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CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
APO 794

MONTHLY REPORT

NOVEMBER 1946

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MONTHLY REPORT

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POLITICAL SUMMARY

1. The month was marked by significant changes in the domestic political scene as a result of the administrative elections of 10 November to choose municipal governments. Political observers were almost unanimous in declaring that the elections were characterized by three factors: the abstention of a large percentage of voters; the loss registered by the Christian Democrats in comparison to previous elections; and the success obtained by the Uomo Qualunque. The left confirmed its leading position in TURIN, FLORENCE, and GENOA and secured first place in ROME and NAPLES by pooling its parties in a common block. In ROME, because neither the Peoples Bloc nor the Uomo Qualunque (rightist) were able to command a sufficient majority to elect a Mayor, the Christian Democrats, although having run third were still in the key position. At the end of the month both the other groups were endeavouring to win over the Christian Democrats but apparently without success. The latter continued to maintain its centre position.

2. A furore was occasioned early in the month when Palmiro TOGLIATTI, Secretary General of the Communist Party in Italy paid a visit to Marshal TITO in BELGRADE and returned with proposals made by the Jugoslav leader in respect of the territorial dispute between the two countries. TOGLIATTI is not a member of the Italian Government and the fact of his dealing with the head of a state on matters which affected the whole country caused great resentment on the part of most of the Italian Government leaders, and much comment in the press. The fact of his visit did not cause the adverse criticism so much as the manner in which TITO's proposals were brought to light. Upon his return to ROME, TOGLIATTI was immediately interviewed by the Communist newspaper UNITA', and the first the various ministers heard of TITO's offer was when they read it in the paper. Broadly speaking the proposal amounted to a willingness to concede that TRIESTE should remain under the sovreignty of the Italian Government and that Italy should cede to JUGOSLAVIA the town of GORIZIA. This interview which included the statement by TOGLIATTI that GORIZIA, "on the basis of data at our Foreign Ministry" was "prevailingly Slav" occasioned much argument and polemics. In a communique issued on 7 November the Italian Government rejected the offer stating that GORIZIA was "an integral part of Italian Territory and as such was recognized by the Big Four". The offer, apparently, was never made formally to the Italians through diplomatic channels. DE GASPERI, the Prime Minister stated that the possibility of direct negotiations was not to be excluded but that the TITO proposals should be discussed in relation to the peace treaty. NENNI, the Foreign Minister was reported to have stated that no document existed which might support the statement that GORIZIA was prevailingly Slav. About this time the Council of Foreign Ministers in NEW YORK postponed for a few days discussion concerning VENEZIA GIULIA problems. The postponement was apparently only a coincidence. The Italian Government, however, thinking that this might have some connection with TITO's offer, dispatched a note to the Four Foreign Ministers. The note stated among other things that the Italian Government might be disposed to start direct negotiations with BELGRADE but on conditions that any direct agreement should be guaranteed by the UNITED NATIONS, and that in the event that agreement should not be reached, the situation should revert to what had been resolved by the PARIS Conference. The note also demanded that TITO's acknowledgement of the Italianity of TRIESTE should be taken into consideration. The reply of the Four followed the line that any opening of negotiations would be an aid to eventual permanent peace but that any agreement would be closely examined by the Council of Foreign Ministers with relation to the recommendations of the PARIS Conference. ITALY and JUGOSLAVIA did in fact initiate negotiations but these deteriorated into scouting missions on minor matters.

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3. A second part of the TOGLIATTI incident which caused a great deal of argument and criticism was the matter of the repatriation of Italian Prisoners

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of War from JUGOSLAVIA. According to TOGLIATTI, TITO had agreed to the immediate return of Italian soldiers. TOGLIATTI declared that to avoid red tape and sabotage from reactionary elements the Communist Party would appeal to the Italian Partisan National Association to form a commission to implement the agreement. This implication that the government had not done all it might in this matter was followed by further statements by TOGLIATTI during an election speech at LEGHORN on 16 November in which he all but charged the Christian Democrats headed by DE GASPERI with preventing repatriation. The Government took official notice of the charges and issued a communique on November [illegible] which the Presidency of the Council of Ministers strongly denied that [illegible] had been left unturned. The press took advantage of the situation and gave it much prominence. However, towards the end of the month Italian Prisoners of War actually began to arrive in Italy from JUGOSLAVIA.

4. In the realm of party politics the most significant feature was the spirited polemics between SARAGAT and NENNI of the Socialist Party. SARAGAT, leader of the right-wing element of the party, criticized NENNI's actions under the pact of unity with the Communists, declaring that the Foreign Minister's activities were a threat to the party's autonomy. Other rifts in the party began to develop, and as a result the date of the Party's National Congress was advanced to 9 January.

5. In addition to the internal politics the press reported extensively on the activities of the Foreign Ministers in NEW YORK.

AMG VENEZIA GIULIA

1. During the early part of the month there was a revival of intense national feeling and sporadic demonstrations. On 2 November both pro-Italians and pro-Jugoslavs commemorated All Saints Day by solemn gatherings in honour of their dead. Processions of pro-Italians visited not only areas where Italians had met their deaths at the hands of the Germans, but also where they had been killed by Jugoslavs during the "forty days" occupation. The day passed off without incident. A large-scale celebration on 3 November to commemorate the Italian arrival in TRIESTE in the first World War was dispersed by the civil police in several parts of the town, and anti-Allied outbreaks and slogans were heard from both pro-Italian and pro-Slav elements. The following day strikes took place in numerous factories and shipyards as a protest against the pro-Italian demonstrations which were described as "Fascist disturbances". News of the TITO-TOGLIATTI meeting followed by the new proposed plan for the territory by TITO took both sides completely by surprise. Pro-Italians soon concluded that this was a clever manoeuvre on the part of TITO, the significance of which was not clear, but that while Communism among Italians was still comparatively weak and Slav infiltration not fully accomplished, the vital question of a plebiscite must continue as their immediate aim. The Unione Antifascisti Italo-Slovene attitude was that a friendly gesture had been made by JUGOSLAVIA and that it was for the Italians to decide their own fate; if they rejected TITO's offer, they would be the sufferers. The Jugoslavs undoubtedly gained ground in their struggle for influence over Italians in TRIESTE during the month. Both the Liberation Committee and the Unione Antifascisti Italo-Slovene of TRIESTE held meetings during the month the demands of which, in both cases were the same, namely; immediate evacuation of the military occupation forces; a democratic statute which would guarantee the free constitutional activity of the Assembly and the Government, following free elections which must take place, however, without the presence of occupational troops; clauses that would guarantee the economic life of the town by maintaining traditional contacts with its natural hinterland indispensible for prosperity and the relief of its unemployment problems.

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attacking Anglo-Saxon imperialism for the creation of a colonial Free State under a foreign Governor who will "prevent the evolution of true democracy and give TRIESTE to the foreign capitalists." Anti-Allied propaganda continued, concentrating on the immediate withdrawal of Allied troops, and the removal of Anglo-American imperialistic influences. The decision made by the Big Four are taken calmly on the whole by the inhabitants of the territory, although certain elements, both Italian and Slovene refused to accept it as final.

2. 300 men who had successfully passed a month's basic training course at the Police Training School were posted for active duty to the various divisions of the Venezia Giulia Police Force. Morale of the Force was at a high level, and large numbers of applications were received from men desirous of joining. Crime during the month was within normal limits; 690 crimes were reported. Two cases of probable political killings were reported, and one non-political murder. There was only one case of attempted abduction. On 10 November near GORIZIA the remains of 19 persons were discovered in a trench. The slaughter was supposed to have occurred during the first few days of May, 1945. Nine of the corpses were identified. There were 23 cases of the use of explosives for political or personal motives, a decrease of 10 from the previous month. The prison population showed a slight decrease during the month; 1051 as against 1125 the previous month. The standard of behaviour of British troops was not as high as could be desired, and there were several cases of troops assaulting civilians. Military Police took prompt action in these cases.

3. A considerable decrease in both cases and persons tried in Summary Courts was noted during the month. The number of accused persons tried in Superior Courts also decreased to 95 as compared to 131 in October. Cases of possession of fire-arms also decreased considerably. (For further information see Legal Division page 7.)

4. In spite of increased revenues the Communal deficits tended to grow due to the new grants to employees, to increased administrative expenses resulting from present price levels and, in the case of TRIESTE itself, to the granting of additional subsidies to public utilities. Capital previously transferred elsewhere was tending to return to the Territory. During the month the Jugoslav Military Government decreed that the official exchange between their lire and the metropolitan lire would be 1 Jugoslav lire to 2 metropolitan lire. In spite of this, metropolitan lire continued to enjoy a premium over Jugoslav lire in the open money market.

5. Economic conditions throughout the Territory showed signs of improvement during the month. Commercial transactions showed an increase in capital turnover, and business appeared to be becoming a little more stable. Prices in general rose moderately although they steadied somewhat towards the end of the month. The tentative wage agreements recently reached did not help prices to go down. Prohibitions against the unblocking of dismissals were extended to 31 January, 1947. Some inconvenience to the Territory was caused by the blocking of food coming into Zone "A". Action to this end was taken by UDINE Province prior to November, and by Zone "B" authorities early in the month. POLA's fish supply was almost cut off completely as a result of the Jugoslav Military Government action. Both UDINE officials and the Jugoslav Military Government were urgently requested to remove these restrictions as soon as possible. Food was supplied to the population throughout the month according to the ration scales.

6. The reafforestation programme continued successfully. Due to the rains a larger portion of trees than anticipated will live through the critical period of transplanting. The sowing of wheat, however, was somewhat retarded for the same cause. The political situation was also adversely effecting agriculture in the GORIZIA district where [illegible]

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7. Electricity rationing, introduced on 4 November was having serious repercussions on industrial progress and gave rise to a number of problems. Steady recovery of many of the larger industries had begun to make itself felt in corresponding increases in electricity consumption. Economy required a reduction of 20% below that of October, when in many cases production had not commenced. When possible, economies were being effected in other directions to relieve the strain on industry and mitigate the consequent adverse effects on employment through the winter months. About 4,700 tons of steel ingots were produced by the ILVA Steel Works under a limited programme; further production was stopped on account of shortage of electricity and coal. Plant repairs were well in hand at the AQUILA Oil Refinery and the shipbuilding, foundry, electrical engineering and cotton textile industries were working to normal capacity. Other industries not affected by the seasonal drop in production continued to make steady progress. Reconstruction in the Port, although hampered by bad weather, continued satisfactorily. Allied Military Government received 14,709 tons of coal during the month, 5,791 tons less than the approved requisition. No shipments were announced for December, but a cargo for U.S. Forces in the territory of which they had no need was diverted on loan to AMG VENEZIA GIULIA and UDINE. All demands for space heating except that of hospitals were refused.

8. There was a continued decrease in public works employment. The number so employed was 17,836 as of 30 November, a drop of 623 from the previous month. This drop was partly seasonal and partly due to the fact that the reafforestation project was beginning to taper off. Repairs and reconstruction continued on public buildings and distressed villages. There were 2,686 workers employed directly on distressed villages. 50 houses were completed during the month bringing the total to 331.

9. During the month there were three occasions on which work was suspended for political reasons and on three other occasions strikes of short duration were staged on economic grounds. The gradual unblocking of dismissals was kept in operation during the month. Prices of all commodities continued to increase gradually on the open market.

10. Public health in the territory was satisfactory. The incidence of both Scarlet Fever and Diphtheria dropped in the latter part of the month; Measles, however, showed an increase. A new consignment of approximately 85 tons of drugs, dressings and medical equipment arrived during the month.

11. Movement of Displaced Persons through Zone "A" decreased. 254 Italian Prisoners of War passed through TRIESTE en route from JUGOSLAVIA to ITALY. Their personal condition appeared to be better than previously.

12. Instruction proceeded normally in Italian Elementary Schools during the month. Interference from the Italian side against AMG's educational system was negligible and instruction was unhampered by political beliefs. Incidents of intimidation of teachers in the Slovene schools continued to be reported. Secondary School students of the Technical Institutes of TRIESTE and GORIZIA held a strike on the 22-23 November to force removal of academic regulations governing entry to the University of TRIESTE. The students indicated that they would strike again unless their demands were met. The strike was organized on a national basis and in consequence it was difficult to attach the blame to any specific group of students. Secondary School students of GORIZIA also went on strike on 8 and 14 November to protest against the requisitioning of the "Casa del Popolo" by the Allies. The PNDO instigated the strike. More text books for the Slovene secondary classes in letters, language, history and geography were in preparation.

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AMG UDINE PROVINCE

1. Administrative elections were completed on the 16 November, 1946 and were carried out quietly with no disturbances. Of the communal councillors elected 826 were Christian Democrats, 219 Socialists and 5 Communists. The Left concentration totalled 432. There was a noticeable increase in the activity of the Association for the Autonomy of Friulians, a movement which appeared to be supported by all political parties. While there were a certain number of strikes of minor importance during the month, there was a noticeable relaxation of tension amongst the population. This appeared to be partly due to increased industrial activity, and the financial assistance which was being rendered by the thousands of emigrated workers to their families. Pro-Slav activity continued to much the same extent as in previous months.

2. There was an overall improvement during the month from the point of view of public order and general tranquillity. The work of the civil police agencies was satisfactory. There was a further decrease in the ranks of the Carabinieri for which there were no replacements. Special attention was given to the supervision of traffic in an effort to eliminate traffic accidents. There was a noticeable increase in the prison population but no escapes or disorders were reported.

3. The coal position caused some anxiety during the month, and cement continued to be blocked as a result of the coal shortage. Normal rations were issued to the population and supplementary rations to the sick. On the basis of 235 grams of bread daily and 2,000 grams of pasta monthly wheat on hand was sufficient to meet requirements until the beginning of January, 1947. Fruit and vegetables were plentiful but prices continued to be high. Contributions of grain to the ammasso were unsatisfactory due partly to the high humidity percentage in the kernels and partly to the difference between the government price and the black market price. Steps were being taken to increase the production of sugar beets, sun-flowers and seed potatoes. 400 head of cattle were exported from the Province to other regions during the month, and 90 tons of slaughtered meat was exported to VENEZIA GIULIA. Efforts were being made to speed up the work in connection with the reclamation of a substantial tract of flooded land in the SAN DANIELI-FAGAGNA-MORUZZO area, which would provide work for some 2,000 unemployed.

4. The total of public works projects approved during the month amounted to 126,233,393 lire, bringing the total to date to 1,710,610,393 lire. The falling off as compared with figures for the last two months was due to the exhaustion of funds available. This was mainly caused by the fact that the housing programme was put forward in order to have as many houses made habitable as possible before the cold weather set in. Public services had to be considerably reduced during the month owing to POL shortages.

5. During the month 1,020 Italians and 58 non-Italians passed through the Displaced Persons Centre. Health conditions throughout the Province were generally satisfactory.

6. The number of cases tried by Allied Military Courts was 11, all of which resulted in convictions. The work of the Italian Courts proceeded satisfactorily. Due to the notable increase in traffic violations during the past few months, and in view of the fact that the fines imposed for these offences proved inefficacious in diminishing the number of violations it was felt necessary to modify the scale of fines. Accordingly, after consultation with the Italian judicial authorities, these fines were increased tenfold.

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5. During the month 1,020 Italians and 58 non-Italians passed through the Displaced Persons Centre. Health conditions throughout the Province were generally satisfactory.

6. The number of cases tried by Allied Military Courts was 11, all of which resulted in convictions. The work of the Italian Courts proceeded satisfactorily. Due to the notable increase in traffic violations during the past few months, and in view of the fact that the fines imposed for these offences proved inefficacious in diminishing the number of violations it was felt necessary to modify the scale of fines. Accordingly, after consultation with the Italian judicial authorities, these fines were increased tenfold.

LIAISON OFFICER 86 AREA (VENEZIA)

1. Intense and varied political activity continued during the month but meetings and demonstrations took place in an orderly manner and there were no

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incidents except for two ineffectual bombing attempts on 12 and 19 November in VENICE against the Communist Party offices. Some damage was caused but no one was injured. Arrests were made and it was found that the eldest of the perpetrators was not more than 17 years of age. A public demonstration was held in TRENTO on 21 November by the Associazione Studi Autonomia Regionale, (ASAR). This organization which claimed to number 100,000 members out of a total population of 400,000 was agitating for a combined autonomous region with the ALTO ADIGE, stretching from the village of ALA, (35 kilometers south of TRENTO) to the BRENNER. They were strongly opposed by the BOLZANO autonomists. A modified scheme for autonomy proposed by the Prefect of BOLZANO was turned down by ASAR who in turn approached the Volkspartei (S. Tyrol Party) for a basis of collaboration on equal terms. In ROVIGO, during a month of political calm there appeared about 30 posters praising MUSSOLINI and the "M" Battalions and referring to TRIESTE, FOLA ZARA, BRIGA and GENOA. Efforts were being made to trace the authors. There was a lessening of anti-Allied sentiments in the press.

2. There was a slight increase in crimes of a serious nature. Armed robberies resulted in the loss of large sums of money and goods in VICENZA Province; an attack was made on a lorry carrying Carabinieri in VERONA Province; shots were fired and the Carabinieri succeeded in killing two and arresting two of their attackers. A British soldier was murdered in PADUA on the 1st November. Trafficking in Allied property continued. Traffic accidents involving Allied drivers continued to cause adverse criticism, but there was a decline in the number of critical press articles on the subject.

3. Prices continued to rise during the month. Price controls which resulted in the disappearance of goods from the shops had to be abandoned. In general, the industrial situation did not improve due mainly to lack of electric power. In TRENTO, however, the production of aluminur was reported to be progressing well and the output increasing. Progress was also reported there in the production of cement, lime and chemical products. In PADUA there was depression and uncertainty owing to lack of raw materials, but the agricultural situation there was satisfactory in spite of damage by violent hail storms. There was also a substantial increase in livestock. In VENICE, in addition to the lack of coal and shortage of electric current there was a great need for industrial alcohol, tirfoil and paraffin wax which were necessary for certain industries.

4. During the month strikes took place involving agricultural labourers; glass workers, (MURANO); naval arsenal workers (VENICE); gas company workers (VENICE); commune employees of VENICE and MESTRE, and telephone employees (VENICE). All were for economic reasons and all were settled without disorders. On the 13 November a demonstration took place in MESTRE of 5000 employees of the Allied Forces to protest against the non-payment of the Republican Bonus, and retrospective wage increases. Work was resumed in the afternoon. This demonstration and the strikes were the result of constant agitation on the part of the Camera del Lavoro of MESTRE.

5. Approximately 21,000 workmen were employed on public works throughout the Region (including BOLZANO and UDINE). 4,000 different projects were on hand costing about 11 billion lire. Much of the work was devoted to reconstruction, repairs and the building of new houses.

6. Displaced Persons numbered 117 in the 5 Displaced Persons and Refugee Camps in the VENICE Area. (These were Italian and not Allied Commission Camps).

7. Derequisitioning was being carried out wherever possible with regard to military requirements. The derequisition of 5 schools of various categories was ordered during the month in PADUA and another 6 in VERONA Province. In

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PUBLIC SAFETY DIVISION

1. There were no serious disturbances during the month and the situation was reasonably quiet throughout Italy. The usual minor demonstrations occurred and were handled without serious developments. In the [illegible] area the Police had not been reinforced up to the figure asked for by Public Safety (this was in course of investigation and adjustment with the Ministry of the Interior) the situation during the month was very quiet.

2. Public order in VENEZIA GIULIA showed further improvement. The crime situation remained normal with improvement in police arrests. Joint patrols of Allied Military and Italian Civil Police were operating on the roads with a view to reducing traffic accidents. In VENEZIA GIULIA the month was quiet and almost free from Political disturbances with a notable decrease in terroristic attacks, abductions and murders. Common crime showed a slight increase, but arrests for crime were also higher. Two members of the Venezia Giulia Police Force met their deaths at the hands of criminals during the month but despite this the morale of the Force remained at a very high level.

3. Considerable numbers of Jewish emigrants were stopped on the frontiers of ITALY during the month while attempting to enter the country illegally on route to PALESTINE. The majority stopped were refused admittance and turned back but undoubtedly many were successful in entering the country clandestinely. However, snow was gradually closing the frontiers and thus assisting police supervision over the remaining passes.

4. Fascist leaflets were distributed in GENOA, TURIN, and MILAN during the month. Dumps of arms continued to be discovered. During the month a large dump was found at SESTRI, (GENOA) others were located in LIGURIA, EMILIA, BOLZANO and PIEDMONTE. A serious incident occurred in ROME early on the morning of the 1 November when two suitcases, apparently filled with explosives, which had been placed by some persons unknown outside the entrance of the British Embassy, exploded and caused serious damage to the building. There were no fatal casualties and one civilian only was injured by falling debris. Enquiries to trace the person or persons responsible were instituted immediately and are continuing.

LEGAL DIVISION

1. Allied Military Government Courts continued in session during the month in VENEZIA GIULIA and the Province of UDINE. Superior and Summary Courts were in operation in the former and Summary Courts in the latter. In VENEZIA GIULIA 95 accused persons were tried on 105 charges by Superior Courts, and 101 accused persons were tried on 103 charges by Summary Courts. In the Superior Courts cases involving possession of firearms decreased in number. Out of the remaining total of cases tried in these courts, 48 had to do with theft of UNRRA property. Only 3 of them resulted in sentences of as much as 2 years, the maximum imposed in any case. Of all the cases tried by Summary Courts 38 pertained to unauthorized meetings, 18 to offences against good order, and 23 to theft and possession of property. In all of these the sentences were very moderate, the average being between 1 and 2 months. In general, court calendars of the area were up to date, persons in prison awaiting trial having been confined for less than two weeks. In the Province of UDINE 11 cases were tried by Summary Courts, all of which resulted in convictions. Charges in 6 of these cases were for theft and possession of Allied property.

2. Italian Courts generally discharged their functions in a satisfactory manner. The Italian Section continued to deal with a large volume of matters

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2. Italian Courts generally discharged their functions in a satisfactory manner. The Italian Section continued to deal with a large volume of matters including problems arising currently in the various departments of Allied Commission as to interpretation of provisions of the Armistice terms and Italian legislation and procedure; opinion on Jugoslav Nationals detained in Italy; trials of War Criminals; railway thefts; repatriation of Italian judicial officials and many more matters of a varied nature.

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3. In VENEZIA GIULIA the Special Court of Assize disposed of 32 cases by trial during the month. Six of the persons so tried were convicted and the rest acquitted. Of those convicted 5 received sentences of between 2 and 10 years, and 1 between 20 and 30 years. At the end of the month 15 cases were pending on the docket of this Court, as compared with 17 at the end of the previous month. The Special Court of Assize of the Province of [illegible] disposed of 1 case during the month and had 21 cases pending trial at the close of the month as compared with 25 on the 25 October, 1946.

4. Final review of AMG cases continued. In this connection it was revealed that some of those alleged to be serving AMG sentences were unknown to the Legal Division and that the names of others who should be in jail according to Legal Division records did not appear on lists received. Instances were also found of prisoners being reported as being in two prisons at the same time, of prisoners who would have been brought to trial long since but have necessarily instead been confined in insane asylums, and of a prisoner serving an AMG sentence in an Italian Army Prison. Adjustments were made in these cases and inquiries instituted, with the cooperation of Public Safety Division regarding persons held for security reasons. A list of prisoners not identified was submitted to Allied Force Headquarters. No prisoners will remain in Italian jails for the account of the Allies except those held for war crimes and for security reasons, for whom AFHQ will acknowledge responsibility, and those actually serving AMG sentences.

DISPLACED PERSONS DIVISION

1. During the month the Italian Government was requested to reconsider its decision to cease all financial assistance and distribution of foodstuffs to Displaced Persons Camps organized by the Allies with effect from 15 November 1946. The Italian Ministry of Foreign Affairs was asked to continue existing arrangements until 31 December, 1946 pending study of the whole question and was further advised that such delay would be without prejudice to the final ruling. The Ministry agreed to bear the expenses with the understanding that such an obligation would irrevocably be discontinued on 31 December, 1946. The Ministry also stated that the Italian Government reserved itself to ask for reimbursement of the expenses borne in this connection. The reply made to the Ministry was that the decision of "irrevocable discontinuance" after the end of the year was contrary to the request that any delay would be without prejudice to the final ruling and was therefore unacceptable. No further communication had been received from the Italian Government at the end of the month. Should the Italian Government stand firm on their decision, responsibility for the maintenance of Displaced Persons in Allied Commission Camps will fall on Military Authorities.

2. After eight months of negotiations, Germans held at BOLZANO and those in the Italian administered FOSSOLI DI CARPI Centre for undesirable aliens, were officially accepted by the authorities in GERMANY. Italian repatriates from ERITREA and SOMALIA arrived in NAPLES during the month and the first "head for head" exchange between TRIPOLITANIA and ITALY also took place. In all about 1,100 Italians were returned to TRIPOLITANIA of which 600 were children and the rest dependents of employees of the British Military Administration of that territory. In general there was a certain easing of the former severe policy of not allowing genuine Italian colonials to return to their homes and occupations in these territories.

COMMUNICATIONS DIVISION

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COMMUNICATIONS DIVISION

1. A telephone land line circuit between PRAGUE and BOLOGNA was authorized during the month and facilities were released within Italy by Allied Military Forces for use in establishing this circuit. Establishment of a MILAN-BUDAPEST telephone circuit was authorized after several months delay due to failure to obtain authority for the operation of the BUDAPEST terminus. Operation will commence after circuit facilities have been installed. Arrangements were made by ITALCABLE to transmit personal telegrams to addressees in the American

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Zone of GERMANY. These telegrams will be transmitted to ITALCABLE affiliates in FRANKFURT for dispatch to addressees. Similar services to other zones in GERMANY have not yet been arranged due to the reluctance of U.S. postal systems to undertake delivery within the former occupied zones of GERMANY. Radiotelegraph service was opened with MUNICH on 4 November and with BERLIN on 5 November.

2. ITALCABLE resumed operation of its submarine cable between ROME and BARCELONA, on 16 November, having completed repairs. Repairs to Italian submarine cables have been slow due to the fact that there is only one Italian cable ship suitable for the work. Efforts to lease ships from American and British sources have been unsuccessful as these ships are required by their own countries for maintenance of their own cables.

3. The Posts and Telecommunications building at FOGGIA was derequisitioned during the month, thereby returning much needed space to the telecommunication service. The UDINE Repeater station, damaged by bombs and overloaded structurally by equipment reached the point of collapse. During the month Italian authority for repairs was obtained together with a loan of military repeater station equipment for use while the existing equipment was being removed and reinstalled in the repaired building.

4. The Italian Government asked for consideration in regard to the payment of transit fees for international telephone calls. These fees are payable in gold to countries across which international telephone circuits extend and must be paid in gold by the country of origin of each telephone call. The presence in Italy of Allied Military Headquarters and personnel resulted in many such calls originating here. Previous ruling made was that transit fees for military calls must be paid for by the Italian Government as part of the occupation costs. Italian telephone companies do not receive fees from other countries at the present time as facilities are not available for such service.

