

2122

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

785017

ACC

10000/109/480

FINAL P
SEPT. 19

2123

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

785017

10000/109/480

FINAL REPORTS OF ECONOMIC SECTION
SEPT. 1944 - MAY 1946

2124

785017

1 Ex Comm.
L.H. Folio is reply to Ex Comm's query at
21. Feb 4058.

Followed by J.M.C.M. 11/5 H.S. 1915-
W.C.P. - J.M.C.M.
noted

Ex Comm.

Enclosed file contains activities of
following Divs. from their inception as
requested by Ex Comm in his letter at 21:

- (a) Coal Div
- (b) Pol
- (c) Labour S/C
- (d) Finance S/C
- (e) Mining Div
- (f) Transportation & Shipping
- (g) Food & Agriculture S/C
- (h) Public Works & Utilities S/C

190's

(2) ~~Files 4058~~ are the present activities
of the Econ. section

J.M.C.M. 18/6 H.S. 1916

Please H. in my return

18/1917
H.S. 1918.

HEADQUARTERS ALLIED COMMISSION

Public Works and Utilities Sub-Commission

APO 394

Region

Province

CONTRACTS

Contratti

NOTE: This form to be submitted in triplicate through the Regional Engineer to Sub-Commission H. Q. Questo modulo dovrà essere inviato in triplice copia all'Ingegnere Capo della Regione al Quartiere Generale della for approval. One copy to be retained by H. Q., one copy returned to Regional Engineer, and Sottocommissione per l'approvazione - Una copia rimarrà al Q. G., una sarà restituita all'ing Capo della Regione one copy forwarded to Military Authority having jurisdiction. e una copia sarà spedita all'Autorità Militare competente.

(a) Road, Bridge etc.:
Strada, Ponte etc.

(b) Contractor
Impresa

(c) Address of Contractor:
Indirizzo dell'Impresa

(d) Number of Bids Received:
Numero di offerte ricevute

(e) Reason for Award:
Motivo dell'aggiudicazione

(f) Remarks:
Note

(g) Contractor's Warehouse, rendezvous:
Cantiere dell'Impresa e recapito

(h) Amount of Contract (Lire):
Ammontare del contratto (Lire)

(i) Nature of Contract:
Natura del contratto

(j) Contractor's Available Equipment:
Attrezzi di cui dispone l'Impresa

(k) Required Materials:
Materiali richiesti

(l) Required Plant:
Attrezzi richiesti

(m) Required Transport:
Trasporto richiesto

1884

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

785017

Form AC-2
(Contract)

CONTRACTS

Contratti

NOTE: This form to be submitted in triplicate through the Regional Engineer to Sub-Commission H. Q. Questo modulo dovrà essere inviato in triplice copia dall'Ingegnere Capo della Regione al Quartiere Generale della for approval. One copy to be retained by H. Q., one copy returned to Regional Engineer, and Sottocommissione per l'approvazione - Una copia rimarrà al Q. G., una sarà restituita all'Ing. Capo della Regione, one copy forwarded to Military Authority having jurisdiction. e una copia sarà spedita all'Autorità Militare competente.

(a) Road, Bridge etc.:
Strada, Ponte etc.

(b) Contractor
Impresa

(c) Address of Contractor:
Indirizzo dell'Impresa

(d) Number of Bids Received:
Numero di offerte ricevute

(e) Reason for Award:
Motivo dell'aggiudicazione

1884

(f) Remarks:
Note

(g) Contractor's Warehouse, rendezvous:
Cantiere dell'Impresa e recapito

(h) Amount of Contract (Lire):
Ammontare del contratto (Lire)

(i) Nature of Contract:
Natura del contratto

(j) Contractor's Available Equipment:
Attrezzi di cui dispone l'Impresa

(k) Required Materials:
Materiali richiesti

(l) Required Plant:
Attrezzi richiesti

(m) Required Transport:
Trasporto richiesto

APPROVAL RECOMMENDED:

APPROVED:

Regional Engineer

Chief, Public Works Division, P. W. & U. Sub-Commission

= 17 =

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

785017

59

FORM A.C. 1
(Estimate Rev - 7 June 44)

HEADQUARTERS
ALLIED COMMISSION
PUBLIC WORKS AND UTILITIES SUB-COMMISSION

ESTIMATE OF WORK TO BE CARRIED OUT

Perizia lavori da eseguirsi

NOTE: This form to be filled in triplicate; one copy to be retained in Sub-Comm. H. Q. File, one to be returned to the Regional Engineer when approved, and one to be sent to the Minister of Public Works.
Questo modulo va fatto in triplice copia: una copia rimarrà al Quartiere Generale della Sottocommissione, una sarà restituita all'Ingegnere Capo della Regione dopo l'approvazione ed una sarà inviata al Ministero dei Lavori Pubblici.

ESTIMATE - CAPITAL EXPENDITURE

Perizia Costo Region

(APPROVALS) Province

Approvazioni

1 (a) Building, Bridge, Road, Power Stn, Pumping Stn etc. and location
Fabbricato, ponte, strada, centrale elettrica, centrale idraulica etc. e località

(b) By contract or direct labour
Per contratto o lavoro in economia

(c) Amount of approximate estimate
Ammontare della perizia

(d) Urgency of project:
Urgenza del progetto

(e) Probable time for completion
Data probabile per l'esecuzione

(f) Special remarks
Note speciali

1885

2. Certificates:
Certificati

(a) Certified that the attached approximate estimate amounting to lire
Certifico che l'acclusa perizia ammontante a lire

has been prepared by me; it covers the full requirements of the project, and is reasonable in amount
è stata preparata da me; essa risponde a tutti i dati richiesti dal progetto e l'ammontare è ragionevole.

Signature
Firma

Italian Engineer
Ingegnere Italiano

Official designation
Designazione ufficiale

Date, and place
Data e luogo

(b) I agree with the preceding certificate and recommend approval.

Date

Regional Engineer, or his representative.

2. Approved. (Highway Fund)
(Other funds)

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

785017

NOTE: This form to be filled in triplicate; one copy to be retained in Sub - Comm. H. Q., File, one to be returned to the Regional Engineer when approved, and one to be sent to the Minister of Public Works.
Questo modulo va fatto in triplice copia; una copia rimarrà al Quartiere Generale della Sottocommissione, una sarà restituita all'Ingegnere Capo della Regione dopo l'approvazione ed una sarà inviata al Ministero dei Lavori Pubblici.

ESTIMATE - CAPITAL EXPENDITURE

Perizia	Costo	Region
(APPROVALS) Approvazioni		Province

- (a) Building, Bridge, Road, Power Stn., Pumping Stn. etc. and location
Fabbricato, ponte, strada, centrale elettrica, centrale idraulica etc. e località
- (b) By contract or direct labour
Per contratto o lavoro in economia
- (c) Amount of approximate estimate
Ammontare della perizia
- (d) Urgency of project:
Urgenza del progetto
- (e) Probable time for completion
Data probabile per l'esecuzione
- (f) Special remarks
Note speciali

1885

2. Certificates:
Certificati

(a) Certified that the attached approximate estimate amounting to lire
Certifico che l'acclusa perizia ammontante a lire
has been prepared by me; it covers the full requirements of the project, and is reasonable in amount.
è stata preparata da me; essa risponde a tutti i dati richiesti dal progetto e l'ammontare è ragionevole.

Signature
Firma

Italian Engineer
Ingegnere Italiano

Official designation
Designazione ufficiale

Date, and place
Data e luogo

(b) I agree with the preceding certificate and recommend approval.

Date

Regional Engineer, or his representative.

2. Approved. (Highway Fund)
(Other funds)

Chief, Public Works Div. P. W. & U. Sub-Comm. A. C.

3. Approved.

Director Public Works and Utilities Sub-Commission A. C.

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

785017

HEADQUARTERS ALLIED COMMISSION
APO 394
Industry and Utilities Sub-Commission
Public Works Division

FINAL REPORT

1303

REC MFM

N.W. Hyland
N.W. HYLAND
Major, Spec. Res.,
Chief.

2130

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

785017

FINAL REPORT

1303

REC M77

N.W. Hyland

N.W. HYLAND
Major, Spec. Res.,
Chief.

Rome
31 January 1946

12/21/46
P.D.
ep.

2131

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

785017

13

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>PAGE</u>
I. General	1
II. Brief History	1
III. Regional Engineers	2
IV. Military Highways	4
V. Materials	6
VI. Highway Equipment	7
VII. Housing	9
VIII. Miscellaneous	10
IX. Genio Civile	12
1802	
APPENDIX	13
1. Letter from Brig. Anderson to 2 and 3 Districts	14
2. AC/1	16
3. AC/2	17
4. Project Procedure	18
5. Housing projects	19
6. Chart: Projects approved on Forms AC/1	20
7. Chronological Chart of key personnel	21
8. Graph: Projects on AC/1's by Regions	22
9. Graph: Projects on AC/1's by months	23

II. Brief History	1
III. Regional Engineers	2
IV. Military Highways	4
V. Materials	6
VI. Highway Equipment	7
VII. Housing	9
VIII. Miscellaneous	10
IX. Genio Civile	12

1802

APPENDIX

1. Letter from Brig. Anderson to 2 and 3 Districts	13
2. AC/1	14
3. AC/2	16
4. Project Procedure	17
5. Housing projects	18
6. Chart: Projects approved on Forms AC/1	19
7. Chronological Chart of key personnel	20
8. Graph: Projects on AC/1's by Regions	21
9. Graph: Projects on AC/1's by months	22
	23

2133

ARTICLE I

GENERAL

Before delving into the factual matter of this report it would perhaps be wise to point out that this Division has always attempted to carry out its functions bearing in mind two of the important principles of Military Government:

1. Military necessity.

- a. This meant the constant bearing in mind of the fact that army priorities were foremost and all attempts had to be made to replace as many military personnel as possible by using local civilian help.

2. Welfare of the governed.

- a. This referred to the alleviation of disease and the suppression of unrest.

Long term planning was never a function of this Division.

1901

ARTICLE II

BRIEF HISTORY

In September of 1943, Public Works and Utilities Sub-Commission was created in Tizi Ouzou, North Africa, from where headquarters was moved to Palermo, Sicily. There it remained until the end of the year, when it was transferred to Naples, Italy. Towards the end of the year the Public Works Division was created as one of the two divisions of the Sub-Commission.

As the allied armies progressed up the Italian peninsula they left behind them an enormous road system of important military highways which needed constant maintenance. In order to prevent large numbers of troops from being retained to do this work, arrangements were made for its execution by an Italian Civilian Organization under the control of this

bearing in mind two of the important principles of
Military Government:

1. Military necessity.

- a. This meant the constant bearing in mind of the fact that army priorities were foremost and all attempts had to be made to replace as many military personnel as possible by using local civilian help.

2. Welfare of the governed.

- a. This referred to the alleviation of disease and the suppression of unrest.

Long term planning was never a function of this Division.

ARTICLE II

BRIEF HISTORY

1901

In September of 1943, Public Works and Utilities Sub-Commission was created in Tizi Ouzou, North Africa, from where headquarters was moved to Palermo, Sicily. There it remained until the end of the year, when it was transferred to Naples, Italy. Towards the end of the year the Public Works Division was created as one of the two divisions of the Sub-Commission.

As the allied armies progressed up the Italian peninsula they left behind them an enormous road system of important military highways which needed constant maintenance. In order to prevent large numbers of troops from being retained to do this work, arrangements were made for its execution by an Italian Civilian Organization under the control of this Division. The organization, as set up, may be found in the text of a letter by Brigadier Anderson to 2 and 3 Districts, on 13 February 1944, a copy of which is included in this report in the appendix.

