me to carry out a more aggressive policy insofar as Spain is concerned; but we should not forget that an aggressive policy is not permitted by the armistice

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situation in which we find ourselves."

At this point De Gasperi read a letter he had sent to the Secretary of State, dated August 22, 1945, shortly before proceeding to London during the Council of Foreign Ministers. He stressed following points made then and still considered valid:

1. Yugoslavia had a right to the frontiers freely agreed upon at Rapallo in 1920 and it is believed the Wilson Line of 1919 can be taken as a basis for a discussion of this boundary.
2. The Wilson Line represents a loss of 80,000 Italians but it would also represent an accession of 100,000 Slavs to Yugoslavia. Special autonomy should be granted to the cities of Fiume and Zara.
3. Italy will cooperate in ensuring free access by neighboring states to the port of Trieste, which has special importance for these nations.
4. Italy wishes to cooperate with Yugoslavia in the Adriatic and accordingly will agree to the demilitarization of the naval base of Pola provided the same action is taken at Cattaro and all Albanian independence is guaranteed.

De Gasperi, terminating the letter, assured Consalta that while the above letter indicated the "painful renunciation" of Fiume, this in no way prejudiced the "ancient right" of that city to self-government as most fully expressed in the Treaty of Rapallo.

Passing to the Alto Adige question, he pointed out that while fascism had imposed itself on the inhabitants and German schools had been abolished, Italy had constructed great electrical plants there

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Passing to the Alto Adige question, he pointed out that while fascism had imposed itself on the inhabitants and German schools had been abolished, Italy had constructed great electrical plants there which were necessary for the industrial development of the Po Valley. He stated that the Government was prepared "to give local autonomy to that region as to Val d'Aosta. The Italian Government has issued laws for the inhabitants of the Brenner regarding language, schools and citizenship..... Brenner save the Brenner is necessary for security reasons; but when has Italy ever utilized the Brenner to attack? The Brenner was crossed only to invade Italy."

On relations with France, De Gasperi asserted:

1944

"To avoid suspicions by that power, we concluded last February, at great sacrifice to us, an accord by which we renounced all aspirations over Tunisia, to whose well-being our citizens had contributed. Then the French Government assured us it would have no further request to advance. Today, on the other hand, they ask for a rectification of our eastern frontier! Nevertheless we do not intend to assume an intransigent position and will do everything possible to assure ever closer relations with France."

On other subjects, the speaker said Italy recognized Greek rights to the Dodecanese but asked guarantees for Italian residents of Rhodes; and Italy hoped she would receive administrative responsibility for her colonies which might remain "zone of work for Italians". On reparations, De Gasperi again said it was unthinkable that Italian industrial equipment should be removed for reparations since this would be expropriation.

Turning to Italy's prospects for a satisfactory peace treaty, the Foreign Minister said: "To tell you the truth about the state of mind on the eve of the new treaty, I should say that my trepidation is great. The British Empire cannot forget that the Italians threatened at one time to cut the road to India and its peril was great. We have against us a propaganda conducted with great ability; photographs of exceptional seriousness regarding our activity in Yugoslavia have been circulated. What can we do? I, however, refuse to despair. It is necessary also to have faith in a better world. I believe in the international life inspi-

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Comment on this speech was generally favorable although the press generally commented on the rather pessimistic attitude which the President of the Council assumed, but most papers characterized his speech as an objective presentation of Italy's position.

On the same general subject, considerable interest was aroused by De Gasperi's message to the meeting of the United Nations Organization in London on January 16, inquiring as to the possibility, in view of Italy's 20 months of co-belligerence and her return to democratic institutions, of her admission to the United Nations Organization. There was considerable discussion

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as to whether this constituted a formal request for admission to UNO and much interest was aroused by the action which was taken at London with reference to this request which was in accord with the suggestion of the Soviet Delegate that cognizance should be taken of this message through the official journals of UNO but that it should not be submitted to the Security Council since it did not constitute a formal request for admission.

There has been great speculation regarding the Italian peace treaty, which of course remains of prime interest to all shades of public opinion in Italy. However, since almost no progress has been reported during this period, I will only summarize briefly the many reports, speculations and rumors which have taken place.

- 1) There have been frequent reports as to the date when the peace treaty might be concluded, with April 1 and April 30 being principally circulated in the press, although there has been no confirmation of any of these dates.
- 2) The press has reported frequently that principle of precedence of Italian peace treaty over treaties of former satellite nations has been established, but no confirmation has been given to these stories.
- 3) Dismissing the status of Italian armed forces under the peace treaty, it is reported that a limit of 200,000 may be placed on the Italian army.
- 4) With specific reference to the Venezia Giulia question, the principal matter of interest has been the visit of the Commission of Inquiry from London which is being dispatched by the Council of Foreign Ministers to study the ethnic question in that area in accordance with

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- 3) Discussing the status of Italian armed forces under the peace treaty, it is reported that a limit of 200,000 may be placed on the Italian army.
- 4) With specific reference to the Venetian Giulia question, the principal matter of interest has been the visit of the Commission of Inquiry from London which is being despatched by the Council of Foreign Ministers to study the ethnic question in that area in accordance with the London declaration of last autumn. Although various rumors were reported to the effect that the Commission would arrive on February 1, as yet there is no word that any of the members of the Commission have arrived on the scene in Venetian Giulia.
- 5) On the subject of the Alto Adige, public interest seems rather to have increased and reports emanating from Vienna that the Austrian Government will now propose internationalization of the South Tyrol have been strenuously attacked here.

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On the purely domestic political level, it has been announced that the Action Party will hold its national congress in Rome February 4 to 8, that the Republican Party will do likewise between February 8 and 10, and finally that the Fronte dell'Uomo Qualunque will hold its first national meeting in Rome on February 14. The Liberal Party closed its national committee meeting in Rome on January 19, reaffirming the necessity of the obligatory voting, asserting the desirability of deciding the institutional question by referendum and by allowing the people to determine the powers and duration of the Costituente Assembly.

The trip to London of Nenni and Silone received considerable comment locally and Nenni's talks in London and Paris were eagerly followed, and Nenni's interview in Milan on his return has been widely commented upon. At this time the Socialist Secretary General remarked that it was clearly understood in Great Britain that in Italy there existed no danger of armed uprisings from the left but that considerable concern existed over neo-fascist activities and the possibility of violence from the right.

Among other speeches during this period, the President of the Council spoke in Naples on January 23, stressing again that Italy has expiated for her sins and should now be permitted to undertake national reconstruction without the bonds of the armistice. Commenting on Italy's present situation, De Gasperi stated "when it is a matter of negotiating, which requires that we give on our part in order to receive from others, we have no cards in our hands. We have, however, moral right which derives from

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Minister of Interior Romita gave a press statement on January 30, in which he discussed local government situation and asserted that political Prefects and Chiefs of Police would have to be gradually substituted and in which he stressed the importance which government places on problem of public safety.

In this connection, the principal threat to internal security recently has continued to come from Sicily and the press has reported fully on all depredations there against the forces of public safety, especially carabinieri. As an offshoot of this situation, there developed a left wing campaign for the removal of High Commissioner Adisio (Christian Democrat) and the various

papers reported on January 19 and 20 that he had resigned. However, subsequently a letter from the President of the Council confirming Aldis in his post, was released.

The Torre Annunziata explosion has given rise to considerable bitterness and has provided an occasion for certain sections of the press to publish anti-Allied articles and various groups of public opinion have blamed the Allies for permitting explosives to be unloaded in such a congested area and stated that the AFHQ communiqué in this respect is generally considered unsatisfactory. However, subsequent announcements, despite rumors that additional trainloads of ammunition have been brought to Torre Annunziata, have assured the population that both the Allies and the Italian Government, which has more than once asked that this practice be discontinued, are studying the question carefully and it is hoped action can be taken to prevent the possibility of a recurrence of such a disaster.

Finally all press carried on January 20 the report that on the previous day agreement between UNRRA and the Italian Government covering the Italian supply program until March 31, 1947, had been signed. The President of the Council is quoted as saying: "We say to you that gratitude is a rare commodity in the world, but in Italy you will find this quality."

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 Yugoslav Representative, ACI
 Greek Representative, ACI
 Political Advisor (A), ACI

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 397.

CC 803

14 JAN 1946

POLITICAL REVIEW BY REAR ADMIRAL ELLERY W. STONE

for presentation at the

42nd MEETING OF THE ADVISORY COUNCIL FOR ITALY, 18 JAN 1946

Gentlemen:

The Council of Ministers has been chiefly occupied during the past fortnight with attempts at a solution of the difficult situation arising out of the unwillingness of the State employees to accept the Christmas bonus which had been agreed at the meeting on December 20th last. As I mentioned in the report which was circulated to you last week, this measure received a bad press and the employees themselves began to talk of going on strike in protest against it. The Council met on January 9th and decided to set up a committee consisting of the Ministers Gronchi, Barbaroschi, Molo and Corbino which was to get into touch with representatives of the Italian Confederation General of Labour and representatives of the State employees. In the afternoon of the same day, Signori de Gasperi, Rumai, Corbino and Molo met Signori di Vittorio Lissadri and Giannitelli, the ^{II} representatives in the Consultative Assembly, for an exchange of ideas. It seemed that the Government were prepared, in order to meet the vital needs of State employees, to grant a distribution of goods and foodstuffs which would involve an advance payment of 24 milliards of lire, representing expenditure which would not be unduly heavy since it would be made during 1946. On the following day, the Council of Ministers met again and confirmed the impossibility of burdening the State Budget with fresh

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1940

and then agreed at the meeting on December 29th last. As I mentioned in the report which was circulated to you last week, this measure received a bad press and the employees themselves began to talk of going on strike in protest against it. The Council met on January 9th and decided to set up a committee consisting of the Ministers Gronchi, Barbaroschi, Dele and Corbino which was to get into touch with representatives of the Italian Confederation General of Labour and representatives of the State employees. In the afternoon of the same day, Signori de Gasperi, Norri, Corbino and Dele met Signori di Vittorio Lissadri and Giannitelli, the ^{II} representatives in the Consultative Assembly, for an exchange of ideas. It seemed that the Government were prepared, in order to meet the vital needs of State employees, to grant a distribution of goods and foodstuffs which would involve an advance payment of 2½ milliards of lire, representing expenditure which would not be unduly heavy since it would be made during 1946. On the following day, the Council of Ministers met again and confirmed the impossibility of burdening the State Budget with fresh charges but agreed to supplement the provision already made for State employees thus putting an end - at least so it is hoped - to the state of unrest among them. According to the communiqué issued after the meeting, the Government have decided to allocate 500,000,000 lire as a contribution by the State, 2 milliards of lire to be advanced for the purpose of loans to be repaid by instalments and 2½ milliards as a guaranteed fund for the creation of an organisation for the purchase and distribution of clothes, footwear and so far as possible, foodstuffs to State employees. The Government also reaffirmed in this communiqué their intention to embark on a severe fiscal policy which would

(All of it)
 by *Lucia*
 886
 11/12/46

hit the larger incomes and the big estates, thus making sure of the revenue indispensable to the State.

The Government have also been examining the problem of the exchange of currency notes but have been able to make little progress so far. The Minister of the Treasury seems to be of the opinion that such an exchange would be inopportune at this present time, since the experience of other countries has shown that it is almost useless for checking the growth of inflation.

At the same meeting the Council appointed Lawyer Storo Troilo as Prefect of Milan and Doctor Silvio Innocenti as Prefect of Bologna. Signor Storoni was appointed Under-Secretary of State in the new Ministry of Foreign Trade and Signor Vagnello Under-Secretary in the Ministry of Industry and Trade.

The Council also studied the draft legislative decree, which will be submitted to the Consultative Assembly for its views, regarding the functions and internal organization of the new Ministry of Foreign Trade.

Meeting on January 11th, the Council of Ministers listened to the report of the Minister of the Interior on the incidents which have recently disturbed public order in Sicily and at Florence and Naples. As regards Sicily, the Minister stated that, acting on a report that a group of about 150 men consisting of Separatists and common criminals had formed a camp at San Mauro in the neighbourhood of Caltagirone, the police proceeded against them with the result that some were captured and the rest took to flight. The subsequent incidents in Sicily, namely, attacks on carabinieri barracks, were carried out by the same type of individuals. The Minister reported that he had ordered the

in collaboration with

of Milan and Doctor Silvio Innocenti as Prefect of Bolzano. Signor Storoni was appointed Under-Secretary of State in the new Ministry of Foreign Trade and Signor Vassallo Under-Secretary in the Ministry of Industry and Trade.

The Council also studied the draft legislative decrees, which will be submitted to the Consultative Assembly for its views, regarding the functions and internal organization of the new Ministry of Foreign Trade.

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gatherings was of a purely preventative nature. The Council of Ministers fully approved the measures taken by the Minister.

The Council also agreed at the same meeting to postpone the exchange of currency notes since the gravest difficulties had been met during the study of the problem. The Government reaffirmed their policy of resolutely defending the lire and of carrying out a severe taxation policy against large incomes and big estates.

The other main activity of the Government during the period under review was the convention on January 9th of the plenary session of the Consultative Assembly. The Assembly elected the Socialist, Signor Pietro Mancini, as Vice-President. Gaetano Sforza, in the chair, announced that a special committee had been named to study the plans for the political elections law.

One of the members predicted that the law would be the apple of discord and added "if we are still alive and safe when this law is approved, then it will be possible to say that Italy is again a democratic country." The administrative elections law is also to be reviewed and will bring up the difficult question of the compulsory vote. As regards this latter problem, it is known that the left-wing parties are against compulsory voting while the right-wing parties are in favour of it. The Assembly will also have to handle the delicate question of defining the powers of the Constituent Assembly. The right of the Assembly to convene itself was also proposed and debated at the first meeting but discussion was temporarily shelved since Signor de Gasperi was not present to express the Government's view. At subsequent meetings however the proposal was voted down by 214 votes to 89. The action party leaders who had offered the proposal had

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Since this incident, the Assembly's time has been taken up by discussions on foreign affairs. On January 12th, Signor de Gasperi gave an account of the present political situation. He began by reporting that ⁸⁸³soon as the Moscow

communiqué had become known on 27th December, he had sought interviews with the three Ambassadors of the victorious powers, to whom he had pointed out that Italy, owing to her unique state of cobelligerency, had a right to come before other nations in the drafting of peace treaties. He added that this did not mean that the Balkan countries should not be treated fairly - on the contrary a fair treatment of these States would mean much in the maintenance of peace in Europe. In his speech to the Assembly, he went on to claim that Italy should be allowed to express beforehand her point of view and to discuss the suggestions of other Powers before being faced by a fait accompli. He reported that at the beginning of January the United States Ambassador had been authorized by his Government to inform the Italian Government that the Moscow Agreement did not change Italy's situation as it had been defined at the Potsdam Conference and that Italy would not be placed in the position of having to accept a fait accompli. The President of the Council then read a telegram he had just received from President Truman in which the latter expressed his hope that Italy might be granted a peace which would satisfy "our common needs and desires"; the telegram went on to say that Signor de Gasperi could count on the goodwill and on the friendly collaboration of the United States. Signor de Gasperi next said that the British Government had also expressed the hope that Italy's point of view might be heard before a definite peace treaty was drafted and that it was not true that Italy's position was worse now than it had been after Potsdam. Signor de Gasperi next recited the figures showing the Italian contribution to the war of liberation. He then went on to read documents proving Italy's contribution to the liberation of Yugoslavia and expressed regret that the Yugoslavs would not recognize that

been authorized by his Government to inform the Italian Government that the Moscow agreement did not change Italy's situation as it had been defined at the Potsdam Conference and that Italy would not be placed in the position of having to accept a fait accompli. The President of the Council then read a telegram he had just received from President Truman in which the latter expressed his hope that Italy might be granted a peace which would satisfy "our common needs and desires"; the telegram went on to say that Signor de Gasperi could count on the goodwill and on the friendly collaboration of the United States. Signor de Gasperi next said that the British Government had also expressed the hope that Italy's point of view might be heard before a definite peace treaty was drafted and that it was not true that Italy's position was worse now than it had been after Potsdam. Signor de Gasperi next recited the figures showing the Italian contribution to the war of liberation. He then went on to read documents proving Italy's contribution to the liberation of Yugoslavia and expressed regret that the Yugoslavs would not recognize that democratic Italy had helped them to achieve that liberation. The President of the Council affirmed that Italy was in favour of the new organization of nations now assembled in London and of European collaboration. He emphasized that collaboration should be based upon a constructive policy. He recalled that in 1914 it was the popular feeling of Italians and not the frontier line which helped to save France. It was in this spirit that Italians were preparing themselves for the new tasks of peace. Those at home who ignored the reality of the "first" war lost by dictatorship and were not prepared to re-

cognize the wrong done to nations cowardly and rashly attacked would commit a serious mistake. Signor de Gasperi said that he was thinking particularly of France and the Balkan States and especially of Greece which had always been one of Italy's friends and who it was hoped would be one again. But a very serious error would be committed by those abroad who forgot that the Italian people had atoned for the crimes of their rulers and had waged a "good war" to rehabilitate themselves. Today, Italy offered a sure guarantee for maturity for a democratic regime founded on the four freedoms and international cooperation.