5. The Ministry of Posts and Telecommunications issued temporary operating permits to amateur radio operators and agreed to extend the temporary authorization. New legislation is to be enacted and new regulations promulgated as promptly as possible.

ECONOMIC DIVISION

INDUSTRY AND UTILITIES SUB-DIVISION

1. A total of 379,631 long tons of imported coal arrived in ITALY during the month. The UNITED STATES maritime strike which ended on 27 October, 1946 caused stocks of coal in ITALY to fall from 714,000 tons at the beginning of October to 415,000 tons at the end of November despite severe rationing and cut-backs in allocations. The coal miners strike in the UNITED STATES which began on 20 November, 1946 resulted in an embargo being placed on all coal for export from the U.S. which will have the effect of reducing December arrivals considerably. For December essential consumption was limited to 400,000 tons as compared to a normal minimum of 600,000 tons which is considered necessary to avoid a setback in the Italian Industrial Rehabilitation Programme after what has been two or three months of gradual improvement. Sardinian coal production for the month was 91,315 metric tons. The labour difficulties which caused production to fall to 75,454 tons in the previous month appeared to be settled.

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2. Owing to the U.S. Maritime strike in October, shipments of P.O.L. to ITALY were greatly restricted and allocations of motor, gasoline and diesel oil were cut by 50% and 40% respectively in order to conserve stocks in the country. No motor gasoline was received during the month and only one tanker of diesel arrived. The first 5 tankers of crude oil from ARABIA arrived during the month. This represented slightly more than a quarter of the quantity of

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2 million barrels which has been procured by UNRRA. Both BARI and MIDLFS refineries commenced operations, the former on the 22nd November, and the latter on the 25th November.

3. In Northern ITALY the electricity situation remained unchanged during the month, but due to the high consumption being experienced the rationing plan was carried out by disconnecting all consumers two days per week during the daylight hours. The electric power generation in Central ITALY showed a considerable increase following the heavy rains experienced during the month. Only a slight improvement was reported in Southern ITALY, where the SILA reservoirs were again at a critical point. In spite of increased consumption the estimated shortage in December was considered to be about 26% as against 52% in November. Power import from the North will remain unchanged in December, i.e. 1 million KWH per day.

4. Derequisitioning of public and private premises by the Allied military was carried out in so far as was possible having regard to military requirements.

COMMERCE (FOREIGN TRADE) SUB-DIVISION

1. During the month a representative of the British Military Mission, TRIPOLITANIA arrived in ITALY to effect purchases of cotton yarn and cloth for 1946 requirements, payment to be effected in sterling, and to enter dealings with manufacturers for the 1947 programme of procurement of textiles. A quantity of cloth, (490,000 metres) was procured in MILAN and shipped. The possibility of obtaining yarn, production of which appeared to be entirely absorbed by preceding orders was being investigated. B.M.A. TRIPOLITANIA proposed to export to ITALY 45,000 sheep, this being rendered necessary by a severe drought in TRIPOLITANIA. Payment in Sterling was indicated by B.M.A. to which, however, the Italian Ministry of Foreign Trade objected, in view of the scarcity of Italian Sterling credits. The matter was under discussion. An urgent request was received from the B.M.A. DODECANESE for the procurement of a certain quantity of cigarette machine tapes for the TEMI factory at RHODES, payment to be effected in Sterling.

2. During the month seeds were taken off the Reserved Commodity List controlled by the International Emergency Food Council. This applied to alfalfa, red clover, white clover, alsike clover and Kentucky bluegrass. The entire range of seeds has now been de-controlled.

3. A British Board of Trade Mission toured ITALY and visited TRIESTE during the month with the object of purchasing furniture. No orders could be placed in TRIESTE but negotiations were being conducted with manufacturers in LOMBARDIA.

FOOD AND AGRICULTURE SUB-DIVISION

1. Wheat stocks continued to decline and at the close of the month were sufficient for 56 days on the present ration scale. The forecast of world wheat stocks indicated a critical situation ahead. The Italian Government was aware of this fact and its intention was to conserve the present stock pile. A decree which will come into effect on 6 December, 1946 provided for the rationing of rice and paste in all public restaurants. Ration coupons will have to be surrendered by customers for bread, paste and rice, and all

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2. The planting of autumn and winter cereals neared completion in all sections of ITALY during the month. Excessive rains causing inundations in many provinces retarded this work and washed out the plantings. Where plantings were completed early the rains aided the germination of the plants. It was estimated that the total acreage sown would be slightly less than the previous year. The outlook for the crops following the present plantings was generally good. In Central ITALY storms caused considerable damage to large numbers of olive trees, but in spite of this the crop was expected to be much greater than previously estimated. There was widespread resistance to the crushing of olive oil due to discontentation at the fixed price and hope based on reports in the press that only a partial crushe would be required. Plans favoured the seedings of pasture lands in Northern and Southern ITALY and acreage will be greater than last year. On the other hand dry forages, feeding concentrates and bran continued to be very scarce.

3. Livestock diseases continued, not in very serious proportions, throughout nearly all provinces. Shortage of work animals was reported from 25 provinces. The supply of farm machinery improved somewhat. Shortage of POL products continued but an improvement was expected.

SERVICE SUB-COMMISSIONS

NAVY SUB-COMMISSION

1. The strength of the Italian Navy as at the beginning of the month was 5153 officers and 43,355 ratings. This was a reduction of 93 officers and 3,251 ratings compared to the figures for the previous month. In six months there has been a reduction of 752 officers and 7,827 ratings. There were still 766 officers and 6,783 ratings serving who were to be retired but were being temporarily retained owing to unemployment difficulties upon discharge. The overall figure would have been much lower had it not been that a new class of conscripts were called up in September. At the beginning of the month a number of important changes were made among the flag officers of the Italian Navy.

2. Bad weather during the month retarded operations in three of the areas where the Italian Minesweeping Groups were working. Sweepers from the SPEZIA area temporarily suspended clearance there and concentrated on widening the approach route to LEGHORN. Italian Minesweepers from VENICE were engaged in clearing an area inshore off PORTO LIGNANO to enable craft built on the STELLA Estuary to reach the sea. Other Italian Minesweeping Groups continued routine clearance operations. The Minesweepers completed their check sweep at the Northern entrance to the Strait of MESSINA and proceeded to TRAPANI and PALERMO to begin operations off Western SICILY.

3. The Italian Ministry of Marine completed arrangements for the temporary provision of limited funds in Egyptian currency required by the Italian battleships in the BITTER LAKES, and accordingly supplied the ships with the necessary funds due at the end of the month. The question as to which Government, British or Italian, is to assume liability for payment was still under discussion as a result of the Ministry of Marine's further representation [illegible] the Italian Government's shortage of Egyptian currency. Pending a solution of the problem, it was expected that the Italian Ministry of Marine would continue to provide the funds required. During the month there was no problem arising from the supply of victualling stores by the Royal Navy to Italian

year. The outlook for all crops following the present plantings was generally good. In Central ITALY storms caused considerable damage to large numbers of olive trees, but in spite of this the crop was expected to be much greater than previously estimated. There was widespread resistance to the crushing of olive oil due to dissatisfaction at the fixed price and a strike based on reports in the press that only a partial crushe would be required. Reins favoured the seedings of pasture lands in Northern and Southern ITALY and acreage will be greater than last year. On the other hand dry forages, feeding concentrates and bran continued to be very scarce.

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SERVICE SUB-COMMISSIONS

NAVY SUB-COMMISSION

1. The strength of the Italian Navy as at the beginning of the month was 5155 officers and 43,355 ratings. This was a reduction of 93 officers and 3,251 ratings compared to the figures for the previous month. In six months there has been a reduction of 732 officers and 7,827 ratings. There were still 738 officers and 6,783 ratings serving who were to be retired but were being temporarily retained owing to unemployment difficulties upon discharge. The overall figure would have been much lower had it not been that a new class of conscripts were called up in September. At the beginning of the month a number of important changes were made among the flag officers of the Italian Navy.

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4. All buildings requisitioned by the U.S. Navy in the PALERMO and NAPLES areas were released during the month. Permission was granted to the Italian Ministry of Marine to salvage a German landing craft sunk at LA SPEZIA Harbour, and for the salvage of LA SPEZIA and an unidentified salvage. During the month inspections were carried out of ports in SICILY, including MESSINA,

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CATANIA, and PALERMO to determine the status of those ports in regard to the clearance of harbour and reconstruction of port facilities. Considerable progress was noted. A programme was arranged during the month for the improved clearance of the harbour of MESSINA.

5. Orders for the [illegible] the disposal arrangements of Yugoslav ships in Italian hands were issued during the month. In addition, information regarding 50 other Yugoslav ships was forwarded to the Yugoslav authorities.

LAND FORCES SUB-COMMISSION

1. The strength of the Italian Army as at 1 November was 247,708 including 63,828 Carabinieri. This latter figure showed a slight increase over the previous month. The Italian School of Signals at CECCHIGNOLA continued to make good progress. General Headquarters, (British), notified release of one set of Baile Pontoon equipment for Italian Engineers and arrangements for collecting the remaining items in hand. The Italian Medical Stores in FLORENCE continued to receive quantities of captured stores from Allied sources. About 50 tons were received during the month. Health of the Italian Army continued normal.

2. Carabinieri had under consideration a plan for reorganization of the Mobile Battalions. It was considered that when normal conditions returned to Italy the existence of these battalions would be of doubtful value in their present form. 6000 men were wholly employed in the Battalions where they had little to do except in the rare cases of large-scale disorders. The Carabinieri plan was to have a small Mobile Group with each Legion, thereby abolishing the Battalions and effecting a consider[illegible] in numbers. Under existing circumstances no change is contemplated. W/T connection between Carabinieri Headquarters continued to make good progress. The largest Headquarters to be brought within the network were GENOA, MILAN, MESSINA and CALTANISSETTA, although the latter two were still in the experimental stage. Much keenness and energy were displayed by Carabinieri in putting the W/T scheme into effect. The arrival of spare parts and motors from a Polish Depot during the month improved the armoured car position. 3,300 Beretta 9 mm pistols were assigned to Carabinieri and will be released in the near future. Carabinieri pay was increased but owing to the rapidly rising cost of living, little or no benefit was felt.

3. During the month 12,130 Italian Prisoners of War were repatriated from British hands, and 6,857 from other sources. There remained a total of 48,209 POW to be repatriated. 37,351 from British hands and 10,858 from other sources. Plans were received during the month to repatriate the remaining Italian POW held in various parts of the British Empire. It was estimated that the last Italian POW will have left British custody by 31 January 1947. The target date for the return of these Prisoners to ITALY will be March 1st 1947. Over 6,000 Italian POW were returned to ITALY from JUGOSLAVIA during the month. They arrived at ANCONA and reports indicated that they were in reasonably good condition.

AIR FORCES SUB-COMMISSION

1. The strength of the Italian Air Force as at 1 November 1946 was 28,700 (3,436 officers and 25,554 other ranks.) The uncertain situation re[illegible] the fate of the I.A.F. together with the heavy financial burden

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regarding 50 other Italian units was passed to the Italian authorities.

LAND FORCES SUB-COMMISSION

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3. During the month 2,140 Italian Prisoners of War were repatriated from British hands, and 6,897 from other sources. There remained a total of 48,209 POW to be repatriated, 37,357 from British hands and 10,852 from other sources. Plans were received during the month to repatriate the remaining Italian POW held in various parts of the British Empire. It was estimated that the last Italian POW will have left British custody by 31 January 1947. The target date for the return of these Prisoners to ITALY will be March 1st 1947. Over 6,000 Italian POW were returned to ITALY from JUGOSLAVIA during the month. They arrived at ANCONA and reports indicated that they were in reasonably good condition.

AIR FORCES SUB-COMMISSION

1. The strength of the Italian Air Force as at 1 November 1946 was 26,790 (3.3% officers and 25.5% other ranks.) The uncertain attitude as regards the future of the I.A.F. together with the heavy responsibility of large numbers of the personnel still drawing pay but not on the active list and the unsettled political situation about an unbridgeable barrier to good efficiency and discipline. The approval of the Combined Chiefs of Staff to the proposed future Italian Air Force was received towards the end of the month. The British Air Ministry's detailed plan for the reorganization and re-equipment

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was released at the same time. Formal acceptance of the proposals was under consideration by the Italian Air Ministry and in Government circles.

2. Flying training continued normally for the first part of the month without incident or difficulty. [illegible] not yet commenced in the Night Bomber Wing. Good flying activity was reported from all flights in the Flying Training School as soon as flying was resumed during the month after in any previous months. The Navigation School made steady progress and lectures were well under way although flying exercises were limited due to bad weather conditions in the area.

3. During the month the Aircraft Safety Centre at Milan continued valuable assistance to the rescue of an American plane that crashed in the Swiss Alps. The I.A.F. gave air assistance by dropping supplies and guiding some of the Rescue Parties. Both night and day flights were successfully undertaken during the month. Improvements were noted in the signals communications of the Air Sea Rescue Organisation. Night exercises were held during the month. The newly formed Area Approach Control was functioning very well. The Central Aircraft Safety Centre at [illegible] and I.A.F. Radar stations generally were performing satisfactorily and supplying the data required for all Radar signals. Three new meteorological stations were opened during the month bringing the total of reporting stations in the Italian network to 146. Arrangements were made to have Italian personnel instructed in British meteorological methods in order that there will be no drop in efficiency in the briefing of English aircrews when the British staff is withdrawn.

4. The clearance of foreign aircraft flying over Italian controlled territory was handed back to the Italian Government on 25 November, 1946. Allied authority will still be required over AMG Territory.

[signature]
[illegible]
Rear Admiral, RN
Chief Commissioner

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[illegible] December 1946. Good flying generally was reported from all Stations in the Flying Training Command and more flying was obtained during the month than in any previous month. The Navigational School made steady progress and lectures were well under way although flying exercises were limited on account of bad weather conditions in the area.

3. During the month the Aircraft Safety Centre at MILAN continued valuable assistance to the rescue of an American Dakota that crashed in the Swiss Alps. The I.A.F. gave air assistance by dropping supplies and guiding some of the Rescue Parties. Further flights over these regions were successfully undertaken during the month. Improvement was noted in the signals communications of the Air Sea Rescue Organisation. Eight exercises were held during the month. The newly formed Area Approach Control was functioning very well. The Central Aircraft Safety Centre at VENICE and I.A.F. Radar stations generally were performing satisfactorily and supplying the data required for all Radar signals. Three new meteorological stations were opened during the month bringing the total of reporting stations in the Italian network to 146. Arrangements were made to have Italian personnel instructed in British meteorological methods in order that there will be no drop in efficiency in the briefing of English aircrews when the British staff is withdrawn.

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Rear Admiral, RCN
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CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
APO 794

MONTHLY REPORT

OCTOBER 1946

Ref.: G2A/200 13 December 1946

CONFIDENTIAL

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C O N F I D E N T I A L

HEADQUARTERS ALLIED COMMISSION
APO 794

M O N T H L Y R E P O R T

OCTOBER - 1946

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C O N F I D E N T I A L

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POLITICAL SUMMARY

1. The most significant points of interest in Italian internal affairs during the month were the assumption of the post of Foreign Minister by Pietro NENNI and the signing of a pact of unity between the Communists and the Socialists.

2. Signor NENNI took over his post on 19 October. Up till that time the Ministry of Foreign Affairs had been headed by Signor DE GASPERI in addition to his other duties as President of the Council of Ministers and Minister of the Interior. NENNI's appointment was no surprise inasmuch as it had been agreed at the time of the formation of the Cabinet in July, 1946. His assumption of office, however, was greeted with much speculation by the press. The Foreign Ministry had been subjected to considerable criticism in regard to its personnel and it was generally anticipated that sweeping changes would be made. The prospect of these expected changes, particularly changes in the various subsidiary posts, was not viewed unanimously in a favourable light. Right wing adherents were concerned at the prospects of wholesale changes in the Ministry lest they constitute the transformation of the diplomatic service from being representative of the whole country to being representative of a political trend.

3. The pact of unity of action between the Communists and the Socialists was published on 27 October. This document was represented as a definite bid for power on the part of the working classes. In itself, it was not new; there had existed a loosely adhered-to pact since August, 1944. However, that agreement had been drawn up when the Allied Armies were fighting around FLORENCE and consequently mainly represented measures for the defeat of Fascism; social and economic measures were only lightly touched upon. One significant feature of the new pact was the omission of any call to the Christian Democrat Party for collaboration. This was interpreted in political circles as an outright challenge. An appeal for collaboration had been included in the pact of 1944.

4. The terms of the current pact were considered more in the nature of a programme offered to the Government than as an instrument regulating the relations between the two parties. The agreement frankly stated that it tended towards the acquisition of the majority of votes. In other words it was a definite bid for political power. The agreement pointed out that each party might have its own list of elections but that all appearance of rivalry between the two must be avoided.

5. Labour conditions during the month continued to be unstable. The strike of the gas workers which began on 30 September ended on 3 October. Prime Minister DE GASPERI stated on 2 October that strikes in the public services could not be tolerated. He declared that if management and labour could not settle their differences within 24 hours the Council of Ministers would intervene. The strike came to an end on 3 October, the workers returning to their jobs with wage adjustments. The Confederation of Labour and the Confederation of Industry finally came to an agreement after long and protracted negotiations. The agreement provided for a wage truce of six months; 35% increase in the minimum wage paid to industrial workers; 50% increase in the allotment paid for dependent children; increase in holidays from six to twelve days; a Christmas gratuity; and pay for the 13th month. These benefits were to be granted to clerical workers after necessary amendments.

6. The most serious riot since the end of the war took place in ROME on 9 October when a crowd which grew to 20,000 stormed the Viminal Palace, seat of the Government, in protest against their dismissal from the public works projects. (See page 7 Public Safety report for a fuller account.)

7. The proposed Peace Treaty continued to cause alarm and discontent

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to his other duties as President of the Council of Ministers and Minister of the Interior. DE GASPERI's appointment was no surprise inasmuch as it had been agreed at the time of the formation of the Cabinet in July, 1946. His resumption of office, however, was greeted with much speculation by the press. The Foreign Ministry had been subjected to considerable criticism in regard to its personnel and it was generally anticipated that sweeping changes would be made. The prospect of these expected changes, particularly changes in the various ambassadorial posts, was not viewed unanimously in a favourable light. Right wing adherents were concerned at the prospects of wholesale changes in the Ministry lest they constitute the transformation of the diplomatic service from being representative of the whole country to being representative of a political trend.

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7. The proposed Peace Treaty continued to cause gloom and despondency. The general opinion was that the peace was unjust although it was realized that the PARIS Conference approval of the treaty was only a recommendation.

On 16 October, Signor DE GASPERI addressing the Christian Democrat Parliamentary Group, declared that it would be untimely at that point to take up the question of signature by ITALY because ITALY had been granted another appeal in NEW YORK on 25 October. However, the same group passed a resolution which expressed the opinion that neither the Parliamentary Group nor the Party as a whole could assume responsibility for proposing the acceptance of the peace conditions as they stood. There the matter rested at the month's end.

AMG VENEZIA GIULIA

1. During the month a complete regrouping and policy reorientation of the major political parties of both pro-Slav and Italian Groups took place. This was caused by the confirmation of the French Line by the Peace Conference and the approval of the French Draft Statute for the Free Territory of TRIESTE. Neither side acquiesced in the proposed settlement. The pro-Italians welcomed the retention of GORIZIA and MONFALCONE but could not reconcile themselves to loss of POLA and S.W. ISTRIA nor to the separation of TRIESTE from the mother country. The Pro-Slavs appeared to be resigned to the idea of a Free Territ of TRIESTE but were rigidly opposed to its proposed boundaries which they hoped might yet be modified as a result of the meeting of the Big Four in NEW YORK. Their territorial demands were for a shift of the Free Territory westward to include MONFALCONE but exclude N.W.ISTRIA. Except for an attempted pro-Slav demonstration in MONFALCONE on October 1, demanding the union of MONFALCONE with JUGOSLAVIA there were few large-scale protests. The publication of the French Draft Statute provoked a storm of criticism, but both sides, while bitterly hostile to the proposed frontiers and statute and not unhopeful of last minute modifications of them, appeared resigned to the idea of a Free Territory of TRIESTE. In consequence they were busily re-grouping on the "bloc system" and evolving long term policies with the common objective of securing a majority in the Popular Assembly. Pro-Jugoslavs were much farther advanced in this respect than their opponents. Their hitherto aggressively nationalistic policy was dropped and its place taken by an allegedly ideological class struggle on a wider basis. Democracy, not JUGOSLAVIA was their trademark, the enemy being "Imperialism". Their policy was to lead to "the alignment of the whole population of the Julian region on a unified front". This "Unified Front" is to be known as the FRONTE UNITARIO D'AZIONE DEMOCRATICA, or FUAD. Pro-Italian elements were in a state of disorganization and were unable to evolve any constructive future policy.

2. There was an increase in crime during the month. 519 crimes were reported and 125 suspects arrested. There were 3 murders, two of which were believed to be political, and two cases of abduction or attempted abduction. On 33 occasions during the month explosives in various forms were used in and against buildings. During a search 538 shells weighing 42 kilograms each were found; three persons were arrested in connection with this discovery. Incidents involving the throwing of hand grenades continued. Efforts were continued to improve the efficiency and welfare of the VENEZIA GIULIA Police and the morale of its members was excellent. In general the conduct of Allied Service personnel was very good. The prison population showed a slight decrease over the previous month.

3. There was a substantial increase in both Summary and Superior Court trials during the month. No General Courts were convened. A thorough investigation of the entire judicial system and personnel was in progress.
(See Legal Division page 6)

4. During the month there was [illegible]

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4. During the month there was an overall increase of excise duties with the exception of sugar. Difficulty continued to be experienced in the collection of taxes from the Slovene Communes. The normal customs administration and control in the Port of TRIESTE was re-established in its entirety. The outflow of capital appeared to have ceased and a moderate inflow was noticeable.

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5. General economic conditions during the month were reasonably good. Commercial activities showed a slight increase. Employment figures remained almost unchanged. There was no particular shortage of foods and the population was supplied with normal rations except pasta which was not completely distributed; the remainder will be distributed in November. Heavy rains during the month aided the late corn crop for forage. There was no great lack of machinery for preparing the ground for planting but there was a shortage of work animals. Another difficulty was to effect a proper distribution of fertilizers which were available in ample quantities. Crops generally were better than the previous year but the livestock situation was not as favourable due to shortage of native fodder and the high cost of imported hay and feed concentrates. Early frost in the latter part of the month finished off what little pasturage was left in the fields. There was, however, a general increase of cattle in the plains where reclamation work has been done. There was a large store of hay laid aside for these and there was no need or danger of indiscriminate butchering. The programme of pasture improvement was well under way. Foot and mouth disease which had threatened the lives of the cattle in the territory in the previous month was checked with the loss of only 12 animals. The transportation problems of many farmers were solved by a more liberal distribution of automobile, truck and bicycle tyres. Rains brought an end to disastrous forest fires, and the planting of trees in the various forestry projects was under way. Radio programmes each Sunday continued to furnish farm listeners with useful advice and information.

6. Industrial activities during the month showed encouraging progress. There were no serious labour difficulties and industrial workers appeared less easily influenced by political agitators. The shipbuilding industry was assured of a full programme for 1947. The CANTIERI RIUNITI DELL'ADRIATICO had orders for ships which will occupy all eight shipyards at MONFALCONE and three of the four slips at S.MARCO (TRIESTE). A 12,000 ton motor tanker was launched from S.MARCO Yard on 23 October for S.I.E.A.R.M.A. of VENICE and at the launching ceremony the owners ordered a further 10,000 ton cargo vessel. Reactivation of the ILVA Steel Plant was successfully started, the month's production of steel ingots being about 2400 tons. Other industries showed a small but steady upward trend. The electricity shortage throughout N. ITALY due to lack of water caused concern. Reconstruction in the Port of TRIESTE was hampered by bad weather but otherwise progressed satisfactorily. The coal situation remained acute. Bad weather impeded the activity of heavy trucks and gasoil consumption was lower during the month.

7. Work on 42 more public buildings was approved during the month. 270 public buildings and 10,818 housing units had been repaired and reconstructed in VENEZIA GIULIA at 31 October. Contracts totalling 247,045,680 lire were approved during the month. Highway and bridge maintenance and reconstruction surpassed all other months in numbers of employed and volume of work accomplished. The average number of workers employed per day in this labour was 3449. Four tunnel projects were under construction. The number of employed reached a peak of 19,329 during the month but declined to 18,459 at the end of the month.

8. Representatives of Sindacati Unici and Camera del Lavoro agreed to adopt a policy of closer cooperation.

9. Public health in the Territory was satisfactory during the month. The position of infectious diseases improved except for scarlet fever and diptheria whose incidence continued to rise steadily. A campaign was proposed to increase the diptheria - immunized children, particularly in the urban population.

of work animals. Another difficulty was to effect a proper distribution of fertilizers which were available in ample quantities. Crops generally were better than the previous year but the livestock situation was not as favourable due to shortage of native fodder and the high cost of imported hay and fodd concentrates. Early frost in the latter part of the month finished off what little pasturage was left in the fields. There was, however, a general increase of cattle in the plains where reclamation work has been done. There was a large store of hay laid aside for these and there was no need or danger of indiscriminate butchering. The programme of pasture improvement was well under way. Foot and mouth disease which had threatened the lives of the cattle in the territory in the previous month was checked with the loss of only 12 animals. The transportation problems of many farmers were solved by a more liberal distribution of automobile, truck and bicycle tyres. Rains brought an end to disastrous forest fires, and the planting of trees in the various forestry projects was under way. Radio programmes each Sunday continued to furnish farm listeners with useful advice and information.

6. Industrial activities during the month showed encouraging progress. There were no serious labour difficulties and industrial workers appeared less easily influenced by political agitators. The shipbuilding industry was assured of a full programme for 1947. The CANTIERI RIUNITI DELL'ADRIATICO had orders for ships which will occupy all eight shipyards at MONFALCONE and three of the four slips at S.MARCO (TRIESTE). A 12,000 ton motor tanker was launched from S.MARCO Yard on 25 October for S.I.D.A.R.M.A. of VENICE and at the launching ceremony the owners ordered a further 10,000 ton cargo vessel. Reactivation of the ILVA Steel Plant was successfully started, the month's production of steel ingots being about 2400 tons. Other industries showed a small but steady upward trend. The electricity shortage throughout N. ITALY due to lack of water caused concern. Reconstruction in the Port of TRIESTE was hampered by bad weather but otherwise progressed satisfactorily. The coal situation remained acute. Bad weather impeded the activity of heavy trucks and gasoil consumption was lower during the month.