785017

73

In this same month a sum of 600,000,000 Lire was made available for this work by the Italian Government and this sum was increased to 1,000,000,000 Lire by fall.

In the spring of 1944 a working procedure was established which, in addition to organizing the operations of the Regional Engineers, also made them responsible for the maintenance of military highways. At this time the forms AC/1 and AC/2 were introduced. The breakdown of projects approved by this Headquarters on those forms is included in charts and graphs in the appendix, which also includes sample forms AC/1 and AC/2.

In July of the same year headquarters moved to Rome where it remained until its closing on 31 December 1945.

On 15 September 1944 a procedure was established for the processing of projects. (See appendix).

In November 1944 all civilian projects in Italian Government Territory became the responsibility of the Italian Government.

Finally, on 1 November 1945, Public Works and Utilities Sub-Commission was dissolved and Public Works Division was incorporated in Industry and Utilities Sub-Commission, where it remained until closing on 31 December.

1903

It should be noted that in the early stages of the operation of this division, every effort was made to have Engineer officers assigned to us, but, as the need became critical and Engineer officers were not available, officers of other qualifications were accepted and trained.

ARTICLE III

REGIONAL ENGINEERS

When the Public Works and Utilities Sub-Commission started to function, the Regional Engineer, as such, did not exist. There was no overall procedure for their operations and each officer more or less formulated his own policies.

Each was overburdened with innumerable other duties, such as rail transportation, lighthouses, ports, telecommunications, etc., and therefore was responsible to more than one sub-commission at the same time. These officers were not sure as to whom they were responsible in performing their responsibilities.

2138

785017

Engineers, also made them responsible for the maintenance of military highways. At this time the forms AC/1 and AC/2 were introduced. The breakdown of projects approved by this Headquarters on those forms is included in charts and graphs in the appendix, which also includes sample forms AC/1 and AC/2.

In July of the same year headquarters moved to Rome where it remained until its closing on 31 December 1945.

On 15 September 1944 a procedure was established for the processing of projects. (See appendix).

In November 1944 all civilian projects in Italian Government Territory became the responsibility of the Italian Government.

Finally, on 1 November 1945, Public Works and Utilities Sub-Commission was dissolved and Public Works Division was incorporated in Industry and Utilities Sub-Commission, where it remained until closing on 31 December.

1903

It should be noted that in the early stages of the operation of this division, every effort was made to have Engineer officers assigned to us, but, as the need became critical and Engineer officers were not available, officers of other qualifications were accepted and trained.

ARTICLE III

REGIONAL ENGINEERS

When the Public Works and Utilities Sub-Commission started to function, the Regional Engineer, as such, did not exist. There was no overall procedure for their operations and each officer more or less formulated his own policies.

Each was overburdened with innumerable other duties, such as rail transportation, lighthouses, ports, telecommunications, etc., and therefore was responsible to more than one sub-commission at the same time. These officers were not sure as to whom they were responsible excepting their responsibility to the Regional Commissioners.

72

Finally, in April 1944, a definite procedure, was established for the operations and functions of the Regional Engineers. It was established that they would be responsible immediately to the Regional Commissioner and would act as his advisor in engineering matters. However, Regional Engineers were to be responsible to Public Works and Utilities Sub-Commission on technical matters, matters of policy and administration, and for assignments and transfers. Also the Forms AC/1 and AC/2 were introduced into the procedure for the approval of projects.

The functions of this Division were continuously decentralized and more power was bestowed upon the Regional Engineers during June, July and August of 1944. On the fifteenth of June responsibility for military highways became another duty of the Regional Engineers in addition to the other roads and bridges, buildings, ports, electrical installations, waterworks, gasworks, prisons, sewers, waterways, housing, bonifiche, etc. On 15 September 1944 the procedure, as shown on the chart included in the appendix was established.

1893

Regional Engineers and their Public Works Officers are to be commended in their work, especially in the urgent work necessary immediately upon liberation of territories under their jurisdiction. In a number of cases the regional engineer was asked by the army to have his forces ready to go into a town and get the sewers and water, and electric plants in order so that the army engineers would not have to be burdened with this task. It was in this way that this Division was able to carry out its most important function, that of relieving army personnel by accomplishing urgent works with Italian civilian personnel. This work was done at the request of the 5th and 5th Armies and it was at these times that the regional Public Works Organizations really brought credit to this Division.

The chronological chart in the appendix lists the regional engineers in the various regions.

Commission on technical matters, matters of policy and administration, and for assignments and transfers. Also the Forms AC/1 and AC/2 were introduced into the procedure for the approval of projects.

The functions of this Division were continuously decentralized and more power was bestowed upon the Regional Engineers during June, July and August of 1944. On the fifteenth of June responsibility for military highways became another duty of the Regional Engineers in addition to the other roads and bridges, buildings, ports, electrical installations, waterworks, gasworks, prisons, sewers, waterways, housing, bonifiche, etc. On 15 September 1944 the procedure, as shown on the chart included in the appendix was established.

1899

Regional Engineers and their Public Works Officers are to be commended in their work, especially in the urgent work necessary immediately upon liberation of territories under their jurisdiction. In a number of cases the regional engineer was asked by the army to have his forces ready to go into a town and get the sewers and water, and electric plants in order so that the army engineers would not have to be burdened with this task. It was in this way that this Division was able to carry out its most important function, that of relieving army personnel by accomplishing urgent works with Italian civilian personnel. This work was done at the request of the 5th and 8th Armies and it was at these times that the regional Public Works Organizations really brought credit to this Division.

The chronological chart in the appendix lists the regional engineers in the various regions.

2139

785017

ARTICLE IV

ROADS AND BRIDGES

The greatest single task confronting this Division, especially until "VE" day, was that of maintenance and repair of roads and bridges. The military highways received most of the attention but it had to be kept in mind at all time that centers of population and cities not on the main highways had to have their lines of communications repaired so that at least food and water could be brought in.

Italy has a very fine highway system with practically all localities connected by good highways. This system became more important during the war than before due to the large amount of military traffic and to the great damage done to the railroad system. It was generally much quicker to repair the roads and bridges than the railroads. In many cases the traffic was so heavy that roads had to be widened and secondary roads repaired and improved so that the traffic could be handled.

Another main difficulty was to keep the roads open for traffic and carry on maintenance at the same time, which instituted the necessity of working on one side of the road at a time. This was especially true of the rebuilding of the temporary structures that the fast moving armies had constructed. In many cases the Genio Civile was confronted with the problem of reconstructing the temporary structure before high water would wash it out.

In order to better understand the magnitude of the Highway system in Italy the following statistics are listed:

State Roads	21,340 Kilometers
Provincial Roads	41,494 "
Communal & Bonifiche	115,448 "
Total	178,381
Bridges	22,670

Note: The communal roads are made up of some of the most important roads in the country, especially the ones in the large cities. These roads carried more traffic than ever in their history and needed constant maintenance, especially the ones in the vicinities of harbors, large warehouses, military installations and dumps.

It should be noted that, of the Italian road system, which has a marvelous foundation, only a small part of the

most of the attention but it had to be kept in mind at all time that centers of population and cities not on the main highways had to have their lines of communications repaired so that at least food and water could be brought in.

Italy has a very fine highway system with practically all localities connected by good highways. This system became more important during the war then before due to the large amount of military traffic and to the great damage done to the railroad system. It was generally much quicker to repair the roads and bridges than the railroads. In many cases the traffic was so heavy that roads had to be widened and secondary roads repaired and improved so that the traffic could be handled.

Another main difficulty was to keep the roads open for traffic and carry on maintenance at the same time, which instituted the necessity of working on one side of the road at a time. This was especially true of the rebuilding of the temporary structures that the fast moving armies had constructed. In many cases the Genio Civile was confronted with the problem of reconstructing the temporary structure before high water would wash it out.

In order to better understand the magnitude of the Highway system in Italy the following statistics are listed:

State Roads	21.340 Kilometers
Provincial Roads	41.494 "
Communal & Bonifiche	115.448 "
Total	178.381
Bridges	22.670

Note: The communal roads are made up of some of the most important roads in the country, especially the ones in the large cities. These roads carried more traffic than ever in their history and needed constant maintenance, especially the ones in the vicinities of harbors, large warehouses, military installations and dumps.

It should be noted that, of the Italian road system, which has a marvelous foundation, only a small part of the surfacing is of the permanent type and therefore requires constant maintenance of the surface to preserve the foundation.

70

One of the original difficulties encountered was the necessity of dealing with different engineers for each class of road in a particular vicinity. That is, state roads were under state engineers, provincial roads under provincial engineers and communal roads under communal engineers. This was later alleviated by the Ministry of Public Works putting one engineer in the Compartment over all types of Public Works, thus making the handling of all public works by this Division much easier.

It can be seen that with 75% of all the highway bridges destroyed in Italy and with the major part of the road system getting nothing but running maintenance for a number of years, it was necessary for the army to set up a priority system as outlined in Article V.

The part played by the Engineer Section of P.B.S., and the District Engineers should not be minimized. Without their cooperation, very little would have been accomplished. Their contributions toward the rehabilitation of the highway system were immeasurable and work would have been almost impossible without the enormous amounts of materials and equipment supplied by these two army sections. Officers were always supplied by this office to act as liaison between the Division and the Districts and P.B.S. In November of 1945, however, the Districts terminated their contributions to the maintenance and repair of military highways and a month later P.B.S. did the same.

By the end of 1945 the following achievements had been realized :

Bridges :

Of all the bridges damaged on state roads, more than half of them still need some repair or reconstruction. It is to be noted that the damage was so great that any satisfactory diversion or any temporary structure that would not wash out or fail in a few years was given a very low priority for rebuilding due to the shortage of machinery and materials. The status of the provincial and communal bridges is similar to the state road bridges except that there are approximately 70% that need some repair or reconstruction.

Roads :

Almost all the roads in Italy are now passable but are in need of maintenance.

and engineer in the Compartment over all types of Public Works, thus making the handling of all public works by this Division much easier.

It can be seen that with 75% of all the highway bridges destroyed in Italy and with the major part of the road system getting nothing but running maintenance for a number of years, it was necessary for the army to set up a priority system as outlined in Article V.

The part played by the Engineer Section of P.B.S., and the District Engineers should not be minimized. Without their cooperation, very little would have been accomplished. Their contributions toward the rehabilitation of the highway system were immeasurable and work would have been almost impossible without the enormous amounts of materials and equipment supplied by these two army sections. Officers were always supplied by this office to act as liaison between the Division and the Districts and P.B.S. In November of 1945, however, the Districts terminated their contributions to the maintenance and repair of military highways and a month later P.B.S. did the same.

By the end of 1945 the following achievements had been realized :

Bridges :

Of all the bridges damaged on state roads, more than half of them still need some repair or reconstruction. It is to be noted that the damage was so great that any satisfactory diversion or any temporary structure that would not wash out or fail in a few years was given a very low priority for rebuilding due to the shortage of machinery and materials. The status of the provincial and communal bridges is similar to the state road bridges except that there are approximately 70% that need some repair or reconstruction.

Roads :

Almost all the roads in Italy are now passable but are in need of maintenance.

= 5 =

69

ARTICLE V

MATERIALS

In the early stages of the operation of this division, road priorities were divided as follows:

- A. priority applied to routes in the Lines of Communications essential for the maintenance of the armies and major formation moves as designated by AFHQ,
- B. priority roads as selected by the districts, and
- C. priority roads as selected by works units.

However, critical shortages of equipment and materials made work on anything but A priority roads almost impossible. Little or no work was done on C roads until VJ day if the work to be done had required critical materials.