The ex-President of the Council, Signor Bonomi, also spoke on foreign affairs on January 14th. After calling on the Allied powers to fulfill their promises towards Italy, Signor Bonomi demanded that the Government should oppose any attempt at the payment of reparations from the property of Italian subjects abroad. As regards frontier problems, he asserted that no serious difference should divide France and Italy. As regards the northern frontier, Signor Bonomi emphasized that it was clearly marked by the chain of mountains and that this coincided with the political frontier. In drawing up the peace treaty with Italy, the Allied nations would have to bear in mind that in the mixture of races prevailing in that area the Italians were best qualified to govern the area since they were scrupulously considerate of the rights of both nationalities and proposed to establish a system of local government on that basis. Turning to the eastern frontier, Signor Bonomi observed that it would have been logical on the part of the Allies to have occupied the whole of Viceroy Giulio which was politically Italian without being forestalled by the Yugoslav forces. The Italian

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The veteran statesman Signor Nitoli delivered an address on January 15th which was well received. He claimed that the foreign policy of Italy was based on realities. Every day Italians were confronted with new unpleasant

survives much as France claims for reparations amounting to 31 millions of lire. France has succeeded in making money everywhere and Italians today were being called upon to face the consequences. Signor Mussolini declared that today in Europe there were two great blocs opposing each other. Italy could not afford to be opposed either to the one or to the other - she must work with both. Italy should strive to reach agreement with France in the interest of both countries. The Laval-Mussolini agreement which preceded the Ethiopian War showed that the responsibility was not all on the side of Italy. Moreover, if Italy had need of France it was not less true that France had need of Italy. He hoped that France with her shortage of manpower would agree to accept a few millions of Italian workers in the same way as immigration was permitted in the American countries. Signor Mussolini wound up his address by making some remarks on the needs of Italian production. He asserted that the State could no longer obtain credit from other countries and would have to rely on the private economy. There were still resources to be tapped. Foreign interests must be induced to place capital in the country.

In the field of foreign affairs it has been announced that in January 1938 the President of the Council and the Spanish Ambassador in Rome signed the protocols of the commercial agreement between Italy and Spain which had been initialed in Madrid. Under this agreement which is valid until December 31st 1945, Spain will supply goods to the value of 250,000,000 pesetas and Italy will export to Spain goods to the value of 50,000,000 pesetas, the difference being made up by installment repayments of the Italian loan to Spain. The left-wing papers have made some play with this agreement with Franco-Spain and claim that the Spanish Ambassador tried to convey the impression that General Franco was making extraordinary concessions to Italy.

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In the field of foreign affairs it has been announced that on January 10th the President of the Council and the Spanish Ambassador in Rome signed the protocols of the commercial agreement between Italy and Spain which had been initialled in Madrid. Under this agreement which is valid until December 1946, Spain will supply goods to the value of 200,000,000 pesetas and Italy will export to Spain goods to the value of 50,000,000 pesetas, the difference being made up by installment payments of the Italian loan to Spain. The left-wing papers have endeavored to play with this agreement with Franco-Spain and claim that the Spanish Ambassador tried to convey the impression that General Franco was making extraordinary concessions to Italy.

It has also been announced that Senator Perotti has been appointed as the new French Ambassador to Italy and the French Representative on the Council.

The Communist Party National Congress concluded its labors on January 6th. Signor Longo's proposals for the party's fusion with the Socialists which I mentioned briefly in the last fortnightly report were approved on January 5th by the Assembly with only one dissentient voice. This vote was, however, preceded by a lively debate in which some representatives expressed the view that fusion would undermine the ideological solidarity and political

discipline of the Communist party and that it might mislead many Communist leave the party, while precipitating a crisis in the Socialist party. The final resolution approved by the Congress broadly reproduced the points made by Signor Togliatti in his inaugural speech to which I referred in my last report. The reaction of the Socialist party to the Communist party discussions on the question of fusion have been summed up in a statement made by Signor Nenni to the central committee of the Socialist party on January 7th. Signor Nenni agreed that fusion was "a hope and a prospect" but felt that it would not come about by "premature decisions of congresses or unification committees" but rather "from below when all misrunderstanding between members of the two parties had disappeared". To Signor Nenni the question of united action was of more immediate importance than fusion. Signor Nenni also took the opportunity to reaffirm other aspects of the Socialist platform, usually opposition to compulsory voting, the sovereignty of the Constituent Assembly and the two fundamental needs of bread and employment, for which, he said "we are literally dependent on the allies." Somewhat later in his speech, Signor Nenni made the following statement on allied policy: "We are then grateful for the little daily bread and the little coal we have, for petrol and for raw materials. But to them we owe our uncertainty as to our fate and the lack of independent national status". The Communist Party Congress revealed that 1,669 delegates were present representing a total membership of 1,669,000.

That, gentlemen, concludes my report.

DISTRIBUTION:
Chief of Secretariat, Advisory Council (2)

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That, Gentlemen, concludes my report.

DISTRIBUTION:

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 Greek Representative, ACI
 Political Advisor (A), AC
 Political Advisor (B), AC (6)
 Executive Commissioner, AC.
 CC File
 British Resident Minister, AFHQ
 American Political Advisor, AFHQ
 G-5, AFHQ (2)

851

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Ref: 537/187/EC.

16 January 1946.

SUBJECT: Advisory Council to Italy.

TO : G-5, AFHQ.

Reference conversation (Col. Glenn - Lt. Col. McCleary)
please cancel letter 537/185/EC of 14 January 1946 and replace by
the attached 537/186/EC of to-day's date.

For the Chief Commissioner:

187
J. H. McCLEARY

Lt. Colonel,
Acting Executive Commissioner.

Incl.

Copy to: Polad (A)
Polad (B)
Liaison Division

See m. 189

P/A
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Declassified E.O. 12356 Section 3.3/NND No. 785017

187

Ref: 537/18/15.

18 January 1946.

SUBJECT: Advisory Council to Italy.

TO : C-5, AFM.

1. Reference point C-5:19.1 Italy of 22 December 45.

2. While the abolition of the Advisory Council would be welcomed by the American and British representatives on it, this HQ would like to point out that the Council was not created by the Armistice terms and that it is not subject to the disposition of AGI or AGO. Its basis of legality is the Moscow Declaration of 1943, and there is nothing in this Declaration which says it should not continue in being after the conclusion of the peace with Italy. It would appear therefore that the first sentence of your para 3 is not applicable.

3. In August 1945 the Foreign Office raised with the State Department the question of abolishing the Advisory Council. However it was agreed by them that the Council should continue owing to the probable attitude of the Soviet Government, and to the fact that the liquidation of the Advisory Council might deprive the Greek and Yugoslav Governments of their only possibility of influencing Italian affairs. It was also feared that its abolition might cause a deterioration in the position of the American and British elements in the Control Commissions in the satellite states under Soviet occupation.

4. This HQ is, however, in agreement with the suggestion contained in your letter under reference. It is suggested that in the communication to AGO you are now considering attention might be drawn to the fact that under the terms of reference of AGI, AGO should turn over direction of Allied Commission to the Advisory Council when it is possible "to bring direct military control of the Italian administration to an end." Since that phase is clearly at hand, the unfortunate consequences of such a change could be pointed out and a suggestion made that the best means of avoiding it would be for the American and British Governments to agree to abolish the Council. It is also thought that the views of the State Department, as expressed in para 3 above, may have changed since last summer.

107 Henry V. 15-4

FRANK S. CHASE
Rear Admiral, USN
Chief Commissioner

Copy for: Piled (A)
Piled (B)
Liaison Division

See 109

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D.

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HEADQUARTERS ALLIED C

APO 394

Office of the Executive Comm.

1/4 January 1946.

Ref: 537/105/100.

SUBJECT: Advisory Council to Italy.

TO : C-5,
A.F.H.Q.

British and American

1. Reference your C-5:09.1 Italy of 22 December 45. *17*

2. While the abolition of the Advisory Council would be welcomed by the Allied representatives on it, this HQ would like to point out that the Council was not created by the Armistice terms and that it is not subject to the disposition of SAC or OCS. Its basis of legality is the Moscow Declaration of 1943, and there is nothing in this Declaration which says it should not continue in being after the conclusion of the peace with Italy. It would appear therefore that the ~~agreement~~ *First Joint Declaration* in your para 2 is not applicable.

3. In August 1945 the Foreign Office, raised with the State Department the question of abolishing the Advisory Council. However it was agreed by them that the Council should continue owing to the probable attitude of the Soviet Government, and to the fact that the liquidation of the Advisory Council might deprive the Greek and Yugoslav Governments of their only possibility of influencing Italian affairs. It was also feared that its abolition might cause a deterioration in the position of the American and British elements in the Control Commission in the satellite States under Soviet occupation.

4. This HQ is, however, in agreement with the suggestion contained in your letter under reference. It is suggested that in the communication to C-5 you are now considering attention might be drawn to the fact that under the terms of reference of ACI, SAC should turn over direction of Allied Commission to the Advisory Commission being direct military control of the

Declassified E.O. 12958 Section 3.3/NND No. 785217

1. Reference year C-5:9.1 Italy of 22 December 45.

2. While the abolition of the Advisory Council would be welcomed by the Allied representatives on it, this would like to point out that the Council was not created by the Armistice Terms and that it is not subject to the disposition of SAC or UNSC. Its basis of legitimacy is the Moscow Declaration of 1943, and there is nothing in this Declaration which says it should not continue in being after the conclusion of the peace with Italy. It would appear therefore that the ~~proposition~~ ^{proposition} in your para 2 is not applicable.

3. In August 1945 the Foreign Office entered with the State Department the question of abolishing the Advisory Council. However it was agreed by them that the Council should continue owing to the probable attitude of the Soviet Government, and to the fact that the liquidation of the Advisory Council might deprive the Greek and Yugoslav Governments of their only possibility of influencing Italian affairs. It was also feared that its abolition might cause a deterioration in the position of the American and British elements in the Control Commissions in the satellite States under Soviet occupation.

4. This W. is, however, in agreement with the suggestion contained in your letter under reference. It is suggested that in the communication to CCG you are now considering attention might be drawn to the fact that under the terms of reference of ACI, SAC should turn over direction of Allied Commission to the Advisory Council when it is possible "to bring direct military control of the Italian administration to an end." Since that phrase is clearly a hand, the ~~disadvantages~~ consequences of such a course could be pointed out and a suggestion made that the best means of avoiding it would be for the Government to agree to abolish the Council. It is a thought that the views of the State Department, as expressed in para 3, may have changed since last summer.

For the Chief Commissioner:

Copy to: Poland (A)
Poland (B)
Liaison Division

HEADQUARTERS ALLIED COMMISSION

A.P.O. 394

Office of the Executive Commissioner

Ref: 937/105/100.

MEMORANDUM: Advisory Council to Italy.

TO : G-5,
A.P.M.C.

14 January 1946.

1. Reference your G-5:09.1 Italy of 22 December 45.
2. While the abolition of the Advisory Council would be welcomed by the Allied representatives on it, this is, would like to point out that the Council was not created by the Armistice terms and that it is not subject to the disposition of SAC or GCS. Its basis of legality is the Moscow Declaration of 1943, and there is nothing in this Declaration which says it should not continue in being after the conclusion of the peace with Italy. It would appear therefore that the argument in your para 2 is not applicable.
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4. This is, however, in agreement with the suggestion contained in your letter under reference. It is suggested that in the communication to GCS you are now considering attention might be drawn to the fact that under the terms of reference of ACI SAC should turn over direction of Allied Commission to the Advisory Council when it is possible "to bring direct military control of the Italian administration to an end." Since that phase is clearly at hand, the disastrous consequences of such a course could be pointed out and a suggestion made that the best means of avoiding it would be for the Government to agree to abolish the Council. It is also

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 para 3, may have changed since last summer.

For the Chief Commissioner:

Lt. Colonel,
 Acting Executive Commissioner.

Copy to: Polad (A)
 Polad (B)
 Liaison Division

Cancelled - see F. 138

87 16

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO JAL

JAN 9 1946

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FOURTEENTH POLITICAL REPORT BY HONORABLE ELLERY W. STONE

For circulation to the
ADVISED COUNCIL FOR ITALY
(Period of Dec 21st 1945 to Jan 1st 46)

The period under review has been largely taken up by the Christmas and New Year holidays and has consequently been comparatively quiet. There are, however, one or two developments worthy of note.

The Council of Ministers met on December 21st and listened to a report by Signor de Gasperi. The President of the Council informed his colleagues that he had, on the previous day, signed the document requesting the transfer of practically the whole of the national territory then under AIG to the Italian Government as of midnight December 31st. He also told them that he had given the customary assurances regarding the Armistice Terms as modified by the Macmillan Memorandum. Signor de Gasperi stated that this event gave cause for great satisfaction as the transfer would result in the unification of practically the whole of the national territory. Commenting briefly on the burden of paying for the presence of an army of occupation, the President of the Council went on to express the hope that a modus vivendi would soon be reached, so that the consequences of Italy's present juridical situation might be effectively mitigated and so that Italians might be given the help which was absolutely indispensable in order that they might have a minimum of bread and work. Signor de Gasperi then made an important

by Signor de Gasperi. The President of the Council informed his colleagues that he had, on the previous day, signed the document regulating the transfer of practically the whole of the national territory then under AEG to the Italian Government as of midnight September 31st. He also said that he had given the customary guarantees regarding the Armistice Terms as modified by the Macmillan Memorandum. Signor de Gasperi stated that this event gave cause for great satisfaction as the transfer would result in the satisfaction of practically the whole of the national territory. Commenting briefly on the burden of paying for the presence of an army of occupation, the President of the Council went on to express the hope that a modus vivendi would soon be reached, so that the consequences of Italy's present juridical situation might be effectively mitigated and so that Italians might be given the help which was absolutely indispensable in order that they might have a minimum of bread and work. Signor de Gasperi then made an important declaration regarding the Alto Adige, with which the imminent transfer of territory would now put the Italian Government in direct contact. He declared explicitly that the Government could not admit that the question of the frontier of a state of 45 million Italians could be decided by a small fraction inhabiting the Province bordering on that frontier, still less if a good proportion of this small minority had distinguished itself before and during the war for its cordial acceptance of racialist-socialist and for its participation in the war on the side of Hitler until the last months. The Italian Government were ready to make all the concessions to local autonomies

15/11/46

(see over)

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that a democratic State based on principles of unity, liberty and decentralization could make, but they expected the hard which they held out in all loyalty to be taken with equal loyalty. The Italian Government would be glad to resume diplomatic contacts with the new Austria which was starting on the road to a democratic life, but in order that Italo-Austrian relations might be fruitful, it was essential not to lay down unacceptable preliminary conditions of a territorial nature.

The Council of Ministers next approved a number of measures involving some reorganization of the Government. It was decided to suppress the Ministry of Reconstruction, to create a Ministry of Foreign Trade, originally proposed by me in 1944, and to reorganize the inter-ministerial Reconstruction Committee under the Presidency of the Premier. Signor Le Malfa (Action Party) was appointed to be the new Minister of Foreign Trade. The Food Ministry, retaining the whole of its present organization, was transferred into a High Commission under the orders of the Presidency of the Council. The Christian Democrat member of the National Consultative Assembly, Signor Piero Gentile, was appointed High Commissioner and Signor Renato Tassone (Socialist), the present Under-Secretary to the Food Ministry, was appointed Assistant High Commissioner. At the same meeting it was agreed to suppress the Ministry of the Consultative Assembly and to create in its place an office for relations with that Assembly, which, it is proposed, shall come under the supervision of Signor Lussu, the Minister without Portfolio. Lawyer Antonio Cifaldi (Liberal) was also appointed under-Secretary to the Ministry of Post War Assistance. The Council further started discussion on the gradual demobilization of the High Commission for Sanctions

by proposed by me in 1944, and to reorganize the Inter-ministerial Economic Transition Committee under the Presidency of the Premier. Signor La Malfa (Action Party) was appointed to be the new Minister of Foreign Trade. The Road Ministry, retaining the whole of its present organization, was transformed into a High Commission under the orders of the Presidency of the Council. The Christian Democrat member of the National Consultative Assembly, Signor Piero Montagna, was appointed High Commissioner and Signor Renato Sansone (Socialist), the present Under-Secretary to the Food Ministry, was appointed Assistant High Commissioner. At the same meeting it was agreed to suppress the Ministry of the Consultative Assembly and to create in its place an office for relations with that Assembly, which, it is proposed, shall come under the supervision of Signor Lugan, the Minister without Portfolio. Lawyer Antonio Cifaliti (Liberal) was also appointed Under-Secretary to the Ministry of Post War Assistance. The Council further started discussions on the gradual demobilization of the High Commission for Sanctions against Fascism. Nothing concrete was decided, but the resignations were accepted of the two Commissioners for Evacuation and Fascist Crimes and the Secretary-General of the High Commission on the condition that these officials remained temporarily at their posts until the future of the High Commission had been finally decided. It was further agreed that the next plenary meeting of the National Consultative Assembly should be convened for January 9th next.

On December 29th, the Council of Ministers met again and discussed such urgent and pressing financial and economic problems as the defence of the purchasing power of the lira, the taxation programme, unemployment and the

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changes in currency notes. The Council also decided to grant State employees a Christmas bonus of 1,000 lire for those who live in towns with more than 50,000 inhabitants and 2,500 lire for those in other towns, while pensioners will receive 1,000 lire. The date of payment was fixed on January 12th. All the Ministers agreed that the above limits could not be exceeded in view of the statement of the Minister of the Treasury that State employees cost 140 milliards of lire a year, whereas ordinary revenues only amounted to 130 milliards. This measure has not been well received by the press.