7. Work on 42 more public buildings was approved during the month. 270 public buildings and 10,818 housing units had been repaired and reconstructed in VENEZIA GIULIA at 31 October. Contracts totalling 247,045,630 lire were approved during the month. Highway and bridge maintenance and reconstruction surpassed all other months in numbers of employed and volume of work accomplished. The average number of workers employed per day in this labour was 3449. Four tunnel projects were under construction. The number of employed reached a peak of 19,329 during the month but declined to 18,459 at the end of the month.

8. Representatives of Sindacati Unici and Camera del Lavoro agreed to adopt a policy of closer cooperation.

9. Public health in the Territory was satisfactory during the month. The position of infectious diseases improved except for scarlet fever and diptheria whose incidence continued to rise steadily. A campaign was proposed to increase the diptheria - immunized children, particularly in the urban population.

10. Movement of Displaced Persons through the TRIESTE Refugee Centre showed a slight decrease. 1349 persons arrived and 1359 persons were moved on. Welfare agencies functioned well.

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11. All schools opened during the month. The Italian schools were free of political interference but in the Slav schools the PNOO continued to exert pressure. At the completion of elementary school enrolment - on 7, 8 and 9 October - the PNOO Parents Councils supported by excited women and children began to agitate indiscriminately against the teachers appointed by AMG. In connection with the incidents the teachers were confronted with an "ultimatum" stating that no one not approved by PRIMORSKI NARODNI OSVOBODILNI ODBOR and UNIONE ANTI-FASCISTI ITALO SLOVENE or not of their political views might be accepted as teachers; no books prepared by AMG but only those selected by "the people" would be used; the schools would function under "the people's" direction; pictures of TITO and other Slav partisan heroes will remain in all classrooms; political teachings of from 2 to 3 hours weekly will be required. Each case was being dealt with separately by AMG and the basic education policy was being upheld.

AMG UDINE PROVINCE.

1. Administrative Elections were held in 96 Communes during the month. Compared with the results in 66 Communes in March and April of the year there was little change in the position of the parties except that the Christian Democrats lost a few seats to the Independents. Apart from these elections political activity was normal. Slav activity continued and two arrests were made by agents of the Questore. There were a number of orderly demonstrations chiefly by unemployed but the various strikes reported previously were satisfactorily settled. There was a slight improvement in the unemployment situation. A new Democratic Youth Movement was formed during the month in the Province which was open to young men of all political parties.

2. There was a notable reduction in the strength of Carabinieri chiefly due to release on termination of the military service period. There were no replacements. In general public order was good throughout the month. Political activity continued particularly on the part of the Communists. Slav infiltration continued although every effort was made to reduce this to a minimun. Careful arrangements were made for the policing of the Communes during the elections and they passed off quietly. Incidents between Allied Military personnel and civilians were fewer. Considerable success was gained in recovering property of Allied origin, chiefly food, clothing, tyres, in the unlawful possession of civilians and in tracing the military persons responsible for their disposal. The condition of the prisons remained satisfactory. There were no escapes or disorders during the month.

3. Normal rations were distributed during the month, and all Supplementary and Special class rations were also issued. 3,731 tons of wheat were received from VENICE and 1,600 tons of flour from AMG VENEZIA GIULIA in repayment of a loan of 2,000 tons fo wheat lent to them in September. 469 tons of flour were also received from VENICE during the month. An allocation of 400 tons of rice was received from the Italian Government to cover the period October-December 1946. 900 quintals of slaughtered meat was exported during the month to VENEZIA GIULIA, and 400 head of livestock for breeding were exported to other regions. Fruits and vegetables remained abundant although prices continued to be high. Coal shortages created difficulties in Provincial industries, but deliveries later in the month largely rectified the position. As a result of the shortage the export of cement came to a standstill.

4. The amassing figures for wheat reached 27,366 tons during the month. Arrangements were being made for the exchange of a considerable quantity of

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4. The amassing figures for wheat reached 27,366 tons during the month. Arrangements were being made for the exchange of a considerable quantity of maize for seed wheat. Winter ploughing and sowing began. Stabilised prices for fertilizers were established throughout the Province.

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5. A total of 576,406,148 lire for public works projects was initiated during the month bringing the total to date to 1,584,375,000 lire. The former figure was rather higher than the proper ration for one month if funds are to be expended evenly over the period, but this was accounted for by the fact that 330,900,000 lire was for housing which was urgently required, regardless of its effect on unemployment. 17 million lire was issued during the month to cover the requirements of hospitals, welfare institutions etc. throughout the province.

6. Public health conditions were generally good and there was a noticeable decrease in infectious diseases. Every effort was being made to maintain assistance to needy cases during the winter in the way of clothing and food.

7. The POL and tyre situation remained unsatisfactory. The shortage of POL necessitated a reduced allocation to firms operating public services in the province. As a result there was a considerable dislocation of the services, causing great inconvenience.

8. Fourteen cases were tried in AMG Courts during the month, all of which resulted in convictions. The work of the Italian Courts proceeded satisfactorily although there was a heavy list of cases for trial and there were considerable arrears due chiefly to lack of judicial personnel. War damage, military requisitions and the presence of refugees, have caused an acute shortage of living accommodation in UDINE, and where orders for possession or eviction were made by the Italian Courts, many persons, liable to be dispossessed, were faced with the immediate prospect of being rendered homeless, no alternative accommodation of any kind being available. The Italian Courts in certain cases have power to grant a short postponement, and thereafter have no discretion to prevent the order being put into execution. After consideration and at the request of the Italian Judicial Authorities a Provincial Order was published modifying the Italian law.

LIAISON OFFICER 86 AREA (VENEZIE)

1. The political atmosphere was calm during the month except in cases where agitators caused unrest among employees. Administrative elections held in the Region during the month took place in an orderly manner and no untoward incidents occurred. The Centre and Left Parties appeared to have lost considerable numbers of supporters. The ordinary man in the street seemed to be more concerned with economic difficulties than politics. Press comments on the forthcoming taxation scheme and currency conversion were followed with eager interest and there appeared to prevail a general confidence in the Government's action directed to meet budget requirements and avert inflation. The issue of the Reconstruction Loan to this end appeared to be considered with sympathy. No political strikes were reported during the month. Some minor labour unrest occurred in the building industry and with the yeast makers in PADUA Province. The Camera del Lavoro of VENICE and MESTRE having obtained adjustment of the Cost of Living Bonus as applicable in Zone "B", continued to exert pressure for the payment of the Republican Bonus to civilian employees of Allied Forces in this Area. The bonus had already been paid by civilian employers and the Camera del Lavoro threatened that Allied employees would strike on the morning of 6 November if a favourable reply was not given to the demand. The matter was referred to higher authority and a decision was awaited, the strike having been called off temporarily in the meantime.

2. Public order was reasonably good during the month. The "black market", especially in Allied property - cigarettes, sugar, petrol soap, etc. continued. There was a lack of efficiency among the Italian Police agencies. Numerous mino

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2. Public order was reasonably good during the month. The "black market", especially in Allied property - cigarettes, sugar, petrol soap, etc. continued. There was a lack of efficiency among the Italian Police agencies. Numerous minor incidents were reported between Allied Personnel and civilians; Allied Military Police arrested or took action as regards military personnel for their part in many of these incidents.

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3. Cost of living continued to be a crucial problem. Severe penalties were implemented against black marketeering, speculation and failure to comply with the amassing decree, but these illegal activities continued. Amassing of wheat was completed and that of maize was in progress. There was some reluctance on the part of farmers to amass full stocks; the claim was that the price of 1,600 lire per quintal was too little, for the outlay involved. The Growers' Associations approached the authorities concerned with a view to obtaining a higher price for this cereal which is the main food commodity in the region. The wine crop was plentiful and of good quality. There was little marketing in cattle, and prices for calves and pigs tended to rise. There were plentiful stocks of fodder available but prices maintained their high level.

4. The International Sample Fair held at TRIESTE from 2 October to 28 October was a success. Important sales were reported in all sectors of the wide range of commodities. Large numbers of visitors from all parts of Italy led to notable business transactions and appeared to demonstrate sound efforts towards reconstruction. Acute shortages of raw materials and coal caused general concern. Coal will not be made available this winter for private heating. Institutions, schools etc. will be allotted a quantity after industrial requirements have been met. Electric power was also in short supply and severe economy was being exerted. Derequisitioning of property was carried out in so far as possible and in conjunction with military requirements.

5. Local strikes among various classes of workers occurred throughout the month but most problems were settled through conciliation, the strikers in most cases gaining their points. There was a further seasonal rise in unemployment figures but the various Provincial authorities were doing their utmost to counteract this by public works schemes. In the Province of VENICE 33 projects were approved totalling 127,257,940 Lire. In addition 17 projects of ordinary maintenance were financed totalling 29,015,000 Lire.

LEGAL DIVISION

1. Allied Military Courts were in session during the month in VENEZIA GIULIA and UDINE PROVINCE. Both Superior and Summary Courts were convened in the former of these areas, and Summary Courts in the latter. In VENEZIA GIULIA 131 accused persons were tried, (as compared with 82 in the previous month) on 141 charges, (as compared with 61 in September) by Superior Courts. 206 accused were tried on 180 charges by Summary Courts, (as compared with 134 and 144 respectively in the previous month). Among those cases tried before Superior Courts there were 5 charges only of prejudice to good order, but a number of them involved possession of arms and abduction. Three defendants in the latter cases received sentences respectively of 6, 7 and 8 years. Of the total of 141 charges dealt with in these courts 80 resulted in findings of "Not Guilty". In the trials before Summary Courts charges of larceny and unlawful possession, violation of permit regulations and offences against good order predominated. The bulk of sentences imposed by these courts were for the period of 1 month or less.

2. Fourteen cases were tried in the Province of UDINE, all of which resulted in convictions by Summary Courts.

3. In general the Italian Courts continued to perform satisfactorily. Owing to an existing black-log of cases in these Courts in VENEZIA GIULIA which involve confinement in excess of 8 months before trial, it was planned to transfer all such cases remaining undisposed of by the end of November to

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3. In general the Italian Courts continued to perform satisfactorily. Owing to an existing black-log of cases in these Courts in VENEZIA GIULIA which involve confinement in excess of 8 months before trial, it was planned to transfer all such cases remaining undisposed of by the end of November to AMG Courts for trial. Originally these cases numbered about 50 and included offences ranging from larceny to murder. It is intended shortly to inquire into the whole judicial system in the VENEZIA GIULIA Area with the object of seeking the removal of incompetent personnel.

4. The work of the Italian Section continued; it included preparation of legal opinions regarding elements required under Italian law to establish charges of theft and attempt to commit this offence; validity of judgements of courts established during German occupation of VENEZIA GIULIA; the bonding of International Law upon possible trial in TRIESTE (Zone "A") of persons charged with offences in Zone "B"; the right of Italian Police to go aboard merchant ships to make arrests, and the liability of British and American seamen to obey Italian Customs Laws; and many other problems of a like nature.

5. The Special Court of Assize in VENEZIA GIULIA has been continued in operation for a further period of three months from 8 November 1946. This Court disposed of 24 cases by trial during the month. In the Province of UDINE the Special Court of Assize tried 12 cases during the month. On the 25 October this court had 25 cases pending for trial as compared with 31 at the end of September.

6. A number of persons confined in Italian jails under Allied authority are not serving sentences of Allied Military Government Courts. They are being held for security reasons. To ensure that persons other than those undergoing sentences for AMG Courts, or held for security reasons, are not being held under pretended authority, an organized check was being made of the status of all persons in Italian prisons not so confined under sentences of Italian Courts.

PUBLIC SAFETY DIVISION

1. The high cost of living and the threat of further unemployment in ITALY continued to give rise to demonstrations etc. The most serious demonstration during the month took place in ROME on the 9 October. The trouble commenced as a result of a decision by the Ministry of Public Works to dismiss, on account of lack of work, 24,000 employees. A deputation from the workers was seen by an Under Secretary of the Ministry of Public Works on 8 October, but on the 9 October dismissal notices were posted up with the result that about 1,000 employees marched to the Ministry of Public Works and from there to the Ministry of the Interior. The number of demonstrators had by this time grown to more than 20,000. Excitement was running high and eventually a number of people effected an entry into the building of the Ministry damaging the furniture in some of the offices. The demonstrators were armed with various weapons including some firearms, iron bars, sticks etc. Stones were thrown at the building and at the police on duty there and shots were fired by the demonstrators and the Police. Mounted Police on duty were ineffective against the demonstrators, many being unseated, disarmed and injured by the crowd. Police reinforcements were brought up and order was eventually restored. Three civilians were killed and 59 injured (14 by gunshot wounds). 58 Public Safety Agents were injured and 8 hors/disabled (3 by gunshot wounds). During the disturbance 17 people were arrested. Some of these were believed to be professional agitators. As a result of this disturbance the Questore of ROME was replaced. In other parts of Italian Government Territory there were minor demonstrations but in every case the situation was kept under control. The police drive in ROME against banditry continued throughout the month and resulted in restoring a reasonable degree of law and order in that area.

2. In the Province of UDINE public order was reasonably good and no special incidents were reported. In VENEZIA GIULIA there were a number of incidents but in no case did the situation get out of hand. There were a large number of cases of hand grenade throwing and special efforts were being made to eliminate this. Generally they were believed to be politically inspired and not confined to any one political faction. Common crime increased somewhat. There were 510 cases reported during the month and 125 arrests were effected. Of this number 3 were for murder. Two of these were political.

3. Small numbers of Jews continued to endeavour to enter ITALY illegally with the ultimate object of reaching PALESTINE. The [illegible]

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3. Small numbers of Jews continued to endeavour to enter ITALY illegally with the ultimate object of reaching PALESTINE. The Frontier area is generally

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so mountainous that it is almost impossible to prevent stragglers getting across. Illegal travel to TRIPOLITANIA showed a marked decrease due undoubtedly to increased police measures.

4. Arms dumps continued to be uncovered from time to time.

5. It was reported during the month that there are 20,000 foreigners in ROME; the majority are assumed to be engaged in irregular activities.

DISPLACED PERSONS DIVISION.

1. During the month it was confirmed that S&T (British) would provide meat, cheese, tea, powdered milk and luncheon meat on the Displaced Persons Ration Scale subject to repayment by the Italian Government in sterling. There was no surplus of the above mentioned items of subsistence from American sources in the theatre. A written communication was received from the Italian Ministry of Foreign Affairs during the month stating that no Armistice Clause compelled the Italian Government to provide the necessary means for the upkeep of camps of Foreign Displaced Persons organized by the Allies, and further, the Italian Government had no responsibility for the presence in ITALY of such Displaced Persons. The communication concluded by stating that the ration "pro capite" was higher than the ration allotted to Italian Nationals, and that with effect from 15 November the Italian Government would be compelled to cease financial assistance and the distribution of foodstuffs to Displaced Persons Camps organized by the Allies.

2. During the last three months numerous major moves of refugees in Allied Commission Camps took place with a view to locating active dissidents where they would be the least troublesome. 1,700 Jugoslav and Russian men and women and children were removed from their camps and redistributed. Of these, 1,000 were detained for re-screening as heads of families, as suspected Ustachi or repatriable Soviet citizens. Some 1,500 Polish Displaced Persons were redistributed in small groups where it was hoped they would be less liable to anti-repatriation influence. In addition, steady progress was made in the shifting between Camps of small groups, either of active dissidents or of persons who would be likely to benefit from removal from anti-repatriation influence. Everything possible was being done to publicise the benefits of voluntary repatriation. So far the propaganda literature provided by the Soviet Repatriation Missions has been scanty. During the past six weeks 2½ % of the Slavonic population of Allied Camps were voluntarily repatriated. The number of other Jugoslav repatriations was negligible. Planning was in progress during the month to receive some 4 to 5,000 Ghetniks in Allied Commission Refugee Camps from among those at present employed outside EMCLI SERVICE.

COMMUNICATIONS DIVISION

1. Arrangements were completed during the month for the re-introduction of "small packet" service within ITALY to commence on 1 November. Traffic for North Eastern European countries noticeably increased. Five large type sorting carriages were released during the month from military trains to civil postal services.

2. Several telephone circuits were released from use by Allied Military. Facilities of these inactive circuits were absorbed into longer civilian circuits established to supply civilian needs. These circuits will be available for use by military forces as required. The Italian railway telegraph system which was under requisition and under the operational control of Allied Military Forces was derequisitioned on 31 October and returned to Italian operation. The system will be leased to and operated by the Italian

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COMMUNICATIONS DIVISION

1. Arrangements were completed during the month for the re-introduction of "small packet" service within ITALY to commence on 1 November. Traffic for North Eastern European countries noticeably increased. Five large type sorting carriages were released during the month from military trains to civil postal services.

2. Several telephone circuits were released from use by Allied Military. Facilities of these inactive circuits were absorbed into longer civilian circuits established to supply civilian needs. These circuits will be available for use by military forces as required. The Italian railway telegraph system which was under requisition and under the operational control of Allied Military Forces was derequisitioned on 31 October and returned to Italian operation. The system will be leased to and operated by the Italian State Railways commencing 1 November. A six-channel telephone circuit was opened between TRIESTE and VIENNA during the month. These channels were being utilized for VIENNA.

and PRAGUE traffic. The opening of these channels relieved three channels previously used for VIENNA traffic between TRIESTE and BESTRE and six channels between BESTRE and BOLOGN, which now become available for ordinary traffic passing between those points. Theft of wire and cable, especially of overhead lines constructed by Allied Military Forces continued to present a problem. Theft has been prevalent since the construction of the first telephone lines in the theatre. The Ministry of Posts and Telecommunications was attempting to eliminate this but scarcity of guards makes the protection of the lines difficult.

3. One radio-telephone circuit between ROME and NEW YORK was eliminated from practical use by the American Telephone and Telegraph Company diverting its equipment from one circuit to a NEW YORK - CAIRO circuit between 1500 and 2100 hours daily. This diversion results in a direct cut in soldiers personal calls which are most frequently made between those hours.

4. Italian electrical manufacturing plants commenced production in considerable volume and requested frequency allocations for testing. Requests for test and experimental frequencies were under consideration. Because most of the frequencies desired are not ITU registered, action on such requests requires considerable time and experimental frequencies have been allocated in only a few cases. No frequencies were allocated during the month.

ECONOMIC DIVISION

INDUSTRY AND UTILITIES SUB-DIVISION

1. Further progress was made during the month in derequisitioning industrial and public premises. Strong representations were made by the Italian Government regarding the difficult housing situation at ANCONA.

2. In Northern ITALY the electricity situation was good during the month but due to the large post-war increase in consumption a rationing scheme had to be adopted. All customers were disconnected by shifts one day per week from 0730 hours to 1730 hours, on Sundays from 0830 to 1100 and from 1500 to 1550 hours. In a meeting held during the month the Advisory Committee on Electric Power recommended that some action be taken by the Government to assist the Power Companies in the construction of new plants. Following considerable heavy rains the electric power generation in Central ITALY showed an increase during the last period of the month. Only a slight improvement was reported in Southern ITALY where the SILA reservoirs were gradually being emptied. Additional hydro-electric plants are to be reactivated during November. The estimated shortage of electricity for November was about 35%.

3. Arrivals of coal from all sources during the month were estimated to be 521,000 tons, of which approximately 170,000 tons came from the U.S.A. The UNITED STATES maritime strike which terminated on 27 October involved a shortfall of at least 300,000 tons of coal in shipments to ITALY during the month. On the 14 October the outlook was such that UNRRA considered it advisable to warn the Italian Ministry of Industry and Commerce that the amount of coal available for distribution through November would be seriously curtailed. Fortunately the State Railways at that date had 65 days stocks as a result of the conservation policy closely observed throughout August and September. Instead of 960,000 tons being available for public utilities, industries etc. for the two months of October and November, it was decided at the Emergency Meetings held on 16 and 18 October to reduce this to 779,000 tons. Owing to the termination of the strike it was not anticipated that further economies will be necessary but the set-back again retarded the rehabilitation of ITALY.

4. Sardinian Coal production for the month totalled 75,454 metric tons. A strike [illegible] for "piece work" caused the production to

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4. Sardinian Coal production for the month totalled 75,454 metric tons. A strike involving the price paid for "piece work" caused the production to fall 15,779 tons short of that attained in September. The strike started on 17 October and ended on 28 October. Production was not up to normal at the end of the month.

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5. The shipping strike in the U.S. held up shipments of P.O.L. and plans were made by UNRRA and the Italian Government to reduce the November allocations of gasoline and diesel oil, these being the critical products. First shipments of crude oil from ARUBA which were expected during the month failed to materialise. This delay caused a temporary shortage of gasoline in the NAPLES and ROME areas due to the non-availability of the refined products expected from the crude oil. Loans from the Military alleviated the situation.

COMMERCE (FOREIGN TRADE) SUB-DIVISION

1. Trade between ITALY and the ex-colonies did not show any signs of development during the month. It is anticipated that some decisions will be taken in the near future by the Italian Government to improve the situation. A request for the supply of cotton yarn from ITALY to TRIPOLITANIA was received from BMA TRIPOLI and necessary steps taken to obtain an export licence from the Ministry of Foreign Trade.

2. Dairy Products were taken off the List of Reserved Commodities controlled by the International Emergency Food Council. This applied to butter; cheese, natural and processed; milk, evaporated, dried whole, sweetened condensed, roller skim and spray skim.

3. During the month AMG VENEZIA GIULIA sent in a number of requests for import licences for onward transmission to the Italian Government. The problem of the assignment of Italian produced sugar to the industries in VENEZIA GIULIA and UDINE Province was also discussed. In agreement with AMG VENEZIA and UDINE and the Italian Ministry of Industry advance allocations were obtained. The matter of safe transportation from sugar mills to factory and of distribution will be the responsibility of the AMG.

FOOD AND AGRICULTURE SUB-DIVISION

1. Wheat stocks declined during the month and indications were that January 1st would find the stock pile depleted to one months supply. In 1946 there was a 4% increase in acreage sown to wheat over the previous year and better seasonal conditions increased the wheat crop; however, it is still approximately 15% below prewar average and covers only about 67% of normal requirements. The allotment of wheat to ITALY from UNRRA import during the last quarter of 1946 totalled 750,000 tons; of this amount it was expected that only 120,000 tons would arrive before the end of the year. 50% of this was expected to be other cereals therefore the wheat equivalent will not exceed 100,000 tons. The balance of the allocation is expected to arrive during the first half of 1947. An additional allotment of 120,000 tons of flour has been made to ITALY for the last quarter of 1946, but there was no indication that this would arrive before early 1947.

2. Rains during the month improved soil conditions. Seeding of wheat and rye was underway in almost all Northern ITALY, part of Central ITALY and in some provinces of Southern ITALY. In some areas grain fields were being planted with other crops. The shortage of fertilizers and resistance to the ammasing policy has induced farmers to substitute more easily cultivated crops for cereals. Indigenous food products will exceed greatly the 1945 crop. Products of all kinds showed a large increase in quantities produced. Quantity of sugar beets produced will be about 400% of the previous year. An exception to the general increase was fruit which will fall slightly below the 1945 yield.

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TRANSPORTATION SUB-DIVISION

1. Passenger rail transport continued to be carried out under very bad conditions. Demonstrators at SOMMA LOMBARDA near GALLARATE halted all traffic on the DOMODOSSOLA line and further trouble is expected during the winter due to lack of heating and windows in the coaches. It was not possible to obtain any return of passenger stock held by the Allied Military Forces owing to military requirements. Delays on lines were frequent owing to failure of electricity. A land slide on the East coast caused ten days delay. Passengerservice was improved by the reopening of several new lines.

2. International freight traffic showed a slight decrease both imports and exports being considerably less than expected.

3. It was still not possible to introduce the international fuel coupons during the month but negotiations proceeded.

4. Coastwise shipping continued on a normal basis.

SERVICE SUB- COMMISSIONS

NAVY SUB-COMMISSION

1. During the month confirmation was received from the British Admiralty to the effect that the Italian Government should supply the necessary funds, in Egyptian currency, to cover the expenses of the Italian battleships in the BITTER LAKES and Italian warships and auxiliaries visiting Egyptian ports and passing through the SUEZ CANAL. The Italian Ministry of Marine was informed accordingly and requested to make appropriate arrangements. In the meantime payments due to the battleships at the end of September and October were made from British sources, in exceptional cases on Admiralty approval, pending arrangements by the Ministry of Marine. In order to reduce the consumption of foreign exchange the battleships will be supplied to the fullest possible extent from ITALY and ships in transit will be provisioned to capacity.

2. On 3 October PANTELLERIA was visited by representatives of the Committee on demilitarization of the Island. The process was being carried out satisfactorily. A total of 1500 tons of warlike stores mainly guns and ammunition have been removed to date. A quantity of captured enemy material of naval origin located in the BOLOGNA area was turned over to the Ministry of Marine for the maintenance of the Italian Navy in accordance with directives in force.

3. Italian minesweepers from TRIESTE began to clear an area inshore off PORTO LIGNANO. The operation was being carried out to enable craft that have been built on the STELLA estuary to reach the sea. Other Italian M/S Groups continued routine clearance operations.

4. The Italian Navy arranged for pilotage and tugs in the port of LEGHORN to be available to conduct merchant shipping from that port to LA SPEZIA through heavily mined areas. The Commander-in-Chief, Mediterranean Station, approved the transfer of an Italian tanker under construction at the ANSALDO SESTRI Yards to the NORWEGIAN Government in exchange for two dry cargo vessels. The dry cargo vessels are not to be over 20 years of age and must be from 7000 to 9000 tons deadweight.

5. The Italian cruisers ABRUZZI, MONTECUCCOLI, SCIPIONE, AFRICANO and ATTILIO REGOLO completed the lifting of Italian POW from EGYPT.

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LAND FORCES SUB-COMMISSION

1. The strength of the Italian Army as at 1 October 1946 was 204,679 including 63,654 Carbinieri, the latter force showing a decrease of nearly 400 over the previous month. There appeared to be very little hope of the Carbinieri being brought up to their full strength of 75,000 and it was felt that the maximum figure likely to be reached would be in the neighbourhood of 65,000, the former war establishment. Despite unemployment and poverty this service which offers free food and clothing continued to attract only the poor peasant class of Southern ITALY where the standard of living is very low.

2. The training of Carbinieri personnel in W/T and installation continued to make good progress. Very little progress was reported in the extension of telephone facilities between stations and headquarters, the main difficulty being lack of funds.

3. Transport held by Carbinieri was approximately 80% efficient. The chief cause of inefficiency was lack of tyres and tubes. 1100 BERETTA pistols were assigned to Carbinieri by the War Ministry. A deficiency of 50,528 remained against entitlement. Ammunition generally was in short supply. The full quota of B 38 SMGs was received in the proportion of one to every four men, excluding the Mobile Battalion which had one per man.

4. The application of the Premio della Repubblica to the Carbinieri Corps caused considerable dissatisfaction and some bitterness amongst all ranks. Carbinieri received 1,500 lire only and this was scaled down in the case of single men. Civilian employees received 3,000 lire.