Although the materials situation was eased slightly after VE day it still remained critical through VJ day when the situation was again eased somewhat.

Following is an itemized account of material situation throughout the period covered by this report: 1895

1. Asphalt - Practically all asphalt was furnished by the army and they required that it be used on military highways. In the closing months asphalt was furnished directly to the Italian Government.
2. Cement - Cement has always been a critical item. Even when plentiful, distribution was hampered by the lack of transportation or the lack of sacks.
3. Brick - Always critical.
4. Steel - Always very critical. Whenever possible, a substitute was used for steel. As a necessary war measure, steel bridges had to be rebuilt in masonry or concrete. Even steel for reinforced concrete was prohibitive and it was used only where absolutely necessary.
5. Lumber - The lumber situation has always been critical and continues to be so.

2144

785017

A. priority applied to routes in the lines of Communications essential for the maintenance of the armies and major formation moves as designated by AFHQ,

- B. priority roads as selected by the districts, and
- C. priority roads as selected by works units.

However, critical shortages of equipment and materials made work on anything but A priority roads almost impossible. Little or no work was done on C roads until VJ day if the work to be done had required critical materials.

Although the materials situation was eased slightly after VE day it still remained critical through VJ day when the situation was again eased somewhat.

Following is an itemized account of materiel situation throughout the period covered by this report: 1895

1. Asphalt - Practically all asphalt was furnished by the army and they required that it be used on military highways. In the closing months asphalt was furnished directly to the Italian Government.
2. Cement - Cement has always been a critical item. Even when plentiful, distribution was hampered by the lack of transportation or the lack of sacks.
3. Brick - Always critical.
4. Steel - Always very critical. Whenever possible, a substitute was used for steel. As a necessary measure, steel bridges had to be rebuilt in masonry or concrete. Even steel for reinforced concrete was prohibitive and it was used only where absolutely necessary.
5. Lumber - The lumber situation has always been critical and continues to be so.
6. Tires - The tire situation, consistently critical, was eased somewhat after VE day.

2145

785017

68

7. POL - In August of 1944 the coupon system was inaugurated by this office in order to properly distribute the small supply of gasoline and other POL supplies available. Coupons were distributed to the Regional Engineers and, in Italian Government Territory, to Liaison Officers who made requests to this office once a month. They in turn, made distributions to the Genio Civile and local contractors. It should be noted that this system was executed with the maximum of success. On VJ day the gasoline situation improved slightly.

When upon the liberation of northern Italy, the labor situation changed from a shortage of labor to an unemployment problem, it became necessary to approve certain unemployment projects. Because of these shortages, however, it was necessary to select projects requiring the least amount of equipment and critical materials (e.g. - debris removal etc.)

ARTICLE VI

1894
HIGHWAY EQUIPMENT

As southern Italy was liberated, it became apparent that the Germans had been very thorough in the removal of all types of highway equipment. Very little had been left behind, some which was beyond further use and some which had been effectively hidden from the retreating armies. From this point on the Genio Civile was left facing tremendous difficulties. Almost all work had to be done by hand and Genio Civile employees were unable to travel to many necessary work sites because almost all their motor vehicles and motorcycles had been withdrawn along with the highway equipment. Most of what remained was lost to allied requisitions. Transportation of materials was effected primarily by horses and ox-carts.

To alleviate the burden, this Division finally managed to obtain over two hundred old trucks on loan from the Army to the Genio Civile, the first of which were received in Bari in April of 1944. The condition of these vehicles, not wanted by the Army, was deplorable. They were almost beyond repair and spare parts at that time were at a premium. The Genio Civile did its best to set up maintenance and repair crews to perform the miracle of keeping these trucks in operation but, at best, there was always a number of them out of operation.

this office once a month. They in turn, made distributions to the Genio Civile and local contractors. It should be noted that this system was executed with the maximum of success. On VJ day the gasoline situation improved slightly.

When upon the liberation of northern Italy, the labor situation changed from a shortage of labor to an unemployment problem, it became necessary to approve certain unemployment projects. Because of these shortages, however, it was necessary to select projects requiring the least amount of equipment and critical materials (e.g. - debris removal etc.)

ARTICLE VI

HIGHWAY EQUIPMENT

1894

As southern Italy was liberated, it became apparent that the Germans had been very thorough in the removal of all types of highway equipment. Very little had been left behind, some which was beyond further use and some which had been effectively hidden from the retreating armies. From this point on the Genio Civile was left facing tremendous difficulties. Almost all work had to be done by hand and Genio Civile employees were unable to travel to many necessary work sites because almost all their motor vehicles and motorcycles had been withdrawn along with the highway equipment. Most of what remained was lost to allied requisitions. Transportation of materials was effected primarily by horses and ox-carts.

To alleviate the burden, this Division finally managed to obtain over two hundred old trucks on loan from the Army to the Genio Civile, the first of which were received in Bari in April of 1944. The condition of these vehicles, not wanted by the Army, was deplorable. They were almost beyond repair and spare parts at that time were at a premium. The Genio Civile did its best to set up maintenance and repair crews to perform the miracle of keeping these trucks in operation but, at best, there was always a number of them out of operation.

= 7 =

785017

2148

67

These conditions were responsible for the continual discussions in the spring of 1944 on the advisability and the probability of requisitioning highway equipment from the United States and British Governments. On 15 June 1944, the following items were requisitioned:

12	tractors
6	sweepers
6	shovels
6	prime movers
6	trailers
2	scrapers
45	rollers
30	graders
10	asphalt distributors
170	dump trucks
30	cargo trucks
25	jeeps
3	3/4 ton trucks
20	compressors
15	crushing & screening plants
100	kettles
30	pumps
30	concrete mixers
4	asphalt plants
4	asphalt finishers

The liberation of the territories around Rome in June uncovered more equipment than had been found in the south, but, of course, much less than the total required for the rebuilding of the war-torn military and public works installations.

At first, the requisition was refused because of the unavailability of the equipment but later, as the supply became more plentiful, approval was granted. Parts of the requisition that were being filled by surplus theatre stocks began to arrive in February of 1945 while the first equipment to come by sea was received in March. Items were received continuously throughout the year with the last five dump trucks being received in December. It is to be pointed out that not all the items on the requisition were received. No rollers and very few pumps arrived. The number of tractors, prime movers and asphalt plants were less than those requested. In one case, however, (graders) more were received than had been requisitioned.

It is to be noted that among the first pieces to arrive some of them were so badly needed by the 5th Army that some items (e.g. - crushers) were placed immediately behind the front lines for army use. The bulk of the equipment, however, began to arrive after VE day.

6 sweepers
 6 shovels
 6 prime movers
 6 trailers
 2 scrapers
 45 rollers
 30 graders
 10 asphalt distributors
 170 dump trucks
 30 cargo trucks
 25 jeeps
 3 3/4 ton trucks
 20 compressors
 15 crushing & screening plants
 100 kettles
 30 pumps
 30 concrete mixers
 4 asphalt plants
 4 asphalt finishers

The liberation of the territories around Rome in June uncovered more equipment than had been found in the south, but, of course, much less than the total required for the rebuilding of the war-torn military and public works installations.

At first, the requisition was refused because of the unavailability of the equipment but later, as the supply became more plentiful, approval was granted. Parts of the requisition that were being filled by surplus theatre stocks began to arrive in February of 1945 while the first equipment to come by sea was received in March. Items were received continuously throughout the year with the last five dump trucks being received in December. It is to be pointed out that not all the items on the requisition were received. No rollers and very few pumps arrived. The number of tractors, prime movers and asphalt plants were less than those requested. In one case, however, (graders) more were received than had been requisitioned.

It is to be noted that among the first pieces to arrive some of them were so badly needed by the 5th Army that some items (e.g. - crushers) were placed immediately behind the front lines for army use. The bulk of the equipment, however, began to arrive after VE day.

66

The manner of delivery of this equipment also was responsible for a very difficult situation that had to be resolved by our Highway Equipment Section. Pieces were arriving at diverse ports scattered throughout Italy and often in inverse sequence, with the heavy immovable items arriving first and the machines to move them often arriving much later. All this equipment, now in the hands of the Genio Civile, still was not in the most envious of positions due to the foreseeable continued shortage of petrol, so necessary for the proper function of these machines.

ARTICLE VII

HOUSING

In order to properly visualize the housing situation in Italy the following statistics are listed indicating the extent of war damages. All figures are in rooms instead of houses or buildings in order to give a complete picture of the living space lost which caused the high number of roofless.

Rooms totally destroyed	1,587,500
Rooms badly damaged	821,400
Rooms slightly damaged	<u>2,725,900</u>
	5,134,900

Due to the complexity of the situation it is absolutely impossible to estimate the number of people left homeless by the war but very approximate estimates would probably set the figure at 1,500,000.

In September of 1944 the housing section of this Division was inaugurated but, in all fairness, it must be mentioned that the Division did not have the personnel to spare for this work and therefore there were never more than one officer and one civilian assigned to this task for the whole of Italy.

In December of 1944 housing decrees were worked out between our housing section and the Ministry of Public Works and put into effect. These decrees stated that:

- A. The government would contribute $\frac{1}{3}$ the cost of projects up to 150,000 lire, repayable at 4% interest.

each later. All this equipment, now in the hands of the Genio Civile, still was not in the most envious of positions due to the foreseeable continued shortage of petrol, so necessary for the proper function of these machines.

ARTICLE VII

HOUSING

In order to properly visualize the housing situation in Italy the following statistics are listed indicating the extent of war damages. All figures are in rooms instead of houses or buildings in order to give a complete picture of the living space lost which caused the high number of roofless.

Rooms totally destroyed	1,587,600
Rooms badly damaged	821,400
Rooms slightly damaged	<u>2,725,900</u>
	5,134,900

Due to the complexity of the situation it is absolutely impossible to estimate the number of people left homeless by the war but very approximate estimates would probably set the figure at 1,500,000.

In September of 1944 the housing section of this Division was inaugurated but, in all fairness, it must be mentioned that the Division did not have the personnel to spare for this work and therefore there were never more than one officer and one civilian assigned to this task for the whole of Italy.

In December of 1944 housing decrees were worked out between our housing section and the Ministry of Public Works and put into effect. These decrees stated that:

- A. The government would contribute $\frac{1}{3}$ the cost of projects up to 150,000 lire, repayable at 4% interest.

45

B. If the owner fails to initiate a project after notification by the Genio Civile, then the Genio Civile would assume the job and charge the whole cost, minus the subsidy, to the property owner who also lost rights to the property for five years.

In June of 45, Consolidated Text 305 changed the figure in (A) above to 300,000 lire. Concurrently, communal housing committees were set up throughout Italy.

In housing, as in almost all Public Works undertakings, progress was hampered by the continual shortage of materials and transportation..

At the end of the year the following progress had been reported under the decrees:

349,596	rooms completed
<u>241,741</u>	being repaired
571,337	

In addition it was estimated that some 50,000 rooms had been built in unreported territories. Regional breakdowns of the above figures are in the housing chart in Appendix. No. 5. In using these figures one may assume the average of 2.5 people per room and about 4 rooms per building. Further approximate estimates would show about 75,000 people housed in barracks and "caserttas".

1891

In conclusion, it would perhaps be a fair estimate to say that about one half the roofless had been rehoused to date.

ARTICLE VIII

MISCELLANEOUS

Ports : Throughout Italy, works on ports had generally been initiated by the army and navy and were often well underway before they became a part of the functions of this Division. It should be noted that the first of these among the big ports to be released by the army and navy was Civitavecchia. As indicated in the chart in the appendix, the rehabilitation of ports became one of the major duties of this Division, especially since VE Day. Practically all ports in Italy have had rehabilitation work..

in (A) above to 300,000 lire. Concurrently, communal housing committees were set up throughout Italy.