The most important item of news in the field of foreign affairs was the publication of the communiqué of the three Foreign Ministers after their meeting in Moscow from 16th to 26th December. The reaction in Italy to this communiqué has been extremely bitter. The first comments in the Italian press reflected a sense of frustration and disappointment. The Giornale del Mattino of December 27th carried an editorial under the signature of Signor Jacobini, entitled "Strangers are too much for us" and criticising the slowness and mild liability in the stages of the peace negotiations which the writer declared were six. Signor Donelli, in a bitter article in Il Popolo (Christian Democrat) stated, however, that these stages were eight in number and lamented the fact that a "modus vivendi" which would alter our existing conditions of a country conquered and harassed by an abrupt armistice, is implicitly excluded. "He went on to say that Italy's 20 months of war at the side of the Allies originated to be ignored. The fighting men of the corps of liberation and the heroes of the Russian war must not learn that Italy had helped less than Ethiopia in the

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to emerge in an editorial signed by Vittorio Spina on December 29th, 1946, that while the fact that Italian hopes of a distinction in favour of Italy had been dashed was unpleasant for Italians, the probable cause of the Allies' attitude might be that Italy did not deserve a privileged position in that the internal struggle against Fascism had not come up to expectations. A way existed to guarantee the democratic rebirth of Italy, namely, the destruction of Fascism. Amintore Fanfani (Socialist) emphasized the importance of the time factor. Everything was uncertain and risks remained as for many months to come. The eastern frontier was uncertain as was the fate of Trieste. The Alto Adige, which during the course of the last 20 years had become one of the vital centres of Italian hydro-electrical industry was contested. Moreover, France seemed to insist on a frontier rectification which might alienate many Italian hearts. But like Umberto, Fanfani concluded that Italy, rather than being discouraged, must apply all her energy to the solution of the internal and social problems which depended on Italians and in large measure would determine Italy's future in the world. The Government Giuseppe del Medico published a communiqué from the press office of the Presidency of the Council on December 28th as follows:

"The President of the Council and Minister of Foreign Affairs yesterday saw at the Palazzo Chigi the editors of the principal Rome political daily papers with whom he exchanged certain ideas about the international moment through which the country is passing. All were in agreement as to the necessity for the press to interpret the unshakable feeling of the nation". On December 29th, Steno da Gaspari interviewed in turn the

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"The President of the Council and Minister of Foreign Affairs yesterday saw at the Palazzo Chigi the editors of the principal Rome political daily papers with whom he exchanged certain ideas about the international moment through which the country is passing. All were in agreement as to the necessity for the press to interpret the unanimous feeling of the nation". On December 29th, Signor de Gasperi interviewed in turn the British, American and Soviet Ambassadors and, while admitting that he had not yet had time to sit by the Moscow communique in detail, held to the language which reflected much of the foregoing press comment. The reaction to the Moscow communique has in fact developed into a regular campaign of "justice for Italy". At the end of their labours on December 28th, the Council of Ministers issued the following communique: "The Council of Ministers, after listening to a communique by the President of the Council and Minister of Foreign Affairs at the international situation, appeals to the solemn declaration of Potsdam and expresses its firm expectation that...

Italy's position as a co-belligerent will be adequately considered and rightly appreciated in the forthcoming peace negotiations." Taking their cue from this communique, the Italian papers on December 29th and subsequent days have repeatedly expressed Italy's expectation that the Allies will fulfill the promise made at Potsdam.

There have been some developments in party politics which merit attention. On December 22nd, the Italian press reported the resignation of Signor Pertini, Secretary of the Socialist Party, which, it was stated, was due to serious political divergences between him and some of the party leaders. On December 25th it was reported that Signor Morandi, President of the SIAMI, had been chosen Secretary of the Party in succession to Signor Pertini and that Signor Vasco Lombardi had been made Deputy Secretary. Most organs of the press insisted that a serious crisis had arisen within the ranks of the Socialist Party and suggested that it was due to the disagreement over the question of the proposed fusion of the Party with the Communist Party. On December 27th, Signor Morandi stated that there was no party crisis, still less a crisis in the party's line of policy. The difficulties facing the Secretariat were well-known. Without an efficient system of organization a party could not exist or live, still less progress and develop. The Socialists were confronted by the need to reconfirm the internal unity of the party. The Socialist union with the Communists was neither a marriage nor an engagement. Both parties recognized that only by means of a policy of equilibrium established between these two great parties, could the Italian political system resist the pressure of foreign forces, and the total disintegration of the Italian

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On December 29th, the Italian Communist Party opened its 5th National Congress in Rome. Two delegates of the French Communist Party were present. After the inaugural speech of Signor Nefel and the dispatch of a telegram of greetings to Marshal Stalin, Signor Foglietti, the Minister of Justice and the Secretary General of the Party, addressed the Congress. Signor Jo-

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Togliatti spoke for four hours and 24 minutes in what the Liberal Party paper describes as the longest speech in Italian history. The Communist leader covered the whole of the programme of the party. The chief points of his address are as follows: (1) The Italian Government which assumes compulsory voting must take into consideration the fact that it would have to resign the next day because it could no longer count on Communist support. (2) The undertaking given by the Government in connection with the law creating the Constituent Assembly must be respected, since violation of that pledge would imperil the whole of Italian life. The Constituent Assembly must be sovereign and must draw up the Constitution, but, at the same time, it must indicate the legislative activity which will make it possible seriously to solve the grave economic and social problems of the day. (3) As regards foreign policy, Italy needed peace for several generations and needed peace in Europe and the world; also unity, therefore, direct her foreign policy along the lines of unity with the great democratic powers. In order to take her place amongst the other United Nations she must be assured of her complete independence at an early date. (4) On the question of Italy's frontiers, Signor Togliatti said that the Communist fought against Fascism and the Germans they were also fighting for Italy's frontiers. Austria's claim of Alsace-Lorraine was incomprehensible. As regards the Eastern frontiers, the Communist position had been misrepresented. The Communists affirmed that Trieste was Italian but they also declared that the question of the Eastern frontiers must be solved with the Yugoslavs in dealing with whom serious mistakes had been made. The Communist party understood but condemned the attitude of the Trieste Communists who had declared themselves in favour of

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 their task properly. (8) If Italy wished to free herself from Fascism she must free herself from the Monarchy. The dilemma was no longer: a Republic or a Monarchy, but a Republic or Fascism. (9) Talking of the church, the Communist leader said "we want freedom of conscience, of religious belief, of public worship, of propaganda and of religious organizations to be ratified and defended by the Constitution". The Communist denounced the interference of the ecclesiastical authorities which tended to poison the conditions of the political struggle. (10) In his peroration, Signor Forlani claimed that there was no longer any contradiction between democracy and Socialism. Communism asked for a democratic regime of workers organized on the basis of a system of parliamentary representation. An essential condition for the victory of democracy was the application of industrial and land reform. Subsequent addresses by Communist leaders dealt with land reform, financial and economic questions, the trade unions, education and international problems but do not call for any special comment.

During the session of January 3rd, Signor Longo, the North Italian Communist leader, spoke at length on the desirability of creating the single party of the working classes by the fusion of the Communist and Socialist Parties - "we look upon fusion", he stated, "as a goal and not a starting point, but it is necessary to be determined to make that goal".

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American Political Adviser, AFHQ
G-5, AFHQ (2)

END

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5: 091.1 Italy

22 December 1945

SUBJECT: Advisory Council to Italy

TO : Headquarters, Allied Commission
APO 394

1. In view of the imminent hand back of the Northern Provinces to the Italian Government and of the Combined Chiefs of Staff Policy to relax the terms of the Armistice in day to day administration, a proposal to recommend the abolition of the Advisory Council to Italy is at present under consideration. Diplomatic representation in Italy by the various countries represented on the Advisory Council is of course permitted under Para 2B of FAN 487.

2. The Advisory Council would presumably be dissolved immediately if any Peace Treaty with Italy comes into effect. Owing to the present changed conditions in Italy, since the Advisory Council was first formed, there appears to be no reason why it should not be dissolved forthwith.

3. You are invited to submit your comments with regard to this proposal.

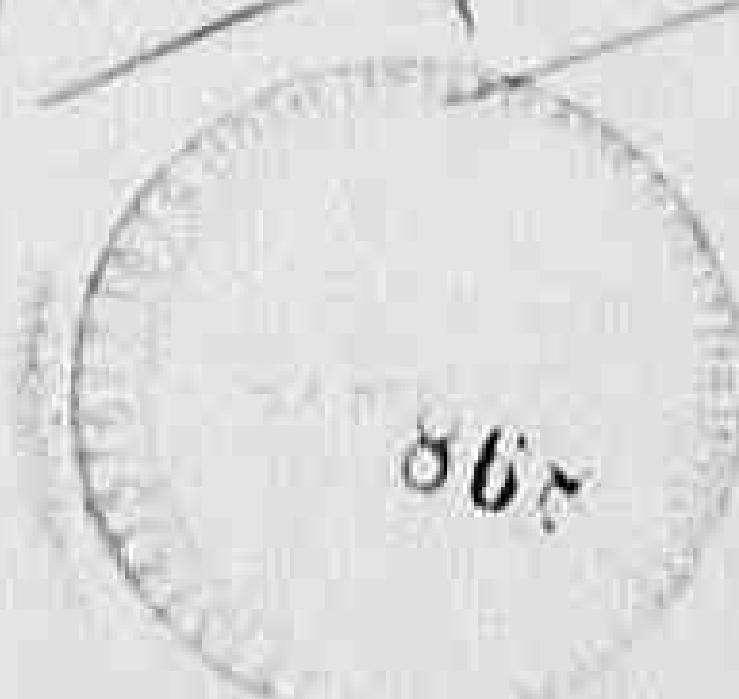
BY COMMAND OF LIEUTENANT GENERAL MORGAN:


A. L. HAMBLIN
Brigadier General, GSC
Assistant Chief of Staff, G-5

Copy to: U S Polad
Br. Res Min

Chief Comm

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(C50)

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APC 353

CC 203

DEC 21 1945

POLITICAL REVIEW BY REAR ADMIRAL HENRY W. STONE

for presentation at the

47th MEETING OF THE ADVISORY COUNCIL FOR ITALY, 21 DEC 1945

Gentlemen:

In the fortnightly political report, which was circulated to you last week, I indicated that, at the time of writing, namely December 7th, there seemed every hope that the political crisis would be resolved by the formation of a new Government on a six party basis. This hope was happily fulfilled and during the evening of 10th December Signor De Gasperi was able to announce the list of the new Cabinet, although two or three portfolios had to be filled subsequently. The final list is as follows:

President	Aleide De Gasperi	Christian Democrat
Vice-Pres. & Constitution	Pietro Bonai	Socialist
Agriculture	Fausto Gullo	Communist
Air	Mario Cavallotto	Labor Democrat
Education	Enrico Hale	Labor Democrat
Finance	Mauro Scacchiavero	Communist
Foreign Affairs	Aleide De Gasperi	Christian Democrat
Industry & Commerce	Giovanni Gronchi	Christian Democrat
Interior	Giuseppe Romita	Socialist

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Education	Enrico Mole	Labor Democrat
Finance	Luigi Scacchiarro	Communist
Foreign Affairs	Aleide De Gasperi	Christian Democrat
Industry & Commerce	Giovanni Gronchi	Christian Democrat
Interior	Giuseppe Romita	Socialist
Justice	Pietro Togliatti	Communist
Labour & Welfare	Gaetano Barbacchi	Socialist
Navy	Raffaele de Courten	Independent
Post & Telegraphs	Mario Scelba	Christian Democrat
Postmar Relief	Luigi Gasparotto	Labor Democrat
Public Works	Leone Cattani	Liberal
Reconstruction	Ugo la Malfa	Action

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Transport	Riccardo Lombardi	Action
Treasury	Spicarno Corbino	Liberal
War	Marino Brosio	Liberal
Without portfolio (Consul)	Salvo Luzzi	Action

Examination of the above list will show very little change from the former Government. Including Signor De Gasperi, fifteen of the nineteen ministers served in Signor Part's Government. There are three newcomers, namely the two Liberals Signori Corbino and Cantani and the Action Party Minister Signor Lombardi, until now Prefect of Milan. Signor Corbino served before as one of the members of Marshal Badoglio's "Government of Experts" at Brindisi in December 1943. Signor Cantani is the Secretary of the Italian Liberal Party and played an important role in the crisis. Signor Gasparotto, the Minister for Post-War Relief was his Minister in the first Bonomi Cabinet.

Looking at the crisis objectively it is difficult to say which of the parties came off victorious and, indeed, what is the significance of the conclusion. It is noteworthy that, for the first time since 1860, the Italian Government is headed by a member of the Catholic Party. Perhaps I may be permitted to say that the Christian Democrat leader's tact, skill and firmness at the crucial moment of the crisis have considerably enhanced his personal prestige. He is therefore definitely the savior by the crisis and his party may be said to share some of the reflected glory. The Socialists also seem to have gained, although the crisis was coupled with the avoided intention of weakening the left-wing parties. The socialists now have not only President and still in charge of

Minister Signor Lombardi, until now Prefect of Milan. Signor Corbino served before as one of the members of Marshal Badoglio's "Government of Experts" at Brindisi in December 1943. Signor Dezzani is the Secretary of the Italian Liberal Party and played an important role in the crisis. Signor Gasparotto, the Minister for Post-War Relief and Air Minister in the first Bonomi Cabinet.

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not seem to have seen any of the points for which they precipitated the crisis, for the Government has not broadened its base, it does not appear to have freed itself from the control of the Committee of National Liberation and Signor De Gasperi has not specifically accepted the recommendations of the Liberal Party. Nevertheless, the Liberals maintain that they have triumphed since they are still in the Government and the President of the Council belongs to a party of the Right and is therefore presumably more acceptable to them. Above all they are satisfied with the departure of Signor Parri.

On the whole the crisis has had a bad press and according to Libero Stampa (Independent) "everyone is dissatisfied". Even the Riformista Liberale (Liberal) declared that the Government could not be regarded as "new" but it thought that the "few changes made might increase its efficiency".

On the 11th December, the Ministers took office and on the same day at a meeting of the six parties it was tentatively decided that the parties would keep the same Under-Secretaries as they had had in the preceding Cabinet, except where the Minister happened to belong to the same political party. The list of Under-Secretaries was published in the press of December 15th and will not take up your time by reciting the names now.

The first Council meeting of the new Government was held on December 13th, and, after appointing the Under-Secretaries, it agreed to the nomination as President of the Council of State of Signor Ruini, who had seemed to be a fixture at the Ministry of Reconstruction and was perhaps the most sur-

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The first Council meeting of the new Government was held on December 13th, and, after appointing the Under-Secretaries, it agreed to the nomination as President of the Council of State of Signor Loini, who had seemed to be a fixture at the Ministry of Reconstruction and was perhaps the most surprising casualty of the whole crisis. The ex-Ministers Parri, Ruini, Ricci, Jacini, Arangio-Ruiz and the ex-Secretaries Rossi, Reghianti and Ferraro were appointed members of the Consultative Assembly. The Council then approved a draft decree for the use of the German language in administrative and judicial offices in Bolzano Province. It was thereafter decided to convene immediately the political and administrative committees of the Consultative Assembly who are to examine questions relating to the electoral laws with special emphasis on those touching on the administrative elections. It was also agreed to convene a plenary meeting of the Consultative Assembly on January 7th next.

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In the evening of the same day, Signor De Gasperi made an important speech on the radio outlining the program of his Government. He began by stating that the transfer of the Northern Territories to Italian administration, of which I shall speak again later, was a new dawn for the new Government. It was not by chance that this Government was headed by the Minister of Foreign Affairs. It meant that Italians today felt that they must make a supreme effort, in order to reconquer their territory, their independence and their unity and to re-affirm, among the free nations of the world, Italy's individuality which was opposed to all nationalist tensions and open to cultural, labor and economic exchanges. Although the goal of recovering her position amongst the United Nations was still far off and though peace too right still so distant, the hand-over of the Northern Territories was a step forward and all Italians hoped that the next step would be the abolition of the Armistice clauses and the beginning of a new era of free collaboration with the United Nations which would give a new dignity to Italy. This was not merely a matter of importance from the moral point of view but also from the economic angle, since it was necessary that Italy should be able to export her agricultural and industrial products not needed in the country. Now that the three major Allies were about to meet again in Moscow, the new Democratic Italian Government hoped that the meeting would end in an agreement between all nations which would lead to peace. Italy asked that her rights be recognized, though she would not pretend to dispute the rights of others. Signor De Gasperi emphasized that Italians were anxious that other nations should have no doubt about Italy's intention to defend her territory completely and to defend the liberty which

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under study and would soon be submitted to the Council of Ministers for their approval. Administrative elections would be held as soon as possible. Signor De Gasperi then referred briefly to a revision of the Public Safety Law and the various measures envisaged for the pacification of areas where languages other than Italian were spoken. Turning to the economic field, the President of the Council declared that the big economic and social problems confronting the country were closely connected with its foreign policy. The problems of food and inflation reform had to be solved with both internal and foreign aid. The revival of industry called both for the cooperation of workers and employers and the supply of foreign credit. Signor Parri had done valuable work in preparing the ground for the solution of these problems and Signor De Gasperi wished to take this opportunity of recording his gratitude to the late President of the Council. As regards financial policy, he mentioned the need of taking measures to defend the lira in such a way as to return to a normalization of the price system and to a consequent stabilization which would allow Italy to adhere to international monetary agreements. A rigorous curbing of State expenses and those of other public bodies and the re-invigoration of the normal intake would lay the basis for a policy of gradual return to a balanced budget, while in order to cope with the burden of reconstruction and the deficits in the ordinary budget the Government would have recourse to special taxes, i.e. on all Fascist and war profits - and the various revenues and public loans. Signor De Gasperi concluded his speech by appealing to all the Ministers for the development of a sense of solidarity and to all Italians for the establishment of real

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At noon on December 12th, on instructions from the Combined Chiefs of Staff transmitted to us through the Supreme Allied Commander, I informed the Italian President of the Council that the remaining territory now under Allied Military Government, including the islands of Lampedusa, Linosa and Pantelleria but excluding Varenin Giulia and the Province of Uffice, were to be returned to Italian administration about December 31st next. The Province of Uffice was being retained under AMG solely for military reasons and not in any sense because it was considered a disputed area. AMG officials will be

withdraw from the area to be transferred but a small number of Allied Commission Liaison Officers would remain to facilitate the transition from Allied to Italian administration. For your information, the number of Liaison Officers and their locations will probably be as follows:

Sicily	2 LOs	Bari	1 LO
Naples	2 LOs 2 PSCs	Bellin	2 LOs 2 PSCs
Liguria	2 LOs 3 PSCs	Biscont	3 LOs 4 PSCs
Lombardy	2 LOs 3 PSCs	Venezia	3 LOs 2 PSCs
Bologna	4 LOs 2 PSCs	Florence	1 LO
Livorno	1 LO		

Further, the transfer of these territories and any withdrawal of Allied troops which the Supreme Allied Commander may determine are without prejudice to any frontier rectification which may be decided in the Peace Treaty.