5. 8,922 Italian POW were repatriated from British hands during the month and 43 from other sources. The total number of IPOW in British hands at the beginning of the repatriation scheme was 397,342 and in other hands 827,300. Although ports in the Heel of ITALY were closed to Allied shipping generally, authority was obtained for all ships carrying Italian PW to off-load at BARI.

AIR FORCES SUB-COMMISSION

1. The strength of the Italian Air Force as at the end of the month was 26,194. (3,101 officers and 23,093 other ranks.) Included in this figure was a total of 1,090 pilots. The training of the first intake of recruits at the ROVI INSTR.C and TURIN centres was concluded and the recruits posted to all parts of ITALY. As from the beginning of the month increased rates of pay were introduced into the I...F. In effect the new rates made emergency service officers slightly better off and the permanent other ranks were better off to the extent of between 30% to 90% depending on length of service. The imminence of the reduction in personnel had an adverse effect on morale, particularly among younger officers. There was a widespread feeling of insecurity even among those in established posts and many were turning towards civil aviation in the hopes of better prospects.

2. At a conference held in the Italian Air Ministry it was agreed that in cases where airfields are to be handed over from Italian military to Italian civil control it will be stipulated that I.A.F. flying control and signals will remain until such time as there are sufficient fully qualified civilian personnel to take over. The five aircraft safety centres continued to give good service in overdue action. Forty-eight overdue aircraft were found during the month, mostly weather-bound at diversion fields.

3. One new meteorological station was opened during the month at PONTE-CAGNANO, bringing the total of reporting stations in the Italian network to 143. The opening of the important met. station on the Island of PANTELLARIA had to be postponed until the Naval authorities overhaul the lights.

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the month as the stocks of balloons ran out. No further supplies from British sources will be forthcoming, and the Italian Met. Service will have to be self sufficient in this respect. However, the PIRELLI Company undertook the manufacture of these balloons. Arrangements were made during the month to hand over the British Met. commitments at ERMIN to the Italian Met. Service with effect from 25 October, 1946.

4. Approval was given for the establishment of a BRAZILIAN Civil Airline between BRAZIL and ITALY, to operate weekly, subject to the signing in WASHINGTON of an agreement for the use of CIAMPINO Airfield in ROME. The Italian and Brazilian Governments agreed on the inauguration of the projected airline, but no reciprocal Italian airline to BRAZIL will be established until an Allied decision has been made regarding the operation of Italian Civil Air Lines. By arrangement with the Italian Air Ministry, British and American civilian passengers with valid British or American passports will not have to pay the insurance rates when travelling on the Italian Military Air Courier Service, unless they wish to do so. If insurance is not paid an indemnity certificate will be signed in order not to implicate the Italian Government in any claims arising out of accidents.

5. The transfer of High Speed Launches from the RAF to the IAF was suspended on instructions from the British Air Ministry. Five launches and a certain amount of spares were already in the hands of the IAF. Allied Air Headquarters was endeavouring to obtain removal of the suspension and, to avoid protracted negotiations as to price, was proposing transfer on "ultimate settlement" terms. On these terms the Italians would not specify any rigid requirements as to condition or performance on take-over.

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HEADQUARTERS ALLIED COMMISSION
No 794
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MONTHLY REPORT

SEPTEMBER 1946

Ref.: 824/50

12 November 1946

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HEADQUARTERS ALLIED COMMISSION
APO 794

MONTHLY REPORT

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POLITICAL SUMMARY

1. Continuation of discussion at the PARIS Peace Conference the rise and disappearance of a threatened Government crisis and more labour unrest marked Italian affairs during the month. On the last day of August the Political and Territorial Commission of the Conference approved cession to FRANCE of MONTCENIS, MT. ROW VALLEY (leaving ITALY the power plant of BUSSONOGHE), MONT CENIS TUNNEL and ROYA VALLEY (ROYA and TENDA) leaving ITALY the Commune of OLIVETTA SAN MICHELE. Press reaction was bitter, several papers charging FRANCE with bad faith.

2. During the early part of the month Ivanoe BONOMI presented his country's case in respect of the contemplated Free Territory of TRIESTE particularly in regard to the establishment of the proposed French Line. He declared that if it were conceded that the French Line was a solution in accord with "ethnical equilibrium", that very equilibrium was broken when one created the Free Territory of TRIESTE within the area assigned to ITALY. Pointing out that this solution detached 166,000 Italians and 50,000 Slavs from Italian sovereignty he further declared that if it were desired to re-establish "ethnical equilibrium", the foundation on which rested the French Line, it was necessary to enlarge the Free Territory southward so that an equal number of Italians would be detached from Jugoslav sovereignty.

3. On 10 September the Political and Territorial Commission approved an eight-nation Sub-Commission to draft a Statute for the Free Territory of TRIESTE. On 11 September Ivanoe BONOMI sent a letter to the Commission demanding that a plebescite be held to determine the boundary between ITALY and JUGOSLAVIA. The letter declared that the two nations ceased to be in agreement on two points: (1) The frontier between the two countries should be drawn on the ethnic line and (2) This line should be determined by taking into consideration the will of the people in the disputed zone. Both the boundary and the manner of administration of the Free Territory of TRIESTE continued to be the most controversial issue during the month.

4. On 5 September an agreement was signed by Prime Minister DE GASPERI of ITALY and Foreign Minister Dr. Karl GRUBER of AUSTRIA. Under this agreement German-speaking inhabitants of ALTO ADIGE were guaranteed complete equality of rights with the Italian population including the following: education in the mother tongue; equality of language in public office and place names; re-establishment of German family names forcibly Italianised by the Fascist regime and equality of opportunity to enter public office. "Autonomous legislative and executive powers" were accorded BOLZANO Province and the "neighboring townships of TRENTO Province". Both DE GASPERI and GRUBER submitted the agreement to the Peace Conference with the request that it be included in the peace treaty "to confer on the agreement the seal of approval of the other nations concerned".

5. While ITALY was having a difficult struggle at PARIS internal conditions were by no means secure. During the month the Ministry of the Treasury was under constant attack by the Communist press and on 2 September Epicarmo CORBINO Minister of the Treasury announced that he would resign. In making his announcement the Minister charged that his position had become untenable. He declared that although there were no apparent differences in the Government where the Communist Party was well represented (four Ministers and four Under-Secretaries) and where presumably that Party should assume its share of responsibility for the Treasury proposals matters agreed to in the Council of Ministers were unequivocally assailed by the Communist press. "It is clear", he said, "that the Communist Party wants to precipitate a crisis".

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[illegible] Italian Delegate at PARIS. From reaction that [illegible] latter, several papers charging FRANCE with bad faith.

2. During the early part of the month Ivanoe BONOMI presented his country's case in respect of the contemplated Free Territory of TRIESTE particularly in regard to the establishment of the proposed French Line. He declared that if it were conceded that the French Line was a solution in accord with "ethnical equilibrium", that very equilibrium was broken when one created the Free Territory of TRIESTE within the area assigned to ITALY. Pointing out that this solution detached 166,000 Italians and 50,000 Slavs from Italian sovereignty he further declared that if it were desired to re-establish "ethnical equilibrium", the foundation on which rested the French Line, it was necessary to enlarge the Free Territory southward so that an equal number of Italians would be detached from Jugoslav sovereignty.

3. On 10 September the Political and Territorial Commission approved an eight-nation Sub-Commission to draft a Statute for the Free Territory of TRIESTE. On 11 September Ivanoe BONOMI sent a letter to the Commission demanding that a plebiscite be held to determine the boundary between ITALY and JUGOSLAVIA. The letter declared that the two nations seemed to be in agreement on two points: (1) The frontier between the two countries should be drawn on the ethnic line and (2) This line should be determined by taking into consideration the will of the people in the disputed zone. Both the boundary and the manner of administration of the Free Territory of TRIESTE continued to be the most controversial issue during the month.

4. On 5 September an agreement was signed by Prime Minister DE GASPERI of ITALY and Foreign Minister Dr. Karl GRUBER of AUSTRIA. Under this agreement German-speaking inhabitants of ALTO ADIGE were guaranteed complete equality of rights with the Italian population including the following: education in the mother tongue; equality of language in public office and place names; re-establishment of German family names forcibly Italianized by the Fascist regime and equality of opportunity to enter public office. "Autonomous legislative and executive powers" were accorded BOLZANO Province and the "neighbouring townships of TRENTO Province". Both DE GASPERI and GRUBER submitted the agreement to the Peace Conference with the request that it be included in the peace treaty "to confer on the agreement the seal of approval of the other nations concerned".

5. While ITALY was having a difficult struggle at PARIS internal conditions were by no means secure. During the month the Ministry of the Treasury was under constant attack by the Communist press and on 2 September Epicarmo CORBINO, Minister of the Treasury announced that he would resign. In making his announcement the Minister charged that his position had become untenable. He declared that although there were no apparent differences in the Government where the Communist Party was well represented (Four Ministers and four Under-Secretaries) and where presumably that Party should assume its share of responsibility for the Treasury problem, matters agreed to in the Council of Ministers were unequivocally assailed by the Communist press. "It is clear", he said, "that the Communist Party wants to precipitate a crisis".

6. DE GASPERI was at this time in PARIS and he managed to prevail upon CORBINO to remain in office at least until the Prime Minister returned to ROME and could discuss the matter. The affair released a torrent of controversy in the press with practically all papers taking sides or

remaining belligerently neutral and criticizing both sides. All had prospective solutions but the greatest bone of contention was whether or not the Ministries of Finance and Treasury should be merged. When DE GASPERI returned on 3 September he plunged into a series of conferences with the other ministers and with leading representatives of the various parties. While the situation began mainly as a struggle between the Communists and the Christian Democrats it rapidly developed into more extensive controversy. There were reports and rumours of a complete re-alignment of the party organization. For example it was rumoured that the Liberal Party was considering a fusion with UGO GUARINGUE to form a strong right-wing block. The Liberal Party was once very powerful in ITALY and in the elections of 2 June the UGO GUARINGUE ran fifth.

7. Also with the return of DON STURZO founder of the pre-fascist Popular Party many observers began to predict that a strong Central party might be formed composed of a group of Christian Democrats led by GASPERI, the Republicans, the right-wing Socialists and the Actionists. The Republicans however took matters into their own hands by presenting a programme to the Government with the ultimatum that unless it was accepted and implemented, the party would no longer participate in the Government.

8. The situation was resolved temporarily at least on 18 September when DE GASPERI announced the appointment of Giovanni Battista [redacted] as CORBINO's successor. The appointment came somewhat as a surprise from the mere fact that the new minister was a Christian Democrat. The same day the Republicans decided to remain in the Government by virtue of a somewhat less than enthusiastic order of the day passed by a small majority and the crisis was shelved for the time being.

9. With the easing of the crisis the Government could turn its attention to other matters which were causing concern. Chief of these were labour problems. On 26 September telephone workers went on strike for an increase in wages after their demands had been refused by the managements. In addition to the wage provisions the workers asked to be allowed to manage the telephone systems declaring that they could do so with a consequent reduction in rates of 10%. Also they presented to the Council of Ministers a plan for the nationalization of the telephone systems. The strike was shortlived. At the meeting of the Council of Ministers on 27 September, Minister SARAGAT reported that the employees had been given an immediate payment of a basic monthly wage and the acknowledgement that the national labour contract under discussion would be retroactive from 1 September.

10. Further evidence of progress in the field of labour relations was indicated with an agreement on the long drawn-out problem of the state workers. Under an agreement which was reached on 28 September during a meeting at the Ministry of the Treasury, State employees will receive a 70% increase which in any case will not be less than 2,500 lire. Also they will receive the "thirteenth month" to be paid in a single instalment. Pensions are increased by 150% on the first 1,000 lire and by 70% on the remaining amount of the pension. There were indications also, that at long last the Italian Confederation of Industry and the General Confederation of Labour were in accord with the agreement in principle of a 40 lire per day increase for millions of industrial workers.

11. However on the last day of the month the labour situation was still difficult. After more than eight months of fruitless negotiation the gas workers started a nation-wide strike on 30 September demanding an increase on minimum wages from 7,000 to 10,000 lire monthly. The management declared

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PART I - AMG AND LIAISON OFFICERS

AMG VENEZIA GIULIA

1. Following the confirmation from PARIS that the limits of the new state and the boundary between ITALY and JUGOSLAVIA will be as agreed between the Big Four, rival political, ideological, ethnic and national factions in VENEZIA GIULIA took a more defined and what appeared to be a more permanent stand. It was not generally believed that JUGOSLAVIA would refuse to sign or ratify the Treaty confirming the new boundaries. The Jugoslavs were already pressing hard to limit the powers of the future Governor and were insisting on almost complete control by peoples bodies on Jugoslav lines. Anti-Allied propaganda by the Pro-Jugoslav groups was stronger and more outspoken during the month, the main theme being the alleged Anglo-American plan to "colonize" TRIESTE coupled with the well- worn accusations of brutality by the Civil and Military Police as well as new allegations of attempts to introduce British and American capital into the economic life of the Region. Anti-Allied propaganda by Pro-Italian groups was much milder than that of the pro-Slavs and consisted mainly of attacks against AMG for alleged failure to afford adequate protection to the population against terrorists. To outward appearance TRIESTE was calm during the month and demonstrations were limited to two or three small "spontaneous outbursts". The possibility of a local agreement or understanding between the rival factions appeared as impossible and far away as ever.

2. With the entry of 250 new recruits from the Training School the effective strength of the VENEZIA GIULIA Police Force reached 4450 men. A large number of bomb incidents were reported but these decreased rapidly due undoubtedly to increased police patrols and numerous arrests. A road safety drive was put into operation at the beginning of the month which proved very effective. The crime situation was considered satisfactory; 410 crimes were reported, 260 suspects were arrested and 199 arrests made for preventive and police measures. 6 suspected abductions occurred during the month, four crimes took place resulting in death to the victims and two murders occurred. The behaviour of Allied troops deteriorated somewhat during the month, particularly in the vicinity of TRIESTE, and military police activity was increased accordingly. The prison population increased slightly, the total inmates numbering 1173.(723 in TRIESTE).

3. Local Civil Courts were not disposing of their criminal cases in accordance with instructions issued to the Court Officers previously. It therefore became necessary to issue written instructions to the effect that all cases of confinement of the defendant in excess of 8 months must be tried by the end of November or AMG would assume jurisdiction of the cases. (For further details of AMG Courts in VENEZIA GIULIA see Legal Division page 7.

4. Economic conditions in some instances improved during the month. There was a good supply of locally produced foods, and an ever-increasing amount of commercial activity. Late arrivals of coal, lack of petrol, tyres and spare parts for vehicles and the acute shortage of railway wagons hampered extensive recovery. Normal rations were distributed during the month and the balance of the August pasta ration supplied. The basic sugar ration was increased from 200 to 300 grams per person. A scheme whereby registered unemployed would receive extra rations at controlled prices was implemented.

5. Serious transportation problems developed due to restrictions placed on availability of rail cars by both Jugoslav and Italian authorities and to the general shortage of rail cars. The truck pool fuel situation was also critical [illegible] However, the maintenance

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5. Serious transportation problem developed due to restrictions placed on availability of rail cars by both Jugoslav and Italian authorities and to the general shortage of rail cars. The truck pool fuel situation was also critical due largely to increased demands made by Public Works. However, the maintenance problem was greatly reduced by the fact that it was possible to buy spare parts from the Italian Government which now handles War Surpluses.

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6. Continued dry weather caused anxiety for the crops and the precarious position regarding fodder hindered the import of large quantities of cattle and sheep into VENEZIA GIULIA. The supply of fruits was good and the markets offered an abundant supply. The Sunday agricultural broadcasts continued with gratifying results. Much practical advice was disseminated to farmers by experts from the Inspectorate. Broadcasts were made in Italian and Slovene and directed for the elimination of political slogans which sometimes creep into the Slovene scripts. The long awaited veterinary supplies arrived; laboratory equipment and valuable serums were among the articles received. Drainage and irrigation projects continued during the month. The dry weather was responsible for the spread of many forest fires resulting in tremendous loss of lumber and firewood. Most of them were believed to be of incendiary origin.

7. Industry was comparatively free from labour troubles during the month. A combined force of Auxiliary Military and Civil Police continued to patrol the [redacted] shipyard. There were no incidents inside the HOTEL IN guard now on those of SAN MARCO and SAN GIORGIO. The outlook in the ship-building industry was bright. Following orders from NORWEGIAN owners for two 10,000 ton motor cargo ships, EGYPTIAN owners ordered two 6,400 ton similar vessels and contract details were being settled with GREEK owners for two 2,600 ton refrigerator ships and with SWEDISH owners for a 10,000 ton fast cargo liner. With construction on hand, this new work will see the yards filled to normal capacity. The cotton mills in GORIZIA and ROVIGO were working well over 100% capacity based on an 8 hour day. Other industries generally held their own or showed slight improvement. Reconstruction on the Port of TRIESTE continued to make good progress. Considerable anxiety was felt over the coal situation. Unless a great improvement in the coal programme is made there can be no space heating in hospitals and government buildings etc. and some industries which are operating may have to close down.

8. 26% public buildings and 9,655 housing units were repaired or reconstructed at the end of the month. 18,710 persons were employed in public works an increase of 15,220 since 1 January 1946. 2700 workers were employed on reafforestation. Unemployment registers showed an increase in all areas.

9. There was an increase in epidemic diseases during the month. In GORIZIA the anticipated autumn epidemic of poliomyelitis threatened to assume alarming proportions but after the middle of the month there were no further notifications. The epidemic was more serious in UDINE and VENICE. TRIESTE and ROVIGO had a normal incidence.

10. Welfare Agencies all functioned well. The movement of Displaced Persons through the TRIESTE Refugee Centre showed a slight decrease; 155 persons arrived and 1513 were moved on.

11. Arrangements for the opening of the school year for both Italian and Slovene schools were completed and adequate supplies of new text books free from political propaganda were available. These will be the only authorized text books to be used in both elementary and secondary schools. The public schools will be completely free of any political propaganda. No pictures of "National heroes" may lawfully be exhibited nor may the flags of ITALY or JUGOSLAVIA, nor the symbols of any political parties or organizations. Parents not desirous of sending their children to the schools organized and operated by the school administration of the territory may send them to other schools.

AMG UNDER ATTACK

12. During the month public opinion was concerned mainly with anxiety for the future and the unsettled political situation. Political influence exerted in regard to trade union demands resulted in a series of strikes and threatened strikes. There was no diminution of Slav propaganda in the province. The Communist

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normal work among the articles received. Building and irrigation projects continued during the month. The dry weather was responsible for the spread of many forest fires resulting in tremendous loss of lumber and firewood. Most of them were believed to be of incendiary origin.

7. Industry was comparatively free from labour troubles during the month. A combined force of Auxiliary Military and Civil Police continued to patrol the MONFALCONE shipyard. There were no incidents inside the RIETI yard nor in those of SAN GIORGIO and SAN ROCCO. The outlook in the ship-building industry was bright. Following orders from NORWEGIAN owners for two 10,000 ton motor cargo ships, DUTCH owners ordered two 6,400 ton sailer vessels and contract details were being settled with ARGENTINE owners for two 2,000 ton refrigerator ships and with SWEDISH owners for a 10,000 ton fast cargo liner. With construction on hand, this new work will see the yards filled to normal capacity. The cotton mills in GORIZIA and TRIESTE were working well over 100% capacity based on an 8 hour day. Other industries generally held their own or showed slight improvement. Reconstruction on the Port of TRIESTE continued to make good progress. Considerable anxiety was felt over the coal situation. Unless a great improvement in the coal programme is made there can be no space heating in hospitals and government buildings etc. and some industries which are operating may have to close down.

8. 264 public buildings and 9,655 housing units were repaired or reconstructed at the end of the month. 18,710 persons were employed in public works an increase of 13,220 since 1 January 1946. 2700 workers were employed on reafforestation. Unemployment registers showed an increase in all areas.

9. There was an increase in epidemic diseases during the month. In GORIZIA the anticipated autumn epidemic of poliomyelitis threatened to assume alarming proportions but after the middle of the month there were no further notifications. The epidemic was more serious in UDINE and VENICE. TRIESTE and PORA had a normal incidence.

10. Welfare agencies all functioned well. The movement of Displaced Persons through the TRIESTE Refugee Centre showed a slight decrease; 153 persons arrived and 1513 were moved on.

11. Arrangements for the opening of the school year for both Italian and Slovene schools were completed and adequate supplies of new text books free from political propaganda made available. These will be the only authorized text books to be used in both elementary and secondary schools. The public schools will be completely free of any political propaganda. No pictures of "National heroes" may lawfully be exhibited nor may the flags of ITALY or JUGOSLAVIA, nor the symbols of any political parties or organizations. Parents not desirous of sending their children to the schools organized and operated by the school administration of the territory may send them to other schools.

ANGLO-AMERICAN ZONE

12. During the month public opinion was concerned mainly with anxiety for the future and the unsettled political situation. Political influence exerted in regard to trade union demands resulted in a series of strikes and threatened strike. There was no diminution of Slav propaganda in the province. The Communist Party continued to obstruct the normal administration and discredit those in authority. Unemployment demonstrations were frequent but orderly.

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13. There was some increase in serious crime during the month due partly to the recent Amnesty. 34 cases of armed robbery took place, one murder and 5 alleged attempted murders. The conditions in the prisons remained satisfactory; there were no escapes or disorders during the month.

14. Normal rations were distributed during the month. The wheat situation was satisfactory, stocks on hand being adequate to meet requirements until the end of the year for pasta and the end of January for bread. Stocks of imported sugar on hand enabled an issue of 300 grms to all consumers to be made. The coal situation was difficult and no supplies were expected before 20 October. Arrangements were made to import approximately 2,700 tons of cement from CZECHOSLOVAKIA. With the lifting of the exportation ban, arrangements were made for substantial export to VENEZIA GIULIA and TUSCANY of slaughtered meat and livestock. Fruits and vegetables were abundant, but prices showed a tendency to increase.

15. The grape harvest proceeded satisfactorily. The quality was good but quantities were below expectation. Approximately 26,371 tons of wheat had been amassed as at the end of the month. 1350 tons of fertilizers were received and distributed by Consorzio Agrario during the month.

16. Seven public works projects of military interest totalling 6 million lire were authorized during the month. Work approved by the Genio Civile amounted to 519,090,000 lire bringing the total to date for the year to 1,432,258,248 lire. An agreement was concluded with the Italian Government whereby AMG will finance directly all public works projects in the Province. This will accelerate the release of funds and the commencement of projects. However, public works projects cannot absorb all the unemployed. Reconstruction of devastated villages continued.

17. During the month 1,061 Italians and 876 non-Italians passed through the UDINE Refugee Centre. The non-Italians were mainly Poles. A large amount of relief work continued to be carried out by Post War Assistance. A restaurant for "reduci" and partisans was opened in UDINE and many thousands of meals were supplied at low prices during the month. Public health continued to be generally good.

18. Public services were satisfactory during the month. The P.O.L. situation was grave, the monthly allocation being insufficient to meet the need. The tyre situation was even worse and a general transportation crisis appeared inevitable.

19. Italian Courts continued to function satisfactorily. AMG Courts were in session during the month, 14 cases were tried 2 of which were superior Court Cases and all resulted in convictions.

LIAISON OFFICER 86 AREA (Venezia)

20. Interest was centred on internal rather than foreign affairs during the month owing to the financial crisis. The local political situation appeared to cause but little concern to the Provincial authorities apart from the effect it had on labour unrest. Signor TOGLIATTI in a speech in VENICE on 15 September was calm in tone and called for constructive cooperation among the three larger political parties. The speech did not receive much publicity in the press and the public did not show any particular interest in the occasion. On 2 September the President of the Republic visited VENICE to attend the "Historic Regatta" and present the prizes. In the traditional procession of the gondolas and other craft down the Grand Canal he was given a mildly enthusiastic welcome - this

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21. The public safety situation generally did not improve during the month. The main causes of disorders appeared to be unemployment and the high cost of living which were used by a small minority of agitators to incite the people to acts of violence. At MESTRE on 10 September all the streets in the city centre were blocked by unemployed and "reduci" who completely paralyzed the traffic. At the same time the crowd succeeded in sacking a large store in spite of police efforts. Armoured cars of the Mobile Police at PADUA were brought on the scene and the crowd was controlled by the firing of shots in the air by the police. Approximately 20 persons were injured in the fracas. Order was restored in the evening after a period of tension. Less violent, but similar incidents took place at PADUA and minor disturbances of a different character took place at LAVARONE (TRENTO) on 15 September after a meeting of the Regional Autonomy Party. The demonstrators returning home singing the Austrian National Anthem were attacked by "reduci" and Partisans. The police intervened and order was restored. No British or American troops were involved in these disturbances. Traffic accidents involving Allied vehicles continued to be a most serious cause of ill feeling with civilians. The Italian press always assumed that the drivers were Allied personnel although in most cases it was not possible to say because most of the accidents were the "hit and run" type. Owing to lack of uniforms, equipment, low rates of pay and barracks accommodation, the various police forces maintained that they were not getting the right type of recruit. It was proving difficult to replace several hundred Auxiliary Agents who had been discharged as unsatisfactory. The barracks problem in VENICE and MESTRE was greatly alleviated by the allocation of a building in each town for the accommodation of Public Safety Agents.

22. Recent wage increases caused a further rise in prices during the month and created grave concern. Determined efforts were being made to enforce price regulations by a system of "snap Controls" whereby squads of usually 3 men toured the various shops in an effort to check black market activities. These operations were proving to be successful. The Amassing of wheat, barley and rye was considered satisfactory. There continued to be a shortage of fertilizer, particularly phosphates and nitrates. An exhibition of Industry and Agriculture was held in VICENZA from 1-15 September and proved to be a great success. It was estimated that orders to the value of about 300 million lire were taken. At VERONA the Reconstruction Exhibition was opened on 1 September. This was on a much smaller scale than that at VICENZA and failed to cover expenses. The exhibitors, however, managed to obtain orders worth about 40 million lire for furniture and Venetian specialities from private and trade buyers. Lack of raw materials and coal continued to prevent any real revival of industry coupled with the difficulty of marketing products at home and abroad. The high price of foodstuffs was affecting the purchasing power of the public in other industrial products. During the month derequisitioning included the premises of a glass factory, a refrigerating plant, a cement factory and an oil refinery - all in MESTRE industrial area. These releases caused considerable satisfaction.