In housing, as in almost all Public Works undertakings, progress was hampered by the continual shortage of materials and transportation..

At the end of the year the following progress had been reported under the decrees:

349,596	rooms completed
<u>241,741</u>	being repaired
571,337	

In addition it was estimated that some 50,000 rooms had been built in unreported territories. Regional breakdowns of the above figures are in the housing chart in Appendix. No. 5. In using these figures one may assume the average of 2.5 people per room and about 4 rooms per building. Further approximate estimates would show about 75,000 people housed in barracks and "casettas".

1891

In conclusion, it would perhaps be a fair estimate to say that about one half the roofless had been rehoused to date.

ARTICLE VIII

MISCELLANEOUS

Ports : Throughout Italy, works on ports had generally been initiated by the army and navy and were often well underway before they became a part of the functions of this Division. It should be noted that the first of these among the big ports to be released by the army and navy was Civitavecchia. As indicated in the chart in the appendix, the rehabilitation of ports became one of the major duties of this Division, especially since VE Day. Practically all ports in Italy have had rehabilitation work..

2153

Churches and Monuments:

It became apparent early in the history of this Division that one of Italy's biggest sources of revenue was its monuments and fine arts. This Division, therefore, tried to preserve as much as possible the existing monumental structures to save their remaining value.

Public Buildings:

Projects for Public Buildings were always of a high priority especially edifices like schools, hospitals, orphanages, etc.

Bonifiche: (Land Reclamations)

There was a very large amount of this type of work performed under the direction of this Division. Damage to pumping stations, levees, canals, etc., were extremely heavy and the problems that had to be confronted were numerous. This work required immediate attention to prevent further flooding of adjacent lands.

Sewers and Waterworks:

This type project always had a high priority and was usually dealt with in the very first stages of the liberation of territories. In some places, existing systems were so badly damaged that it became necessary to construct entirely new systems. Also, in certain locations, original installations were in such bad condition that it became necessary to improvise temporary measures. (e.g. In Emilia equipment was borrowed from the army to provide for temporary relief). A study of the chart, Appendix No. 6, will give an idea as to the extent of work done on the above and other various types of projects, excluding projects for less than 1,000,000 Lire approved by the Regional Engineers themselves.

The graph, Appendix No. 9, showing monthly expenditures, demonstrates the rise in amount of spending on Miscellaneous Projects after VE Day when this office first started to approve unemployment projects.

64

Advantages to save their remaining value.

Public Buildings:

Projects for Public Buildings were always of a high priority especially edifices like schools, hospitals, orphanages, etc.

Bonifiche: (Land Reclamations)

There was a very large amount of this type of work performed under the direction of this Division. Damage to pumping stations, levees, canals, etc., were extremely heavy and the problems that had to be confronted were numerous. This work required immediate attention to prevent further flooding of adjacent lands.

Sewers and Waterworks:

This type project always had a high priority and was usually dealt with in the very first stages of the liberation of territories. In some places, existing systems were so badly damaged that it became necessary to construct entirely new systems. Also, in certain locations, original installations were in such bad condition that it became necessary to improvise temporary measures. (e.g. In Emilia equipment was borrowed from the army to provide for temporary relief). A study of the chart, Appendix No. 6, will give an idea as to the extent of work done on the above and other various types of projects, excluding projects for less than 1,000,000 Lire approved by the Regional Engineers themselves.

The graph, Appendix No. 9, showing monthly expenditures, demonstrates the rise in amount of spending on Miscellaneous Projects after VE Day when this office first started to approve unemployment projects.

63

ARTICLE IX

GENIO CIVILE

Before closing it would perhaps be just to commend the members of the Genio Civile for their excellent cooperation and achievement, without which the program of this Division most probably could not have been accomplished.

As pointed out in various sections of this report, destruction in Italy was enormous. For example, in Campobasso province alone, approximately 600 bridges were destroyed. Destruction in homes and buildings was equally as large.

Means left to the Genio Civile for the rebuilding of their country were almost nil. As shown in this report, materials were practically unobtainable and equipment was next to nothing. Demands on the Genio Civile by this Division for army priority works were always heavy and their execution often difficult. However, the Genio Civile always responded with a maximum of cooperation and execution of work that could be expected in view of the hardships that had to be confronted.

During the whole period the Ministry of Public Works kept a liaison engineer at the disposal of this Division who visited headquarters at least once daily and who served to bring even closer to each other the activities of this Division and the Genio Civile.

By November of 1944 all civil projects in Italian Government Territory were turned over to the Italian Government and as of 31 December 1945, this office ceased to function leaving Public Works as an entirely Italian matter.

N.W. Highland
N.W. HIGHLAND
Major, Spec. Res.
Chief.

As pointed out in various sections of this report, destruction in Italy was enormous. For example, in Campobasso province alone, approximately 600 bridges were destroyed. Destruction in homes and buildings was equally as large.

Means left to the Genio Civile for the rebuilding of their country were almost nil. As shown in this report, materials were practically unobtainable and equipment was next to nothing. Demands on the Genio Civile by this Division for army priority works were always heavy and their execution often difficult. However, the Genio Civile always responded with a maximum of cooperation and execution of work that could be expected in view of the hardships that had to be confronted.

During the whole period the Ministry of Public Works kept a liaison engineer at the disposal of this Division who visited headquarters at least once daily and who served to bring even closer to each other the activities of this Division and the Genio Civile.

By November of 1944 all civil projects in Italian 1983 Government Territory were turned over to the Italian Government and as of 31 December 1945, this office ceased to function leaving Public Works as an entirely Italian matter.

N.W. Hyland
N.W. HYLAND
Major, Spec. Res.
Chief.

= 12 =

2157

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

785017

APPENDIX

APPENDIX No. 1	 Letter from Brig. Anderson to 2 and 3 Districts
APPENDIX No. 2	 Form AC/1
APPENDIX No. 3	 Form AC/2
APPENDIX No. 4	 Procedure for Projects, 15 September 1944
APPENDIX No. 5	 Housing projects by Compartments
APPENDIX No. 6	 Chart of projects approved by this HQ on Forms AC/1 in Lire
APPENDIX No. 7	 Chronological Chart of Regional Engineers and H.Q. Officers
APPENDIX No. 8	 Graph of projects on Forms AC/1 by Regions
APPENDIX No. 9	 Graph of monthly amounts of projects approved on Forms AC/1

APPENDIX

APPENDIX No. 1		Letter from Brig. Anderson to 2 and 3 Districts
APPENDIX No. 2		Form AC/1
APPENDIX No. 3		Form AC/2
APPENDIX No. 4		Procedure for Projects, 15 September 1944
APPENDIX No. 5		Housing projects by Compartments
APPENDIX No. 6		Chart of projects approved by this HQ on Forms AC/1 in Lire
APPENDIX No. 7		Chronological Chart of Regional Engineers and H.Q. Officers
APPENDIX No. 8		Graph of projects on Forms AC/1 by Regions
APPENDIX No. 9		Graph of monthly amounts of projects approved on Forms AC/1

C O P Y

Subject - Civil Road Organisation

Directorate of Works,
AFHQ Adv Adm Echelon,
C.M.F.

3220/DDW.

CE No. 2 District (6)
CE No. 3 District (6)

13 Feb 44.

Further to my 322/DDW of 10 Jan addressed to DQMG, copy to you, and to implement para. 8 Adv Adm Ech's letter 78/2 of 20 Jan, the following are the details of the procedure to be adopted in order to make the fullest possible use of the Civil Road Organisation as it develops.

1. The Civil Organisation under ACC control will be set up as shown in Appendix "A" hereto, to deal with all military roads in occupied Italy. This organisation will operate in conjunction with the Military Engineer Organisation whose present form is represented graphically at Appendix "B" attached. Both these Appendices supersede the Appendices attached to my 3222/DDW of 10 Jan, and both will, of necessity have to be altered from time to time to meet changing conditions. These alterations will be notified to you as they occur.

2. The Works to be carried out will be divided into two categories - "A" and "B".

Category "A" will comprise the maintenance, repair and construction work necessary to keep such of the main arteries of the country as are necessary for military traffic, continuously open. The details of these routes will be laid down from time to time by AFHQ Adv Adm Ech. These with which you are at present concerned are shown on the attached Appendix "C".

Category "B" routes will be additional routes required by Districts and Areas for their internal communications, and the detailing of these will, naturally, be the responsibility of the Commanders concerned.

3. The work required on Category "A" routes will be demanded by CE's of Districts on the representatives of the Director of Public Works and Utilities Sub-Commission, ACC of which one will be appointed to sit at the HQs of each CE.

4. On receipt of instructions from CE's, the ACC representatives will pass these down to their compartmental representatives together with instructions to co-operate directly with the CE's in whose areas the work may lie.

5. The ACC/AMG do not, at the moment, dispose of sufficient officers to deal with Category "B" work but it is intended that they will eventually undertake this responsibility. At the moment

Further to my 322/DDW of 10 Jan addressed to DQMG, copy to you, and to implement para. 8 Adv Adm Ech's letter 78/2 of 20 Jan, the following are the details of the procedure to be adopted in order to make the fullest possible use of the Civil Road Organisation as it develops.

1. The Civil Organisation under ACC control will be set up as shewn in Appendix "A" hereto, to deal with all military roads in occupied Italy. This organisation will operate in conjunction with the Military Engineer Organisation whose present form is represented graphically at Appendix "B" attached. Both these Appendices supersede the Appendices attached to my 322/DDW of 10 Jan, and both will, of necessity have to be altered from time to time to meet changing conditions. These alterations will be notified to you as they occur.

2. The Works to be carried out will be divided into two categories - "A" and "B".

Category "A" will comprise the maintenance, repair and construction work necessary to keep such of the main arteries of the country as are necessary for military traffic, continuously open. The details of these routes will be laid down from time to time by AFHQ Adv Adm Ech. These with which you are at present concerned are shewn on the attached Appendix "C".

Category "B" routes will be additional routes required by Districts and Areas for their internal communications, and the detailing of these will, naturally, be the responsibility of the Commanders concerned.

3. The work required on Category "A" routes will be demanded by CE's of Districts on the representatives of the Director of Public Works and Utilities Sub-Commission, ACC of which one will be appointed to sit at the HQs of each CE.

4. On receipt of instructions from CE's, the ACC representatives will pass these down to their compartmental representatives together with instructions to co-operate directly with the CRE's in whose areas the work may lie.

5. The ACC/AMG do not, at the moment, dispose of sufficient officers to deal with Category "B" work but it is intended that they will eventually undertake this responsibility. At the moment, therefore, CRE's should be instructed to deal direct with the local Provincial and Municipal Engineers. Those Engineers will be instructed by ACC that they are to carry out any orders which may be given by CREs. If these orders are not carried out, or any

C O P Y

= 14 =

C O P Y

question as to priority should arise, the matter should be referred back to you when it can then be settled at your level with the representative of the ACC who sits at your HQ.

6. The ACC have undertaken full responsibility for financing all road work, and for ensuring that such labour, transport, plant and materials as the Italian Road Organisation may possess is made available. It will, however, undoubtedly be necessary for the army to provide considerable assistance. Instructions as to keeping records of such assistance have already been issued to you and you are now required to send to me for submission to the ACC an abstract of the monthly return you render to the FA & AA in accordance with Technical Instruction No. 13. The military stores, etc. required by the Civil Organisation for approved works, will be provided by CRE's and obtained in the normal manner.