That, Gentlemen, concludes my report.

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 Political Adviser (B), AC (6)
 Executive Commissioner, AC
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 British Resident Minister, AFHQ
 American Political Adviser, AFHQ
 G-5, AFHQ (2)

Vienna 4 LOs
2 PSOs

Livorno 1 LO

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CC Files
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G-5, AFHQ (2)

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 394

CC 203

DEC 21 1945

POLITICAL REVIEW BY REAR ADMIRAL ELLERY W. STONE
for presentation at the
47th MEETING OF THE ADVISORY COUNCIL FOR ITALY, 21 DEC 1945

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Foreign Affairs	Aleide De Gasperi	Christian Democrat
Industry & Commerce	Giovanni Gronchi	Christian Democrat

seemed every hope that the political crisis would be resolved by the formation of a new Government on a six party basis. This hope was happily fulfilled and during the evening of 10th December Signor De Gasperi was able to announce the list of the new Cabinet, although two or three portfolios had to be filled subsequently. The final list is as follows:

President	Aleide De Gasperi	Christian Democrat
Vice-Pres. & Constituent	Pietro Menzi	Socialist
Agriculture	Pausto Gullo	Communist
Air	Mario Cevalotto	Labor Democrat
Education	Enrico Molo	Labor Democrat
Finance	Maurio Sacconinarro	Communist
Foreign Affairs	Aleide De Gasperi	Christian Democrat
Industry & Commerce	Giovanni Gronchi	Christian Democrat
Interior	Giuseppe Romita	Socialist
Justice	Palmino Taglietti	Communist
Labour & Welfare	Giustino Barbarenghi	Socialist
Navy	Raffaele De Courten	Independent
Post & Telegraphs	Mario Scelba	Christian Democrat
Postwar Relief	Luigi Gasparotto	Labor Democrat
Public Works	Luigi Cattani	Liberal
Reconstruction	Ugo La Malfa	Action

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Transport	Riccardo Lombardi	Action
Treasury	Episario Corbino	Liberal
War	Marino Amadio	Liberal
Without portfolio (Consultative)	Enrico Dezza	Action

Examination of the above list will show very little change from the former Government. Including Signor De Gasperi, fifteen of the nineteen ministers served in Signor Parri's Government. There are three newcomers, namely the two Liberals Signori Corbino and Cottarelli and the Action Party Minister Signor Lombardi, until now Prefect of Milan. Signor Corbino served before as one of the members of Marshal Badoglio's "Government of Experts" at Brindisi in December 1943. Signor Cottarelli is the Secretary of the Italian Liberal Party and played an important role in the crisis. Signor Gasparotto, the Minister for Post-War Relief was Air Minister in the first Parri Cabinet.

Looking at the crisis objectively it is difficult to say which of the parties came off victorious and, indeed, what is the significance of the conclusion. It is noteworthy that, for the first time since 1940, the Italian Government is headed by a member of the Catholic Party. Perhaps I may be permitted to say that the Christian Democrats' leader's tact, skill and firmness at the crucial moment of the crisis have considerably enhanced his personal prestige. He is therefore definitely the winner by the crisis and his party may be said to share some of the reflected glory. The Socialists also seem to have gained, although the crisis was opened with the avowed intention of weakening the left-wing parties. The socialists now have not only

and for Signor Lombardi, until now Prefect of Milan. Signor Corbino served before as one of the members of Marshal Badoglio's "Government of Experts" at Brindisi in December 1943. Signor Corbino is the Secretary of the Italian Liberal Party and played an important role in the crisis. Signor Gasparotto, the Minister for Post-Mar-Rail, was his Minister in the first Bonomi Cabinet.

Looking at the crisis objectively it is difficult to say which of the Parties came off victorious and, indeed, what is the significance of the election. It is noteworthy that, for the first time since 1860, the Italian Government is headed by a member of the Catholic Party. Perhaps I may be permitted to say that the Christian Democrats' tact, skill and firmness at the crucial moment of the crisis have considerably enhanced his personal prestige. He is therefore definitely the winner by the crisis and his party may be said to share some of the reflected glory. The Socialists also seem to have gained, although the crisis was opened with the accusation of weakening the left-wing parties. The socialists now have not only Signor Nenni, who remains as the sole Vice-President and still in charge of the Ministry for the Constituent Assembly, but they have also obtained the Ministry of the Interior, a post for which, you say rightly, they struggled unsuccessfully at the time of the formation of the Bonomi Government. Signor Nenni, speaking last week-end at Padua, did not fail to point out that this was also the first time since 1860 that a Socialist was Minister of the Interior. Otherwise, there is little change. The Communists remain exactly as before. The Action Party have lost the Presidency of the Council but have taken over the important Ministry of Agriculture. The Liberals do

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 It does not seem to have won any of the points for which they precipitated the crisis, for the Government has not broadened its base, it does not appear to have freed itself from the control of the Committee of National Liberation and Signor De Gasperi has not specifically accepted the recommendations of the Liberal Party. Nevertheless, the Liberals maintain that they have triumphed since they are still in the Government and the President of the Council belongs to a party of the Right and is therefore presumably more acceptable to them. Above all they are satisfied with the departure of Signor Parri.

On the whole the crisis has had a bad press and according to Libero Stampa (Independent) "everyone is dissatisfied". Even the Risorgimento Liberale (Liberal) declared that the Government could not be regarded as "new" but it thought that the "few changes made might increase its efficiency".

On the 11th December, the Ministers took office and on the same day at a meeting of the six parties it was tentatively decided that the parties would keep the same Under-Secretaries as they had had in the preceding Cabinet, except where the Minister happened to belong to the same political party. The list of Under-Secretaries was published in the press of December 15th and I will not take up your time by reciting the names now.

The first Council meeting of the new Government was held on December 13th, and, after appointing the Under-Secretaries, it agreed to the nomination as President of the Council of State of Signor Ruini, who had seemed to be a fixture at the Ministry of Reconstitution and was perhaps the most surprising casualty of the whole crisis. The ex-Ministers Parri, Ruini, Rocco,

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In the evening of the same day, Signor Du Guesperi made an important speech on the radio outlining the programme of his Government. He began by stating that the transfer of the Northern Territories to Italian administration, of which I shall speak again later, was a good omen for the new Government. It was not by chance that this Government was headed by the Minister of Foreign Affairs. It meant that Italians today felt that they must unite in a supreme effort, in order to reconquer their territory, their independence and their unity and to re-affirm, among the free nations of the world, Italy's individuality which was opposed to all nationalistic tendencies and open to cultural, labor and economic exchanges. Although the goal of regaining her position amongst the United Nations was still far off and though peace too rights still be distant, the hand-over of the Northern Territories was a step forward and all Italians hoped that the next step would be the abolition of the Armistice clauses and the beginning of a new era of free collaboration with the United Nations which would give a new dignity to Italy. This was not merely a matter of importance from the moral point of view but also from the economic angle, since it was necessary that Italy should be able to export her agricultural and industrial products not needed in the country. Now that the three major Allies were about to meet again in Moscow, the new Democratic Italian Government hoped that the meeting would end in an agreement between all nations which would lead to peace. Italy asked that her rights be recognized, though she would not pretend to discuss the rights of others. Signor Du Guesperi emphasized that Italians were anxious that other nations should have no doubt about Italy's liberty which

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under study and was soon to be submitted to the Council of Ministers for their approval. Administrative elections would be held as soon as possible. Signor De Gasperi then referred briefly to a revision of the Public Safety Law and the various measures envisaged for the pacification of areas where lawlessness other than Italian was spoken. Turning to the economic field, the President of the Council declared that the big economic and social problems confronting the country were closely connected with its foreign policy. The problems of food and agrarian reform had to be solved with both internal and foreign aid. The revival of industry called both for the cooperation of workers and employers and the supply of foreign credits. Signor Perri had done valuable work in preparing the ground for the solution of these problems and Signor De Gasperi wished to take this opportunity of recording his gratitude to the late President of the Council. As regards financial policy, he mentioned the need of taking measures to defend the lira in such a way as to return to a normalization of the price system and to a consequent stabilization which would allow Italy to adhere to international monetary agreements. A rigorous curbing of State expenses and those of other public bodies and the re-invigoration of the normal budget would lay the basis for a policy of gradual return to a balanced budget, while in order to cope with the burden of reconstruction and the deficits in the ordinary budget the Government would have recourse to special taxes, i.e. on all Fascist and war profits - and the various revenues and public loans. Signor De Gasperi concluded his speech by appealing to all the Ministers for the development of a sense of solidarity and to all Italians for the establishment of real union.

At noon on December 12th, on instructions from the Combined Chiefs of

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At noon on December 12th, on instructions from the Combined Chiefs of Staff transmitted to me through the Supreme Allied Commander, I informed the Italian President of the Council that the remaining territory now under Allied Military Government, including the islands of Lampedusa, Linosa and Pantelleria but excluding Venezia Giulia and the Province of Udine, were to be returned to Italian administration about December 1st next. The Province of Udine was being retained under AMG solely for military reasons ~~but~~ not in any sense because it was considered a disputed area. AMG officers would be

withdrawn from the area to be transferred but a small number of Allied Commission Liaison Officers would remain to facilitate the transition from Allied to Italian administration. For your information, the number of Liaison Officers and their locations will probably be as follows:

Sicily	2 LOs	Bari	1 LO
Naples	2 LOs 2 PSOs	Emilia	2 LOs 2 PSOs
Liguria	2 LOs 3 PSOs	Piemonte	3 LOs 4 PSOs
Lombardy	2 LOs 3 PSOs	Venesia	3 LOs 2 PSOs
Bologna	4 LOs 2 PSOs	Florence	1 LO
Livorno	1 LO		

? Carlsesin

? Lampedusa

Further, the transfer of these territories and any withdrawal of Allied troops which the Supreme Allied Commander may determine are without prejudice to any frontier rectification which may be decided in the Peace Treaty.

That, Gentlemen, concludes my report.

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 G-5, AFHQ (2)

2 FSOs

Bolsano 4 LOs
2 FSOs

Florence 1 LO

Livorno 1 LO

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APO 99L

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FORNIGHTLY POLITICAL REPORT BY REAR ADMIRAL ALBERT W. STONE
for circulation to the
ADVISORY COUNCIL FOR ITALY
(Period of Nov 23rd-Dec 7th 1945)

Dec 14 1945

The political crisis was formally opened on November 22nd by the resignation from the Government of the Liberal members, Signori Broletto and Arancio Ruiz. Senator Ricci, the Minister of the Treasury, although not a member of the Liberal party, also handed in his resignation since his appointment had been sponsored by the party on the death of Minister Boleri. The first reaction of the other five parties representative of the Government was that the defection of the Liberals need not necessarily cause a crisis and it was hoped that Signor Farini would be able to reform his coalition on a five-party basis. However, during the course of November 22nd and November 23rd, it became apparent that the Christian Democrats were moving away from the position taken up by the Committee of National Liberation and were in favour of a complete Government reshuffle. Various party meetings were held during November 23rd and, in the evening of that day, the Christian Democrat members of the Consultative Assembly recommended to the Party Executive that the Christian Democrat members of the Government should resign, since the defection of the Liberals had destroyed the basis of the six-party Government and an open crisis was now unavoidable. The motion concluded by an appeal to the Party to do all in its power to help the Government to find a solution of the crisis based on a new coalition of the six anti-fascist parties.

Christian party, also handed in his resignation since his appointment had been sponsored by the Party on the death of Minister Colacci. The first reaction of the other five parties represented in the Government was that the defection of the liberals need not necessarily cause a crisis and it was hoped that Signor Parri would be able to reform his cabinet on a five-party basis. However, during the course of November 22nd and November 23rd, it became apparent that the Christian Democrats were moving away from the position taken up by the Committee of National Liberation and were in favour of a complete Government reshuffle. Various party meetings were held during November 23rd and, in the evening of that day, the Christian Democrat members of the Consultative Assembly recommended to the party Executive that the Christian Democrat members of the Government should resign, since the defection of the liberals had destroyed the basis of the six-party Government and an open crisis was now unavoidable. The motion concluded by an appeal to the Party to do all in its power to help the Government to find a solution of the crisis based on a new coalition of the six anti-Fascist parties.

This development forced Signor Parri to tender the resignation of his cabinet as a whole. Thereafter, however, formally placing his resignation in the hands of the Lieutenant of the Realm, Signor Parri summoned a meeting of the Central Committee of National Liberation and of representatives of the Committee of National Liberation of Northern Italy, to whom he felt bound to make a statement since he had received his original mandate to form a Government from them. The press was admitted to part of this meeting. Signor Parri declared that the centre of gravity of his Government had been moderate left and asserted that

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either a left-wing Government or a right-wing Government would equally lead to civil war. He denied the allegations that the Allies had lost confidence in the Italian Government and referred to recent evidence of their support, namely the undertaking to return the Northern Provinces, including Bolzano, to Italian administration in the near future. What, on the contrary, was a very bad impression abroad, he continued, was the instability of the Italian Government and the same was speed with which one crisis followed another. He claimed that the present crisis had already made the internal situation of the country more difficult and had worsened Italy's international position. He therefore considered those responsible for the crisis as guilty of having provoked a very grave situation. At the conclusion of the meeting, the Committee of National Liberation issued a resolution thanking the Italian Government for the work it had done and regretting that the crisis could not be avoided. It advanced the opinion that the new Government must be the expression of the Committee of National Liberation and of the democratic life of the country and based on a programme which would respect the undertaking to call the Constituent Assembly not later than April next. The Committee of National Liberation was in favour of a national and democratic policy aimed at thwarting any attempt to return to Fascism and at securing for Italy, independence and a position of equality among the other United Nations. Signor Petri then proceeded to the Quirinal Palace where he handed in his resignation to the Lieutenant of the Realm who, as is customary, reserved his position and invited the existing Government to carry on with matters of ordinary administration until a new Government had been formed.

On the following day, November 25th, the Lieutenant of the Realm received

the President of the Senate, head of the Chamber, and various personalities,

At the conclusion of the meeting, the Committee of National Liberation issued a resolution, denouncing the Italian Government for the work it had done and regretting that the crisis could not be avoided. It advanced the opinion that the new Government must be the expression of the Committee of National Liberation and of the democratic life of the country and based on a program which would respect the undertaking to call the Constituent Assembly not later than April 20th. The Committee of National Liberation was in favour of a national and democratic policy aimed at thwarting any attempt to return to Fascism and at assuring for Italy independence and a position of equality among the other United Nations. Signor Forni then proceeded to the Quirinale Palace where he handed in his resignation to the Lieutenant of the Realm who, as is customary, transferred his position and invited the existing Government to carry on with matters of ordinary administration until a new Government had been formed.

On the following day, November 25th, the Lieutenant of the Realm received the Presidents of the Senate and of the Chamber, and various personalities, including Count Strozzi, Raffaele de Gasperi, Lussu, Rinaldi, Togliatti, Galvani, Orlando, Bergesini and Salvemini. On the 26th Nov., he received Signori Nitti and De Gasperi, Marshal Rodoglio and Count Tassin de Revel. At this stage of the crisis it was rumored that Signor Orlando would be charged with the formation of a new Government. It seems, however, that after his talks with the Lieutenant of the Realm and with the party leaders, Signor Orlando declined to undertake the task at least for the present. Signor Nitti had no better luck. In the meantime, the left-wing parties were suggesting that Count Strozzi or

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 Signor Parri himself left to choose for the task, when the right-wing parties were exploring the possibility of a renewal candidacy. These rumours gradually grew away during the course of the week to a new one which suggested that Signor de Gasperi, the Secretary-General of the Christian Democrat party, was the only man capable of forming a new Government.

On November 29th, Signor de Gasperi, who was suffering at the time from a heavy cold, received members of his party in the morning and in the afternoon had a long conference with Signor Mani and Taglietti. This second meeting gave birth to the rumour that Signor Mani himself had suggested a de Gasperi candidacy, but the Socialists denied this and claimed that Signor Mani had only suggested that, on the failure of the Liberals to secure the nomination of Signor Cristide, Signor Pitti or Signor Benoni, the politicians had returned to the idea of making one of the leaders of one of the six parties to undertake the task of forming the Government and that he had merely asked Signor de Gasperi on what terms he, de Gasperi, would try to solve the crisis. It soon became known, however, that the Socialists and Communists were prepared to support Signor de Gasperi, subject to certain conditions, among which was a pledge to fix the date and the powers of the Constituent Assembly. The Labour Democrats and the Action party preferred not to commit themselves until they had learned Signor de Gasperi's intentions. The Liberals remained opposed to a Government under the presidency of a party man. On the following day, there were numerous meetings at which it was learned that Signor de Gasperi had shown some inclination to attempt to form the Government. He was reported to have spoken energetically in favour of the convocation of the Constituent Assembly on a fixed date and to have declared that the question of combining

of Signor Orlando, Signor Nitti or Signor Bonomi, the politicians had returned to the idea of asking one of the leaders of one of the six parties to undertake the task of forming the Government and that he had merely asked Signor de Gasperi on what terms he, de Gasperi, would try to solve the crisis. It soon became known, however, that the Socialists and Communists were prepared to support Signor de Gasperi, subject to certain conditions, among which was a pledge to fix the date and the powers of the Constituent Assembly. The Labour Democrats and the Action party preferred not to commit themselves until they had learned Signor de Gasperi's intentions. The Liberals remained opposed to a Government under the presidency of a party man. On the following day, there were numerous meetings at which it was learned that Signor de Gasperi had shown some inclination to attempt to form the Government. He was reported to have spoken energetically in favour of the convocation of the Constituent Assembly on a fixed date and to have declared that the question of combining the Ministry of the Interior with the Presidency of the Council was of a vital matter, although he was in favour of such a solution. It now remained to overcome the opposition of the Liberal party to Signor de Gasperi's nomination. The executives of the liberal party met on December 3rd and after a five hours' debate agreed to give their support to the Christian Democrat leader.