23. Numerous strikes took place during the month involving agricultural workers, bakers, revenue and tax collectors, State and Local Government employees, and building trade workers, the latter in VICENZA and VERONA only. All these were settled to the advantage, in varying degrees, of the strikers. BELLUNO had the highest proportion of unemployed in the VENETO (15,000 - 7% of population) owing to the war damage in their main industry - timber. ROVIGO had 20,000 unemployed (6% of population) due to the ending of the sugar harvest and the seasonal close of the sugar factories. There were 35,000 unemployed in PADUA (5% of the population) and 39,000 in TREVISO (6½%). The total unemployed in the VENETO was 193,000. A vast programme of public works is planned for 1946-47 in PADUA Province estimated to cost one milliard and 800 million lire. It is hoped that this will

armoured cars of the Mobile Police at PADUA were brought on the scene and the crowd was controlled by the firing of shots in the air by the police. Approximately 20 persons were injured in the fracas. Order was restored in the evening after a period of tension. Less violent, but similar incidents took place at PADUA and minor disturbances of a different character took place at LAVARONE (TRENTO) on 15 September after a meeting of the Regional Autonomy Party. The demonstrators returning home singing the Austrian National Anthem were attacked by "reduci" and Partisans. The police intervened and order was restored. No British or American troops were involved in these disturbances. Traffic accidents involving Allied vehicles continued to be a most serious cause of ill feeling with civilians. The Italian press always assumed that the drivers were Allied personnel although in most cases it was not possible to say because most of the accidents were the "hit and run" type. Owing to lack of uniforms, equipment, low rates of pay and barracks accommodation, the various police forces maintained that they were not getting the right type of recruit. It was proving difficult to replace several hundred Auxiliary Agents who had been discharged as unsatisfactory. The barracks problem in VENICE and MESTRE was greatly alleviated by the allocation of a building in each town for the accommodation of Public Safety Agents.

22. Recent wage increases caused a further rise in prices during the month and created grave concern. Determined efforts were being made to enforce price regulations by a system of "snap Controls" whereby squads of usually 3 men toured the various shops in an effort to check black market activities. These operations were proving to be successful. The Amassing of wheat, barley and rye was considered satisfactory. There continued to be a shortage of fertilizer, particularly phosphates and nitrates. An exhibition of Industry and Agriculture was held in VICENZA from 1-15 September and proved to be a great success. It was estimated that orders to the value of about 300 million lire were taken. At VENICE the Reconstruction Exhibition was opened on 1 September. This was on a much smaller scale than that at VICENZA and failed to cover expenses. The exhibitors, however, managed to obtain orders worth about 40 million lire for furniture and Venetian specialities from private and trade buyers. Lack of raw materials and coal continued to prevent any real revival of industry coupled with the difficulty of marketing products at home and abroad. The high price of foodstuffs was affecting the purchasing power of the public in other industrial products. During the month derequisitioning included the premises of a glass factory, a refrigerating plant, a cement factory and an oil refinery - all in MESTRE industrial area. These releases caused considerable satisfaction.

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PART II

CIVIL AFFAIRS SECTION

LEGAL SUB-COMMISSION

1. Allied Military Courts continued in session during the month in VENEZIA GIULIA and the Province of UDINE. Superior and Summary Courts were held within both of these jurisdictions. In VENEZIA GIULIA a total of 52 accused were tried as compared with 128 in August on 61 charges as compared with 166 in the previous month. 134 accused were tried on 144 charges in Summary Courts as compared with 139 and 149 in August. Superior Court cases included 17 charges for possession of firearms and ammunition one of the defendants being sentenced to five years imprisonment; 9 others were sentenced to lesser terms and seven were found not guilty. The number of charges preferred against persons for offences to the prejudice of good order dropped from 103 in the month of August to 11 for September. This was due to a lessening of subversive activity in the area. Charges for offences against good order, in any and unlawful possession were, as heretofore, most prominent in trials before Summary Courts. In such cases the average sentence was for one month or less. Summary Court cases for August and September were the lowest in numbers experienced in the past ten months.

2. In the Province of UDINE 2 cases were tried before Superior Courts and 12 before Summary Courts. All of the defendants were found guilty. 4 of the defendants were charged with curfew and pass violations and 1 with possession of arms and ammunition.

3. Italian Courts in general continued to function satisfactorily. The Italian Section of the Division continued to be busy with a diversity of matters including the preparation of legal opinions regarding the sale of Allied vehicles and the validity in Italian territory of sentences imposed in VENEZIA GIULIA during the German occupation.

4. In VENEZIA GIULIA the Special Court of Assize tried 4 cases during the month. On 30 September 21 cases were docketed for trial in this Court as compared with 51 at the end of the preceding month.

PUBLIC SAFETY SUB-COMMISSION

5. No serious disturbances were reported in Italian Government territory during the month except in the TRIESTE area. On the 10th September at TRIESTE a crowd of about 1000 unemployed assembled in the principal square demanding food and work. Later they looted a food shop. 15 persons were arrested but the crowd demonstrated outside the Police building, where the arrested persons were detained with the result that the local officials became apprehensive of further serious disorders and released those detained. Later in the month alleged unemployed demonstrated in PADUA, raided food shops and attacked the offices of a newspaper. Police action in both cases left much to be desired and as a result 500 Public Safety reinforcements were drafted into TRIESTE to assist the local police. During recent months there has been a serious crime wave in PADUA. Discipline and conduct of Public Safety Agents has been lax, due generally to the numbers of untrained auxiliaries within their ranks. An energetic drive by reinforced Carabinieri was being carried out in the area and conditions improved considerably during the month. In VENEZIA GIULIA the month was reasonably quiet and the crime situation fairly satisfactory.

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6. Recruiting for the Carabinieri Corps showed little change, the intake being small compared to the numbers required and barely exceeded normal wastage. Agents of Public Safety were up to strength but generally the material was poor. Finance Guards functioned reasonably well.

7. A considerable amount of illegal travel to TRIPOLITANIA from SICILY took place during the month. The people concerned were mainly those desiring to return to their families in TRIPOLITANIA. Two small parties of Jews entered ITALY clandestinely during the month through the BRENNER PASS. In each case they were returned to AUSTRIA. They were apparently intending to cross ITALY to the West coast and obtain a sea passage to PALESTINE. Action was being taken by Police authorities in an endeavour to stop illegal entry and irregular migration.

DISPLACED PERSONS SUB-COMMISSION

8. Conferences and numerous discussions took place during the month with representatives of the Italian Government on the question of the transfer of responsibility for supplies for Allied Commission Camps from Allied Military Authorities to the Italian Government. The main topic of discussion was purely the administrative question of changing the present normal system of supplying camps through Military Supply Depots and repayment in bulk to the Military by the Italian Authorities to one of direct supply of the camps by the local Italian Authority (supplemented where necessary from Central Italian Bulk Stores). The Italian Representatives on each occasion raised objections and points irrelevant to the question and no agreement was reached. On 29 August an Administrative Instruction was issued together with amended ration scale by Allied Commission wherein it was stated that (a) all flour or bread would be drawn from the Italian Authority concerned for consumption from 15 September 1946 onwards, (b) the remainder of rations would be drawn from the Italian Authority concerned from 1 October onwards.

9. This instruction was accepted by the Italian Authorities with little comment. All Allied Commission Camps with the exception of the Centre at BARI are now receiving certain supplies from the Italian Authorities. A further meeting took place with representatives of the Ministries of the Italian Government concerned on 27 September, 1946, to discuss the provision of rations to DP Allied Commission Camps. After considerable discussion it was finally agreed that the Italian Authorities concerned would provide certain commodities from local stocks, which are rationed items. All other commodities have to be bought by local contract and are to be paid for by the Post Bellum credits.

10. The long-awaited CHINESE repatriation finally materialised during the month when 516 Chinese left NAPLES for HONG KONG. The vessel was due to arrive in HONG KONG on the 13 October 1946.

11. It was expected that the Displaced Persons Camp at AVERSA near NAPLES would be closed before the 15 October 1946, the premises decommissioned and handed over to the Italian Government and the inmates absorbed into No. 2 DP Centre CAIROLI.

12. During the month the original recording of all Allied Commission Camps was completed. This operation was begun in June 1946. 5,900 case sheets were completed; there were approximately 42 nationalities, 109 occupations and approximately 60 destinations recorded.

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13. Difficulty was experienced during the month with the Italian Authorities on the question of financing camp expenses. The Ministero Post Bellum stated that they had been ordered to cease all payments as it was felt that the financing of "alien" camps was no longer their responsibility. However, after considerable discussion, the Ministry agreed to continue payments up to the end of October, 1946 when a definite decision will be made by the Italian Government as to which Department will subsequently be responsible for such payments.

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PART III - ECONOMIC SECTION

FOOD & AGRICULTURE BRANCH

1. The wheat situation improved generally during the month. Amassing was practically completed, 80.2% of the target figure having been attained, leaving on hand at the close of the month 1,245,061 tons. This amount covered requirements for 99 days. The requirements covered will decline as far as the number of days are concerned from now on as consumption will probably exceed the amount of wheat amassed and imported. The harvesting of spring planted varieties of corn progressed although the ripening of corn in Northern Italy was delayed by rains and low temperatures. The harvest was not expected to exceed 2 million tons. The sugar position appeared to be good. Harvesting of sugar-beets was being completed in Northern and Central Italy. Adverse weather conditions did not affect the beet crop. The estimated production was in the neighbourhood of 2,400,000 tons. The production of olives while estimated that it will be greater than last year was not expected to reach previous estimates. Prospects were good for the LIGURIA Region and Northern-Central Italy. In Central and Southern ITALY olive production was damaged by drought and parasites. Production of grapes was greatly damaged by drought and wine production was estimate at less than last year.

2. Crops throughout ITALY were adversely affected by weather conditions. Drought was prevalent throughout ITALY except in some of the Northern Provinces where excessive rain and unseasonable cold weather prevailed. The drought was an obstacle to the preparation of the ground for autumn planting.

3. In VENEZIA GIULIA flour stocks on hand were sufficient to support the bread and pasta rations until approximately 15 December. Stocks on hand in UDINE were sufficient to maintain the bread ration throughout January and the pasta ration through December.

4. The Italian High Commissioner of Food agreed to support the sugar ration in AMG territory with 150 grams, to bring the sugar ration in that territory on a par with the rest of ITALY. This will continue until such time as AMG is able to assume this additional ration.

5. The transport situation throughout ITALY was critical and affected the food distribution programme. There continued to be a shortage of work animals, farm machinery, fertilizers and fungicides.

6. Health conditions of livestock generally improved. There were some cases of foot and mouth disease, anthrax and hog cholera, but more in epidemic proportions and the situation was gradually improving.

COMMERCE (FOREIGN TRADE) BRANCH.

7. Requests were received during the month from Italian areas under British Military Administration for the supply of various goods ranging from school text books to spare parts for the Mogadishu power station. The bi-lateral trade agreement between ITALY and the ex-colonies did not appear to have developed along the lines expected when it was decided to introduce private trade with payment in sterling. The result was almost complete stoppage of imports because of the necessity for Italian importers to buy sterling at current market rates which at present stands at 2030 lire to the pound sterling. It was suggested that sterling or sterling credits be put at the disposal of importers at the official rate of exchange (900 lire to the pound).

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8. Syrup, honey, manufactured food containing sugar, dried fruit and all seeds not on Reserved Commodity List 1 were decontrolled during the month.

9. During the month the Italian Government decided to amend the import regulations regarding imports "franco valuta". Previously imports from abroad

could not be paid for in foreign countries by Italian firms and importers were receiving imports without paying. However it is now possible to import and pay in lire if the consignor overseas is willing to accept payment in lire deposited in a blocked account in ITALY, spendable only in ITALY, or if the funds used overseas belong to Italian citizens who are not obliged by law to renounce such funds to the Italian Government.

INDUSTRY & UTILITIES BRANCH

10. Some progress was made in de-requisitioning industrial and public premises during the month and releases in the near future were promised for further premises. No releases were obtained for private property such as houses and flats.

11. The hydraulic plant situation was unchanged during the month. The increase in demand will be met by means of larger thermal generation and power import from Northern ITALY where the situation is good. The power availability in Central and Southern ITALY remained about 20% less than the total demand making some form of curtailment necessary and a rationing scheme for the coming winter was being studied by the Italian Commissioner in Northern ITALY. More generating units will be reactivated in Central ITALY during October but practically no benefit is expected from their operation until sufficient water is available. The drought persisted in Southern ITALY. Thermal generation was approximately 500,000 KWH/days. Sila reservoirs had approximately 45 millions of K/H in storage.

12. 676,098 long tons of coal and petroleum coke arrived in ITALY during the month including 13,755 tons from POLAND. 600,000 tons were allocated during the month. SARDINIAN coal production for the month was 33,235 metric tons, 2,952 less than August.

13. Stocks of P.O.L. products continued to be maintained at the normal sixty day level.

TRANSPORTATION AND SHIPPING BRANCH

14. The railway wagon situation continued to be very acute during the month but eased slightly during the latter part because of the non-arrival of coal from AMERICA due to the strike.

15. Road transport could not be utilized fully due to shortage of petrol and the lack of tyres.

16. Coastal shipping received more requests for tonnage than was available.

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PART IV

INDEPENDENT SUB-COMMISSIONS

NAVY SUB-COMMISSION

1. The Italian cruiser ABRUZZI, the transport VIRGILIO and the SESTRIERE continued to repatriate Italian Prisoners of War during the month. The destroyer CARABINIERE arrived in PORT SAID on 5 September with personnel and stores for the battleships in the BITTER LAKES. The Italian Fleet Auxiliary MONTE GRAPPA bound from ALEXANDRIA to MALTA ran aground on SCHIESTO Island (CRETE) during the month and was refloated by a British trawler and towed to SUDA BAY.

2. The practice of the issue of small quantities of coal by the Italian Naval officer-in-charge, LEMNOS, to harbour craft operated by UNITED STATES authorities was discontinued as the Allied authorities in question are in a position to obtain their requirements of coal from their own sources. The coal in question was British coal supplied to the Italian Navy for the exclusive use of minesweepers. In cases of emergency small quantities may be loaned but must be repaid in kind.

3. During the month there were several important changes made in the High Command of the Italian Navy. Vice-Admiral Bruto BRIVONESI, Secretary General of the Navy, became Inspector of Naval Forces.

4. The French Government requested that it be reimbursed for the use by the Italian Government of the French river boat "ECOLATTAR" which was used by the Commercial Maritime for the purpose of carrying coal and wheat from CIVITAVECCHIA to PUNTA ERAS. It was agreed by the C-in-C Mediterranean Station that the Italian Government should pay a reasonable hiring charge for the vessel and he directed that the matter be settled between the Allied Commission, the charterers and the French Navy Mission.

5. Negotiations were underway to arrange for the towing of certain French River Barges from the VENICE Area to TOULON.

6. Confirmed progress was reported by all Minesweeping groups and the Gulf of TARANTO was completely cleared.

LAND FORCES SUB-COMMISSION

7. The strength of the Italian Army as of 30 September was 205,406 including 64,859 Carabinieri. There were no further disbandments of PRITI Units and the number remained at 4. The Italian War Ministry issued instructions for the separation of Signals from Engineers and for the proposed formation of a Signal Corps and Engineer Corps.

8. Improvement in the release of motor transport to the Carabinieri was maintained during the month. Telephone communications between Carabinieri stations, particularly in the South remained unsatisfactory, many stations being unconnected. The chief difficulty was lack of funds for this work. Good progress was made with W/T instruction and six of the Mobile Battalions were trained and equipped. During the month 1170 Beretta SMG were received and distributed to units.

9. The call-up of the 1925 Class Recruits proceeded smoothly and satisfactorily. A small proportion had had military experience. Generally speaking, the educational standard was low, some men being completely illiterate but discipline was good and the elementary stages of their training promising.

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10. The three Sub-Depots comprising 557 Base Ordnance Depot at NAPLES

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were completely handed over through the Chief Disposals Officer (Italy) Ministry of Supply to the Italian Government Agency AMAR. No difficulty was anticipated in obtaining available stores and essential items needed for the maintenance of vehicles and weapons. The Italian Medical stores in NAPLES continued to receive quantities of captured stores from Allied sources. Approximately 25 tons were received during the month, priced, and handed over to the Italian Army.

PRISONERS OF WAR

11. 9,006 IPOW (military) were repatriated during the month (8,901 from British hands). Of the 1,546,594 IPOW at the beginning of the repatriation programme 75,508 remained as at the end of September. Plans were made to return to Russia by 5000 IPW from EGYPT during October; this will almost complete repatriation from EGYPT. Repatriation from the UK may now be considered finished. Of the original 158,029 PW held in the UK, 1740 remained. Confirmation was awaited that these PW have been released from PW status and are working in the UK. Some 2000 PW were expected to disembark in NAPLES from SIDNEY (AUSTRALIA) in late October.

AIR FORCES SUB-COMMISSION

12. All courier flights were successfully completed during the month with the exception of one aborted on the PARIS flight which made a forced landing at NICE, with engine trouble. Contracts were signed by the Italian Government with British European Airways and Transworld Airways for the operation of Foreign Internal Commercial Airlines in Italy. The BEA-Italian Company will be known as A.I.I. (Aeree Italiani Internazionali) and the TWA-Italian Company as L.A.I. (Linee Aeree Italiane). Both companies hoped to begin operations in the latter part of November or early December, subject to ACC approval. Italian aeronautical technicians visited the UNITED KINGDOM as guests of British European Airways during the month. They were flown to ENGLAND in a B.E.A. VIKING. While in ENGLAND the party visited various aviation factories and installations and showed great interest in the latest British appliances for furthering the safety of airlines. Much interest was also shown in the latest developments in RADAR and in the LONDON Airport.

13. Apart from minor difficulties the Air Sea Rescue Service of the Italian Air Force continued to do good work. Fifteen overdue action reports were received during the month and in each case the missing aircraft was located within a reasonable time. The first five ex-RAF High Speed Launches were handed over to the I.A.F. during the month. A pilot list was made of all places in the AMFS where a competent search party, under a local professional guide could be formed. In case of necessity it will be the responsibility of MILAN and VENICE Aircraft Safety Centres to give full information to a local representative of the Allied Air Force Association or the Carabinieri either of whom will arrange a rescue party.

14. No further new Meteorological Stations were opened during the month. The total number in the Italian network stood at 142. A fairly extensive coverage on the Italian mainland has now been reached, but additional stations are needed on the islands around the coast of Italy. Great difficulty has been experienced by the Italian Meteorological Service in trying to open these stations because of transport difficulties, also the salary fixed by the Italian Air Ministry for civilian Meteorological observers is very low. It is necessary to employ civilian personnel in de-militarised zones such as PANTELLERIA and LAMPEDUSA. The Italian Meteorological Service assumed all Allied commitments at NAPLES on 25 September 1946.

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(RAILWAY) were repatriated during the month (8,301 from British hands). Of the 1,546,394 PW at the beginning of the repatriation programme 73,586 remained at the end of September. Plans were made to return approximately 5000 PW from EGYPT during October; this will almost complete repatriation from EGYPT. Repatriation from the UK may now be considered finished. Of the original 158,029 PW held in the UK, 1340 remained. Confirmation was awaited that these PW have been released from PW status and are working in the UK. Some 2000 PW were expected to disembark in ITALY from SYDNEY (AUSTRALIA) in late October.

AIR FORCES SUB-COMMISSION

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15. There were no major changes in the Italian Air Ministry during the month. The morale of the I.A.F. was unstable and has generally deteriorated due to the decisions of the PARIS Peace Conference and on the limits placed on the size of the I.A.F.

16. On the 26 September the telephone switchboard operators of all the principal Italian telephone companies went on strike for higher wages. Long distance operators did not strike. In accordance with previous agreements between the operators' union and the Ministry of Posts & Telecommunications operators continued operating switchboard positions handling Allied Military circuits. The strike ended in 24 hours and the resulting settlement gave the operators 12½ wage increase plus one month's pay for the period 1 January 1946 to 31 July 1946 and a 30% wage increase effective from August 1946. Twenty-one civilian long distance circuits were activated during the month. The gradual return to civilian operation of all long distance telephone switchboards and long distance circuits used exclusively for Allied Military traffic was commenced on 15 September. As traffic conditions permit all such switchboard positions will be returned to Italian communications personnel for operation. The operation by civilian personnel will permit all circuits to be used for all types of traffic and traffic charges will be relieved accordingly. Fourteen long distance telephone operating positions in the ROME long distance exchange were released from Allied Military use for civilian use. A telephone link with AMSTERDAM was put into operation on 16 September 1946.

17. The ROME-STOCKHOLM radio telephone circuit was put into operation on 2 September. Arrangements were completed between ITALCABLE and American Telephone and Telegraph Company to extend the privilege of making radio-telephone calls to individuals chargeable to the person called in the UNITED STATES to 1st May 1947. 30,728 radio telephone calls were made to the U.S between 1 July 1945 and 30 June 1946 as compared to 2,783 in 1939.

18. The British APO Base Post Office supplanted the handling work of the Civil Post Office travelers at NAPLES Post Office for the accumulation of the new International Parcel Post. The reintroduced service was working entirely well. A gift parcel service was established from the UNITED KINGDOM to Italy during the month.

19. Allied Force Headquarters did not approve the request of the Italian Government to repair and resume operation of the MARSALA-MALTA submarine cable because the cable has been diverted and forms the GIBRALTER-MALTA cable. Cable service in TRIESTE was increased to 24 hours daily. Previously cable service to TRIESTE was available only for a few hours each day.

Henry W. Stone

HENRY W. STONE
Rear Admiral, USNR
Chief Commissioner

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17. The ROME-STOCKHOLM radio telephone circuit was put into operation on 2 September. Arrangements were completed between ITALCABLE and Swedish Telephone and Telegraph Company to extend the privilege of making radiotelephone calls to individuals chargeable to the person called in the UNITED STATES to 1st May 1947. 30,728 radio telephone calls were made to the U.S. between 1 July 1945 and 30 June 1946 as compared to 2,765 in 1939.

18. The British APO Base Post Office completed the handing back of the Civil Post Office premises at NAPLES to Naval Post Office for the accommodation of the new Internal Parcel Post. The re-introduced service was working extremely well. A gift parcel service was established from the United Kingdom to Italy during the month.

19. Allied Force Headquarters did not approve the request of the Italian Government to repair and resume operation of the MALTA-ITALY submarine cable because the cable has been diverted and forms the GIBRALTER-MALTA cable. Cable service in THESSIR was increased to 24 hours daily. Previously cable service to THESSIR was available only for a few hours each day.

Elbert W. STONE
Rear Admiral, USNR
Chief Commissioner

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HEADQUARTERS ALLIED COMMISSION
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MONTHLY REPORT

AUGUST 1946

Ref.: 324/EC

11 October 1946

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MONTHLY REPORT

AUGUST 1946

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11 October 1946

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MONTHLY REPORT

AUGUST - 1946

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POLITICAL SUMMARY

1. During the month political interest was mainly focussed on the PARIS Peace Conference and the activities of the Italian Delegation to the Conference. A certain sense of impatience combined with pessimism on the part of Italians was apparent. On August 1, just after the terms of the draft were published, the Italian Government issued a statement in which it referred to the "unanimous painful impression caused by the harshness and gravity of the Treaty". The Council of Ministers instructed its delegation to the Paris Conference "to make every effort in order that the United Nations..... may make it possible for ITALY to become a positive element in international reconstruction and co-operation". Signor NENNI's trip to several of the capitals of Northern Europe appeared to have been aimed at laying the groundwork for, and ascertaining the possibility of, modifications in the Treaty. Modifications most desirable in his view included extension of the limits of the proposed free territory of TRIESTE so as to include therein GORIZIA and the West coast of ISTRIA; postponement of final decisions on colonies but without any derogation meanwhile of Italian sovereignty over the colonies; and present, from the Italian point of view, of the terms of the treaty dealing with Italian use of hydro-electric power produced in the territory to be ceded to FRANCE.

2. Following an official invitation to appear before the PARIS Peace Conference, the President of the Council, accompanied by Signori SARAGAT, BONOMI, CORBINO, and MACRELLI departed for PARIS on August 7; the delegation also comprised experts on juridical, military and economic-financial questions. The Prime Minister's formal address to the plenary session of the conference took place on August 10 and was widely reported in the local press which generally praised it for moderation and dignity. His opening observation was that the draft treaty was extremely hard; he criticised the severity of the demilitarization clauses and the proposed solution of the VENEZIA GIULIA problem which he characterised as a ruinous derogation of the ethnic principle upon which the Council of Foreign Ministers had previously agreed. He also proposed that the TRIESTE problem be set aside for a year, and then be settled by direct ITALO-JUGOSLAV negotiations. He was opposed to the enforced renunciation by ITALY of claims against GERMANY.

3. Intensive lobbying by the Prime Minister and other members of the Italian delegation among the various foreign delegates at PARIS resulted at first in excessive optimism on the part of the delegation and other Italian observers as to their hopes of securing a revision of the treaty in ITALY's favour. This impression was on the whole checked by the speeches of Mr. BYRNES and Mr. ALEXANDER on August 16 made in reply to the Russian delegate's previous charges against the Italian Government. On August 18 the delegation presented a bulky exposition of their case, raising 60 points of economic aspects alone with about 20 pages of comment on each. The immediate reception of this document by the political commission deputed by the Conference to examine and report on the Italian Treaty was unexpectedly severe. In a criticism of the preamble to the draft treaty intended to secure recognition of the part played by ITALY in the war against GERMANY, it was pointed out that HOLLAND and BELGIUM had never declared war on ITALY. This incited the Belgian and Dutch representatives on whom the Italian delegation had been counting for support at least in securing minor concessions, to protest violently, on the grounds that the Italian statement implied a slur on the character of their war effort. The Italian amendment was defeated unanimously and the delegation was generally regarded to have made a major tactical blunder. Their depression was accentuated by the fact that no support was received from the foreign delegates who had responded favourably to the delegation's advances during the preceding few days. However, an alternative amendment recognising in more explicit terms the assistance given by ITALY in the war against GERMANY was subsequently

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introduced by the DUTCH delegate and accepted on August 26 with the agreement of all except JUGOSLAVIA.

4. The developments at PARIS were accompanied by an incipient governmental crisis at home. Signor TOGLIATTI, the leader of the Communist Party returned from PARIS to ROME on August 18 where he had seen M. MOLOTOV. In a newspaper interview he attacked the Government's policy particularly as regards Signor DE GASPERI's proposal to postpone for a year the settlement of the VENEZIA GIULIA question, which he declared would only prolong the Allied occupation and enable them (the Allies) to transform TRIESTE into another MALTA or GIBRALTER. These statements followed a week of tension during which the Communists accused de GASPERI of acting without authority from the treaty commission of the Constituent Assembly, of secretly intending to align ITALY on the ANGLO-SAXON powers, and failing to emphasize sufficiently the complete break between the old FASCIST regime and the present one. Signor TOGLIATTI later qualified his criticisms in a calming statement in which he said that although he reserved the right to criticize the government when necessary, the development least desired was a governmental crisis at this stage.

5. In spite of Signor NENNI's asseverations that the Socialist Party must pursue its own course and not act as a mediator between the Communists and Christian Democrats a rift seemed to appear in the party ranks between those who with NENNI would like to renew the pact of unity of action with the Communists and the rest who have come to regard continued partnership with the Communists as a course too dangerous to Italian interests to be justifiable in present circumstances. Division of opinion also existed in the Christian Democrat Party on the question whether the Communists are more dangerous inside or outside the Government.