7. It is essential that the maximum possible use be made of the Civil Organisation and it is most desirable that instructions to it are made through the AMG or ACC representatives where and when they are available so that they may eventually take over much of the road construction and repair work on which you and your staff are involved. Nothing, however, shall relieve the Engineer officer of each formation of the responsibility to his Commander for the maintenance of essential military routes in his area.

DIA/ac

A.L. ANDERSON
Brigadier,
D.D.W.

1188

Copy to:-

DQMG
DQMG (Mov)
CE ACMF
DW AFHQ
Engineer, PBS
Director, Public Works and Utilities
Sub-Commission, ACC
War Diary (3)

army to provide considerable assistance. Instructions as to keeping records of such assistance have already been issued to you and you are now required to send to me for submission to the ACC an abstract of the monthly return you render to the FA & AA in accordance with Technical Instruction No. 13. The military stores, etc. required by the Civil Organisation for approved works, will be provided by CRE's and obtained in the normal manner.

7. It is essential that the maximum possible use be made of the Civil Organisation and it is most desirable that instructions to it are made through the AMG or ACC representatives where and when they are available so that they may eventually take over much of the road construction and repair work on which you and your staff are involved. Nothing, however, shall relieve the Engineer officer of each formation of the responsibility to his Commander for the maintenance of essential military routes in his area.

DLA/ac

A.L. ANDERSON
Brigadier,
D.D.W.

1168

Copy to:-

DQMG
DQMG (Mov)
CE ACMF
DW AFHQ
Engineer, PBS
Director, Public Works and Utilities
Sub-Commission, ACC
War Diary (3)

= 15 =

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

785017

2162

2163

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

785017

NOTE :-

1 Million Lire
= 10,000 Dollars
= L. 2,500 sterling

HEADQUARTERS

ALLIED CONTROL COMMISSION
Public Works and Utilities Sub-Commission
AIO 394

RWS/bb

15 September 1944

TYPE OF PROJECTS	PROCEDURE Italian Government Territory	PROCEDURE A.M.G. Territory
1. Military - All types, regardless of cost of materials required.	Approved by Reg. Engr. Submitted thru ACC channels to HQ. for final approval.	Approved by Reg. Engr. Submitted thru ACC channels to HQ. for final approval.
2. Civilian - Up to 500,000 Lire (A) No critical materials (B) Requiring critical materials.	(A) Approved by Compartimenti Italian Engineers only. List submitted to Reg. Engr. by 25th of subsequent month for attachment to monthly report. (B) Approved by Reg. Engr. Submitted thru Italian channels to HQ. for final approval.	Approval by Reg. Engr. List report by Reg. Engr. showing previous month. (B) Approved by Reg. Engr. Submitted thru ACC channels to HQ. for final approval.
3. Civilian - 500,000 to 1,000,000 (A) No critical materials. (B) Requiring critical materials	(A) Approved by Reg. Engr. Forwarded by Italian Engr. to the Minister for final approval. List attached to monthly report by Reg. Engr. showing approvals for previous month. (B) Approved by Reg. Engr. Submitted thru Italian channels to HQ. for final approval.	(B) Approved by Reg. Engr. Submitted to monthly report by Reg. Engr. showing approvals for previous month. (B) Approved by Reg. Engr. Submitted thru ACC channels for final approval.
4. Civilian - Over 1,000,000 with or without critical materials.	Approved by Reg. Engr. Submitted thru Italian channels to HQ. for final approval.	Approved by Reg. Engr. Submitted thru ACC channels to HQ. for final approval.

EXCEPTIONS TO ABOVE :

Bridges: All plans for structures with span in excess of 10 feet require the approval of HQ.

(A) On projects not requiring financial approval of HQ. 2 copies of plan and 1 copy of estimate shall be submitted direct to channels. One copy of plan will be returned to Regional Engineer bearing of approval.

(B) On projects requiring financial approval by HQ. 2 copies of plan and 1 copy of estimate shall be submitted with financial approval thru channels as outlined above - One copy of plan will be returned to Regional Engineer together with approved form ACC.

NOTE This supersedes all previous instructions with reference to routing of project approval documents.

2164

785017

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

million Lire
1000 Dollars
2,500 sterling

HEADQUARTERS
ALLIED CONTROL COMMISSION
Public Works and Utilities Sub-Commission
AIO 394

RWS/bb

15 September 1944

OF PROJECTS	PROCEDURE Italian Government Territory	PROCEDURE A.M.G. Territory
Types, regardless of required.	Approved by Reg.Engr. Submitted thru ACC channels to HQ. for final approval.	Approved by Reg.Engr. Submitted thru ACC channels to HQ. for final approval.
Up to 500,000 Lire materials	(A) Approved by Compartimenti Italian Engineers only. List submitted to Reg.Engr. by 25th of subsequent month for attachment to monthly report. (B) Approved by Reg.Engr. Submitted thru Italian channels to HQ. for final approval.	Approval by Reg.Engr. List attached to monthly report by Reg.Engr. showing approvals for previous month. (B) Approved by Reg.Engr. Submitted thru ACC channels to HQ for final approval.
500 to 1,000,000 Lire materials	(A) Approved by Reg.Engr. Forwarded by Italian Engr. to the Minister for final approval. List attached to monthly report by Reg.Engr. showing approvals for previous month. (B) Approved by Reg.Engr. Submitted thru Italian channels to HQ. for final approval.	(B) Approved by Reg.Engr. List attached to monthly report by Reg.Engr. showing approvals for previous month. (B) Approved by Reg.Engr. Submitted thru ACC channels for final approval.
Over 1,000,000 with or without materials.	Approved by Reg.Engr. Submitted thru Italian channels to HQ. for final approval.	Approved by Reg.Engr. - Submitted thru ACC channels to HQ. for final approval.

for structures with span in excess of 10 feet require the approval of HQ.
requiring financial approval of HQ. 2 copies of plan and 1 copy of estimate shall be submitted direct to HQ thru ACC.
copy of plan will be returned to Regional Engineer bearing of approval.
requiring financial approval by HQ. 2 copies of plan and 1 copy of estimate shall be submitted with financial documents
outlined above - One copy of plan will be returned to Regional Engineer together with approved form ACC/1.
all previous instructions with reference to routing of project approval documents.

57

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

785017

SITUATION OF HOUSING PROJECTS AS OF 31 DECEMBER 1945

Works undertaken

Compartments	<u>Total Projects</u>			<u>Total Rooms</u>		
	Private	Genio Civile	Total	Private	Genio Civile	Total
Sicilia	6114	4782	1.0896	18.727	21.807	40.534
Sardegna	458	2862	3.320	1.137	10.521	11.658
Calabria	1517	2072	3.589	4.577	9.280	13.857
Basilicata	75	57	132	190	384	574
Puglie	896	189	1.085	2.388	1.568	3.956
Campania e Molise	9612	990	10.602	80.151	11.066	91.217
Lazio-Umbria	13869	988	14.857	64.150	8.692	72.842
Abruzzi	13543	1702	15.245	57.767	8.827	66.594
Marche	4108	41	4.149	12.814	368	13.182
Toscana	16811	1187	17.998	80.515	7.404	87.919
Emilia	11042	286	11.328	70.190	2.860	73.050
Piemonte	3074	1	3.075	19.772	5	19.777
Liguria	8122	3	8.125	43.535	21	43.556
Lombardia	810	640	1.490	4.057	6.595	10.652
Veneto	7110	293	7.403	40.628	1.341	41.969
	97.161	16.133	113.294	500.598	90.739	591.337

Works Completed

Compartments	<u>Total Projects</u>			<u>Total Rooms</u>		
	Private	Genio Civile	Total	Private	Genio Civile	Total
Sicilia	4.500	3.386	7.886	13.532	16.288	29.820
Sardegna	458	2.601	3.059	1.137	9.396	10.533
Calabria	1.206	1.988	3.194	3.360	7.522	10.882
Basilicata	35	34	69	89	130	219
Puglie	810	160	970	1.618	958	2.576
Campania e Molise	4.039	737	4.776	33.255	4.971	38.226
Umbria	2.556	476	10.032	42.639	5.300	47.939
		1.041	12.030	48.188	4.549	52.737
			3.598	11.149	211	11.360
			949	42.154	6.711	48.865
				32.735	2.840	35.575
						9.000

2160

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

785017

54

1873

SUMMARY OF THE HISTORY

OF THE

AGRICULTURE SUB-COMMISSION

5 March 1946

83
RHC/ob
5 March 1946

SUMMARY OF THE HISTORY
OF THE
AGRICULTURE SUB-COMMISSION

* * *

The Agriculture Sub-Commission was first formed at Tizi-Ouzou, Africa, in October 1943. During the first few weeks of its inception a few agricultural officers were assembled to develop what they thought should be the Agriculture Program for that part of Italy which was liberated from the enemy, and for other parts as territory was taken. During this period the members had at their disposal old books and some up-to-date material concerning Italy. Studies were made and information was collected from the troops which occupied Sicily about agricultural conditions as they found them. During September 1943 agriculture observers went to Sicily to visit the Italian agriculture offices and view crop production and conduct surveys. During the first period of the initial occupation the matter which interested the Allied Army most was to see that the largest contribution possible was made to the war effort, and that as much food as possible was made available to the Italian population.

The military operations in Sicily began July 10, 1943 and finished in the early part of September. The wheat harvest was in the process of being threshed at that time. The problem of collecting wheat and other food was a major one as the machinery for compulsory amassing was not functioning well. It was necessary to increase the price of wheat and olive oil in order to improve collections. At first as an emergency measure trucks were sent to the farms where grain was requisitioned and hauled to the city population who in many cases had only a very short supplies of food. This was not a very popular method and force was necessary in order to collect food in this way.

The country was divided into regions, which more or less corresponded to the Italian compartments, and as the country was liberated, Agriculture Headquarters field offices were set up in the capital of the region with offices in the provinces. This decentralization was carried out to expedite operations and make all control and administration work easier.

Some of the first activities of the Sub-Commission was to collect information and make surveys to determine the quantity of food available in the territory, the quantity which had been amassed, and the stocks on hand, and help with collection programs. The next efforts were spent in instructing the Provincial Inspectorates of Agriculture and the Consorzi Agrari regarding their activities during the military operations. Some of the Italian Agriculture positions were found vacant, and some filled by unsuitable people. The selection of new officials and reorganization began immediately wherever it was found necessary after the territory was occupied. The Sub-Commission maintained close cooperation with all military groups which occupied the various territories and good support was secured from them in issuing and carrying out decrees affecting agriculture, which were prepared by the Agriculture Sub-Commission.

In November all the members of the Sub-Commission were moved to Palermo which was used as Headquarters at that time. During this period transportation

The Agriculture Sub-Commission was first formed at Tizi-Ouzou, Africa, in October 1942. During the first few weeks of its inception a few agricultural officers were assembled to develop what they thought should be the Agriculture Program for that part of Italy which was liberated from the enemy, and for other parts as territory was taken. During this period the members had at their disposal old books and some up-to-date material concerning Italy. Studies were made and information was collected from the troops which occupied Sicily about agricultural conditions as they found them. During September 1943 agriculture observers went to Sicily to visit the Italian agriculture offices and view crop production and conduct surveys. During the first period of the initial occupation the matter which interested the Allied Army most was to see that the largest contribution possible was made to the war effort, and that as much food as possible was made available to the Italian population.