Accordingly, at 3 a.m. on December 4th, Signor de Gasperi issued a communiqué to the press stating that he would undertake the task of forming the Government and he then proceeded to the Quirinal, where he was formally charged to do so by the Lieutenant of the Realm. It was reported that Signor de Gasperi would

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 keep for himself the portfolio of Foreign Affairs and that the Liberals had agreed to let the Socialists have the Ministry of the Interior. In exchange for abandoning the Ministry of the Interior, the Liberals were asking either for the Ministry of the Treasury or for two economic ministries chosen amongst those of Agriculture, Industry, Public Works and Transport. They further asked for a broadening of the basis of the Government by the inclusion of Ministers from outside the parties.

(The willingness of the Liberals to accept Signor de Gasperi proved, however, to be more apparent than real. For, during the debates of December 4th, the Liberals put forward certain conditions which were later crystallized in the following programme for the new Government:

- (1) to establish and maintain unity among the Ministers for the defence of national interests vis-à-vis foreign powers and also within the framework of international solidarity;
- (2) to re-establish without delay respect for law and public order by the re-organization of public authorities and the elimination of outside influence whether from individuals, the political parties or the Committee of National Liberation;
- (3) to hasten the country's return to normalcy;
- (4) to replace political prefects and governors by career men;
- (5) to complete operation proceedings before the end of next February;
- (6) to abolish the Special Sections of the Justice Courts;
- (7) to guarantee freedom of work;
- (8) to respect the independence of the magistracy;
- (9) to guarantee the freedom of the press and the impartiality of the

the following programs for the new Government:

- (1) to establish and maintain unity among the population for the defence of national interests vis-à-vis foreign powers and also within the framework of international solidarity;
- (2) to re-establish without delay respect for law and public order by the re-assertion of public authorities and the elimination of outside influence whether from individuals, the political parties or the Committees of National Liberation;
- (3) to hasten the country's return to normalcy;
- (4) to replace political prefects and quarters by career men;
- (5) to complete separation proceedings before the end of next February;
- (6) to abolish the Special Sections of the Assize Courts;
- (7) to guarantee freedom of work;
- (8) to respect the independence of the magistracy;
- (9) to guarantee the freedom of the press and the impartiality of the broadcasting services and
- (10) to legislate administrative elections at once and to prepare for the elections for the Constituent Assembly.

The publication of the Liberator's programs provoked bitter attacks from the left-wing; the Communists particularly insisted on the attempts to nullify the initiative of the Committees of National Liberation and to stop separation proceedings. The Communists press branded the liberal attitude as preparing the way for an immediate return to fascism. During December 5th the Liberator let it be known that they would not participate in a new Government which

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would not accept their premises and which did not include Sigisbert Orlando and Yumani. Faced with the possibility of having to form a Government or a five-party basis, Sigisbert and Gaspari had a final attempt to bring the liberals into the Government. Also the Liberal Party Executive was still debating the matter and Sigisbert and Gaspari were awaiting their answer. It is reported that a delegation of dissident Republican liberals called on the Christian Democrat leader at the Palacio Chiles and handed him an order of the day exploring the attitude of the Party Executive. In the evening of December 6th, Sigisbert Gaspari reported to the five party representatives that he had failed to persuade the liberals and Sigisbert asked to join the Government. This was confirmed to the press in a declaration by Sigisbert Gattani of the Liberal Party.

During the evening of December 7th, Sigisbert and Gaspari had consultations with Sigisbert Nouri, Tugidilla, Lucio and Fajal and told them that the abandonment of the Public, on whom he had rested it in Quintana during the night, had approached also surprised in learning that Sigisbert and Gaspari had decided to form a five-party Government, when he had been charged to form a six-party Government. Prince Alberto had then asked Sigisbert and Gaspari to make further attempts to save the six-party coalition and the Christian Democrat leader had promised to do this. It was accordingly decided to hold a plenary meeting of the Committee of National Liberation during the afternoon and the liberals, after some discussion, agreed to take part in the meeting and added that they might even join the new Government should the conditions they had already laid down be fulfilled. At the meeting itself at which were present three delegates of each party and the members of the Committee of National Liberation

The liberals and rightists agreed to join the Government. This was confirmed to the press by a declaration by Sigismund Gaspert of the Liberal Party.

During the morning of November 7th, Sigismund Gaspert had consultations with Sigismund Bonini, Peggion, Lorenzini and Pizzini and told them that the Government of the Republic, as soon as he had spoken at the Liberal morning the night, had approved his marriage. On learning that Sigismund Gaspert had decided to form a five-party Government, when he had been charged to form a six-party Government, Prime Minister had then asked Sigismund Gaspert to name further attempts to solve the six-party coalition and the Christian Democrat leader had promised to do this. It was accordingly decided to hold a plenary meeting of the Committee of National Liberation during the afternoon and the liberals, after some discussion, agreed to take part in the meeting and added that they might even join the new Government should the conditions they had already laid down be fulfilled. At the meeting itself no action was present directly delegated to each party and the members of the Committee of National Liberation for Northern Italy, Sigismund Gaspert explained that, having realized that it was impossible to form a Government outside the six-party framework, he had intended to form a six-party Government but had been obliged to resign himself to a five-party one, owing to the absence of the liberals from all cabinet and meetings. He then read a letter which he had sent to the Liberal Party saying that his Government would replace without delay the existing Government administration; the State must resume the functions which had been usurped by the Committees of National Liberation. The letter would have purely advisory functions. Special courts and special laws would be abolished as soon as possible. The Government would respect the independence of the magistracy.

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Major Brooks, spoke for the liberals, observed that "liberalism is dead" and that the program was not in conflict with the liberal's 10 points and hoped that all that had happened might be considered as a heated debate and forgotten. To this the left-wing liberals replied that they recognized the majority of the liberals in wishing to collaborate actively with the convention of the Constituent Assembly, but the situation had changed. Major Brooks pointed out that all attempts at winning the favor of the Government must be considered as having failed and that no further attempts should be made in that direction. It was necessary to recognize the multi-faceted character of Major Brooks' program and the first pledge of the new Government must be to work loyally in order to be able to hold elections at an early date and in an atmosphere of order and public order. The debate went on for several hours but at the end of the meeting Major Brooks said to state that there was no question of possibility of forming a tri-party Government in that he had been authorized by the Committee of National Liberation to submit a program of concrete proposals.

At the time of writing, therefore, it seems likely that the new Government will be formed on the basis of the six points of the Committee of National Liberation with the possibility of the inclusion of certain positions outside the party framework such as Count de Sarrat, Major Brooks and the functions of President Vachon, until at least the Congress will head the portfolio of Foreign Affairs as well as the Presidency (if the Congress), that the same should minister of Interior will be a right-wing liberal and that the liberal will have the Ministry, the Treasury and another of the economic departments.

in order to be able to hold elections at an early date and in a atmosphere of calm and public order. The results must be for our not ours but at the end of the election Sigmund de Gaspary is able to state that there was not even the possibility of forming a left-party Government and that he has been authorized by the Committee of National Liberation to submit a program of economic proposals.

At the time of writing, therefore, it seems likely that the new Government will be formed on the basis of the big portion of the Committee of National Liberation with the possibility of the inclusion of certain political parties outside the party framework such as Count Sforza, Sigmund Rumor and the Christian Democratic Movement, that Sigmund de Gaspary will hold the portfolio of Minister of Interior and will be the president of the Council, that the much debated Ministry of Industry, the Treasury and another of the economic departments.

DISSEMINATION:

- Chief of Staff, Advisory Council (2)
- U.S. Representative, A-1
- Soviet Union Representative, A-1
- French Representative, A-1
- Japanese Representative, A-1
- British Representative, A-1
- Political Advisor (A), C
- Political Advisor (B), A-1 (6)
- Executive Commissioner, A-1
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SECRETARIAT
ADVISORY COUNCIL FOR ITALY

Rome, November 21, 1945

The next meeting of the Advisory Council for Italy, scheduled for November 23, 1030 a.m., 1945, under the chairmanship of the United Kingdom Representative on the Council, will be held at the British Embassy on Via XX Settembre 84.

Enclosure: 12

Agenda.

REAR ADMIRAL ELLERY W. STONE
CHIEF COMMISSIONER,
ALLIED COMMISSION.

ROME

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AGENDA

NOVEMBER 23, 1945 MEETING

OF THE
ADVISORY COUNCIL FOR ITALY

- 1.) POLITICAL REVIEW - by Rear Admiral Ellery W. Stone,
Chief Commissioner of the Allied
Commission.
 - 2.) MISCELLANEOUS.
 - 3.) PRISON COMMISSIONER.
-

HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioners
APO 394

OS 303

NOV 2

POLITICAL REVIEW BY REAR ADMIRAL ELLERY W. SPORE

For presentation at the

26th MEETING OF THE ADVISORY COUNCIL FOR ITALY ON 23rd NOVEMBER 1945

Gentlemen:

The most important feature of the week following the last meeting of this Council was the Priolo Minister's tour in the North of Italy. On November 18th, Signor Ferri was in Udine where he conferred with General Harding of the XIII Corps on military, political and economic matters in the Veneto Region. He also made a speech on the Venezia Giulia problem in which he conveyed greetings on behalf of the Government to the Italians on the other side of the line. The Government, he said, had given proofs of much moderation which had regrettably often been misunderstood. The Government were aware of their great duties. They could not close their ears to the appeals which reached them from the Italian brethren in Zone B. The Italian Government could not permit such deportations en masse or such attempts to efface the Italian character of the territory in question. This had nothing to do with Fascism; what had induced him to make his protest was the obvious, deliberate implications of the will to eliminate anything that might constitute a centre of Italian resistance. It was a deliberate plan systematically pursued which the Italian Government must denounce. The Italian Government must defend those Italians and they believed that they had the means and ability to defend them. Later, at Treviso the

10th, Signor Parri was in Udine where he conferred with General Harding of the 13th Army on military, political and economic matters in the Veneto Region. He also made a speech on the Venezia Giulia problem in which he conveyed greetings on behalf of the Government to the Italians on the other side of the line. The Government, he said, had given proofs of such moderation which had regrettably often been misunderstood. The Government were aware of their great duties. They could not close their ears to the appeals which reached them from the Italian brethren in Zone B. The Italian Government could not permit such deportations en masse or such attempts to offend the Italian character of the territory in question. This had nothing to do with Fascism; what had induced him to make his protest was the obvious, deliberate indications of the will to eliminate anything that might constitute a centre of Italian resistance. It was a deliberate plan systematically pursued which the Italian Government must denounce. The Italian Government must defend those Italians and they believed that they had the means and ability to defend them. Later, at Treviso the President of the Council made another speech, this time on the food problem. He stated that the supply of bread to the Italians was clearly in the hands of the Allies who had always considered Italian needs with generosity and understanding. But there must be a quid pro quo from the Italians and this could only consist of the surpluses of their work and their determination to achieve material, political and eventually moral reconstruction. Signor Parri also visited Venice and Padua. In the latter town, on November 13th, he addressed the Prefects of Northern Italy, again on the subject of food. During the course

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of his address, he said that he still could not state definitely when the restoration of the Northern Provinces to the Rome Government would take place because the Allied authorities were still without instructions from their Governments. Turning to the elections he said that the proposals of some of the parties for compulsory voting were not acceptable but at the same time it was to be hoped that there would not be widespread abstentions. He asked the Profeta to adopt a neutral attitude during the elections. The strength of the Carabinieri would be augmented. The administrative elections would be held between Mid-December and Mid-January. The President of the Council returned to Rome and gave his regular press conference on November 14th. He took the opportunity to express his thanks to President Truman for his recommendation on UNRRA funds and said that the Italians were expecting from the Allies not only a new juridical status but also "economic security" to enable them to get through this crucial winter. He again referred to the deportation of Italians from Venedic Giulia and claimed that the numbers involved were between 7 and 8 thousand. He declared that the condition for reaching an understanding with the Yugoslav Government and for initiating the direct negotiations which the Italians had always desired and urged was that the campaign of persecution directed, not against the Fascists, but against all Italians, should cease and that Italians living in the region should be guaranteed justice. Signor Parri also mentioned the colonial problem and overruled that the Italian Government maintained that it was unjust to expel Italy from Britain, Somaliland, Tripolitania and Cyrenaica and not to reserve for her the part in their administration to which she felt that she was entitled. Signor Parri concluded by stating that he knew of no present negotiations directed towards the conclusion of a provisional peace with Italy.

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The Council of Ministers met on November 13th and examined a communication from the Apostolic Nuncio conveying the wish of His Holiness the Pope that capital sentences inflicted for political motives should not be carried out, since they had been pronounced at requests of particular public exasperation. The Council of Ministers declared that it was not deaf to the appeal of His Holiness and was prepared to act accordingly, subject to the compelling reasons of justice. At the same meeting, Signor Nubbi reported on the activities of the OVRA. He had now checked the complete list of informers and secret agents and asked the

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Council's permission to publish it. No decision on this request was reached at the meeting. The Council then approved a decree strengthening the regulations of the Fascist decree of 1927 granting powers to dismiss public officials for behaviour contrary to the political directive of the Government. Signor Urvio submitted a draft of the standing rules of the Consultative Assembly regulating the distribution of work between the General Assembly and the committees, as well as the procedure governing the Assembly's labours. The Council further discussed the proposal of Signor Nocci for the formation of a Committee for the collection and study of material connected with the constitutional reorganization of the State. A project for the reassessment of land taxes and of the income from agricultural land was discussed and the question of the recovery of works of art stolen by the Germans was also examined.

There have been rumors for some time now of an impending political crisis. The initiative on this occasion is being taken by the Liberal Party who apparently consider that, in view of the move towards the right made by the country as a whole, they should secure a wider and more efficacious representation in the Government. It is reported that the liberals would like to obtain the portfolio of the Ministry of the Interior at present held by Signor Parri himself. As you know, the Ministry of the Interior will be largely responsible for the holding of the forthcoming elections both administrative and political. The Liberal Party put their demands in concrete form on November 17th by the circulation of a letter to the other parties of the Committee of National Liberation. After drawing attention to the general feeling of uneasiness pervading the country on the result of the allies' delay in granting Italy a real international status and of the lack of unity in the Parri Government, the

of art stolen by the Germans was also examined.

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asked for a reduction in the number of ministries, the formation of a Government of men who would put themselves at the service of the State and not of the parties, the most strict impartiality in policy, the revivification of a minimum number of laws together with their most vigorous application and finally the constant and vigorous practice of the principles of true liberty. This declaration has met with a cold reception from the portion of the Left. Even before publication, the Socialist Party, in an order of the day, had stated that the present was no time for a Government crisis and that anyone seeking to provoke a crisis now would be guilty of working against the interests of the country. The Action Party in replying to the Liberal Party's letter have stated that in their view there is no crisis facing the country at this present time and that therefore the conversations which the Liberal Party wish to hold for its solution are unnecessary. If problems of Government are in question then the Liberal Party should address themselves to the President of the Council. Signor Parri, on his return from the Abruzzi in November 19th, stated to the press that the country had no need for a new crisis and wished the Government to be allowed to get on with their work. He said that he had already talked with the Liberal Party leaders and believed that some of their more reasonable requests could be satisfied without changing the present Government set-up. He was convinced that nothing in the general situation demanded a substantial change in the Government. The Communist Party have published a long order of the day affirming the solidarity of the country behind the Government and criticizing those elements who "soon inclined to abandon the policy of national unity which for many years to come must be the basis of the reconstruction of Italy." The

... part of "pseudo-parliamentary"

their view there is no crisis facing the country at this present time and that therefore the conventions which the Liberal Party wish to hold for its solution are unnecessary. If problems of Government are in question then the Liberal Party should address themselves to the President of the Council. Signor Parri, on his return from the Brussels on November 19th, stated to the press that the country had no need for a new crisis and wished the Government to be allowed to get on with their work. He said that he had already talked with the Liberal Party leaders and believed that some of their more reasonable requests could be satisfied without changing the present Government set-up. He was convinced that nothing in the general situation demanded a substantial change in the Government. The Communist Party have published a long order of the day affirming the solidarity of the country behind the Government and criticizing those elements who "soon inclined to abandon the policy of national unity which for many years to come must be the basis of the reconstruction of Italy." The Communists did not fail to point out that this sort of "pseudo-parliamentary" intrigue once before produced the chaos which made France possible. Signor Norri has publicly expressed the hope that the situation will not develop into a crisis. Signor Tagliarini has asserted that the majority of the representatives of the most important parties do not desire a crisis. The Christian Democratic Party have not made any pronouncement at the present time of writing but it is reported that they are opposed to the suggestion that the Liberal Party should be given the port-folio of the Interior. The one solid demand⁸⁴⁴ arising out of these moves is that the plenary session of the Constitutive Assembly which should have opened on November 22nd has been postponed

As you may have seen in
the morning paper the President
of the Cuban Party, ^{9 in Room 1000 of the} handed in their
resignation to the President of the
Committee last night. ~~There are~~
There is the possibility that the
President of the Committee could
tender the resignation of the C.P.
today, but up to date there
no official confirmation that this
has been done.

For a week.

The only other item of interest which I think I need bring to your notice is the restoration, as at midnight November 14th, of control of the Italian army to the Italian Government -- an event which was celebrated by a dinner given by the Minister of War on November 16th to Major-General Browning, the Director of the Land Forces Subcommittee of the Allied Commission. You will no doubt have seen the press reports on this subject.