6. Signor de GASPERI returned to ROME on August 23 and made a report to the Council of Ministers on the 24th in which he endeavoured to clear misunderstandings and to answer his critics. Among other things he emphasized that in proposing a postponement of a settlement of the VENEZIA GIULIA question for a year he in no way hoped for a similar postponement of the peace treaty itself. He had endeavoured to reach a settlement of the question by direct discussion with the Jugoslav delegate, but the latter had refused to enter into contact with him. Although de GASPERI's statement was criticized at length by the Communist Minister of Finance, Signor SCOCCIMARRO, the meeting concluded by passing a unanimous resolution of approval for the work done by de GASPERI and the delegation at PARIS.

7. The domestic political situation was to a considerable degree determined by the moods engendered by developments at PARIS; several urgent problems principally economic in nature, were of necessity dealt with by the Government. Scattered demonstrations in protest at the peace treaty took place in the North, but at no time did the authorities lose control of the situation. The Government also gave serious consideration to the problems of unemployment relief and extended the ban on dismissals to September 30.

8. The most disturbances during the month took place in SICILY, beginning with a clash on 5 August between Carabinieri attempting to enforce the amassing of wheat and a sizeable portion of the local citizenry. Order was restored on August 8.

9. Following developments at ASTI when a band of partisans took to the hills as a protest against their unsatisfactory economic status and partly against the Government's attitude in certain political questions, a delegation was received by Signor NENNI who was acting President of the Council in the absence of signor de GASPERI. The delegation presented a petition containing seven requests mainly of an economic character. These were under consider-

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PART I - AMG AND LIAISON OFFICERS

AMG VENEZIA GIULIA

1. There was a marked increase in tension during the month after a period of comparative calm following the General Strike early in July. The fact that the future of the area was under discussion at the PARIS Conference gave rise to renewed attempts at influencing the final decision. Both sides were still hoping that adjustments in the boundaries of the international zone and the ITALO-JUGOSLAV frontier could be made in their favour and made every endeavour to accomplish this. Demonstrations took place early in the month as a protest against the seizure by the VENEZIA GIULIA Police of foodstuffs hoarded for distribution among the participants in the strike. Some of this had come from Zone B. This action by the Police led to a number of incidents such as that at MUGGIA when a crowd of 3000 workers (pro-Slav) prevented the police from impounding food and carried it away to a new hiding place. On 3 August tram drivers belonging to the Sindaci Unici stopped work as a protest against AMG refusal to return confiscated food, and tram service in the city of TRIESTE was completely paralyzed. This, however, was not entirely due to the strike, but mainly to the fact that during the night armed men broke into all the tram depots and removed an essential part of the mechanism from every tram; parts of the tracks were also blown up. Army workshops turned out the necessary parts and the tram service was running normally on the 4 August. The most serious disturbance during the month took place in GORIZIA on 9 August when a large number of Italians met in a public park to commemorate the anniversary of the liberation of GORIZIA from the Austrians. The service developed into a political fracas between Yugoslavs and Italians; the Slavs threw two hand grenades at intervening V.G. Police and during the ensuing riot 16 civilians and 6 V.G. Police were injured. More trouble occurred on the same day when two Yugoslav officers in a car were held up by an Italian crowd and had to be rescued by V.G. Police. A subsequent search revealed that there were four hand grenades in the car. Numerous minor demonstrations took place outside AMG Headquarters in TRIESTE against the warrants issued for the arrest of the strike leaders, the detention of "anti-fascists", the requisitioning of U.A.I.S. premises, and the action of the V.G. Police. Attacks on AMG, and the Civil Police continued unabated. Pro-Slav elements were busy creating incidents and devising every possible means of obstructing the Government. The violent anti-Italian speeches by KEBLER and VISHINSKI led to a strong anti-Slav and anti-Russian feeling among the Italian section of the population with a corresponding swing towards the Allies. This was further encouraged by the attitude of GREAT BRITAIN regarding reparations. There was no change in the local Government during the month.

2. The situation as regards public safety was quieter in certain respects than previous months. However, there was a sufficient number of incidents to keep all branches of the police force fully occupied. Commencing at midnight 5 August a large scale raid was made by combined military and civil police in the DOBERDO DEL LAGO area, following incidents in which military vehicles were fired upon. Subsequent to the occurrences mentioned in para 1 at GORIZIA, several minor incidents took place during the day but at no time did the situation get beyond the control of the Police. At VERGAROLLA, POLA on 18 August a serious explosion occurred when a large quantity of mines and ammunition stored on the sea front exploded and 63 persons were killed. On 26 August following disturbances and intimidation of workers at the MONFALCONE shipyards, it was decided to patrol the yards continuously. Mixed patrols of military and civil police were introduced for that purpose and there was little further trouble. The morale of the civil police was well maintained during the period. The crime situation was satisfactory in so far as ordinary

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in the docks and railway yard areas. The month was reasonably quiet so far as political crime was concerned, although there were a number of occasions when explosives were used and there were many acts of terrorism in the MONFALCONE area. Few of these caused injury to persons and damage to property was slight. There were 17 cases of use or attempted use of explosives for political purposes. In the TRIESTE Zone 293 crimes and 71 cases of injuries to persons were reported. General crimes included 2 cases of murder. The behaviour of Allied troops during the month was excellent and there were no reported clashes with civilians. The prison population decreased, the total number confined being 1104. Health conditions in the prisons continued to be excellent.

3. During the month a review was made of Defascism and the progress made over the past twelve months. The work of defascism being almost complete it was decided that no further denunciations should be received after the 30 August 1946. The Special Court of Assise was reduced in numbers and reorganised. The Court will continue to function for a further 3 months by which time the bulk of the work will have been completed. Since the beginning of defascism 1378 denunciations have been received, of which 1307 have been decided and disposed of.

4. Generally speaking, economic conditions during the month remained unchanged. Public Works reached their peak in a programme to relieve unemploymen which remained serious. At the end of the month 16,000 people were employed on public works projects and it is hoped to exceed this figure in the near future. The population was supplied with normal rations during the month with the exception of pasta, the balance of which will be made up in September. Prices of locally produced foods showed a tendency to rise. These increases were not believed to be due to reduced availability but to the general economic and political situation.

5. A period of dry weather during July and August scorched a percentage of the maize crop, but the damage was expected to be limited in the event of early rains. On the whole the harvest of grain, fruits and vegetables was very good and prices on the markets in TRIESTE and GORIZIA decreased accordingly. The shortage of hay continued. Wheat amassing was practically finished having reached 200% of the original total. 4,100 tons have been amassed to date. Agricultural radio programmes were continued during the month including much useful information on increasing fruit production, methods for packing and preparing fruit for export, methods for combatting diseases of fowl and other technical information which appeared to be very much appreciated by the farmers. The development of the sheep and cattle industry was hampered by a lack of sufficient feed. Fertilizers were readily available but the prices were too high for the purchase of large quantities. It is hoped that commercial supplies will soon be available from AMERICA. Reafforestation projects continued and plans were drawn up for further projects. The catches of fish for the month were very good, 370 metric tons of fish having being brought into TRIESTE alone.

6. The chief interest from an industrial point of view was centred in the MONFALCONE Shipyard. Handing back control to the management was followed by a recurrence of hooliganism. However, on 26 August a combined force of civil and military police were introduced to patrol the yard. This resulted in a sit-down strike which continued until the following day. Work was resumed on 28 August and there were no further incidents. It was made clear to the workers that the police force would not be withdrawn until the authorities were satisfied that there would be no further outbreaks. There was no change in the general industrial situation. Reconstruction of the port progressed satisfactorily.

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7. Repairs and reconstruction on 245 Public Buildings were completed during the month, and AMG approved expenditure of 211,500,000 lire for

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reconstruction of houses in distressed villages. More than 7,500 persons were employed in Public Works. During the repairs of the Church at GRADO some precious fragments of mosaic were found representing a very important archeologica discovery as some were more than 1400 years old.

8. On the unemployment registers a decrease of 244 was noted in respect of last month in spite of increased absorption of workers in Public Works projects. The gradual unblocking of dismissals were continued formally by allowing dismissals only to employers who had not availed themselves of declared percentages over the previous period. This will enable AMG to await the decision of this question in Italy before taking any further initiative.

9. General health in the area remained good during the month. Distribution of drugs and dressings etc. continued. A supply of insecticide powder and anti-malaria spray was delivered to all communes free of charge.

10. Movement in Displaced Persons continued and figures showed a slight increase over the previous month. 2024 people passed through the Centre during the month. Close watch was kept on refugee movement from Zone B as new arrivals from ISTRIA tend to settle in TRIESTE. The condition of P.O.W.s from YUGOSLAVIA remained very unsatisfactory. Further interviews took place with various officials during the month regarding evacuation of POLA.

11. Plans for the reopening of schools were under way. Text books were prepared and were being printed for both the Italian and Slovene schools. The PWOO School Section was insisting that schools be under its administration during the coming year, but withdrew its objections to permitting its teachers to attend the Summer Training Courses established for Slovene teachers. Many teachers and pupils went to YUGOSLAVIA, however, and it is assumed that these will return indoctrinated to disrupt the efforts of those interested in the functioning of non-political schools. On the Italian side there was calm on the surface, and indications that teachers in GORIZIA were not willing to cooperate In TRIESTE they appeared to have lost heart and to be unwilling to do anymore than was strictly necessary for the functioning of their schools.

AMG UDINE PROVINCE.

12. Anxiety and despondency were general amongst the thinking population due to the uncertainty of the Eastern Boundary of the Province and VENEZIA GIULIA, the continued dissension at the PARIS Conference and the attitude of the Slavs. Politically the Province was quiet but there was a considerable amount of pro-Slav activity and there appeared to be numerous Yugoslavs infiltrating into the Province.

13. There was a noticeable decrease in serious crimes during the month and in general public order was good. While there was a marked increase in the number of demonstrations and strikes due to unemployment, such incidents as occurred passed off without serious disorder. Anti-Allied sentiments continued, due largely to the decisions being made at the PARIS Conference and the anticipated fate of VENEZIA GIULIA and TRIESTE. Much publicity was given by the press to motor accidents involving Allied vehicles. Carabinieri carried out their duties satisfactorily and morale and efficiency were good although shortage of personnel continued to present a problem. A gradual improvement was being effected in the Auxiliary Police Force although there remained a good deal to be desired. Guardia di Finanza performed their duties satisfactorily particularly in regard to the prevention of illegal movement of grain out of the Province. The state of the prisons was satisfactory; there was no overcrowding and there were no disorders or escapes during the month.

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14. The economic situation generally was reasonably satisfactory. P.O.L. supplies improved and the only serious shortage was nafta(diesel oil). Unemployment reached a figure of approximately 56,000 and was responsible for

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much discontent. The delay on the part of the Authorities in approving Public Works projects was responsible in part for much of the unemployment although emigration appeared to be the only real solution to the problem. Regular distribution of rationed foodstuffs continued. The new milling rate of wheat for bread of 85% as against 91% was received favourably, the population appearing to prefer to accept a decrease in the bread ration in order to have a whiter bread. On a ration basis of 235 grams of bread daily and 2000 grams of pasta monthly, the stocks of wheat on hand are sufficient to support the bread ration until March 7, 1947 and the pasta ration until the end of December 1946. The ban on the export of livestock from the Province was lifted and permission for up to 300 head of cattle to be exported from the Province given. Contributions to the Peoples Granary decreased during the month due to the continued drought. However, rains in the latter part of the month will increase figures during September. 25,697 tons of wheat were amassed to date. The situation was satisfactory in respect of potatoes, forage and vines.

15. 16 road projects of military interest totalling approximately 20 million lire were approved during the month. 16,398,000 lire was advanced from AMG funds under the decree of the Prefect in anticipation of final approval in specially urgent cases and 8,780,000 lire worth of military projects was initiated. The supply of bitumen was renewed and it was hoped to secure a substantial amount in the near future.

16. During the month 1075 Italians and 214 non-Italians passed though the UDINE Refugee Camp. 127 ex-POW from RUSSIA arrived in the Province during the month.

17. As a result of a 25% tariff reduction a substantial increase in the transport demand was observed. The tyre situation remained unsatisfactory.

18. The work of Italian Courts continued normally. The number of cases tried by AMG Courts during the month totalled 5, all of which were Summary Court cases which resulted in convictions.

LIAISON OFFICER 86 AREA (Venezia)

19. The attention of the public and of the press continued to be focussed on the Peace Conference during the month. A certain amount of anti-Slav feeling was noted, engendered partly by the distressed condition of refugees arriving from VENEZIA GIULIA. The political parties were united in their efforts to support economic reconstruction.

20. Public order deteriorated somewhat in that strikes were common throughout the area among employees and unemployed. The latter in MESTRE succeeded in stopping all traffic and closing shops for four hours. In MESTRE on the 23 August disorders followed an incident when Italian civilians molested a girl walking with two British soldiers and then attacked the soldiers. The following evening British troops in a cafe were provoked and insulted by a crowd of civilians This resulted in a fight in the cafe. Both sides were reinforced by their supporters and the numbers involved rose to approximately 300 British and 500 civilians. In the melee an Italian woman was run over by a truck and killed, 1 British officer and 3 N.C.O.s were taken to hospital and several others were injured. Nine civilians were injured. The general opinion regarding the disorders was that the action of the Italian civilians was not part of an organized anti-Allied demonstration. It was a local incident confined to MESTRE. Local Carabinieri and civil police agencies were of little use during this occurrence.

21. The cost of living showed a slight increase over the previous month. In

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21. The cost of living showed a slight increase over the previous month. In spite of existing restriction restaurants continued to serve generous courses and shops displayed plenty of food and other goods. Black market activities relaxed somewhat due to increased availability of goods. Amassing of grain continued

and the figure for the whole Region including UDINE Province was reported to be 290,774 tons.

22. There were increasing signs of industrial revival but shortages of coal and bitumen continued to hamper large scale rehabilitation. Plans were being made to present several exhibitions of industrial, artisan, and agricultur products in VENICE, VICENZA, TREVISO and BELLUNO during September and October. Another sign of returning confidence was the constant requests received for de-requisition of industrial premises.

23. The local labour offices in VENICE and MESTRE started an agitation and threatened a general strike of all employees in military offices and installations. After numerous meetings the demands of the workers were clarified as (a) establishment of Internal Commissions, (b) cost of living bonus to be brought into line with private industry and made retrospective to 1 May 46, (c) inclusion of the Commune of VENICE including MESTRE in Zone "B", (d) Payment of the Republican Bonus. Clause (a) was granted and clause (b) granted retrospective to 1 August 46. (c) and (d) were referred to higher authority.

LIAISON OFFICER TENDA

24. The political situation remained quiet in the UPPER ROYA VALLEY during the month and the people appeared to be resigned to accept without question the decisions made at PARIS regarding the boundaries of FRANCE and ITALY. It was not considered likely by the local authorities that any breach of the peace would arise on the publication of the PARIS decisions. The announcement in the press that the territory of PIEVE DI CACCIA and SAN BERNARDINO, together with other parts in the North will be given to FRANCE was accepted without comment. Partisan activity in Northern ITALY did not effect the area. It was reported that leaflets were distributed in TURIN asking the people of PIEMONTE to take an active interest in the ultimate fate of TENDA and BRIGA, but no action was effected in the district.

25. Unemployment in the area temporarily decreased owing to large numbers of people engaged in picking lavender, however, as the season finishes it is expected that figures will revert to their previous total.

26. Work on the LIMONE road tunnel, road bends leading to the tunnel, and the bridges, while not yet being complete, reached a stage where the movement of traffic was not handicapped. It was expected that work would be completed on the rail tunnel in November; the project was being carried out as quickly as possible. The closing of the rail tunnel resulted in a decrease of 100 cubic metres of wood per month exported elsewhere in ITALY.

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PART II

CIVIL AFFAIRS SECTION

LEGAL SUB-COMMISSION

1. Allied Military Courts were in session during the month in VENEZIA GIULIA and UDINE. Both Superior and Summary Courts were held in the former and Summary Courts in the latter. In VENEZIA GIULIA a total of 128 accused were tried on 149 charges by Summary Courts. The increase was due to continued unsettled conditions in this area. Of the total of 166 charges preferred in Superior Courts 93 were offences against good order resulting in sentences of 3 months or less. 33 of these charges were for possession of firearms and munition. 11 of the accused in such cases were treated with some severity, receiving sentences of from 1 to four years. In the Summary Courts trials involving charges for offences against good order, larceny and unlawful possession again predominated. In the Province of UDINE a total of 5 cases were tried by Summary Court. Three of these charges were for theft and possession of Allied property.

2. Italian Courts generally appeared to function with reasonable satisfaction. The work of the Italian Branch of this Sub-Commission included preparation of opinions regarding claims of SANTA COLOMBA against the Allied Forces; JUGOSLAV and GREEK claims for restitution of property and damages; cases of Allied Merchant seamen; legislation in VENEZIA GIULIA; the status of Allied companies in LIBYA and TRIPOLITANIA and the status of Italian officials and companies in the DODECANESE Islands. Considerable study was also given to fishing rights in the ADRIATIC; jurisdiction of AMG Courts in VENEZIA GIULIA; amendments of Italian laws (with Italian counsel) concerning marriage between Allied Nationals; the Ministry of Justice regarding War Crimes, the Italian Patent Office regarding patents and trade marks on behalf of the US Patent Office, and numerous other items.

PUBLIC SAFETY SUB-COMMISSION

3. Demonstrations were staged in many parts of ITALY during the month, chiefly as a protest against economic conditions and generally not of an anti-Allied nature. In PADUA and TREVISO some incidents occured involving British troops and Italian civilians and local fights ensued. The Italian Police throughout these incidents showed a complete lack of initiative or power to control the crowds. Carabinieri and public safety agents have been reinforced in so far as possible in the area

4. On August 5 disorders occured at CAMPOFRANCO a small commune in the Province of PALERMO, (SICILY) and continued for several days. The disturbances occured when Agriculture Officials went to the commune as part of a drive to enforce the amassing of wheat. Early in the proceedings the local inhabitants fired on the Carabinieri and one lieutenant was killed. Reinforcements of Carabinieri and Public Safety Agents from PALERMO arrived in large numbers and heavy fire took place on both sides; at one time 20 Carabinieri were captured by the rebels. Gradually, however, the rebels were surrounded and captured together with many firearms. Casualities amounted to one officer and three men killed and eighteen wounded among the police. Casualties among the civilians were sixteen killed, more than a hundred wounded and about a hundred taken prisoner.

5. Agents of Public Safety were generally unreliable by reason of the large numbers of undesirable elements within their ranks. Discipline was very

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5. Agents of Public Safety were generally unreliable by reason of the large numbers of undesirable elements within their ranks. Discipline was very lax. On 22 August at ESTI 70 members of the Auxiliary Police, (all former partisans as a protest against the dismissal of their Captain, left their barracks, seized arms and took to the hills. After protracted negotiations agreement was eventually reached and the absentees returned to their barracks on a guarantee

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of immunity for their action.

DISPLACED PERSONS AND REPATRIATION SUB-COMMISSION.

6. The SACMED/UNRRA Agreement for the transfer of Displaced Persons eligible for UNRRA care was effected on 1 August 1946. Responsibility for 8,395 Displaced Persons was assumed by UNRRA. As on 24 August 1946 there were 15,424 persons in Allied Commission Camps and 8,280 in UNRRA Camps. Persons receiving UNRRA assistance outside of camps numbered 12,103. Royal Yugoslavs working for Allied installations and eligible for admission to Allied Commission Camps totalled 4,000. (Grand total 39,807) it was estimated that at least 14,000 Displaced Persons, exclusive of those receiving UNRRA care, would be on hand as a commitment at the conclusion of the Military occupation of ITALY.

7. **The Chinese** repatriation move was cancelled at the last moment owing to the ship on which they were to embark developing engine trouble. This was the second time that the Chinese had been alerted for repatriation and that unforseen circumstances had prevented their embarkation. 203 Poles and 13 Czechoslovaks were repatriated under UNRRA arrangements. The Germans in BOLZANO Camp (which was handed over to the Italian Authorities on 31 July 1946) still remain in ITALY. This small group of 1,200 Germans have been awaiting repatriation since March 1946 but are unacceptable to the authorities in Germany.

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PART III

ECONOMIC SECTION

FOOD AND AGRICULTURE BRANCH.

1. The wheat situation continued to improve during the month but at a slower rate than during July since threshing had been completed in all but the most northern provinces. Stocks on hand increased 125,000 tons during the month or sufficient to maintain the bread and pasta rations for 151 days.

2. Two important changes were made in respect to rationed foodstuffs during the month: (a) Prefects were granted the authority to reduce the milling ratio from 91% to 85% if at the same time the bread ration was decreased from 250 grams to 235 grams daily; (b) the sugar ration was increased from 100 to 300 grams, this change being due to the prospect of a sufficiently large production of domestic sugar. In addition the High Commissioner for Food ordered the release of 200 tons of sugar for the manufacture of infant food; issued new ration scales for tubercular patients in hospital; authorized a special allotment of powdered milk, dried vegetables, conserved meat, dried soup and eggs for children's summer camps; and authorized a substantial improvement in the ration scales for crews of merchant ships.

3. General food conditions remained good during the month. Rains over most of the country prolonged the production of summer vegetables which were abundant and of good quality. Fruits were plentiful but prices were high in relation to the purchasing ability of the average consumer. In AMG territory the supply of imported foodstuffs except sugar was ample for present needs. Expected receipts of imported sugar are not sufficient to permit the increase in the monthly sugar ration to the 300 grams which was authorized for the rest of Italy.

4. The weather during the month was exceptionally favorable for agricultural production except in local areas where strong winds, rains and hail did much damage to orchards, vineyards and sugar beets. All important field crops, fruits and vegetables showed a noticeable increase. Wheat production initially estimated at 5,600,000 tons, later raised to 5,975,000 tons was increased to 6,089,000 tons. Similar increases were made for other crops. 380,079 tons were collected during the month in the Peoples Granary - to date 3/4 of the present Assessing goal of 2,577,652 tons have been collected. The first shipment of veterinary supplies on requisition was received during the month and distributed in VENEZIA GIULIA and UDINE. The supplies included basic and laboratory veterinary units and immunizing biologicals, notably anti-anthrax serum. Spare parts for caterpillar tractors requisitioned over a year ago were also delivered in August. All approved requisitions for agricultural supplies were believed to be filled with the exception of fertilizers.

5. An allotment of trees for reforestation was made to VENEZIA GIULIA by the Director of the Forestry Corps during the month which will serve to start the reforestation project.

COMMERCE (FOREIGN TRADE) BRANCH.

6. During the month the Italian Government requested the help of the Allied Commission with regard to many diverse items ranging from the import of carbon black from GERMANY to claims to assets abroad. All Italian claims to assets in AUSTRIA and GERMANY are passed by the Italian Government to the Embassy of the Military Authority concerned.

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...maintain the bread ration at 200 grams for 151 days.

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7. Certain changes took place in the Reserved Commodity Lists of the

Combined Boards Washington: rubber and duties were removed from the List and pepper and spices are now importable from the DUTCH EAST INDIES without a licence from WASHINGTON. The Hides, Skins and Leather Committees controlling world allocations of these commodities was dissolved.

8. Much liaison work with the Ministry of Foreign Trade was carried out, mainly in relation to import permits both for controlled and uncontrolled goods required by Zone A VENEZIA GIULIA to trade with Zone B and JUGOSLAVIA.

INDUSTRY AND UTILITIES BRANCH.

9. Requisition was obtained for 11 gr in warehouses and an agricultural institute in the Province of MATERA and for a precision laboratory in ROME during the month. In LEGHORN the position was constantly under review and releases made where practicable.

10. Imported coal arrivals during the month were the highest since the end of the war: 911,000 tons. UNRRA shipments accounted for the major part. Allocations for the month totalled 540,000 tons; the balance of 331,000 tons was stockpiled pending a decision as to the division of supplementary allotments between Italian State Railways and other civil consumers. The Railways had 44 days stock. Sardinian coal production for the month was 92,185 metric tons, 329 tons less than July. Actually the daily production during August slightly exceeded that of July but numerous holidays during the month accounted for the discrepancy. Lignite production continued at about the same level i.e. 160,000 tons per month. Coal from POLAND expected during the month failed to arrive.

11. Stocks of P.O.L. continued to be maintained at about a 60 day level. It was anticipated that arrivals of crude oil in ITALY would permit the starting of the refineries at NAPLES and BARI during September. 150,000 tons were advanced forward to cover a 3 month programme for conversion to gasoline, kerosene, diesel and fuel oils. It was estimated that this would save 500,000 dollars in credit for Italian economy.

12. In Northern Italy the reservoir situation was good and the present supply of power to Central and Southern Italy will be maintained throughout September. In Central Italy the drought persisted and the situation was serious. The thermal generation was approximately 100,000 KWH per day. In Southern Italy the hydro-electric plant situation was poor. Steam generation was 300,000 KWH per day.

TRANSPORTATION AND SHIPPING BRANCH.

13. Both passenger and freight traffic continued to be very heavy throughout the month and the shortage of rolling stock was acute. A transport committee was formed consisting of AFHQ, UNRRA, State Railway representatives and representatives of the various ministries of the Italian Government requiring transport. The object of the committee is to coordinate the requests for traffic with the available means of transport with a view to utilizing to the best advantage rail, road and coastwise shipping.

14. It was expected that the MONT CENIS tunnel would be opened during the first week in September, thus giving the most direct rail route to PARIS. Electrification was being utilized and pursued where possible in an effort to reduce coal consumption and overcome shortage of steam locomotion.

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PART IV

INDEPENDENT SUB-COMMISSIONS

NAVY SUB-COMMISSION.

1. The total strength of Italian Naval Personnel is being gradually reduced and during the month arrived at a figure just below 50,000, double that anticipated under the Peace Treaty.

2. Royal Navy stocks of POL at LEGHORN administered by the Italian Navy and C.I.P. on behalf of the Admiralty were completely turned over to C.I.P. during the month on the authority of the C-in-C Mediterranean Station. On 11 August British Admiralty instructions stated that Italy is now in a position to arrange with banks for the supply of necessary funds to cover expenses of Italian vessels when visiting foreign ports, and that supply of funds would only be advanced by British Naval Authorities in very exceptional circumstances.

3. Italian Minesweeping Groups continued clearance operations in their respective areas satisfactorily. At CIVITAVECCHIA 11 mines and 7 anti-sweeping devices were cut, and 10 mines at VENICE and 6 at CARLOFORTE were also reported cut. Mine Disposal Units working along the Northern Adriatic Coast cleared extensive areas of German GK mines.

4. During the month the Italian cruisers MONTECUCCOLI, DUCA DEGLI ABRUZZI, and ATTILIO REGOLO together with 3 transports almost cleared the MIDDLE EAST of Italian Prisoners of War having repatriated to ITALY a total of approximately 9,000 men including 170 POW from TRIPOLI. The ex-hospital ship TOSCANA returned to NAPLES with approximately 1,500 Italian civilians repatriated from EASTERN and the sloop ERITREA entered the Mediterranean bound for ITALY with 300 repatriates from CHINA and SIAM.