The military operations in Sicily began July 10, 1943 and finished in the early part of September. The wheat harvest was in the process of being threshed at that time. The problem of collecting wheat and other food was a major one as the machinery for compulsory amassing was not functioning well. It was necessary to increase the price of wheat and olive oil in order to improve collections. At first as an emergency measure trucks were sent to the farms where grain was requisitioned and hauled to the city population who in many cases had only a very short supplies of food. This was not a very popular method and force was necessary in order to collect food in this way.

The country was divided into regions, which more or less corresponded to the Italian compartments, and as the country was liberated, Agriculture Headquarters field offices were set up in the capital of the region with offices in the provinces. This decentralization was carried out to expedite operations and make all control and administration work easier.

Some of the first activities of the Sub-Commission was to collect information and make surveys to determine the quantity of food available in the territory, the quantity which had been amassed, and the stocks on hand, and help with collection programs. The next efforts were spent in instructing the Provincial Inspectors of Agriculture and the Consorzi Agrari regarding their activities during the military operations. Some of the Italian Agriculture positions were found vacant, and some filled by unsuitable people. The selection of new officials and reorganization began immediately wherever it was found necessary after the territory was occupied. The Sub-Commission maintained close cooperation with all military groups which occupied the various territories and good support was secured from them in issuing and carrying out decrees affecting agriculture, which were prepared by the Agriculture Sub-Commission.

In November all the members of the Sub-Commission were moved to Palermo which was used as Headquarters at that time. During this period transportation was extremely difficult and in many cases field officers had to hitch-hike from province to province to keep the Italian Agriculture and Military groups informed. At first the Italian Agricultural officials did not know just what would happen to them as the territory was taken over, who was to give them instructions or delegate authority, but soon Italian

Agriculture officials worked with the Commission in such a way that each province would contribute most to the war effort. When the officials failed to cooperate pressure was brought to bear, and either they performed their duties well, or replacements were made. The Agriculture Sub-Commission in the early days carried out all the functions of the Italian Ministry of Agriculture as no organization existed at that time. In addition the Commission prepared the necessary decrees and forms which were put in force under the AMG.

The first Director of the Sub-Commission was Colonel W. H. Hartman, who was a soldier of the last war and an excellent agriculturist and had the ability to act aggressively and make intelligent quick decisions under all circumstances. He delegated authority to his staff and the work progressed rapidly and effectively under such leadership.

In December 1943 the Sub-Commission was moved to Naples, at which time a temporary Ministry of Agriculture was set up at Salerno and an Allied liaison officer was stationed at Salerno. The first members of the Ministry were unable to give the Sub-Commission much help with its operational program as they had little contact with field groups and were not in a position to satisfy the needs of that time which called for a vigorous agriculture program. Therefore, these men were most useful as advisers. The Italian Ministry at that period was unstable; they had few personnel and these were being continually changed with the result that the Sub-Commission continued to carry the load to satisfy military and Italian civilian demands.

Reorganization of Italian Ministry of Agriculture

The Sub-Commission soon realized the necessity of reorganizing the top heavy incumbent groups of corporate organizations in agriculture, which grew up under the Fascist system, and which were the organs for production and distribution control of Italian Agriculture. It was recommended and decrees were passed so that a simplified straight-line organization with the best trained Italian agriculturists available be responsible for operating the new organizations. Many of the appointees of the old corporate system were political with a poor agriculture background. It was recommended and decrees were passed so that the administration and responsibilities should run down from the Minister to the compartments and provinces and communes. As AMG advanced, the confederations, anti economic and syndicates which formed the basis of Italian Agriculture economy were abolished. The Sub-Commission made a thorough study of the whole Italian organization of Agriculture under the Fascist regime in cooperation with responsible Italian officials of Agriculture set up by the Badoglio government. It was decided that the vertical system of ente-syndicate, which were each separate and distinct with many officials and employees as well as their power to levy taxes, and certain political functions would be eliminated. The purpose of these organizations was to revert back to the principle of an educational and service institution for farmers. Early in December 1943 a broad outline of the plans for the new setup of the Ministry of Agriculture was worked out with the then Minister Tommaso Siciliani. Progress in the early period was slow because of the hesitancy of the Minister to take part in the reorganization and the large number of personnel involved in the various enti. There was a change of Minister of February 16, 1944, and the new Minister, Lucifero Falconi, took control in Salerno. The Minister was a lawyer and proprietor of a large farm. He was a former Prefect and had considerable ability. During the short period in office, he showed considerable energy and forcefulness and a

The first Director of the Sub-Commission was Colonel W. H. Hartman, who was a soldier of the last war and an excellent agriculturist and had the ability to act aggressively and make intelligent quick decisions under all circumstances. He delegated authority to his staff and the work progressed rapidly and effectively under such leadership.

In December 1943 the Sub-Commission was moved to Naples, at which time a temporary Ministry of Agriculture was set up at Salerno and an Allied liaison officer was stationed at Salerno. The first members of the Ministry were unable to give the Sub-Commission much help with its operational program as they had little contact with field groups and were not in a position to satisfy the needs of that time which called for a vigorous agriculture program. Therefore, these men were most useful as advisers. The Italian Ministry at that period was unstable; they had few personnel and these were being continually changed with the result that the Sub-Commission continued to carry the load to satisfy military and Italian civilian demands.

Reorganization of Italian Ministry of Agriculture

The Sub-Commission soon realized the necessity of reorganizing the top heavy incumbent groups of corporate organizations in agriculture, which grew up under the Fascist system, and which were the organs for production and distribution control of Italian Agriculture. It was recommended and decrees were passed so that a simplified straight-line organization with the best trained Italian agriculturists available be responsible for operating the new organizations. Many of the appointees of the old corporate system were political with a poor agriculture background. It was recommended and decrees were passed so that the administration and responsibilities should run down from the Minister to the compartments and provinces and communes. As AMG advanced, the confederations, enti economici and syndicates which formed the basis of Italian Agriculture economy were abolished. The Sub-Commission made a thorough study of the whole Italian organization of Agriculture under the Fascist regime in cooperation with responsible Italian officials of Agriculture set up by the Badoglio government. It was decided that the vertical system of ente-syndicate, which were each separate and distinct with many officials and employees as well as their power to levy taxes, and certain political functions would be eliminated. The purpose of these organizations was to revert back to the principle of an educational and service institution for farmers. Early in December 1943 a broad outline of the plans for the new setup of the Ministry of Agriculture was worked out with the then Minister Tommaso Siciliani. Progress in the early period was slow because of the hesitancy of the Minister to take part in the reorganization and the large number of personnel involved in the various enti. There was a change of Minister of February 16, 1944, and the new Minister, Lucifero Falconi, took control in Salerno. The Minister was a lawyer and proprietor of a large farm. He was a former Prefect and had considerable ability. During the short period he was in office, he showed considerable energy and forcefulness and a real desire to help the Allies to effect reforms for the good of Italian Agriculture. He was anxious that the organization of the Ministry be simplified and agreed to the plan set up by the previous Minister. The system which was prepared and published by the Agriculture Sub-Commission at that time was largely outlined in a book which carried decrees and

785017

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

other pertinent information regarding the reorganization. The book published was entitled "Reactivation of Italian Agriculture". The system as set out brought all Agriculture Forestry and Fisheries control under the absolute authority of the Minister of Agriculture. Agricultural programs sponsored by the Italian Ministry of Agriculture under the new plan were to be carried out under compartmental and provincial ispettorati with representatives in the communes. These were radical changes, attempting to make Italian Agriculture economy democratic. They were designed to be beneficial to all agriculturists and to have far reaching effects on the whole agriculture Italian economy. The former enti were supported in a large part by direct levies on the producers, and abolition of the enti was recommended as an encouragement to the producers, for a large number of the officials who were none too popular with the producers could thus be eliminated. It also reduced the opportunity for the misuse and misappropriation of the moneys which they collected from the farmers. In the early days, although the Ministry was wholeheartedly in agreement with many of the proposals agreed upon, great difficulty was encountered in securing political, trustworthy and competent members for the Ministry. Only a handful of Italian officials made up the entire Ministry at that time. At that period the Agriculture Sub-Commission was an action agency. All the forms, decrees, crop reports, surveys and supply procurement were the direct responsibility of the Sub-Commission. Attempts were made to secure as much cooperation as possible and efforts made to reorganize the Ministry, provincial and compartmental groups to assume responsibility for the programs. As time progressed, more responsibilities were given to the Italians regarding the programs.

Plans for the reorganization of the Ministry of Agriculture with details of duties, which would be their responsibilities, were prepared during the time the Sub-Commission was stationed in Naples. It might be stated that the objectives of the Sub-Commission was the formulation of such Agriculture Forestry and Fisheries policies, plans and procedures to secure the maximum production of harvest of food, fishing and forestry crops required for all military and civilian purposes.

Collection and Supply Program

The first seed potatoes imported into Italy came into Italy in 1943/1944. A shipment of approximately 40,000 tons came into Southern Italy. The potatoes arrived during December 1943, January and February 1944. These potatoes were put out to Italian producers at a price of 9.50 to 12 lire per kilo and the producers were required to sign a contract to sell a minimum 70% of the crop to the Army, at a minimum price of 7.50 lire per kilogram. In this way the Army secured a good supply of seed potatoes. About 1,000 tons of spring wheat for spring planting was secured from stocks of food wheat for planting in the areas which were not planted because of war operations. The Sub-Commission worked with the regions to see that the small stocks of fertilizers found in the area during the time of occupation would be distributed to the best advantage for crop production.

The Sub-Commission worked with the Italian officials to set up prices which would hold down inflation as much as possible. The prices established were set in such a way that a uniform price rise was reflected in all of the major agriculture crops which were amassed. In those early days amassing was also difficult because of the black market activity and also because part of the agriculture products were sold without a controlled price. What few industrial products were available were sold at extremely high prices which were never in line with the official agriculture prices, as established

the whole agriculture Italian economy. The former enti were supported in a large part by direct levies on the producers, and abolition of the enti was recommended as an encouragement to the producers, for a large number of the officials who were none too popular with the producers could thus be eliminated. It also reduced the opportunity for the misuse and misappropriation of the moneys which they collected from the farmers. In the early days, although the Ministry was wholeheartedly in agreement with many of the proposals agreed upon, great difficulty was encountered in securing political, trustworthy and competent members for the Ministry. Only a handful of Italian officials made up the entire Ministry at that time. At that period the Agriculture Sub-Commission was an action agency. All the forms, decrees, crop reports, surveys and supply procurement were the direct responsibility of the Sub-Commission. Attempts were made to secure as much cooperation as possible and efforts made to reorganize the Ministry, provincial and compartmental groups to assume responsibility for the programs. As time progressed, more responsibilities were given to the Italians regarding the programs.

Plans for the reorganization of the Ministry of Agriculture with details of duties, which would be their responsibilities, were prepared during the time the Sub-Commission was stationed in Naples. It might be stated that the objectives of the Sub-Commission was the formulation of such Agriculture Forestry and Fisheries policies, plans and procedures to secure the maximum production of harvest of food, fishing and forestry crops required for all military and civilian purposes.

Collection and Supply Program

The first seed potatoes imported into Italy came into Italy in 1943/1944. A shipment of approximately 40,000 tons came into Southern Italy. The potatoes arrived during December 1943, January and February 1944. These potatoes were put out to Italian producers at a price of 9.50 to 12 lire per kilo and the producers were required to sign a contract to sell a minimum 70% of the crop to the Army, at a minimum price of 7.50 lire per kilogram. In this way the Army secured a good supply of seed potatoes. About 1,000 tons of spring wheat for spring planting was secured from stocks of food wheat for planting in the areas which were not planted because of war conditions. The Sub-Commission worked with the regions to see that the small stocks of fertilizers found in the area during the time of occupation would be distributed to the best advantage for crop production.