That, gentlemen, concludes my report.

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MEMORANDUM FOR THE CHIEF OF STAFF
Office of the Chief of Staff
APR 30

CC 803

NOV 9 1945

POLITICAL ACTION IN THE ALLIED ARMY, STONE
for presentation at the
45th MEETING OF THE ALLIED COUNCIL FOR ITALY, 9-10 NOVEMBER 1945

Continued

1. During the past two weeks the dominant topic of interest in Italian political circles has, of course, been the question of the publication of the Italian armistice terms. A long period of speculation on this subject was terminated at 7 p.m. (local time) on November 5 when the text of the armistice was released simultaneously in Rome, London and Washington, accompanied by various accompanying and modifying documents as well as by a commentary showing how some of the terms have been modified, either in practice or by specific directives of the Combined Chiefs of Staff. In addition it was noted in this commentary that portions of the clauses of the armistice had either never been rigorously applied or had been employed practically not at all.

Editorial comment on the publication of the terms has been extensive and has centered to a considerable extent on the so-called "Molotov Document" which, according to the press, consists of a message from President Roosevelt and Prime Minister Churchill to Marshal Badoglio promising him that Italy's status would be improved in direct proportion to her contribution to the Allied war effort. Regret has been expressed that this document was not published in conjunction with the armistice. Although the fact of the publication of the armistice terms itself appears desirable to have without little objection, the

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terminated at 7 p.m. (same time) on November 3 etc. the text of the armistice was released simultaneously in Rome, London and Washington, accompanied by various accompanying and modifying documents as well as by a commentary showing how some of the terms have been modified, either in practice or by specific directives of the Combined Chiefs of Staff. In addition it was noted in this commentary that certain of the clauses of the armistice had either never been rigorously applied or had been employed practically not at all.

Editorial comment on the publication of the terms has been extensive and has centered to a considerable extent on the so-called "vetted document" which, according to the press, consists of a message from President Roosevelt and Prime Minister Churchill to Marshal Badoglio promising him that Italy's status would be improved in direct proportion to her contribution to the Allied war effort. Magretton has expressed that this document was not published in conjunction with the armistice. Although the fact of the publication of the armistice terms itself appears generally to have raised little objection, the Italian Government having expressed its wishes in favor of publication on several occasions, many circles have stated that it would have been such more desirable could the publication of the armistice have been accompanied by some simultaneous provision for a definite restoration in Italy's status. The general reaction to the substance of the terms and their continuation in force has, however, been unfavorable. Some of the points made in the local press are that an announcement of the abolition rather than the non-application of certain of the armistice clauses would have been more appropriate measures to accompany the armistice text; that the Italian Government should have had more time to

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[Handwritten signature]

See M. 110

consider the commentary accompanying the publication of the armistice; that Badoglio's letter of November 26, 1943 to President Roosevelt and Prime Minister Churchill, as well as the "Secret Document", should have been included among the related documents released for publication; that the Italian armistice terms compare unfavorably with those imposed by Germany on France or with those imposed by the Allies on Finland and the ex-Soviet states in the Balkans; and that Italy is completely helpless and dependent on the Allies as a result of the armistice conditions. In that portion of the local press which takes a brighter view of Italy's relations with the United Nations under the armistice regime it is pointed out that the armistice was drawn up for a former and enemy regime; that Italy now has the promise of United Nations status; that the armistice is obsolete; that contrary to past speculation it does not dispose of territory or prejudice Italy's ultimate treatment at the Peace Table; and that actual relations with the Allies, as opposed to the juridical status, have progressed considerably.

Prior to the publication a vast number of speculative stories had been written on the contents of the armistice, so that its publication did not produce any spectacular surprise. An international news service dispatch which was published on November 3 gave a fairly thorough survey of the armistice text; and this dispatch also was widely reprinted upon, one rendition being carried up in World RECONSTRUCTION (opposition - Republican Party) as follows: "The Allies can do in Italy what they want."

On November 4 was the anniversary of the Italian armistice of 1918 and press featured demonstrations which were held throughout Italy on that day with

regard that Italy now has the promise of United Nations status; that the armistice is obsolete; that contrary to past speculation it does not dispose of territory or prejudice Italy's ultimate treatment of the Peace Treaty; and that actual relations with the Allies, as opposed to the juridical status, have progressed considerably.

Prior to the publication a vast number of speculative stories had been written on the contents of the armistice, so that the publication did not produce any spectacular surprise. An international news service despatch which was published on November 2 gives a fairly thorough survey of the main lines of the text; and this despatch also was widely reprinted upon, one version being carried up in *WEEKLY AFFARI* (opposition - republican Party) as follows:

"The Allies can do in Italy what they want."

November 4 was the anniversary of the Italian armistice of 1918 and press featured demonstrations which were held throughout Italy on that day with special reference to a meeting in Trieste which apparently took place without incident. However, during another demonstration in Trieste on November 5, on the occasion of the 27th anniversary of the first Italian landing at Trieste, certain incidents took place and according to press reports two persons were killed and others injured when groups carrying Italian flags were attacked.

Other political meetings on November 4 were held at Milan, Bari and Rome were foregone. At Milan, Vice President Lanza and Vice President Gronchi respectively, spoke. The Foreign Minister in his speech re-affirmed Italian rights to the Italian-inhabited sections of Venezia Giulia and promised that the present government would never sign a peace treaty which affected adversely

Italy's basic rights. Signor Acerbi, in addition to speaking on the progress which had been made in calling the Constituent Assembly, also appealed to personal life, to whom he referred as my comrade during the Spanish war, for reestablishment of bonds of friendship between Italy and Yugoslavia. He further mentioned that while Italy freely admitted that the 1919 settlement had been unfair and Italy was willing to reach a new arrangement on the basis of the "Wilson line" which plots five slabs in Italy and a fair number of Italians in Yugoslavia, nevertheless the Italian Government must insist upon the right of Italian culture in Italian portions of Venezia Giulia. Signor Acerbi in his speech gave again the liberal point of view on the forthcoming elections and reiterated the feeling of his Party that a referendum, which is opposed by left-wing parties, would represent freest expression of popular will. In this connection there have also been rumors of the possibility of the liberal party's withdrawing from the Government. According to some sources a liberal withdrawal would be the result of that party's disapproval of the recent election legislation upon which liberal objections were reportedly not taken into account.

3. The Council of Ministers meeting on October 30 took a decision regarding elections which was of considerable importance. This decision is reported in the Government's communiqué provided for the following steps: (1) the holding of elections for the Constituent Assembly not later than April 1, 1946; (2) the convening of administrative elections before the end of this year; (3) concurrently with the convocation of the electoral committee for the Constituent Assembly an arrangement to be made regarding "the method of solution of political problems connected with the Constituent Assembly". Comments on this communiqué have stressed the fact that while the dates for the elections have

betrayed the feeling of his Party that a referendum, which is opposed by left-wing parties, would represent a free expression of popular will. In this connection there have also been rumors of the possibility of the Liberal Party's withdrawing from the Government. According to some sources a Liberal withdrawal would be the result of that party's disapproval of the recent expiration legislation upon which Liberal objections were reportedly not taken into account.

3. The Council of Ministers meeting on October 30 took a decision regarding elections which was of considerable importance. This decision is reported in the Government's communiqué provided for the following items: (1) the holding of elections for the Constituent Assembly not later than April 1, 1948; (2) the convening of administrative elections before the end of this year; (3) currently with the convocation of the electoral committee for the Constituent Assembly an announcement to be made regarding "the methods of solution of the political problems connected with the Constituent Assembly". Comments on this communiqué have stressed the fact that while the dates for the elections have been announced no definite and final decision has been taken on the powers of the Constituent. This question has been too subtle, according to the press, of considerable differences of opinion between the parties forming the coalition Government, with the Liberals taking the line that subsequent legislation or a referendum should determine the powers of the assembly, while the Communists, Socialists and Action Parties feel that the sovereignty of the constituents is unquestioned.

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4. In this connection, at the same time, Agostino Benini presented a report on the progress in preparing electoral lists. According to this report, of 57,000 communes in Italy, preliminary lists of adult voters have been released in 18,000

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men and of female voters in 1970. However, he continued stating that male lists have been finally approved in only 492 communes and female lists in 609. From these statistics Signor Henri drew the conclusion, according to an interview, that since it was obviously impossible to hold national elections this year his previous position that the national elections should take precedence over the administrative elections was no longer valid and he now therefore favored immediate holding of the local elections.

2. On November 2 the Press Office of the President of the Council of Ministers issued a communique to the effect that the Italian Government, "deeply affected by the alarming reports received from Capodistria and in general from Zone B the other side of the Morgan Line", had made energetic representations to the Allied Governments and to the Allied Commission calling their attention to the gravity of the situation and asking for greater Allied control in this area to insure peace and to prevent the economic disintegration of the area.

b. Among other items of political interest during the week was a report on November 2 that Marshal Badoglio had gone to the High Court of Justice a letter in connection with the court's consideration of his removal from the Senate. Previously it had been announced that the High Court, which had received this case from the High Commissioner for the Punishment of Fascist Crimes, had postponed action thereon. In his letter, according to the press, Marshal Badoglio, having first requested defending himself against accusations concerning his political past, reminded the Court that he had presided over the Government which had declared war on Germany and he therefore appealed for the application in his case of the provisions of Article 7 of the Decree-Law of July 27, 1944 for the Punishment of Fascist Crimes which provided for attenuation thereof for

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the other side of the Morgan line", had made energetic representations to the Allied Governments and to the Allied Commission calling their attention "to the gravity of the situation" and asking for greater Allied control in this area to ensure peace and to prevent the economic disintegration of the area.

6. Among other items of political interest during the week was a report on November 2 that Marshal Badoglio had sent to the High Court of Justice a letter in connection with the court's consideration of his removal from the Senate. Previously it had been announced that the High Court, which had received this was from the High Commissioner for the punishment of Fascist Crimes, had postponed action thereon. In this letter, according to the press, Marshal Badoglio, having first remanded defendant himself against resolutions concerning his political past, reminded the Court that he had presided over the Government which had declared war on Germany and he therefore appealed for the application of article 7 of the Decree-law of July 27, 1944 for the punishment of Fascist Crimes which provided for punishment thereof for persons who had fought against the Germans after September 8, 1943.

Dist. Confidential, concluded by report.

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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
APC 394

POLITICAL REVIEW BY HONORABLE KILBY M. STONE

for presentation at the

44th MEETING OF THE ADVISORY COUNCIL FOR ITALY, 26 OCTOBER 1945

Gentlemen:

1. The past fortnight has been relatively quiet in the political field. The only development of note was the holding in all the large cities of Italy, during the weekend of the 13th and 14th October, of demonstrations in favor of the early convocation of the Constituent Assembly. These demonstrations were organized principally by the Communist and Socialist parties but the Action Party and the Party of the Christian Left - a splinter party of the Communists - associated themselves to some extent with the demonstrations. In Rome the main meeting was held in the Palatine Hill and it is claimed that 100,000 participated. The meeting was entirely orderly and the usual red flags, banners and placards demanding elections, the republic, bread and work were much in evidence.

2. The most important demonstrations took place, however, in Turin and Milan, where Signor Negri and Togliatti addressed mass meetings on the 13th and 14th. In Turin on the 13th, Signor Negri, addressing a crowd stated to number 80,000 workers, regretted that the demonstrations were not representative of all the parties of the Committee of National Liberation. He criticized the liberal party in particular for refusing to cooperate. Referring to the difficult situation in which Italy found herself at the present time, he declared

Continued next page

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were organized principally by the Communist and Socialist Parties but the Action Party and the Party of the Christian Left - a splinter party of the Communists - associated themselves to some extent with the demonstrations. In some the case meeting was held on the Palatine Hill and it is claimed that 100,000 participated. The meeting was entirely orderly and the usual red flags, banners and placards demanding elections, the republic, bread and work were such in evidence.

2. The most important demonstrations took place, however, in Turin and Milan, where Signori Menni and Fogliatti addressed mass meetings on the 13th and 14th. In Turin on the 13th, Signor Menni, addressing a crowd stated to number 60,000 workers, regretted that the demonstrations were not representative of all the parties of the Committee of National Liberation. He criticized the Liberal party in particular for refusing to cooperate. Referring to the difficult situation in which Italy found herself at the present time, he declared that the words "Fascist Monarchy" and not "proletariat of Italy" were written on the ruins and debris around them. Italy was on the eve of a winter which would probably be the most difficult of all for the Italian people. Italy depended literally on the generosity and sense of solidarity of the Allied nations, and of America above all. Signor Menni concluded by saying that he could assure his audience, as a Minister of the Government of the Committee of National Liberation, that before the end of October the Government would have fixed the date for the convening of the Constituent Assembly. Signor

ALL OFFICERS

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to the Italian people and, as for himself and other parties of the Committee of National Liberation against the danger of the reaction which was trying to divide the Italian forces of democracy in order to be able later to over-whelm them, he emphasized the fact that the Communist party would be the first to call upon the workers to become law-abiding again and to forget the period of past hostilities during which every act of sabotage was possible and lawful. He declared that Italy must have a democratic Government which would enable all the proletariat to make its voice heard. The workers of Calabria and Sicily, who for centuries had sought to obtain a hearing, would have to form an integral part of this Government. Signor Ingrao concluded by saying that the Italian people would dictate the foundations of the new Italy through the medium of a free election for the Constituent Assembly.

3. On the following day at Milan some 250,000 people are reported to have attended the rally which was addressed by representatives of the Action, Republican, and Christian Left Parties. Signor Ingrao again spoke and stated that the Italian people, having been called upon to take part in the rising against the Germans, had the right to express their will at the present time when the fate of the country was being decided. He voiced the hope that all the great nations could be united in striving for a lasting peace and he condemned the activities of those who sought to throw the working masses into confusion by presenting the inevitable conflict between the democratic front and the democratic socialist front as inevitable. The Italians were grateful to the allies for their freedom but they also claimed for them complete independence in order to solve present day problems. Italians demanded the early convening of the Constituent Assembly and above all that

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ing that the Italian people would elect the Fascist government in the next election.

3. On the following day at Milan, some 200,000 people are reported to have attended the rally which was addressed by representatives of the Action, Republican, and Christian Left Parties. Signor Foglietti again spoke and stated that the Italian people, having been called upon to take part in the election against the Communists, had the right to express their will at the present time when the fate of the country was being decided. He voiced the hope that all free nations would be united in agreeing on a lasting peace and he condemned the activities of those who sought to throw the working masses into confusion by asserting that a fratricidal conflict between the democrats and the democratic socialist bloc was inevitable. The Italians were entitled to the right of their freedom but they also claimed from them complete independence in order to solve present day problems. Italians demanded the early convening of the Constituent Assembly and above all that its work should be fixed in order that all might prepare themselves and know what objectives must be achieved. They demanded democracy and a republic and the condemnation by the Constituent Assembly of the Fascist monarchy. Signor Randi also spoke and referred to the fact that in the sixty provinces of Italy in which it had been possible to organize demonstrations in favor of the Constituent Assembly, thousands of thousands of workers were demanding that during the next few weeks the government should fix the date in which the Assembly

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would be invoked. He claimed that the world now knew that Italy was ripe for democracy and liberty. He made the comment that such an imposing assembly of workers should warn the forces of reaction that if they did succeed on one occasion in surprising the Italian people they would not be able to do so a second time. He also appealed to the moderate parties to take note of the fact of these demonstrations so that they might realize that the Italian people was no reason why the convocation of the Constituent Assembly should be further delayed.

4. On the same day, Signor Scorsimarro spoke at a similar demonstration in Genoa and Signor Pacciardi, the Secretary of the Italian Republican Party, also spoke at Ancona. Both speakers developed the same arguments as those which I have reported above. Public meetings and processions took place also at Naples, Bari, Florence, Udine, Reggio Calabria, Cagliari, Verona, Vicenza, Bolzano, Venice, Palermo and other minor centres.

5. The Italian press has of course reported on these demonstrations according to the political line of the parties which the papers represent. The Republican "Voce Repubblicana" observed that the trace between the parties of the Committee of National Liberation had been broken, and also, and more important, that the institutional trace had been violated since all the parties which had declared themselves in favor of the immediate convocation of the Constituent Assembly had shown republican feelings. The President of the Council, Signor Parri, as reported by the "Tribuna del Popolo", stated that the calm and order characterizing the demonstrations throughout the country proved "the seriousness and political maturity of the Italian people". The Socialist

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5. The Italian press has of course reported on these demonstrations according to the political line of the parties which the papers represent. The Republican "Voce Repubblicana" observed that the truce between the parties of the Committee of National Liberation had been broken and also, and more important, that the institutional truce had been violated since all the parties which had declared themselves in favor of the immediate convocation of the Constituent Assembly had shown republican feelings. The President of the Council, Signor Parri, as reported by the "Tribuna del Popolo", stated that the calm and order characterizing the demonstrations throughout the country proved "the seriousness and political maturity of the Italian people". The Socialist "Avanti!" claimed that Italians, by their self-discipline, had now acquired the right to democratic consultations. The action party paper "Italia Libera" claimed that the demonstrations were the best answer to Signor Mussolini's speech which I reported at the last meeting of this Council. From the right wing the democratic fascist "Italia Nuova" enquired what was the point in holding demonstrations when Signor De Gaulle had stated only a few days previously that the date for the elections for the Constituent Assembly would be fixed very shortly.