5. Torpedo-boats, corvettes and coastal craft continued anti-contraband control in the Italian Adriatic waters throughout the month. No incidents were reported. Destroyers and small craft carried out the usual lifts of Italian Naval personnel and stores between principal Italian ports.

LAND FORCES SUB-COMMISSION.

6. Italian Army Strength as at 31 August was 179,250 including 64,120 Carabinieri. Disbandment of SR-IDI Units continued leaving four in existence.

7. An Italian Mobile Training Team was formed to carry out inspection of training methods employed at Schools and Training Centres with the object of improving and standardising instructions. This team was trained by 13 Corps on the lines of British Mobile Teams. The training of the second intake of recruits was in progress during the month and the "call-up" was satisfactory. Alpine Units were inspected during the month and morale was found to be exceedingly high. Extreme keenness was shown by all ranks at work under most arduous mountain conditions. British arms were in the process of being distributed down to Battalion level and all ranks evinced an enthusiastic interest in their new weapons.

8. Representations were made to the Italian Ministry of War regarding the slow delivery of equipment of all types to Carabinieri and a considerable improvement resulted. Carabinieri authorities were desirous of increasing the number of Legions on the grounds that some of the existing Legions are unwieldy and have to cover too much territory. As the scheme would involve

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of a new "Commando Legione" on already existing groups it is not thought that the scheme will succeed. During the month a considerable improvement was made in the release of transport. 5000 Beretta pistols were delivered to the Ministry of War and issued to the Carabinieri Corps. A course was started in ROME for the training of a number of men in the use of the mine detector, a consignment of which was received. Recruitment for the Carabinieri made little headway, the main causes being poor pay and the uncertainty as to the future of the Corps.

9. The decree regarding the compulsory and voluntary retirement of surplus Italian officers is likely to be implemented after 17 September 1946. Officers wishing to retire voluntarily were given three months in which to make application, the three months expiring on 17 September. It was understood that a number would be compulsorily retired before any applications for voluntary retirement would be considered.

PRISONERS OF WAR DIVISION.

10. Repatriation of Italian POW continued; during the month 26,740 POW were repatriated from British hands and 499 from other sources. Nearly 8,000 Prisoners were returned from INDIA during the month; 19% of the original number held in INDIA await repatriation. 1,445 P[illegible] out of 138,029 remained in the UK. The repatriation from the UK is virtually complete since some hundreds of POW voluntarily deferred their repatriation to assist in agriculture. One ship arrived in NAPLES from AUSTRALIA during the month with 500 sick and compassionate cases. Another ship is expected with 600. No further information was received regarding large scale repatriation from AUSTRALIA. All co-operators were returned from MIDDLE EAST and it was expected that the repatriation of non-co-operators would be completed by mid September 1946. The position as regards POW in S. AFRICA and E. AFRICA remained unchanged. POW continued to return at the rate of 2000 a month from each country but no plan existed for mass repatriation. With the completion of MIDDLE EAST repatriation it is hoped to speed up this comparatively slow rate. A few POW arrived through VIENNA from RUSSIA.

AIR FORCES SUB-COMMISSION.

11. The total strength of the Italian Air Force as at the end of August was 26,855. (5,167 officers and 26,852 other ranks.) Two recruiting centres were opened at TURIN and NOVI LIGURE. The centres were functioning smoothly and the recruits showed keen spirit and enthusiasm. The morale of the I.A.F. was generally good although quite naturally it was higher in the flying units with a corresponding increase in efficiency. The new pension scheme was well received by the medium ranks of the I.A.F. It will afford them the opportunity to retire on moderately substantial incomes, and many were taking advantage of the scheme.

12. All scheduled courier flights were carried out satisfactorily during the month. Aircraft of the Transport Wing were also used to convey Italian Ministers and Representatives to and from PARIS for attendance at the Peace Conference. Normal flying activity took place during the month but shortage of petrol and maintenance problems restricted flying to an average of 6 hours per pilot per month.

13. The Navigation School at FROSINONE was inspected during the month and the general standard of navigation and reconnaissance training was found to be satisfactory. There was no instruction in astro-navigation and in the flying exercises insufficient attention was given to general D.R., searches and the use of the Rebecca Gebo. These points were brought to the attention

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in the Light Bomber Wing and particular attention was paid to formation flying.

14. A new Italian aircraft safety Control was opened at ELMAS SARDINIA and operated successfully. The Italian Aircraft Safety Service has now had considerable experience and is a reliable force. Three new meteorological stations were opened during the month making a total of 142 reporting stations in the Italian network.

15. During the month about 500 I.A.F. Prisoners of War were repatriated.

COMMUNICATIONS SUB-COMMISSION.

16. Postal service was reactivated from HUNGARY to ITALY on 8 August after temporary suspension. Dispatches from ITALY to HUNGARY were reintroduced on 26 August, full authority for the services having been issued by the Hungarian Control Commission. Internal parcel post was reintroduced in ITALY on 16 August having been suspended because of handling difficulties.

17. Restoration of normal commercial, personal and governmental radio operations resulted in several essential additions to Italian radio. During the month authority was given to the Ministry of Posts and Telecommunications to lift the ban on amateur radio operation. The Italian Government was authorized to engage in international broadcasting using facilities and frequencies already authorized with a power limitation of 10 KW. This will enable the Italian Government and people to present their views and problems to the peoples of other nations.

18. The Italian Ministry of Foreign Affairs presented a memorandum to the Allied Commission and the British and American Embassies requesting authority to repair the BARCELONA-ITALY and the ITALY-CORTA submarine cables. The former was approved and the latter is still being considered. The repair of the ITALY-BARCELONA cable has been already approved. The repair of these cables will enable ITALY to resume direct communication with NORTH AMERICA.

19. Rearrangement of long distance telephone facilities resulted in a gain of seven long distance circuits during the month. Agreement was reached between the Allied Forces and the Ministry of Posts and Telecommunications regarding a plan for the hand-over of military long distance telephone lines to the Italian civilian authorities for operation. Italian companies commenced the preliminary structural and circuit changes necessary.

20. The telephone circuit between MILAN and BUDAPEST was completed but authority to open the circuit was withheld by Control Authorities in HUNGARY who have been asked to review their decision. Operation of the six-channel high-frequency telegraph system with AUSTRIA was held up due to the reluctance of the Ministry to allot the necessary circuits. A new circuit was opened between TRIESTE and VIENNA for the UNRRA Austrian Mission.

21. Considerable anxiety was felt at the loss of equipment anticipated if the VENEZIA GIULIA area is separated from ITALY after the Peace Treaty. It is practically impossible for any changes to be made with existing equipment at present. It will be necessary therefore, for ITALY to provide additional carrier and repeater equipment for lines in Italian territory in the vicinity of that area.

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Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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CONFIDENTIAL

Ref: 824/BC

September 1946

JULY - 1946

GENERAL REPORT

HEADQUARTERS ALLIED COMMISSION
AUSTRIA

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION
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MONTHLY REPORT

JULY - 1946

Ref: 824/EC

September 1946

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C O N F I D E N T I A L

HEADQUARTERS, ALLIED COMMISSION
APO 794

M O N T H L Y R E P O R T

JULY - 1946

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POLITICAL SUMMARY

1. The first Government of the new Italian Republic was formed and the names of the new Ministers announced on the 13 July 46. The process, despite considerable difficulties in agreeing upon the political and economic programme and in deciding the new composition of the Ministries, was completed in ten days. Signor DE GASPERI in addition to his duties as President of the Council of Ministers also undertook the office of Minister of the Interior and, ad interim, Minister of Foreign Affairs. (See Appendix A for a complete list of the council of Ministers).

2. The economic programme which was drafted by Signor CORBINO (Ministry of the Treasury) was anti-inflationary in tendency and aimed at reduction in the cost of living as opposed to increased wages. The Communist Party strongly opposed this and demanded salary increases for all workers of at least 20%. In this they received a measure of support from the Socialists who maintained that while inflation had to be avoided, steps should be taken to meet the demands of the needy classes. The solution preferred by the Socialists was that there should be a greater amount of essential commodities at controlled prices. The Christian Democrats insisted throughout the proceedings that no undertakings should be assumed which might undermine the position of the lira. Signor DE GASPERI pointed out that ITALY needed foreign loans which could only be obtained if an anti-inflationist policy were adhered to. A general agreements was finally reached in the economic and financial sphere as also in the field of foreign policy. It was agreed that in foreign policy, the need for joint action in the defence of ITALY's interests on the part of all parties represented in the Government be reaffirmed and it was declared that all the Ministers would share equally the responsibility for the Government's foreign policy. The essential principles of internal policy was to be the maintenance of public order and respect for the law. The objectives of the financial policy were to be the recovery of public finances and the defence of the purchasing power of the lira. With these ends in view the budget was to be divided into two parts, namely - an ordinary and an extraordinary budget, the revenue for the latter having to be derived from an internal loan to be launched next September, from an extraordinary tax on capital and from confiscation of Fascist and war profits. The solution of the salary question took the form of a compromise. It was decided that while the Government must aim at reducing the cost of living, at the same time they would grant all workers a bonus to be known as the "bonus of the Republic". The final point in the new programme was the reaffirmation of the Government's intention to carry out land reform.

3. As a first practical step towards bringing down the cost of living, it was agreed to increase the bread ration to 250 grams per day and the pasta ration to 2000 or 3000 grams per month which would mean according to various estimates an increase in the real value of wages of anything up to 18%.

4. Discussions were held between the three major parties regarding the actual structure of the new Government. The Socialists had previously proposed that the number of Ministries should be reduced to 10 by combining the Ministries of War, Air and Marine into a single Ministry of National Defence and by fusing the Ministry of Finance with the Treasury. However, when announced the Government contained 17 Ministries, two less than before. The number of Ministers was the same as two Ministers without Portfolio had been appointed.

5. The name of Signor TOGLIATTI was absent from the Government for the reason that he had preferred to remain outside in order to look after the affairs of the Communist Party. Signor NENNI was appointed Minister without Portfolio but will take over as Minister of Foreign Affairs after the Peace Treaty. He is also deputy to the President of Council of Ministers.

6. Throughout the period of negotiation for the formation of the new

...Secretary and, ad interim, Minister of Foreign Affairs. (See Appendix A for a complete list of the Council of Ministers).

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6. Throughout the period of negotiation for the formation of the new Government, news from the PARIS Peace Conference of the decisions of the Four Foreign Ministers continued to cause great consternation in ITALY. The Italian Government prepared its case against what was generally regarded by the Italian people as a harsh and unjust peace. A special Commission was set up in PARIS by the Big Four to draft the Constitution of the Free Territory of TRIESTE. ITALY on being requested to attend, affirmed that she had already made known her fundamental objections to the solution proposed by the Big Four; that as for the present invita-

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invitation, apart from the above objections, she considered the procedure inadequate in view of the gravity and complexity of the problem, and owing to the haste in which the meeting was to be held, the lack of useful discussions, the impossibility of studying the problem carefully, and the ignorance of the principles to be adopted by the Commission, their work would be largely deprived of any value as a practical and effective contribution to the problem or to the satisfaction of just Italian requirements. However, the Italian Government notified its intention of sending experts by the fastest possible means and requested a 24 hour postponement to enable the delegates to arrive in time.

7. ITALY was also invited to send a delegation to PARIS to be heard by the Peace Conference; DE GASPERI will head this delegation.

8. The Italian Press reported extensively and commented bitterly on the decisions of the Council of Foreign Ministers; at the same time there were outbreaks of violence in many cities throughout the country. In every case it appeared that the principal subject of protest by the demonstrators was the decision to internationalize that part of VENEZIA GIULIA between the proposed so-called FRENCH LINE and the area definitely confirmed as Italian. The demonstrations, like the press, assumed a marked anti-Allied tone.

9. In an address to the Constituent Assembly the Prime Minister outlined the Government's foreign policy. In regard to foreign policy, he said, ITALY would seek to obtain an ethnic frontier to the East; he affirmed ITALY's will to collaborate with JUGOSLAVIA, and asked, with reference to the Western frontier, that ITALY be consulted on all problems regarding FRENCH claims. He concluded by saying that the Government would not pledge its word on a peace treaty before consulting the Constituent Assembly, to which the law gives the right to decide whether any treaty is to be signed or rejected.

10. In an effort to obtain support for ITALY's cause among nations other than those represented in the Council of Foreign Ministers, Signor NENNI made a trip to the capitals of NORTHERN EUROPE with the avowed purpose of explaining ITALY's position. Count SFORZA arrived in SOUTH AMERICA on a similar mission.

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PART I - LIAISON GROUP REPORTS

LIGURIA REGION.

1. During the month the interest of the population was centred mainly on the activities of the Foreign Ministers in PARIS, especially in regard to TRIESTE and the readjustment of the FRANCO-ITALIAN border. The possible loss of pre-fascist colonies caused grave concern while a more moderate view was taken generally of the disposition of territory acquired during the fascist regime. The people were looking to their new Government for alleviation of unemployment and the high cost of living, and efforts were made to enforce the Government's decision regarding the employment of "Reduci" by private firms. There was considerable opposition to this by industrialists and the owners of private firms.

2. All Police agencies in the Region continued to function reasonably efficiently. The Vigili Urbani were issued with well fitting summer uniforms and presented a very smart appearance. Carabinieri were not so fortunate, their uniforms being ill fitting and badly made. Law and order were satisfactory, and there were no security problems. The prison situation was reasonably good although overcrowding continued to present a problem.

3. Many complaints were made during the month in respect of the poor quality of bread issued. A slight reduction was made in the extraction rate. Fruit was plentiful but expensive. Sugar and fats continued in short supply. The agricultural situation was generally satisfactory although there continued to be an urgent need for fertilisers.

4. In the Province of IMPERIA there was an outbreak of disease thought at first to be dysentery but which later proved to be abdominal typhoid. The epidemic was investigated and quickly controlled, no further cases being reported.

5. Rail connections between CAMPASSO and BIVIO SUCCURSALE and between CAMPASSO and BIVIO REVAROLO were expected to be in operation on 5 August 46. Digging and masonry work proceeded on tunnels and the doubling of the line between STAZZANO and ARQUATA was approximately 50% complete. The laying of the second line between RECCO and S. MARGHERITA and of the siding at PALLINETTI were completed. During the month a total of 341,191 tons was loaded in the station of GENOA, 48853 tons in SAVONA and 179,038 tons in other stations.

6. The status of Allied merchant seamen continued to cause great confusion. Cases of smuggling by Allied seamen occurred almost daily but if fined by the Italian authorities these men generally refuse to pay such fines and the matter then becomes one of adjustment between the Italian authorities and the ship's master.

CUNEO PROVINCE.

7. There was little political activity in the upper ROYA Valley. The majority of people appeared to have recovered from the shock administered by the announcement of the decision of the Foreign Ministeres in PARIS. However, there was a general feeling of optimism regarding the possibility of the decision being reversed. There were no incidents of any kind during the month and only two meetings took place which might be regarded as demonstrations. One was held at SAN DALMAZZO and addresses were given by the

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character of TENDA and BRIGA. General Giacomo Lombardi was appointed Commissario Prefettizio of the Comune of Tenda. The General submitted to the Italian Government a memorandum setting out his views on a satisfactory solution between FRANCE and ITALY of the upper ROYA Valley problem. His memorandum dealt with problems relating to the High Power Stations, pasturage, timber, inhabitants and the strategical situation. His view was that if the high power stations eventually go to FRANCE it will provoke a crisis in the industries of LIGURIA, but he believed it possible for FRANCE and ITALY to reach an agreement on this problem by a proper distribution of the power. His suggested solution was to make the High ROYA Valley a "Zona Franca" similar to the AOSTA Valley Autonomy, this he believed, would guarantee an administrative and commercial independence that would satisfy both ITALY and FRANCE.

8. There was some unemployment, mainly among returned prisoners of war, discharged soldiers and men returned from forced labour abroad. It was difficult to find employment for these men as most of the trades in the valley are specialized e.g. timber cutting, hydro-electric work etc. Efforts were being made to induce contractors to employ as many local men as possible.

9. Work on the road tunnel connecting TENDA with LIMONE was near completion and the tunnel reopened to traffic. It was hoped to have all repairs and rebuilding on bridges and road beds completed by the end of August. The railway tunnel which was used for road traffic of all kinds prior to the reopening of the road tunnel was closed. This gave rise to considerable discontent among the people engaged in the timber industry and in road haulage as many of the heavy trucks used to carry wood are unable to negotiate the hairpin bends leading to the road tunnel but used to use the rail tunnel. The result was that the wood cut timber from the valley decreased. No official reason was given for the closing of the tunnel although rumours were rife. Carabinieri were perturbed as drivers and timber workers were threatening to take action. Application was made through Carabinieri Headquarters to the Genio Civile for the official reason for closing the tunnel. Information from the Commissario, however, was that streams in the mountain over the tunnel have caused an earth movement which constitutes a danger and it is considered necessary to completely rebuild the tunnel. The rebuilding of two bridges near BRIGA commenced.

10. The cost of living increased in the valley and prices were higher than in CUNEO. As there are no Co-operative Stores in TENDA & BRIGA, the people are at the mercy of the shopkeepers.

11. As the railway does not operate beyond VENTIMIGLIA, communication is maintained between the frontier, BRIGA, TENDA, SAN DALMAZZO and the railhead by means of trucks owned by the State Railways operating as Couriers. There were two transport companies operating in the valley: one for the transport of timber and the other for sand used in the manufacture of glass.

NAPLES, CAMPANIA, CALABRIA.

12. Political meetings were few during the month and a quiet atmosphere prevailed. The excitement over the Referendum and the elections died down although there was an undercurrent of disappointment at the results of the Referendum and the decision of the PARIS Peace Conference.

13. The crime situation was normal during the month with theft predominating. There were seven cases reported of holds-up of cars and

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13. The crime situation was normal during the month with theft predominating. There were seven cases reported of holds-up of cars and trucks by deserters or persons dressed in Allied uniforms. Disturbances occurred almost simultaneously at POZZUOLI, CASERTA, BENEVENTO, TORRE ANNUNZIATA and in CALABRIA; these were caused by ex-POW demanding work. There was a demonstration by farmers in AVELLINO against the Italian Government Agrarian Inspectors who were collecting details of the harvest.

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14. Reports of the harvest continued to be good but amassing results were small. The basic bread ration was increased to 250 grams per day. White bread and white flour were on sale in many districts. Fruit, vegetables and milk were plentiful.

15. A further strike of petrol distributing agencies (C.I.P.) occurred in July and a strike of short duration also took place at the ALFA ROMEO Works. Employment by the Allies continued to fall slowly, the numbers so employed being 30,000 at the end of the month. Unrest due to unemployment was manifested in a number of places. Schemes for giving employment on a large scale continued to be delayed. The general rise in wages tended to unbalance labour economy. Some progress was made towards derequisitioning and the ANSALDO Works at POZZUOLI were reopened. There continued to be considerable agitation over requisitioned premises; mainly against those cases where the properties did not appear to be fully utilized.

16. As anticipated, typhoid increased with the hot weather; eighty five cases were reported as against 35 for the previous month. The relief service of free meal provided by the Roman Catholic Church in NAPLES discontinued as is usual until next winter. The E.C.A. (Ente Comunale Assistenza) and the Assistenza Nazionale Partigiani continued to provide meals at low cost.

BOLZANO PROVINCE.

17. The hopes of the Volkspartei were raised by the debate in the British Parliament on the South Tyrol. As their claims are to be heard at the Peace Conference they considered that a chance still exists for annexation to AUSTRIA. There was little of political importance in the Province during the month. The most notable event was the agreement in writing of the Volkspartei to cooperate fully with the Italian Government on the subject of regional autonomy. The option decree was eagerly awaited, although the feeling was among the German speaking people that their interests in this respect were being safeguarded.

18. Public Safety conditions in the Province were excellent and relations between Allied Forces and Italian Police were good.

19. There was no shortage of food either in the towns or villages and the distribution of rationed foodstuffs was satisfactory. The agricultural situation was satisfactory although insecticides were in short supply. A regular service of fruit trains conveying South Tyrolean fruit from MILAN direct to ENGLAND and from BOLZANO to STOCKHOLM was organized and ran satisfactorily. It is hoped to export wine next year. There was an abundance of fruit in the Province and prospects were bright for a good wine harvest.

20. There was little change in the industrial position; lack of coal and raw material hampered production. Some of the factories in the area will be compelled to close down unless solid or liquid fuel is forthcoming.

21. The Swiss authorities set up a bureau in MERANO for the enrolment of servants, barmen, waiters, hotel attendants, etc. thus providing employment although there was not in fact any serious unemployment problem in BOLZANO.

22. There was an outbreak of typhus alleged to have been brought by children on holiday from the South. This was successfully handled by the local mediacl authorities.

23. The Displaced Persons Camp was handed over to the Italian authorities on 31 July. C.R.X. (GERMANY) were doing their utmost to persuade Zone Commanders

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23. The Displaced Persons Camp was handed over to the Italian authorities on 31 July. C.R.X. (GERMANY) were doing their utmost to persuade Zone Commanders in GERMANY to accept their quota of displaced persons but so far without result.

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AMG UDINE

24. During the month all sections of the public expressed discontent at the Foreign Ministers' proposals for the treatment of TRIESTE and the IT.JO-SLAV boundary. Some anti-allied feelings were expressed due to the alleged harsh terms of the proposed treaty. Further requisitioning led to many complaints and there was a noticeable lack of cooperation by officials in UDINE excluding the Prefect. Slav propaganda appeared to have decreased slightly. A strong rumour that TARVISIO might be ceded to the Slavs in exchange for some part of ISTRIA resulted in a deputation from the Commune calling upon the Prefect protesting against any such suggestion. The rumour was denied by the Foreign Ministry.

25. The Public Safety situation showed some improvement during the month. There was a general decrease in the number of crimes reported. Unemployment and economic conditions gave rise to considerable uneasiness and were the cause of numerous strikes and demonstrations. However, no serious disorders occurred. Morale and efficiency of the Carabinieri were reasonably satisfactory. Dissatisfaction was felt at the elimination and epuration of efficient members of the force when at the same time notorious fascists were being pardoned under the recent amnesty. Guardie di Finanza performed useful work in connection with the grain amassing. The position as regards prisons was greatly relieved by the recent amnesty. Internal discipline and morale of prison guards improved due to better conditions of pay and allowances.

26. The bread ration was increased from 200 to 250 grams on the 21 July and the pasta ration increased to 2000 grams. Normal distribution of other foodstuffs continued. During the month two shiploads of wheat totalling 15,275 tons arrived for UDINE. The amassing of wheat proceeded satisfactorily. 20,863 tons have been amassed and it was estimated that more than 30,000 tons would be amassed before the campaign ended, (the actual target figure was 27,000 tons). On the ration basis of 250 grams there will be a sufficient supply of wheat available to the 11th February 1947. The state of crops was very good and a high yield of potatoes, beans, forage and grapes was expected.

27. The full allocation of 6000 tons of coal was received which materially assisted industrial revival particularly in the cement industry. Export permits were granted to the two cement factories at CIVIDALE.

28. During the month Public Works projects totalling 48,831,775 lire were approved. Unemployment relief by Public Works programmes reached its full volume. Unemployed figures were approximately 54,000, nearly double that of VENEZIA GIULIA. Public opinion was seriously disturbed by the lack of emigration facilities and the slow progress in financing public schemes. High prices continued to be the cause of considerable dissatisfaction.

29. A total of 2614 displaced persons passed through the Refugee Centre; of these 2,163 were Italians, the balance being made up of POLES, RUSSIANS, JUGOSLAVS, HUNGARIANS, AUSTRIANS and GERMANS.

30. The total number of cases tried by AMG Courts in the Province during the month was 51 of which 34 were Superior Court Cases. Italian Courts continued to function satisfactorily.

AMG VENEZIA GIULIA.

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AMG VENEZIA GIULIA.

31. Both Italian and pro-Jugoslav elements were extremely active during the month. The PARIS decisions were unacceptable to either side of the general public and the impression gained was that the free Giulian State proposed in PARIS was not considered by either side as a permanent institution but rather as a prize to be collected at some later date by one or the other. However,

it would appear that the hysteria of numerous Italian press publications represents the views of extreme nationalists rather than that of the Italian general public. On 1 July the UAIS called a strike which took on a very violent character. On 11 July bands of strikers and sympathizing Jugoslavs from the surrounding country districts descended on the city of TRIESTE and for a few hours the town was to some degree in the hands of Communist strikers and SLOVENE peasants. The strike was called off on 12 July without any of the strikers' demands having been met. The outstanding feature of July's disorders was the attempted Anti-Allied Manifestation which resulted only in ugly fights between Italian elements and Allied soldiers. This manifestation was fostered mainly by the local Christian Democrat and Action Parties backed by irresponsible newspapers.

32. Heavy demands were made on the Civil Police during the month. During the General Strike (between the 1st and 12 July) called by the UAIS a total of 414 arrests were made; 138 civilians were injured and 3 killed. Police casualties numbered 1 killed and 11 injured. Serious injuries were also sustained by 2 Allied personnel. After the Civil Police had been fired upon several times the Corps Commander on 1 July authorized them to carry arms on ordinary patrols during the day. The 12 critical days of the strike were characterized by small and more frequent demonstrations, fights between mobs of opposing factions and attacks by them on their respective party buildings. Frequent use of firearms was made by civilians and several cases of grenade throwing occurred resulting in damage to property. Following the declaration of the illegality of the strike the police were very active in preventing transport of foodstuffs from Zone "B" into the occupied territory for the purpose of feeding the strikers. The morale of the Police Force was well maintained due principally to the active participation in operations of Allied officers and armed auxiliary police both American and British who were called out to assist. In VENEZIA GIULIA "ordinary crimes" (i.e. non-political crimes) decreased. Thefts in the marshalling yards in TRIESTE decreased due to the posting of additional guards. Although persistent thefts from wagons in the yard are admitted the alleged thefts of UNRRA supplies destined for JUGOSLAVIA are strongly refuted.

33. Practically all the Political crimes occurred during the first few days of the month particularly while the illegal strike was in progress. They were mostly offences against persons (assaults etc) although there were numerous cases of damage to property. The difficulty with the political crimes was that generally none of the parties concerned would assist the police due to fear of reprisals and sometimes fear of investigation into their own activities. The activities of the Jugoslav elements who abduct people, usually Jugoslavs and take them into Zone B were a cause of grave concern to many people particularly Anti-Tito Jugoslavs who were reduced to a state of terror. By comparison with pre-occupation standards the crime figures would be considered satisfactory if it were not for the number of crimes directly due to the extraordinary political situation. On the night of 6 July a number of Allied service personnel in TRIESTE retaliated vigorously and effectively when 40 Allied soldiers were attacked and stoned by about 1000 excited Italians. The attack was the climax of an Anti-Allied outburst following the publishing of the Big Four Decisions regarding TRIESTE. There were no serious consequences.