The Sub-Commission worked with the Italian officials to set up prices which would hold down inflation as much as possible. The prices established were set in such a way that a uniform price rise was reflected in all of the major agriculture crops which were amassed. In those early days amassing was also difficult because of the black market activity and also because part of the agriculture products were sold without a controlled price. What few industrial products were available were sold at extremely high prices which were never in line with the official agriculture prices, as established for the Amassi. This disparity of official grain and legume prices with industrial prices and labor has been one of the most important handicaps for all collection programs since occupation.

50

- 4

During the early riots, when the military groups supplied the provinces in large number and heavy pressure was applied, it was easier to get supplies and cooperation from the Italian officials in the collection of grain. However, as the military personnel decreased in numbers the collection and the control became more and more difficult.

Demands were made on the Italians to provide local resources and the Agriculture Sub-Commission helped considerably in this program. Large numbers of mules were purchased in Sicily and Calabria for Army use. Supplies of hay and grain were secured throughout the area. Fresh vegetables and potatoes were made available through the efforts of the Allied officers working with the Italian officials. Supplies of sheep and goats and beef and eggs were purchased for Army units. Lumber was secured and the continuation of good forestry practices were sponsored by the Forestry personnel. The Sub-Commission sponsored a large program of firewood cutting to supply the soldiers of the Fifth and Eighth Armies during the winter period with fuel. Another activity which was immediately started was the reactivation of the fishing industry. During the period of war operations, the fishing boats were not allowed to carry out ocean fishing. Permission was secured as soon as military operations allowed for ships to be sent out to a limited zone.

The Sub-Commission sent out from time to time observers beyond enemy lines to secure information on the agriculture situation and promoted a program of resistance on the part of the farmers, encouraging them to withhold from the Axis grain, livestock, etc., which were demanded of them. Farmers were informed by radio and other means of the difference in prices existing between enemy and Allied prices, and propaganda campaigns carried out encouraging them to the farmers to hold their products until the arrival of the Allies.

It was important during the Military stages to know where available food supplies were located, so that whenever cities were captured an adequate supply of local food could be supplied to them. For instance, long before Rome and Naples were liberated, local stocks of wheat were designated, so that almost immediately the supply started to roll into these areas. Invariably, the stocks of food were low when Allied Troops entered an area. Knowing all these facts, the amassing of food products was pressed by Agriculture Officers and Military personnel to the utmost in the early period.

Shifting of Responsibilities to Italian Officials

It was not until the Sub-Commission entered Rome that it was possible to turn over much responsibility to the Italian Government regarding the activities which were being carried on by the Sub-Commission. Even when Rome was taken it was disappointing to find that many of the outstanding agriculture officials had gone North and only a limited number were left behind to be useful in carrying out the work of Agriculture. A rather disorganized group was found available at the time Rome was occupied. As time passed, new personnel was secured for key positions and more responsibility was given to the Italians. One of the most difficult tasks during this period was to try to make the agriculture economy of the areas occupied self-sufficient during the period when the country was divided. Some of the difficulties encountered were very evident. For instance, Southern Italy depended upon Northern Italy for farm machinery, machinery parts and many agricultural supplies. Northern Italy depended upon Southern Italy for olive oil, citrus fruits, nuts, wool and cotton. There was a transfer of seed potatoes, corn and beans from North to South. A transfer of insecticides and fertilizers was carried on during normal times as well as many other transfers.

785017

Hay and grain were secured throughout the area. Fresh vegetables and potatoes were made available through the efforts of the Allied officers working with the Italian officials. Supplies of sheep and goats and beef and eggs were purchased for Army units. Lumber was secured and the continuation of good forestry practices were sponsored by the Forestry personnel. The Sub-Commission sponsored a large program of firewood cutting to supply the soldiers of the Fifth and Eighth Armies during the winter period with fuel. Another activity which was immediately started was the reactivation of the fishing industry. During the period of war operations, the fishing boats were not allowed to carry out ocean fishing. Permission was secured as soon as military operations allowed for ships to be sent out to a limited zone.

The Sub-Commission sent out from time to time observers beyond enemy lines to secure information on the agriculture situation and promoted a program of resistance on the part of the farmers, encouraging them to withhold from the Axis grain, livestock, etc., which were demanded of them. Farmers were informed by radio and other means of the difference in prices existing between enemy and Allied prices, and propaganda campaigns carried out encouraged the farmers to hold their products until the arrival of the Allies.

It was important during the Military stages to know where available food supplies were located, so that whenever cities were captured an adequate supply of local food could be supplied to them. For instance, long before Rome and Naples were liberated, local stocks of wheat were designated, so that almost immediately the supply started to roll into these areas. Invariably, the stocks of food were low when Allied Troops entered an area. Knowing all these facts, the amassing of food products was pressed by Agriculture Officers and Military personnel to the utmost in the early period.

Shifting of Responsibilities to Italian Officials

It was not until the Sub-Commission entered Rome that it was possible to turn over much responsibility to the Italian Government regarding the activities which were being carried on by the Sub-Commission. Even when Rome was taken it was disappointing to find that many of the outstanding agriculture officials had gone North and only a limited number were left behind to be useful in carrying out the work of Agriculture. A rather disorganized group was found available at the time Rome was occupied. As time passed, new personnel was secured for key positions and more responsibility was given to the Italians. One of the most difficult tasks during this period was to try to make the agriculture economy of the areas occupied self-sufficient during the period when the country was divided. Some of the difficulties encountered were very evident. For instance, Southern Italy depended upon Northern Italy for farm machinery, machinery parts and many agricultural supplies. Northern Italy depended upon Southern Italy for olive oil, citrus fruits, nuts, wool and cotton. There was a transfer of seed potatoes, corn and beans from North to South. A transfer of insecticides and fertilizers was carried on during normal times as well as many other transfers.

Transportation for the movement of supplies and transportation for both Military and Civilian personnel has never been adequate. Even after territories were opened up the difficulty of transportation and movements was always a tremendous handicap. The rates set for transportation have been so exorbitant that it contributed much to inflation and high prices of food and supplies when it reached the final consumer.

49-5

The work of the Agriculture Sub-Commission was most effective when agriculture officers were stationed in various regions and provinces. The personnel was never wholly adequate to carry out programs as effectively as was desired. In one respect, however, this may have been an advantage as it forced the Italians to rely upon their own personnel. When Allied personnel work was in the regions, the Italians depended considerably upon them for help and in some instances did not do their utmost to solve their own problems. The activities of the Agriculture Sub-Commission changed to a more advisory capacity when the group moved to Rome, at which time some civilians to the Agriculture Staff were added to the organization to replace Military personnel. Unfortunately for the Agriculture Program many of the civilian personnel did not stay long enough to contribute much to the program. The general programs and activities started upon first entering Italy were never materially changed. The decrees and regulations set up in the reactivation book were largely carried into the North when it was opened up.

One of the most evident changes which has taken place in the shift-over by the Sub-Commission from an action agency to an advisory agency, and the Italian Government assuming more responsibility has been its lack of influence regarding amassing programs and control of inflation. Resistance on the part of the farmers regarding amassing was never so evident as it is today. During the past year, offices set up by the Government to regulate amassing have been burned in certain areas and the lives of the people operating them have been threatened. The carabinieri and others responsible for enforcement of amassing laws are not now in sympathy with the program and act accordingly. Mass demonstrations against amassing of wheat, and olive oil are not uncommon, and every device of evasion is used, such as, inaccurate crop reporting on the part of the farmers and in certain cases officials.

At the beginning the Agriculture Sub-Commission set prices of Agriculture products, and as time went on this responsibility was turned over to the Inter-Ministerial Price Committee. This Committee has not followed any definite price policy. Originally agriculture prices and prices of commodities were set, so as to maintain a balance. As time went on this equilibrium was broken and today no such balance exists. The Sub-Commission still reviews prices; however, little or no influence can be exercised at this time.

In setting up price policy for UNRRA Supplies, the Agriculture recommendations to hold down their prices by imported supplies was not considered favorably by the Inter-Ministerial Price Committee and Italian Government officials.

The present activities of the Sub-Commission are largely connected with securing and distribution of local and imported supplies, gathering statistics on crops, livestock, amassing, which are the basis for Italian food imports. Programs of an educational and advisory capacity to maximize the production of crops, livestock, forestry and fisheries are being sponsored, and some assistance on export trade has been carried out. Reports are continually being prepared on all the various agriculture activities and supplies for use by Washington and London and the Embassy.

Since the officers in the provinces have been withdrawn, it is necessary for members at Headquarters to make field trips to study conditions in the field. In addition to the disposal of imported supplies considerable work has been done on the distribution of captured animals and surplus supplies.

As a matter of fact it seems that the personnel of the Sub-Commission is requested to make an unusually large number of seemingly duplicated reports.

785017

2176

785017

advisory capacity when the group moved to Rome, at which time some civilians to the Agriculture Staff were added to the organization to replace Military personnel. Unfortunately for the Agriculture Program many of the civilian personnel did not stay long enough to contribute much to the program. The general programs and activities started upon first entering Italy were never materially changed. The decrees and regulations set up in the reactivation book were largely carried into the North when it was opened up.

One of the most evident changes which has taken place in the shift-over by the Sub-Commission from an action agency to an advisory agency, and the Italian Government assuming more responsibility has been its lack of influence regarding amassing programs and control of inflation. Resistance on the part of the farmers regarding amassing was never so evident as it is today. During the past year, offices set up by the Government to regulate amassing have been burned in certain areas and the lives of the people operating them have been threatened. The carabinieri and others responsible for enforcement of amassing laws are not now in sympathy with the program and act accordingly. Mass demonstrations against amassing of wheat, and olive oil are not uncommon, and every device of evasion is used, such as, inaccurate crop reporting on the part of the farmers and in certain cases officials.

At the beginning the Agriculture Sub-Commission set prices of Agriculture products, and as time went on this responsibility was turned over to the Inter-Ministerial Price Committee. This Committee has not followed any definite price policy. Originally agriculture prices and prices of commodities were set, so as to maintain a balance. As time went on this equilibrium was broken and today no such balance exists. The Sub-Commission still reviews prices; however, little or no influence can be exercised at this time.

In setting up price policy for UNRRA Supplies, the Agriculture recommendations to hold down their prices by imported supplies was not considered favorably by the Inter-Ministerial Price Committee and Italian Government officials.

The present activities of the Sub-Commission are largely connected with securing and distribution of local and imported supplies, gathering statistics on crops, livestock, amassing, which are the basis for Italian food imports. Programs of an educational and advisory capacity to maximize the production of crops, livestock, forestry and fisheries are being sponsored, and some assistance on export trade has been carried out. Reports are continually being prepared on all the various agriculture activities and supplies for use by Washington and London and the Embassy.

Since the officers in the provinces have been withdrawn, it is necessary for members at Headquarters to make field trips to study conditions in the field. In addition to the disposal of imported supplies considerable work has been done on the distribution of captured animals and surplus supplies.

As a matter of fact it seems that the personnel of the Sub-Commission is requested to make an unusually large number of seemingly duplicated reports. This, in addition to necessary administrative procedures have handicapped somewhat the field work and contacts made in early periods.

48 - 6

In looking back over the activities of the Agriculture Sub-Commission and the programs that it has sponsored, a few points might be mentioned which would have made matters and perhaps reactivated Italian agriculture more rapidly. The first thing which might be mentioned is the failure to carry out a good educational program. The Italians farmers have never been fully informed about the activities, reorganization and attempts made by the Sub-Commission on their behalf. The removal of incompetent and politically involved officials was poorly carried out by Security. The communal committees which were set up to be a democratic part in all agricultural programs have never been active, owing to the failure of the Italian Government and the Sub-Commission to insist that farmers be informed of their participation in the Program. Consequently, the individual farmer was not informed of the plans and programs.