6. On the 11th October, the President of the Council gave a press conference to foreign journalists at which he noted with satisfaction the British Foreign Secretary's statement confirming the remarks previously made by the American Secretary of State regarding Trieste. Commenting on Mr. Byrnes' words that the new Italian constitution should be subject to a certain extent to international guarantees in order to maintain world peace, Signor Parri said that in his personal opinion such guarantees would not merely be acceptable but desirable, provided they limited the sovereignty of all other European countries as well as Italian sovereignty. If the contrary were the case, such international guarantees would not be justified. The same argument applied to disarmament. Signor Parri then expressed Italy's gratitude towards the Allies for the amount of help and relief they had been able to distribute but he pointed out how important it was for Italy's liberty that this relief should be continued and that too food and raw materials which were so necessary should be supplied. To obtain this relief more easily and because it was now evident that the Italian peace treaty would not be signed until next spring or even summer, Italy must have a provisional juridical peace. Signor Parri concluded by emphasizing the necessity of at least modifying the armistice clauses so as to allow Italy a greater freedom in dealing with important internal matters such as public order, armament, demobilization and education.

7. On October 17th the Government papers "Giornale del Mattino" ⁸³⁴ stated that the "League for the Defense of Democratic Liberties" had declared itself in favor of a single-member constituency electoral system, in the form of a manifesto to Italians urging a return of the system in force before 1913. The

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7. On October 17th the Government papers "Giornale del Mattino" ⁸³⁴ stated that the "League for the Defence of Democratic Liberties" had declared itself in favor of a single-member constituency electoral system, in the form of a manifesto to Italians urging a return of the system in force before 1917. The manifesto is signed, amongst others, by Zerbini, Bergamini, Bonomi, Einaudi, Labriola, Boncivenga, Croce, Orlando and Kitti. The manifesto reads as follows: "Italians, it is reported to have been decided that the country will be consulted, in the forthcoming political elections, by the system of scrutin de liste with proportional representation, so that the elector, instead of choosing his own representatives direct, must accept the lists of candidates arranged in advance and enforced by the dictatorates of the various parties. This system, as experience has shown, obstructs the proper working of the parliamentary

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institutions and lends itself to the consolidation of privileged positions of men and parties, to say nothing of the decline in the quality of the elected candidates, which is particularly to be deplored in the elections for a Constituent Assembly. This is obviously in conflict with the principle of a free expression of the popular will, which is the foundation of every true democracy, recognized and guaranteed by the Atlantic Charter. The only system which, in the conditions at present prevailing in our country, can make sure of representatives effectively nominated by the electorate - and re-elected Italians in the exercise of freedom - is that of the single-member constituency, which was already in force before 1919, with the modifications and adjustments that may be considered advisable. In any case, no decision whatever on the subject of the electoral law can be taken by a Government which does not enjoy a popular mandate, but must be submitted to the opinion of the country by means of a referendum. The Left-Wing papers have attacked this manifesto with some violence and have denounced it as a reactionary maneuver. Signor Cichardo stated to the "Giornale del Mattino" that he knew nothing about the existence of such a league and that it was therefore impossible that he should have signed the manifesto. Count Sforza also made a statement to the press saying he had never heard of the league.

B. The Council of Ministers met on the 18th October to discuss the question of increasing the salaries of State employees. Although the Council recognized the difficult conditions which employees had to face, it also recognized the difficult situation of the State budget. The Council decided to allot provisionally 2,900 lire to be paid at the end of October to each

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3. The Council of Ministers met on the 18th October to discuss the question of increasing the salaries of State employees. Although the Council recognized the difficult conditions which employees had to face, it also recognized the difficult situation of the State budget. The Council decided to allot provisionally 2,000 lire to be paid at the end of October to each State employee and that this sum should be considered as a first installment on the definite increases which will probably be fixed next week. Ways of

giving help to this class of employees by special distributions of food-stuffs were also examined and the Council decided that the Ministry of Food should allot six billion lire for this purpose. At the same meeting of the Council decrees guaranteeing the free use of the German language in schools, Government offices, and law courts in Bolzano Province were approved. Signor de Gasperi, the Foreign Minister, also made a report on Italy's foreign policy.

the main burden of which was the need for an early modification of Italy's international status. He said that there were three possible solutions:

- (1) a first passo, of which for the time being there was little hope.
- (2) A provisional peace allowing Italy a certain degree of freedom of action and restoring to her an international status even if limited,

and

- (3) a modification in the armistice conditions which would give Italy juridical parity as regards at least direct relations.

Signor de Gasperi favored the third solution. Signor de Gasperi also referred to the questions of reparations and the colonies. He developed at some length the theme which appeared in his address before the Consultative Assembly on September 29th, namely that Italy was not a great military or political power but was a great power as regards labor. Other measures approved at this same meeting of the Council of Ministers dealt with the concentration of the organs regulating foreign trade, the creation of an inspectorate-general of public security in Sicily with the object of combating crime and regulations covering land-ownership relations between the Val d'Aosta and Turin Provinces. Meeting again on October 19th, the Council discussed the holding of elections. Various of the Ministers made statements to the press at the conclusion of the meeting. It seems that Signor Mussi, supported by Signor De Gasperi, proposed that the Constituent Assembly be summoned by law within 70 days from the entry into force of the law governing the political elections. The President of the Council made the counter-proposal that in any case the date of the convocation of the Constituent Assembly should not be delayed beyond March 31st, 1946, and

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9. There is little of interest to report in the economic field. The harvesting of wheat is not going too well and on October 15th only 859,900 tons, or 36% of the target figure, had been collected. Italian Government territory

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show collections up to 70% of the best figures of 365,100 tons, while Italian Military Government show reported tax collections with 194,200 tons. Plans are under active consideration for the further group of larger areas of the port of access to Italian control. No further plans are to be made over to the Italian authorities and will be used for the unloading of United supplies. The great bulk of Italian port workers formerly employed by the Peninsular and Oriental will be made available to the port authorities.

That, satisfaction, concerning report.

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POLITICAL REVIEW BY REAR ADMIRAL MILLY R. STONE

for presentation at the

43rd MEETING OF THE ADVISORY COUNCIL FOR ITALY, 12 OCTOBER 1945

Gentlemen:

1. The past fortnight has been notable for a number of political developments of the highest importance for Italy. In the international field, the termination of the first session of the Council of Foreign Ministers in London has had a direct influence on Italian political thought. In internal affairs, we have seen the first experiment in a partial resumption of parliamentary procedure, we have heard an important political review by one of Italy's most famous veteran statesmen and finally the Italian Government have at last taken decisive action in Sicilian affairs.

2. The Italian press of October 4th announced in banner headlines the apparent failure of the London Conference. The optimism which had been aroused by the announcement a few days previously of a practical basis for the solution of the Venezia Giulia problem rapidly gave way to a sense of profound pessimism which is perhaps typified by the comment of the Christian Democrat paper "Il Popolo" that Italy was a victim of the disagreement among the Big Powers and by the observation of the independent paper "Epoca" that Italy was merely "an unimportant pawn in the big chess game which was being played in the world." According to the Socialist paper "Avanti!", the failure of the Conference showed clearly that international cooperation could not be the same

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2. The Italian crisis of October 4th announced in banner headlines the apparent failure of the London Conference. The optimism which had been aroused by the announcement a few days previously of a practical basis for the solution of the Yugoslav-Greek problem rapidly gave way to a sense of profound pessimism which is perhaps typified by the content of the Christian Democrat paper "Il Popolo" that Italy was a victim of the disagreement among the Big Powers and by the observation of the independent paper "Espresso" that Italy was merely "an unimportant pawn in the big chess game which was being played in the world." According to the Socialist paper "Avanti!", the failure of the Conference showed clearly that international cooperation could not be the basis in peace as in war. It was no use, according to the Socialist organ, to try to decide which of the 5 Foreign Ministers was to blame. The Conference failed because the delegates tried to solve some of the problems set before them without realizing that all problems were tied up with one another. The communist journal "Il Globo" remarked that, even if the political questions of frontiers could not be solved at once, at least countries which found themselves in a situation as tragic as Italy's should be put in a position to restore their economic activities. In government circles, feeling is characterized by a deep sense of depression at the prospect of the further continuance of Italy's uncertain international status.

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3. As I announced briefly at the last meeting of this Council, the National Consultative Assembly opened its sessions on September 25th. At its first session, Count Sforza was elected President with 244 votes. There were 95 abstentions. Signor Mario Olivotani, a Christian Democrat, and Signor Arnaldo Lucei, a Socialist, were also appointed Vice-Presidents. Signor Parri, the President of the Council, then addressed the Assembly and stated that the Consulta found itself in the same position as the Government, that is, of not having been elected by the people. But it was its duty to collaborate with the Government in preparing the Constituent Assembly which, being elected by the people, would legally define the future of the country. The temporary President, Signor Agnini, a 90-year old Socialist, who, I regret to have to report, has since died, violently accused the Italian Monarchy of having helped and supported Fascism. His words were greeted with shouts of "Long live the Italian Republic!" On the second day the Assembly met again and Signor Parri made a long speech on the political, economic and reconstruction plans of the Government. During his statement, the President of the Council questioned whether Italian pro-Fascist regimes were in fact democratic and this utterance aroused mixed shouts of approval and disapproval from the Assembly and later created a considerable stir in the press. Signor Parri announced that Italy had decided definitely to abandon all militaristic and imperialistic aims and went on to speak of a new tax policy by which reconstruction expenses would be born mainly by those who were responsible for the disastrous Axis policy. On successive days the President of the Council's speech was the subject of comment by the various parties through their repre-

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from speaking. The speaker claimed that the Assembly ought to have listened to all that General De Gaulle had to say since his criticism of the Government and of the Committee of National Liberation was absolutely correct and that no other orators before him had been reminded that their speeches were too long. On the following day, Signor de Gasperi, Foreign Minister, just returned from London, gave a detailed account of his mission ending with an appeal to the Allies to remember President Roosevelt's ideals, namely that the war had been fought in order to safeguard the rights of men. He added that Italy believed that a just and constructive peace could be based only on such principles. On October 2nd Signor Parri spoke again and argued very briefly all the various speeches which had been made during the week. He declared himself satisfied with the first session of the Consultative Assembly which, rather than expressing its own opinion, had emphasized the various problems of the moment. He promised that the date for the elections for the Constituent Assembly would be fixed very shortly and asked all Italians not to forget that Italy was still under an armistice regime and therefore in an unsettled situation. There was hope, however, that justice would be respected and that peace would be based on constructive principles. He ended by inviting the people to unite and to work. Thereafter the Assembly terminated its sessions for the time-being and broke up into various committees for the study of special problems. A new session will be called probably in November. On the whole, the Italian press has declared itself satisfied with this first experiment of the Consultative Assembly although, as almost all newspapers indicate, there was no reason further to delay the convening of the Constituent Assembly.

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4. On October 3rd, Signor Francesco Nitti, a veteran Italian statesman and a Prime Minister of the Pre-Fascist era, made an hour-and-a-half speech at the San Carlo Theatre at Naples. He surveyed the Italian domestic situation, affirming that the State was being weakened by the multiplicity and confusion of the Parties. He drew attention to the chief dangers which threatened the nation: 1) Italy, in consequence of Fascist policy, lost the war and capitulated unconditionally into the hands of the victors. Not only had she no allies, but she was up against interests and bias of various kinds.

2) Italy had lost a great part of her wealth; there were entire regions demoralized and millions of people were homeless; public works and means of communication

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had been largely destroyed. 3) Lacking essential raw materials, not having the means of purchasing them on a large scale, and being in need for some time of a considerable supplement of food supplies, Italy could only rely on the rest of the world for the rest of the war (the USA and Great Britain). In 1946 the provision of supplies from the Allies, which Italy could not dispense with, did not constitute a real commitment and would evidently be effected only in proportion to the extent that Italy deserved the confidence of the victors and succeeded in earning their respect. 4) In order to secure their confidence and gain their respect, Italy must convey an impression of stability, security and order. 5) It was to the interest of the Great Eastern Powers that Italy should be saved and recover herself. They realized this and favoured collaboration provided they saw the general usefulness of such collaboration and also, if possible, their interest therein. The first condition of recovery was to prevent the disorganization and disintegration of the State. The country had a vast capacity for work, which, once order had been restored would earn for it the respect of the whole world.

5. As regards the GEM's, Signor Hitler declared that these Committees, which were created to fight the Germans and played a useful part as well as rendering great services at the beginning, ought to have gone to an end some time after the Germans had been driven out of Italy and at the same time as the terrible inevitable violence broke out against the Fascists who were chiefly responsible. Dealing with the principles governing the purge, he asserted the necessity for them to be simple and clear, for procedure to be rapid, and for the penalties to be severe and serious for the really respon-

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store in the administration, acted without competence or by industrial principle. The mere fact of confiscation besides depriving the firm of all credit, prevented every activity on its part.

6. Passing to the financial situation, Signor Nitti remarked that the State budget showed a deficit of more than 200 billion lire, the public debt, including the deferred payments, was round about 1,000 billion lire, the aggregate amount of currency in circulation totalled 270 milliard lire, and the movement of Treasury bonds indicated a new monthly investment of about one milliard lire. These figures, given to the public by the President of the Council, although announced in such a way as not to make an impression, must be considered as very disquieting. The situation of uncertainty and impermanency was becoming worse in Italy and was giving rise to a special state of mind. Behind all the membership cards of the Partito the most conflicting tendencies were at work and, often, solely for the sake of agitation. In Italy's unrest there was great confusion between Communism and Bolshevism, and those who talked of Communism in reality gave this word an entirely arbitrary interpretation. On the other hand, many Conservatives feared Bolshevism without realising what it meant; they feared a Communist society and did not consider that the existence of all social forces was possible in Italy. Italy could have all the political forms, even the most unforeseeable ones, but she could never be Communist or Bolshevik, not only for historical reasons and because of her social structure, but above all because of her geographical formation. Similarly a fusion of western Socialism with Bolshevism was impossible because the principles, the mental formation, and the methods of the struggle were different.

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shivism was impossible because the principles, the mental formation, and the
methods of the struggle were different.

7. Signor Mussolini then asked what was the attitude of America and Great
Britain. It depended on Italian policy, if Italians were able to give the
impression of a country deserving of trust. Therefore all the signs of
sudden transformations and all the mad designs for social constitutions
entirely at variance with each other, were extremely dangerous. Italian
domestic policy would determine foreign economic policy and not vice versa.
Social policy was clearly conditioned by Italy's situation. Italians could
not go beyond what Great Britain would do; Great Britain had no Communism and
was Laborite and democratic; the country where all, in the wide sense of the

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word, were liberals. To go beyond that would mean losing all credit, in fact all seriousness, and would be criminal folly.

3. Dealing with the disorders that characterized the internal situation, Signor Miti said that relieving people of their weapons was not enough; spiritual disarmament was also needed. After so much violence Italians wanted to be able to live in safety which was not yet assured everywhere, and wanted security for the property which, however small it might be, remained to them after so many losses. As regards social policy, he said that everything that could be useful to the workers must be done, but the Government should not deceive them. Everything that could be done for them without ruining production ought to be done. It was not, however, logical to make vain attempts at doing absurd and certainly harmful things. As regards the elections, he said that they were necessary and must be held as soon as possible, first the administrative elections for the provinces and communes, and then the political elections for the Constituent Assembly which must decide, in absolute liberty, the great political and social problems of Italy. In his preparation, Signor Miti insisted on the necessity throughout Italy of an atmosphere of reason. If it was necessary to react against what was Fascist administrative centralization, it was necessary that the national structure should in no way be shaken. The Sicilian movement was the only one that had taken root, and must be combated with care and prudence, but with firmness; some obvious measures to disarm the minds of the Sicilians and remove the chief causes of discontent would be enough. It was necessary to resume civilized life, and Italians had need of great examples of virtue and great souls like Pope Pius

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9. Signor Nititi's declaration has been the subject of much comment in the Italian press - more often than not of a very hostile nature. Italian orators seem to have been offended by Signor Nititi's unwavering accusations against the conduct of Italian politicians today and his implied depreciation of Italy's contribution to the defeat of Germany. The Communist paper "Unita" commented

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that the reactionary forces which had been unable to find in the Consultative Assembly the man around whom to rally might be said to have found him in the person of Signor Mussolini who saw no salvation for Italy other than in the prefects, police chiefs and agents of Fascist crime. The paper bitterly criticised his line of policy which it stated was to "imitate, follow and obey Great Britain" thereby making Italy merely a vassal in the western bloc to be constituted against the Soviet Union. Some of the more moderate papers however hailed Signor Mussolini's speech as one of "vision and recovery" and the Monarchist Democratic paper "Italia Nuova" delightfully reported the orderly anarchist demonstrations which took place in Naples as a result of the veteran politician's address.

10. The Council of Ministers has dealt with a large volume of business during the past fortnight despite the claims on the Ministers' time resulting from the meetings of the Consultative Assembly. It was decided that the agreement drawn up between the Italian General Confederation of Labour and the Industrialists would become legal on 15th October. According to this agreement all workers who once belonged to the DGBA, or who had been separated owing to their Fascist activities, as well as those who had other sources of income apart from their work, would be discharged and paid a daily indemnity of 30 lire during a maximum period of 2 months; working hours would be reduced to 40 a week; as many veterans as possible would be offered work. At its meeting on October 3rd the Council approved a draft legislative measure modifying the sanctions against Fascism. This measure is aimed at unifying all over Italy the organs and procedure for the application of the laws

monarchist demonstrations which took place in Naples as a result of the veteran politician's address.

10. The Council of Ministers has dealt with a large volume of business during the past fortnight despite the claims on the Ministers' time resulting from the meetings of the Consultative Assembly. It was decided that the agreement drawn up between the Italian General Confederation of Labour and the industrialists would become legal on 15th October. According to this agreement all workers who once belonged to the CGLI, or who had been punished owing to their Fascist activities, as well as those who had other sources of income apart from their work, would be discharged and paid a daily indemnity of 30 lire during a maximum period of 2 months; working hours would be reduced to 4 1/2 a week; as many veterans as possible would be offered work. At its meeting on October 3rd the Council approved a draft legislative measure codifying the sanctions against Fascism. This measure is aimed at unifying all over Italy the organs and procedure for the application of the laws governing Fascist crimes, the application of the penal provisions for Fascist crimes and the crimes dealt with by the decrees of April 26th 1945 concerning Fascist activities. The Council also approved the expenditure of 37 milliard lire for carrying out extraordinary and urgent public works with immediate payment for reconstruction and the relief of unemployment.