34. The prison population showed a slight increase and although the prisons contained over 25% of their normal capacity conditions as regards hygiene and sanitation were very good.

35. A General Court sat in TRIESTE on 8 July and continued until the 27 July to try 7 members of the VENEZIA GIULIA Police Force charged in connection

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34. The prison population showed a slight increase and although the prisons contained over 25% of their normal capacity conditions as regards hygiene and sanitation were very good.

35. A General Court sat in TRIESTE on 3 July and continued until the 27 July to try 7 members of the VENEZIA GIULIA Police Force charged in connection with the SERVOLA Church flag incident in March. Charges were pre-intentional homicide and assault with intent to inflict bodily injury. All defendants were acquitted. (For further information on Legal activities VENEZIA GIULIA see Legal Sub-Commission).

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36. Revenue from indirect taxation showed a marked increase. Revenue for 1946/47 was estimated at 2,861,000,000 Lire. Local Government indirect taxes steadily increased although they do not provide nearly sufficient revenue to meet expenditure. Certain Slovene communes, intimated that they would pay no further taxes under AMG Administration being of the belief that they would shortly become part of JUGOSLAVIA.

37. Economic conditions remained unchanged. There were the usual demands for increases in wages, the latest being from the bakers. The major economic problem was the movement of people and goods from POLA. Most of the movement was by sea and no transportation difficulties were encountered. The numbers of people desirous of removing from POLA to Zone A were said to be in the vicinity of 28,000.

38. Normal rations were distributed during the month with the exception of pasta. It was intended to reinstate the 2000 grams monthly pasta ration but late arrivals of flour prevented full distribution. The balance will be distributed in August. The bread ration was increased from 200 to 250 grams. POLA's special 300 grams ration was not increased. A plan was devised during the month to provide an alternative source of bread supply in the event of the threatened bakers' strike. VENEZIA GIULIA and military police confiscated some 50 tons of contraband foodstuffs, largely imported from Zone B for distribution to retailers. Sufficient rain in May and June resulted in a successful harvest of grains, fruits and vegetables. The hay and fodder supplies although double that of last year were not sufficient and will mean importing hay from other parts of ITALY. Repairs to war damaged properties and drainage of land flooded by the Germans was a contributing factor to the excellent harvests. Reafforestation projects were carried out and further plans drawn up.

39. Due to many moonless nights July showed a 25% increase in fish over June. 250 tons were brought into TRIESTE and further reductions in price were made.

40. Industry during the month was adversely affected by the general strike. The strike, backed by the pro-Jugoslav element was by no means popular and a considerable number of strikebreakers remained at work. Resumption of work on 13 July resulted in clashes between non-strikers and ex-strikers. These clashes became progressively worse and at the CANTIERI OF S. MARCO and MONFALCONE the managements were unable to control the situation. To prevent bloodshed and destruction, the directors of CANTIERI RIUNITI DELL'ADRIATICO on their own responsibility and without prior reference to AMG closed these two yards on 16 July affecting 10,000 workers. The Yard was reopened on 19 July under AMG control with the Chief Industries and Utilities Officer in charge, assisted by 2 American and 2 British Officers of AMG. Fifty American and fifty British troops were provided for the maintenance of law and order. The workers returned and quickly settled down. Allowing for normal absenteeism, attendances was practically 100% from the start, workers appeared well pleased and a good standard of production was maintained. On 31 July both yards were returned to normal management, one AMG Officer remaining at each yard as an observer. Textiles, electrical engineering and building materials continued to be the most prosperous sections of industry. Orders were obtained from BULGARIAN shipowners for two 7000 ton cargo vessels. Port reconstruction, almost brought to a standstill by the strike, went ahead. The GORIZIA cotton mill worked at 40% of capacity in spite of the strike.

41. All projects for the repairs of war damaged Case Popolari were approved and work was in progress. Contracts were awarded for the enlargement of the children's hospital and for the first block of communal apartments. Work on roads and bridges continued.

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42. Unemployment increased 375 over the previous month but the new housing and reafforestation projects should bring some relief. The Sindaci Unici continued their agitation through the press immediately the general strike was suspended.

43. Public Health remained good. The general strike did not extend to hospital workers and hospitals and institutions functioned normally.

44. Movement of displaced persons continued; 1338 refugees were repatriated during the month. Public assistance work increased as refugee movement from Zone B to ITALY continued.

45. Teachers' training courses were established at GORIZIA and TRIESTE for the preparation of Slovene elementary and secondary school instructors. Candidates are paid while attending these courses. The non-sectarian Boy Scouts of VENEZIA GIULIA held a 3 week summer camp opening its first camping season since the abolition of the Scout movement by Fascism.

46. The telephone company took over from the military the repair work and installation of most military circuits. Arrangements were being made with the AUSTRIAN authorities for the installation of a six-channel telegraph system between VIENNA and TRIESTE. This will give possible circuits to ZURICH and WARSAW if required. A telegraph circuit was opened between TRIESTE and PRAGUE.

47. Patriot organizations remained outwardly calm during the month, but it was evident that partisan formations are regrouping and endeavouring to rearm so as to be in a position to meet any calls made on them by their respective countries. As was the case during the war, headquarters of the partisan formations operating in the territory are situated outside Zone A. Italian partisans in VENEZIA GIULIA were persuaded not to follow the general policy of partisan associations of returning all certificates and awards given by the Allies, as a protest against the decisions of the Foreign Ministers.

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PART II

CIVIL AFFAIRS SECTION

LEGAL SUB-COMMISSION

1. Allied Military Courts were in session during the month in VENEZIA-GIULIA and the Province of UDINE. Superior and Summary Courts were held in both these areas and a General Court was convened in TRIESTE. In VENEZIA GIULIA 108 accused were tried on 140 charges by Superior Courts and 120 accused were tried on 137 charges by Summary Courts. These figures showed an increase in cases tried by Superior courts and a decrease of Summary Court cases in comparison with June figures. The greater number of cases handled by Superior Courts may be attributed largely to Civil Disturbances which occurred in this area recently. The lesser number of cases disposed of by Summary Courts may be considered as indicative of a more normal trend.

2. Italian Courts continued to function reasonably well. One Allied officer was appointed to maintain contact with Italian Courts to help expedite disposition of cases.

3. Review of all AMF sentences continued. The Italian Branch was active during the month of July, and among the legal matters which necessitated dealings with the Ministry of Justice and other Italian authorities may be listed:

Status of Allied merchant seamen in Italy; sales of hulks during AMG administration; Implementation of Italian Laws and decrees in UDINE PROVINCE; claims from the REPUBLIC of SAN MARINO, PRINCIPALITY OF MONACO, the GREEK Delegation and various private concerns; shipping rights of Italian fishermen in JUGOSLAV waters; claims by the Jugoslavs for the restoration of shipping seized by Italians and a number of other JUGOSLAV claims; legislation in VENEZIA GIULIA; extent of the Amnesty; rights of stateless Jews; alleged war criminals in ZONE "A" claimed by Jugoslavs. Conferences at the Ministry of Justice regarding amendments required in Italian law relating to marriages between Allied Nationals; correspondence relating to War Crimes; correspondence with the Procuratori Generali of various tribunals regarding trials where Allied interests are concerned; transmission of petitions from persons convicted of War Crimes for consideration by the appropriate authorities, and correspondence with Procuratore Generale Militare. Considerable work is given to this Branch in the preparation of memoranda requested by the Ministry of Justice for the release of A.M.G. prisoners on conditional liberty.

PUBLIC SAFETY SUB-COMMISSION

4. The month passed without any serious incidents in Italian Government Territory. There were a number of minor demonstrations in consequence of unemployment and high cost of living, but public order was restored in every case without drastic measures being taken by the Police Forces.

5. In UDINE public order was tranquil throughout the month, but in VENEZIA GIULIA serious disturbances occured almost daily during the first half of July. The trouble arose when Jugoslavs demonstrated against an Italian cycle race, interfering with the cyclists near MONFALCONE on 30 June 46. Counter demonstrations in TRIESTE by Italians led to a general strike being declared which lasted until 12 July. In the meantime demonstrations by both Italians and Jugoslavs occurred daily. The VENEZIA GIULIA Civil Police were reinforced by American and British Military Police and although at times hard pressed, they kept the situation under control. During the latter part of the month the situation again became normal and the Military Police aid was withdrawn.

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DISPLACED PERSONS

6. Reference Monthly Report of HQ., Allied Commission, for Month of May 1946.

The second sentence of para 8, page 23 of a/m report reads as follows, "The handover to UNRRA of Displaced Persons Camps is now completed".

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[illegible] and to read, "The handover to UNRRA of Displaced Persons Camps is now partially completed."

7. The UNRRA/ACC Agreement was signed during the month and becomes effective on 1 August 46. As a result of this agreement, complete responsibility and the administrative control for Camps and other installations maintaining displaced persons eligible for UNRRA care is transferred from Allied Commission to UNRRA. The initial exchange of acceptable and non-acceptable displaced persons between UNRRA Camps and Camps retained by Allied Commission was completed.

8. Approximately 1,500 POLES (Military and Civilian) were moved from ITALY to the UK by rail. Only specified categories of POLES will be eligible to be moved as dependents of members of POLCORPS to the UK. The position of Italian wives of Polish troops was under discussion.

9. As a result of continued endeavours the GERMAN Camp at BOLZANO was handed over to the Italian Authorities on 31 July 46. The prospects of the early repatriation to GERMANY of the inmates did not appear to be any nearer.

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PART III

FOOD & AGRICULTURE BRANCH

1. The wheat situation throughout July was unusually favorable inasmuch as stocks in hand were considerably above immediate requirements. Receipts from local sources and from imports during the month were much greater than consumption. As a result the month ended with stocks on hand of almost a million and a half tons of wheat or sufficient to support the present bread and pasta ration of 250 grams and 2000 grams respectively for 120 days. (Due to the improvement in the wheat situation, the Italian Government restored the pasta ration to 2000 grams per month on 1 July and increased the bread ration to 250 on 10 July.)

2. Much progress was made during the month by the Italian Government in repaying food loans to British S & T on the account of Midshift Meals. All loans other than flour were repaid up to 30 June. Advances of meat, sugar, lard, dried vegetables and dried soup were made to the British Army to supply Displaced Persons Camps under the supervision of Allied Commission.

3. The arrival of two wheat and one flour ships during July placed UDINE and VENEZIA GIULIA in a relatively good position in respect to these commodities. Amassing results were good in UDINE and supplies of wheat were sufficient to maintain the bread and pasta rations in that Province until 20 January 1947. The corresponding date for VENEZIA Giulia, 27 September 46, while not so distant as that of UDINE because of much smaller local production, is satisfactory.

4. Good weather for harvesting and threshing prevailed during July in all parts of ITALY except the extreme Northern Provinces where local rains interfered to some extent with these operations. Seasonally dry weather was experienced throughout central and Southern ITALY and approached drought conditions in so far as the production of green vegetables and fodder were concerned. However there was no serious concern evident. Reports on Wheat yields were very satisfactory although no final figures on production are yet available. The estimated total production is 5,976,220 tons but it will probably be raised to over 6,000,000 tons after all figures are received. Corn (maize) gave promise of a heavy yield due to favourable weather conditions. Most of the hemp in the Southern Provinces was cut and the lifting of sugar beets commenced. Wheat amassing continued satisfactorily in most Provinces except in the South where deliveries were disappointing. Control measures have never been popular in SOUTHERN ITALY and the disappointment felt there over the referendum results has not resulted in a strong desire to cooperate with the new republican government. Total wheat collections for all ITALY as in July was 2, 386,000 tons.

5. No agricultural supplies against RA and YB or YT requisitions were received during the month. Four ships carrying such supplies were en route and due to arrive early in August.

6. Good progress was made in both UDINE and VENEZIA GIULIA in amassing the new crop of wheat. An extensive plan of [illegible] in VENEZIA GIULIA for the autumn and winter was prepared.

COMMERCE (FOREIGN TRADE) BRANCH

7. As a result of communications from Civil Affairs CAIRO and discussions held with the Italian Ministry of Foreign Trade in June, the views of the Italian Government regarding trade between TRIPOLITANIA, ERITREA, and CYRENAICA were submitted to the respective Military Administrations. The present position as regards trade between ITALY and her former Colonies is on a merchant basis. Compensation trade, never satisfactory, was dispensed with, payments being made in sterling. Imports and exports will be controlled in the same way as all other countries not having a trade agreement. Military Administrations were supplied with full information regarding the type of controls in force in ITALY and the goods they affect.

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under [illegible] trade can be conducted. One point awaiting clarification was that of customs procedure. The Italian Preference System for the areas under consideration remains in force and the Italian Government wishes to know whether the reciprocal system can be maintained.

8. During the month several requests were received from the Italian Government regarding the import from GERMANY of special items such as steel and alternators for the MONTECATINI electrical plant under construction at GLORENZA. These requests were passed on to the appropriate Allied Authority in GERMANY and replies are awaited.

INDUSTRY & UTILITIES BRANCH.

9. Considerable success was achieved during the month in the dorequisitioning or partial release of numerous industrial premises including a tobacco warehouse, a grain warehouse, a wire and nails plant, a printing firm and a textile plant. Little progress was made in the areas occupied by 13 Corps or the Base depots of NAPLES and LEGHORN and the question was taken up with AFHQ from whom a reply is awaited.

10. The coal situation throughout ITALY showed considerable improvement. Shipments from the U.S. were resumed and arrivals from the RUHR totalled approximately 100,000 tons. Approximately 514,000 tons of imported coal from all sources arrived during the month compared with 135,000 tons last month. SARDINIAN coal production for the month was 95,514 tons, an increase of 17,539 tons over June. Lignite production continued at about 160,000 tons per month (the equivalent of 64,000 tons of hard coal-. Final arrangements for the purchase of 15,000 tons of POLISH coal by UNRRA for ITALY were made.

11. The distribution of petroleum products was interrupted during the month by a sudden strike of C.I.P. employees at GENOA on the 15th and which, by next day, became effective over the whole country. During the period of the strike incoming tankers were discharged with one exception. The strikers did not interrupt deliveries to the Allied Armed Forces nor to British and American Embassies, but all Italian and other categories of civilian Consumers including UNRRA were unable to obtain supplies of POL. The Italian Government after being unsuccessful in making the CGIL call off the strike issued an order placing all the petroleum installations under Italian Military control and calling on, under penalty of fines and imprisonment for refusal all key personnel to distribute P,O.L. to essential services and to UNRRA. The Government again took up negotiations with the strikers' representatives and an agreement was reached late on Saturday 20 July. The critical situation which existed in June in heavy motor lubricating oils improved during the month.

12. No important generating units were restored to service during the month. However, a 12,000 KW unit at the natural steam plant in the LANDARELLO area and a 10,000 KW unit at PESCARA are due to be restored and begin production in the early part of August. These machines will furnish power to the CENTRAL and SOUTHERN ITALY grids. Due to an estimated deficit of 13% electric power requirements brought about by the drought conditions which affected stream flow plants, the Central Commission for the distribution and Utilization of Electric Power of the Italian Government issued a formal order directing that all consumers, with certain exceptions, reduce their consumption of power in August by 15% of their June consumption. The classes of customers to be exempted are electric traction, hospitals and similar institutions, food preservation industries, water systems, bonifiche, and power companies. It was the general opinion of the Committee that this curtailment will have to continue until adequate rainfall resumes, possibly November.

TRANSPORTATION & SHIPPING BRANCH 6653

13. There was a heavy increase in rail passenger traffic during the month,

9. Considerable success was achieved during the month in the derequisitioning or partial release of numerous industrial premises including a tobacco warehouse, a grain warehouse, a wire and nails plant, a printing firm and a textile plant. Little progress was made in the areas occupied by 13 Corps or the Base depots of NAPLES and LEGHORN and the question was taken up with AFHQ from whom a reply is awaited.

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TRANSPORTATION & SHIPPING BRANCH

13. There was a heavy increase in rail passenger traffic during the month, especially to sea and mountain resorts. This made the scarcity of passenger stock felt more acutely. Many new services were introduced and numerous bi and

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tri-weekly services were increased to daily services. A new fast service between ROME and MILAN was introduced, the journey being timed for 12,05 hours.

14. There was a general increase in freight traffic especially at the ports, due to arrival simultaneously of grain and coal cargoes. The average port loadings during the month were 1457 wagons of which 565 were coal and 180 grain. During the last fortnight average daily loadings were 2000 wagons . The demand for wagons far exceeded the supply and the situation was critical.

15. Electrification was completed on a total of 64 kilometers and direct communication resumed between BOLOGNA and PADUA.

16. The Italian Government agreed to become a party to the international agreement of fuel coupons. Instructions were issued at the same time to facilitate the issue of fuel coupons to foreign tourists.

CAPTURED ENEMY MATERIALS BRANCH

17. The total number of releases of C.E.M. made to the Italian Government during July numbered 141 as compared with 79 in June. Included in these releases was a large Signal Depot in LEGHORN consisting of quantities of Italian and German signal equipment of considerable value. Other releases consisted of 500 A.T vehicles, 59 electric motors, 14 snow ploughs and snow clearing equipment, film processing machinery and thousands of tons of bombs and ammunition.

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PART IV

INDEPENDENT SUB-COMMISSIONS

NAVY SUB-COMMISSION

1. Repatriation of Italian Prisoners of War continued to be the principal occupation of the active units of the Italian Fleet. The cruisers MONTECUCCOLI and DUCA degli ABRUZZI made a combined total of five trips to PORT SAID returning 800 prisoners on each return trip. In addition the transport MIRAGLIA, the SESTRIERE and CITTA' di ALESSANDRIA were employed in this service. The ex-hospital ship TOSCANA was employed in repatriating Italian civilians from MASSAWA. Italian minesweeping units continued to make progress in clearing the coast of mines and underwater obstructions.

2. A considerable quantity of naval materials of all kinds recovered in NORTHERN ITALY were turned over to the Ministry of Marine for the maintenance of the Italian Navy. In addition ammunition of Italian origin was returned to the Italian Navy for arsenal stocks, or to be destroyed. Three small motor launches were made available to the Ministry of Marine by the Air Forces Sub-Commission.

3. During the month, the Ministry of Marine reported that the Italian Navy's SARDINIAN coal allocation for July had been completely suspended by the Ministry of Industry and Commerce pending the results of an inspection by the latter of the Italian Navy's coal consumption with a view to attaining greater economy. Strong representation was made through UNRRA to the Italian Ministry of Industry and Commerce to obtain the allocation for the month pending the completion of the inspection. These were successful and any deductions will be made in August. While arrangements were being completed for the supply of coal to Italian Navy Minesweepers at GENOA by UNRRA, the Ministry of Marine was able to transfer sufficient stocks of coal to GENOA for their use.

4. A representative of the Navy Sub-Commission accompanied the Demilitarization Committee to the Islands of PANTELLERIA, LAMPEDUSA and LINOSA.

LAND FORCES SUB-COMMISSION

5. The total strength of the Italian Army as at the end of July was 214,604 including Carabinieri (64,120). Disbandment of Br - ITI units continued; there were only six remaining at the close of the month. Application for the disbandment of three of these was made. The remainder were employed in guarding Prisoners of War at RIMINI. Disbandment of US - ITI units was slow and behind programme.

6. Release of transport by the War Ministry continued to be unsatisfactory. Figures based on the new reduced war establishment showed that Carabinieri were in possession of 65% of their establishment.

7. Carabinieri morale probably higher than at any period since the Armistice, but reports from all areas indicated a strong and growing apprehension in all quarters and among all ranks as to the future of the Corps.

8. The Medical stores at FLORENCE continued to receive stores from Central MEDITERRANEAN, MIDDLE EAST and EAST AFRICA Commands and from MERANO. 6652

PRISONERS OF WAR.

9. A total of 31,036 POW were repatriated during the month. (30,243 from [illegible]).

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PRISONERS OF WAR.

9. A total of 31,036 POW were repatriated during the month. (30,243 from British hands and the remainder from other sources). Two ships were allotted to repatriate 1,100 sick PW and PW from AUSTRALIA whose early return was requested on compassionate grounds. These ships are scheduled to leave FREMANTLE 3 August. Further efforts were being made to obtain ships in order that mass repatriation might begin.

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AIR FORCES SUB-COMMISSION

10. The number of Italian Air Force personnel employed with RAF and USAAF Units decreased during the month, the total remaining being 3,313 (1385 with the USAAF and 1928 with the RAF). The total strength of the Italian Air Force as at 1st July was 27,598 (3,255 officers, 24,324 other ranks). The present system for the reduction in strength of the I.A.F. caused considerable comment. The general feeling was that the Committee carrying out the reductions was incompetent and that the wrong type of person was being retained for service. There were also numerous press attacks on recent promotions and retirements of certain senior officers. The majority of these attacks were malicious and without foundation. However a number of Colonels were promoted to Generals to afford them better pensions on retirement.

11. During the month approximately 500 Prisoners of War of the IAF were repatriated. 400 of these were discharged from the Service, the remaining 100 being sent to Reception Depots. The total numbers of war Casualties in the I.A.F. between the 10 June 1940 and 8 May 1945 were reported to be 3,010 killed in action and 3,330 missing.

12. Many difficulties were experienced through lack of resource and credit. Firms were reluctant to supply shoes, clothing, materials etc. until cash accompanied the order. New economy measures were being introduced and recommendations made for sale of certain items to obtain funds for the purchase of other items.

13. A conference was held at the Airfield on SARDINIA which was attended by representatives of the Allied Forces as well as Italian Air Ministry officials for the purpose of ascertaining the extent that RAF personnel could be replaced by Italian on the station and to consider whether it would be practical to withdraw all RAF personnel and hand the entire manning of the station over to the I.A.F. It was eventually recommended that an RAF nucleus be retained, to reduce British personnel gradually and replace such personnel by I.A.F. personnel. The situation is to be reviewed in 3 months.

14. A total of 42 airfields were dereguisitioned by the USAAF during the month and returned to the Italian Air Ministry with authority to convert them to agriculture.

15. Approval was granted in principle for FRENCH Airlines to operate on the Routes PARIS - MILAN - ROME, PARIS - ROME - TURIN and PARIS - VENICE - BALKANS. It is not expected that these services will operate for several months. The operation of a SPANISH Civil Airline was approved in principle and proposed routes were submitted. This line was expected to commence operations during August. A request was also received from a SWEDISH Airline Company for an increase in schedule from twice monthly to once weekly. On 23rd July a B.O.A.C. passenger aircraft landed at MILAN to conclude ultimate arrangements for the forthcoming service between ENGLAND and ITALY due to commence on 1 August.

16. Four new reporting stations were opened during the month bringing the total of Italian Meteorological stations to 139. The Italian delegation to the International Meteorological Organization Conference in PARIS returned. The main themes developed were the collection and distribution of meteorological information and the standardization of codes.

COMMUNICATIONS SUB-COMMISSION

17. Five frequency radio allocations were made for use of commercial companies and one frequency allocation was made for the ROME Area police net.

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COMMUNICATIONS SUB-COMMISSION

17. Five frequency radio allocations were made for use of commercial companies and one frequency allocation was made for the ROME Area police net. The commercial circuits included ROME-MILAN, ROME-NEW YORK, ROME - ISTANBUL. The latter circuit will operate on a time sharing arrangement with the ROME - CAIRO and BEIROUT circuit.

18. Permission was granted to ITALCABLE to extend to Saturdays and Sundays a commercial radiotelephone service to CANADA, CUBA and MEXICO with existing facilities. This was possible mainly because of a decrease in military traffic.

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A radiotelegraph circuit between ITALCABLE in ROME, and MACKAY RADIO & TELEGRAPH Co. in NEW YORK was opened on frequencies previously allocated. A telegraph circuit was opened between TRIESTE and PRAGUE.

19. Systematic improvements to the telecommunications system were accomplished and further improvements authorized during the month. Fixed plant facilities were also improved. Plans were completed for a trial handover of military lines and circuits between ROME and NAPLES.

20. A 5000 line commercial automatic telephone exchange was approved and materials assembled for installation in UDINE.

21. ITALCABLE was authorized to recover unused portions of the ROME-MESSINA submarine cable for use in repairing other submarine cable.

22. The major portion of the NAPLES FERROVIA sorting office was handed back to the Civil Postal authorities by the British Army Post Office which will facilitate the Ministry's proposal to reintroduce internal Parcel Post Service in August. Censorship of correspondence in ZONE "A" addressed to Zone "B" was introduced during the month in an effort to overcome the smuggling of currency. Civil mail from ITALY to HUNGARY was suspended temporarily owing to difficulties with Control Commission.

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Rear Admiral, USNR
Chief Commissioner

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APPENDIX "A"

The names of the ministers in the new De Gasperi Government were announced on 13 July. The list is as follows, the last column showing the corresponding ministers when De Gasperi formed his last government in December 1945:

MINISTRY	NAME	PLACE OF BIRTH	DATE OF BIRTH	
President	A. DE GASPERI (CD)	Trento	1881	A.DE GASPERI (CD)
Without Portfolio	P. NENNI (Soc)	Faenza	1891	P. Nenni (Soc)
Agriculture	A. Segni (CD)	Sassari	1896	F. Gullo (Com)
Air	M.Cingolani (CD)	Rome	1883	M.Cevolotto(Lab. Dem.)
Education	G. Gonella (CD)	Verona	1905	E.Mole' (Lab Dem)
Foreign Affairs	A. De Gasperi (CD) (Interim)	Trent	1881	A. DE GASPERI(CD)
Finance	M. Scoccimarro (Com)	Udine	1895	M.Scoccimarro(Com)
Foreign Trade	P. Campilli (CD)	Frascati	1891	
Industry &Comm.	R. Morandi (Soc)	Milan	1902	G. Gronchi (CD)
Interior	A. De Gasperi (CD)	Trento	1881	R. Romita (Soc.)
Justice	F. Gullo (Com)	Cosenza	1889	P. Togliatti(Com)
Labour	L. d'Aragona (Soc)	Cernusco (Milan)	1876	G. Barbareschi (Soc)
Merchant Navy	S. Aldisio (CD)	Gela	1890	
Navy	G. Micheli (CD)	Parma	1896	R. De Courten (Ind)
Posts & Telegraphs	M. Scelba (CD)	Caltagirone	1901	M. Scelba (CD)
Postwar Relief	E. Sereni (Com)	Rome	1907	L.Gasparotto (Lab.Dem.)
Public Works	G. Romita (Soc)	Tortona	1887	L. Cattani(Lib)
Transport	G. Ferrari (Com)	Parma	1887	R. Lombardi (Action)
Treasury	E. Corbino (Ind)	Augusta	1890	E. Corbino (Lib)
War	C. Facchinetti (Rep)	Milan		M. Brosio (Lib)
Without Portfolio	C. Macrelli (Rep)	Romagnolo	1903	E. Lussu (Action)

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