11. On October 4th the Ministry of the Interior officially announced the arrest, or rather the "seizure", of Signor Finocchiaro Aprile, the leader of the Italian Separatist Movement. Signor Spataro, the Under-Secretary for the Interior stated that Finocchiaro Aprile and his associates might be tried since they were allegedly responsible for concrete crimes covered by the law

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but that it would perhaps be inadvisable to hold a trial which might give too great political importance to the matter. Signor Aldisio, the High Commissioner for Sicily, gave an interview to press correspondents on the following day, at which he stated that the delay in arresting the Separatist leaders was due to the hope of the Italian Government that the movement would gradually be transformed into an autonomous movement or at least a movement towards federation. The attempt to create a militia armed against the State, although it was for the most part a propagandist stunt rather than a reality, constituted an open violation of the penal code and a permanent danger of disorder. The closing down of outlying Separatist Headquarters was proceeding without incidents. Signor Aldisio stated that there was certainly a central Headquarters and a general staff of the Separatist militia but it was a general staff whose army was more on paper than in the field. He put the figure of Sicilian Separatists between 6 and 7 thousand but added that the great bulk of these had allowed themselves to be deluded by the continuous statements made by Vincenzo Aprile of Allicci hope for the future. He finally asserted that in his view this action of the Government would clear the horizon and permit Sicilians to settle down to the work of moral and material reconstruction in the framework of national unity. On the whole, the Italian press has commented favorably on the Government's action. The sole dissentient voice seems to have been that of Signor Pasciardi of the Republican Party, who, while claiming that the Republicans had always disapproved of the Sicilian Separatist movement, hinted that the arrest had been carried out because the

of the movement of organizing Separatist Headquarters was proceeding without incidents. Signor Aldisio stated that there was certainly a central Headquarters and a general staff of the Separatist militia but it was a general staff whose army was more on paper than in the field. He put the figure of Sicilian Separatists between 6 and 7 thousand but added that the great bulk of these had allowed themselves to be deluded by the continuous statements made by Finocchiero Aprile of Allied help for the cause. He finally asserted that in his view this action of the Government would clear the horizon and permit Sicilians to settle down to the work of moral and material reconstruction in the framework of national unity. On the whole, the Italian press has commented favourably on the Government's action. The sole dissentient voice seems to have been that of Signor Pacciardi of the Republican Party, who, while claiming that the Republicans had always disapproved of the Sicilian Separatist Movement, hinted that the errand had been carried out because the movement was evolving and becoming something of a republican movement.

That, Gentlemen, concludes my report.

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HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

MEMORANDUM

4 October 45.

TO : Capt. Newberg.
Capt. Maybrooke.

1. ANAC want to know what is the strength of the respective delegates to the Advisory Council for Italy, the Russian and French representatives on Allied Commission, and the representatives attached to Displaced Persons Sub-Commission; and also what we consider the strength should be. Executive Commissioner is of the opinion that the combined strength should not be more than forty.

2. Would you please collaborate in obtaining this information and put up a draft.

(FURTHER ACTION 76/52)
Chief Staff Officer,
To the Executive Commissioner.

W.B. 4/10

B.V.
4.10.45
[Signature]

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Epic Center
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HEADQUARTERS ALLIED COMMISSION
Office of the Chief Commissioner
JFO 394

cc 603

POLITICAL MEMORANDUM FOR MR. MERRY W. STONE
for presentation at the
42ND MEETING OF THE ALLIED COMMISSION FOR ITALY, 28TH SEPTEMBER 1945

SEP 28 1945

Gentlemen:

1. The greater part of the months of August and September - the period during which this Council has not met - has been comparatively uneventful. However I think we may say that the period in question has been characterized by a feeling of expectancy. The Italians have been waiting to see what will come out of the Council of Foreign Ministers in London, what will be said about local and national elections in this country, what will be decided about the redeployment of Allied troops and the turn-over of more territory to Italian administration and so on. While various political leaders have stated their policies in general form, the public as a whole seems to prefer to wait and see. This sense of expectancy reached fever-pitched over the week-end of September 15th/16th, when it became known that the Council of Foreign Ministers in London had invited the Italian Government to send a team of experts to London for consultation on frontier questions. You will all be familiar with the details here. I will only remark that the Italians seem satisfied with the solution reported for the Venetian-Giulia problem, though they naturally do not welcome the prospective loss of Rome and of control of the economic resources of the Italian hinterland.

2. The Council of Ministers has met at intervals during the period under review, and a certain amount of administrative routine work has been done.

local and national elections in this country, that will be decided about the redeployment of Allied troops and the turn-over of more territory to Italian administration, and so on. While various political leaders have stated their policies in concrete form, the public as a whole seems to prefer to wait and see. This sense of expectancy reached fever-pitch over the week-end of September 15th/16th, when it became known that the Council of Foreign Ministers in London had invited the Italian Government to send a team of experts to London for consultation on frontier questions. You will all be familiar with past accounts of the programs of the London Conference and I need not repeat the details here. I will only remark that the Italians seem satisfied with the solution suggested for the Venetian Dalmia problem, though they naturally do not welcome the prospective loss of future and of control of the Venetian resources of the Italian hinterland.

2. The Council of Ministers has met at intervals during the period under review, and a certain amount of administrative routine work had to be done.

At the meeting of the Council on August 9th and 10th, the Ministers approved a proposal for the grant of a wider measure of administrative autonomy to the Val d'Aoste. In framing this other great care was taken not to undermine

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the political unity of the State or detract from the fundamentally Italian character of the region. A Council of the Val d'Aoste is to be formed to which will be granted not only the usual provincial powers but also certain powers normally exercised by the State. The Council will be elected and the administration will consist of the Council, a Junta and a President, the latter exercising the powers normally proper to a prefect. The scheme also regulates

III
Declarations for the State and the Council. First, a new financial provision, guaranteeing the free use of the French language, and lays the basis for elementary and secondary education.

2. At the same Council meeting, the Ministers approved the draft of special legislation to state employees and various resources connected with social welfare and reconstruction. For instance, the sum of one billion lire was granted for the construction of emergency shelter houses. The Council further approved legislation addendum to the Central European Railway Organization which has been set up. Meeting on the 17th August, the Council approved a number of supplementary measures regarding the Val d'Aoste, in particular the control of the public waters and the mine in the valley. The Minister of the National Consultative Assembly submitted a draft legislative decree laying down the regulations for the constitution and the operation of the Assembly. It was agreed that the Assembly should begin its labours on September 15th. The Council also listened to a report by the High Commissioner for Sicily, Signor Adinolfi, who refuted the charges recently made by the Separatist leader, Signor Finocchiaro Aprile. On the 29th August, the Council approved the final list of members of the Consultative Assembly. At the same time it passed a draft ministerial decree setting up a commission for the study of the legislation which will govern the voting for the Constituent Assembly. This Commission consists of two representatives of each of the six parties in the Government and five technical experts. The Council also listened to further reports on Sicily and Sardinia. Promises were given of the grant of wider administrative autonomy to both islands. Sicily in particular was promised inferior supplies of coal as soon as these became available. On the 30th September, the Council approved

of the public waters and the mine in the valley. The minister of the National Consultative Assembly submitted a draft legislative decree laying down the regulations for the constitution and the operation of the Assembly. It was agreed that the Assembly should begin its labours on September 15th. The Council also listened to a report by the High Commissioner for Sicily, Signor Aldisio, who related the charges recently made by the Separatist leader, Signor Zinoeckione Aprile. On the 29th August, the Council approved the first list of members of the Consultative Assembly. At the same time it passed a draft ministerial decree setting up a commission for the study of the electoral law which will govern the voting for the Constituent Assembly. This commission consists of two representatives of each of the six parties in the Government and five technical experts. The Council next listened to further reports on Sicily and Sardinia. From these were given of the trend of wider administrative autonomy to both islands. Sicily in particular was promised larger supplies of coal as soon as these became available. On the 5th September, the Council approved certain provisions affecting journalists who have been struck off the register. At this meeting it was decided that the Consultative Assembly should begin its work on the 25th Sept. Further lists of Consultatori were also passed. Apart from studying the possibility of speeding up administrative elections, the Council only approved measures of minor importance at its meeting on September 18th. On September 19th, it was definitely decided that the Consultative Assembly should meet on the 25th and various routine measures were also dealt with. The Council met again on September 24th and approved the long-expected decree on the increase of restole. This decree had been under examination since last November. The essence of it is that increases in rentals pending from

15 60% are now legal in respect of dwelling houses and from 40 to 110% in respect of premises used for other purposes. No increase is permissible in respect of premises leased since Sept. 5th 1943. There are, of course, many supplementary regulations with which I need not burden you here.

3. There has been during recent weeks a good deal of press polemics on the question of whether the elections for the Constituent Assembly should or should not precede local elections. The Christian Democrats, the Liberals and the Labour Democrats have declared their intention of preventing the holding of local elections first, on the thesis that the country is not yet ready for the important decisions which the Constituent Assembly will have to take. The Communist, Socialist and Action Parties have equally clearly asserted their determination to have the elections for the Constituent Assembly held first and Signor Morandi, one of the Socialist leaders, speaking at Genoa, declared specifically that the Socialists would come to the elections for the Constituent Assembly with a complete program for the solution of all major problems. In the meantime, Signor Parri in a press conference on August 27th, described the conditions in which national elections could take place. He maintained that no progress could be made until the status of Italy had been finally clarified. Numerous technical difficulties also had to be overcome and this would inevitably require much time. Signor Parri's third condition related to the necessity of establishing public order. Finally he insisted that the political parties must all pledge themselves to a free, legal and honest electioneering campaign. On September 2nd., the special commission for the study of the electoral law began its work and Signor Nenni, in his capacity as Minister for the Constituent Assembly, emphasized the urgency for internal and international reasons of having the law ready by the end of the month. He suggested that the system of proportional representation might be suitable to the particular occasion. Speaking at Prescati on the following day, he told

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Anyone who did not concede its sovereignty "should be cast out like a common criminal". Signor Parri also alluded to the Constituent Assembly in his speech before the Committee of Liberation for Northern Italy in Milan on 1st September. He declared that the elections must be orderly and free and added that he would be the first to declare them null and void if they were based on violence. This remark has caused a good deal of excited comment in the press and the critics of the President of the Council have not been slow to suggest that he is adopting a dictatorial attitude very inconsistent with the democratic

principles which he proposed. His more moderate critics have asked how he proposes to decide whether the objections are to be declared null and void and what machinery or body he proposes to set up for this purpose.

5. Perhaps the most startling news in August was the decision taken on the 28th by Signor Mussi, Minister-in-Charge of Education, turning over to the High Court of Justice for opinion proceedings all Italian senators adopting those already approved as members of the Consultative Assembly and Senator Ricci, the new Minister of the Treasury. This decision, of course, affects such personalities as Marshal Badoglio and Admiral Tassin di Reval.

6. The Communist Party held a conference during the last week of August which was devoted to economic matters. Signor Togliatti avowed that the Communists were in favour of a policy of production and not of distribution. Side steps must be left to private initiative both in the fields of production and of distribution. A rigid plan under present circumstances would be absurd. Governmental controls must be similar to those in force in the United States and Great Britain. It wound up by declaring that the battle must not be waged against capitalism in general but rather against speculation and corruption in certain capitalist groups. On the whole this programme met with approval by all the parties including the liberals. The liberal newspaper stated that nothing would be more satisfying than to see Signor Togliatti's theory put into practice, but it lamented that the policy of the left - and hence of the Government - did everything to discourage initiative.

7. I have already mentioned that the Committee of National Liberation of Northern Italy met in conference on September 1st. Apart from the question of the Constituent Assembly, Signor Parri dealt at length with the role of the

which was devoted to economic matters. Signor Negliatti asserted that the Communists were in favour of a policy of production and not of subsidization. The scope must be left to private initiative both in the fields of production and of distribution. A rigid plan under present circumstances would be absurd. Governmental controls must be similar to those in force in the United States and Great Britain. He wound up by declaring that the battle must not be waged against capitalism in general but rather against speculation and "corruption in certain capitalist groups". On the whole this programme met with approval by all the parties including the liberals. The liberal newspaper stated that nothing would be more satisfying than to see Signor Negliatti's theory put into practice but it lamented that the policy of the left - and hence of the Government - did everything to discourage initiative.

7. I have already mentioned that the Committee of National Liberation of Northern Italy met in conference on September 1st. Apart from the question of the Constituent Assembly, Signor Ferri dealt at length with the role of the Committee of National Liberation in present circumstances. He claimed that they must respect decisions made by the State and at the same time must be the interpreters of the needs of the party not represented in the Committee.

Until local elections could be held the Committee must continue to advise prefects and local government representatives and simultaneously explain to the people the significance of the measures taken by the Government. Apart from Signor Ferri's address, the conference was not notable for any outstanding contribution to the solution of present problems. Signor Ferri's statement drew heavy fire from the Democratic Party whose newspaper stated that the party did

not require anyone to represent its needs. It asserted that the Committee of National Liberation had served their purpose and should now cease. It claimed that the powers of the Committee were still undefined and that the Government was allowing them to assume gradually all the powers proper to the State. Apart from criticizing Signor Parri for his alliance with the Committee of National Liberation, the Democratic Party Move attacked the President of the Council for refusing to permit publication of a Democratic Party paper in the North and for his request that the "Yellow Move" should send to his parliamentary conference someone capable of reporting his words "less sentimentally" than the present agent. Signor Parri's speech at Milan and his other remarks about the Democratic Party did in fact provide the main themes for discussion at the Democratic Party Convention which was held during the first week of September. Like all the "opposition" parties, the Democrats claim that they represent the great majority of Italians and they point out that the Committee of National Liberation is a non-elected group, implying - and frequently stating - that the six parties represent only a self-appointed, monopolistic minority. The Democratic program, as announced at the convention in no different from that previously published. It urges support of the monarchy, a laissez-faire economy and the end of the six-party "tyranny". The party spokesmen affirmed that the Constituent Assembly was indeed necessary but neither the Committee of National Liberation nor the Government was suitable to the task of organizing the election. The party reiterated its demand for a plebiscite on the institutional question. One speaker even suggested that the party should take on the defense of King Victor Emmanuel, but the Party Secretary reminded him that the party was concerned with institutions and not individuals.

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6. The National Committee of the Italian Liberal Party held a congress in Rome from September 26th to September 29th. The session opened with an address delivered by Senator Greco (ML), while welcoming the imminent convocation of the Constituent Assembly, urged the early holding of elections for the Constituent Assembly. It should be the duty of the latter to revise the Italian constitution, while putting such as administrative, economic, and social reforms should be left to the legislative body appointed by the Constituent Assembly itself. The Chairman, Signor Cattani, next reported on the Party's political programme and declared that the Liberals were willing to collaborate in the

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formation of a strong and lasting Italian republic. In certain circumstances are given. The second day of the congress was taken up by debate on reconstruction problems. Signor De Gasperi addressed the congress on the third day. He emphasized the need for restoring the authority of the State. The Committee of National Liberation had discharged their functions and until administrative elections were held, they must collaborate with the State and not hamper its activity. Senator Ciano also spoke on operations along lines already familiar to us all. A resolution was passed on the fourth day favoring general support of the Government and the Committee of National Liberation, though asking for the early dissolution of the Committee in factories and outlying districts. The labours of the Committee were concluded on September 24th with the passing of a resolution expressing the hope that the victorious Great Powers would not inflict a punitive peace on Italy and re-affirming Italy's right to continue her work of colonization in Libya, Eritrea and Somalia.

9. I should like to finish this report with a few items of economic interest. Subscription to the 5% Treasury loan was closed in North Italy at the end of August and contributions, according to present figures, have amounted to over 7 1/2 billions of lire. This sum may be larger when subscriptions not yet registered have been received. The Government are very satisfied with the response to the loan which is similar with the previous subscriptions in the Central and Southern sections of the country aggregated over 100 billion lire. The harvesting of wheat, according to report dated September 24th, stands at: 301,500 tons or 61% of the estimated available quantity for non-producing. Collections in Allied Military Government areas which were previously not so good as in Italian Government territory have improved during recent weeks.

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9. I should like to finish this report with a few items of economic interest. Subscriptions to the 5% Treasury loan was closed in North Italy at the end of August and contributions, according to present figures, have amounted to over 70 billions of lire. This sum may be larger when subscriptions not yet registered have been received. The Government are very satisfied with the response to the loan which together with the previous subscriptions in the Central and Southern sections of the country aggregated over 100 billion lire. The missing of wheat, according to report dated September 24th, stands at 60,000,500 tons or 61% of the estimated available quantity for non-producers. Collections in Allied Military Government areas which were previously not so good as in Italian Government territory have improved during recent weeks. Trucks of all kinds having a total lift of 25,000 tons are shortly being turned over to the Italian Government from Allied Military sources. The uniform bread ration scale for all Italy will go into effect on October 1st. The most important news of the last few days is that of the unrest in Naples. The cause of these popular demonstrations is purely economic, although the left-wing political parties have sought to exploit the trouble for their own ends. The Naples dock-workers have been protesting against their discharge by the American port authorities and claiming that they are being replaced by German prisoners of war. It is true that with the decrease in work many workers have been

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discharged. It is also true that German prisoners of war are being used - they work better and more loyal. Negotiations are at present in progress between the various representatives, Allied Military Government and the Italian authorities and the Allied Military Command. Remedial steps have already been taken which should greatly alleviate the situation.

That, Gentlemen, concludes my report.

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