The distribution of imported agricultural supplies has not in all cases been carried out as well as would have been liked, because of speculation, unplanned allocation and distribution and theft of the supplies. The changing of personnel in the Italian Organization as well as the changing of personnel in the Allied Military and Civilian Groups has not been helpful to a continual development of any program planned.

Inflation which started during the war period and has continued unchecked, the disparity of prices, a shortage of supplies and the effect of drought have been the most adverse factors to agricultural progress.

Ralph F. Germann

Ralph F. Germann
Captain, AUS

1870

Ext. 279

AJP/lb

HEADQUARTERS ALLIED COMMISSION

APO 394

FOOD & AGRICULTURE SUB-COMMISSION

1 March 1946

To : Director Food & Agriculture Sub-Com.

From : Rationing Division

Subject : Report in accordance with letter E.S. ES/1.22

In developing any scheme of rationing, there are primarily two requisites: knowledge of the number of people to be covered, and the quantity of food to be distributed. It was not to be expected that following the trail of battle and overthrow of an undesirable regime, accurate data on the first requirement would be forth-coming, as many senior officials had fled, records were lost or destroyed and also many of the population had migrated leaving no trace of their whereabouts. Of the second requisite, the same conditions with the breakdown and loss of transport, served to reduce any information on supplies to negligible proportions. The untiring effort of officers in the field and their remedial measures in the early days, localised and mitigated any disastrous result however, on a hit and miss basis, but there was later evident a tendency to ignore the need to develop a national policy of distribution by H.Q.

When the Ministry for Food (Agriculture) and its dependent offices was re-established, it was and still is very difficult to obtain accurate returns of the population figures.

The original basis of equal rations was developed at an early stage, in to rationing by needs. Special scales for hospitals, police, refugees, civil prisoners etc. were established, together with supplementary rations for others, such as heavy workers, Allied National school children, expectant and nursing mothers etc. which enhanced the difficulty of obtaining reliable data.

Ration cards were specially designed to fit in with the available supplies, until the Ministry was empowered

1 March 1946

To : Director Food & Agriculture Sub-Com.

From : Rationing Division

Subject : Report in accordance with letter E.S. ES/1.22

In developing any scheme of rationing, there are primarily two requisites: knowledge of the number of people to be covered, and the quantity of food to be distributed. It was not to be expected that following the trail of battle and overthrow of an undesirable regime, accurate data on the first requirement would be forth-coming, as many senior officials had fled, records were lost or destroyed and also many of the population had migrated leaving no trace of their whereabouts. Of the second prerequisite, the same conditions with the breakdown and loss of transport, served to reduce any information on supplies to negligible proportions. The untiring effort of officers in the field and their remedial measures in the early days, localised and mitigated any disastrous result however, on a hit and miss basis, but there was later evident a tendency to ignore the need to develop a national policy of distribution by H.Q.

When the Ministry for Food (Agriculture) and its dependent offices was re-established, it was-and still is-very difficult to obtain accurate returns of the population figures.

The original basis of equal rations was developed at an early stage, in to rationing by needs. Special scales for hospitals, police, refugees, civil prisoners etc. were established, together with supplementary rations for others, such as heavy workers, Allied National school children, expectant and nursing mothers etc. which enhanced the difficulty of obtaining reliable data.

Ration cards were specially designed to fit in with the available supplies, until the Ministry was empowered to issue. This involved the obtaining of suitable paper, of printing facilities and guarded transport for distribution down to provinces.

There were many cases of illegally obtained and

46
forged ration cards, condoned by and controlled at by retailers who accept registrations and coupons without question. With Italian courts having so many offences of all descriptions to deal with, it was impossible to get rationing offences dealt with quickly enough to act as a deterrent. Six to seven months was an average time in Rome before cases were brought to court.

In early days, apart from staples such as cereals and olive oil, there were no local products in quantities sufficient to be amassed for national rationing. Rationing, therefore, developed into the distribution of imported foodstuffs, with native grain, oil/fats and now sugar included. It was not until the North was liberated that cheese, meat, jam, milk and fish appeared in any quantities. These items were at the tender mercies of local provincial food authorities according to availability and subject only to a nominal price fixing. As prices were prohibitive to the "special classes" it can be realised that those groups relied entirely on imported commodities.

The local products are now being marketed in comparatively better quantities in a free market. It is doubtful whether the supplies would justify amassing for nationally controlled distribution, involving a need to bring prices to an economic level - a fact which would immediately reduce quantities which now appear available, to negligible proportions.

The duties of Rationing Division consisted of studying the circumstance of the foregoing and the effects on the wide basis of all territory under control, preparing directives for A.C./A.M.G. officers and latterly advising the Italian Commission for Food.

It is a marked fact that in the past few months while the Italian Government has been responsible for the administration, the High Commission for Food would not undertake any adjustments of ration scales without prior sponsorship of the Allied Commission. On the contrary, their proposals involving increases in scales were persistently followed up, although in view of deteriorated amassing, the additional requirements could only be met from external sources. That this policy, excellent though it may appear through Italian eyes, can only result in disappointment, is shown by the recent revelations of world staple shortages which may mean a considerable shortening of supplies and reduction of rations for Italy with consequent reactions of the people against the Government. The High Commission was continually warned on the prospect of smaller imports.

From the above it will be seen that any future operations must take into account, not only immediate military

In early days, apart from staples such as cereals and olive oil, there were no local products in quantities sufficient to be amassed for national rationing. Rationing, therefore, developed into the distribution of imported foodstuffs, with native grain, oil, fats and now sugar included. It was not until the North was liberated that cheese, meat, jam, milk and fish appeared in any quantities. These items were at the tender mercies of local provincial food authorities according to availability and subject only to a nominal price fixing. As prices were prohibitive to the "special classes" it can be realised that those groups relied entirely on imported commodities.

The local products are now being marketed in comparatively better quantities in a free market. It is doubtful whether the supplies would justify amassing for nationally controlled distribution, involving a need to bring prices to an economic level - a fact which would immediately reduce quantities which now appear available, to negligible proportions.

The duties of Rationing Division consisted of studying the circumstance of the foregoing and the effects on the wide basis of all territory under control, preparing directives for A.C./A.M.G. officers and latterly advising the Italian Commission for Food.

It is a marked fact that in the past few months while the Italian Government has been responsible for the administration, the High Commission for Food would not undertake any adjustments of ration scales without prior sponsorship of the Allied Commission. On the contrary, their proposals involving increases in scales were persistently followed up, although in view of deteriorated amassing, the additional requirements could only be met from external sources. That this policy, excellent though it may appear through Italian eyes, can only result in disappointment, is shown by the recent revelations of world staple shortages which may mean a considerable shortening of supplies and reduction of rations for Italy with consequent reactions of the people against the Government. The High Commission was continually warned on the prospect of smaller imports.

From the above it will be seen that any future operations must take into account, not only immediate military safeguards and short term planning against disease and unrest, but as rehabilitation becomes part of the scheme, the fact that world food famine rears its head, at a time when nations assume major crises are past. A continuously strong campaign and heavy pressure must be brought to bear on maximum production

2182

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

785017

45

and collection from local sources, from the time that territory comes under control, to minimise, as far as possible, requirements from imports.

Wm
A. J. P. Parker
A. J. P. Parker
Major
Ration Division

1863

44

FINAL REPORT ON FOOD SUB-COMMISSION

I. INITIAL PROBLEMS.

A) Supplies.

(1) In the initial operations of A.M.G. which followed immediately upon entry into Italy, the immediate problems which faced the Regional and Provincial Supply Officers were:-

(a) There was an almost complete lack of information on the planning which had been carried out by higher echelons preparatory to the occupation. No information existed as to the amounts of foodstuffs that had been stockpiled or were likely to be available, the ration scale that had to be followed in feeding the population, and even the channels through which requirements for supplies could be submitted.

(b) There was an equal lack of information with regard to arrivals of ships carrying relief supplies. It was not unusual for ships to arrive without warning, without the Supply Officer knowing from where the ship had come or for whom the supplies were destined.

(c) Arrivals of supplies were inadequate to meet the minimum needs of the population. E.g. in Apulia, after a survey of the local resources, it was estimated that, to maintain efficiently the existing low ration scales bread, grain or flour should arrive before the end of November 1943. The first ships carrying substantial quantities of supplies did not arrive in Apulia until the early days of January 1944.

B) WAREHOUSING AND RECEIPT OF SUPPLIES.

(1) No specific arrangements had been made for the reception of civilian supplies at ports or for their warehousing. No separate organisation existed for the handling of these supplies; therefore it became the task of the Supply Officer to deal with warehousing and accounting for supplies in addition to his numerous other duties. As a result, ad hoc decisions had to be made, e.g. using the Consorzio Agrario as a warehousing agency. Price policy was indeterminate; after several requests to higher echelons for indication of price policy, the first instruction received was that import supplies should be sold at prevailing Italian prices. This put the burden upon the Supply Officer of establishing a fair price at which imported supplies should be sold, and of course led to imported supplies being sold at different prices in different parts of the country.

C) ORGANISATION.

(1) Supplies in general had to be handled without an adequate trained staff. In A.M.G. days the Regional and Provincial Supply Officers were responsible for all types of supplies, food, medical, agricultural, fuels etc. In addition, in certain instances, even numbers of Supply Officers were inadequate. In the first part of Italian territory which was handed back to the Italian Government for administration, consisting of four provinces with a population of nearly 2½ million people and containing three large ports, the initial work was done by one officer, and it was several weeks before staff was sufficient to put one officer in each of the provinces.

entry into Italy, the immediate problems which faced the Regional and Provincial Supply Officers were:-

- (a) There was an almost complete lack of information on the planning which had been carried out by higher echelons preparatory to the occupation. No information existed as to the amounts of foodstuffs that had been stockpiled or were likely to be available, the ration scale that had to be followed in feeding the population, and even the channels through which requirements for supplies could be submitted.
- (b) There was an equal lack of information with regard to arrivals of ships carrying relief supplies. It was not unusual for ships to arrive without warning, without the Supply Officer knowing from where the ship had come or for whom the supplies were destined.
- (c) Arrivals of supplies were inadequate to meet the minimum needs of the population. E.g. in Apulia, after a survey of the local resources, it was estimated that, to maintain efficiently the existing low ration scales bread, grain or flour should arrive before the end of November 1943. The first ships carrying substantial quantities of supplies did not arrive in Apulia until the early days of January 1944.

B) WAREHOUSING AND RECEIPT OF SUPPLIES.

- (1) No specific arrangements had been made for the reception of civilian supplies at ports or for their warehousing. No separate organisation existed for the handling of these supplies; therefore it became the task of the Supply Officer to deal with warehousing and accounting for supplies in addition to his numerous other duties. As a result, ad hoc decisions had to be made, e.g. using the Consorzio Agrario as a warehousing agency. Price policy was indeterminate; after several requests to higher echelons for indication of price policy, the first instruction received was ~~that~~ ^{that} import supplies should be sold at prevailing Italian prices. This put the burden upon the Supply Officer of establishing a fair price at which imported supplies should be sold, and of course led to imported supplies being sold at different prices in different parts of the country.

C) ORGANISATION.

- (1) Supplies in general had to be handled without an adequate trained staff. In A.M.G. days the Regional and Provincial Supply Officers were responsible for all types of supplies, food, medical, agricultural, fuels etc. In addition, in certain instances, even numbers of Supply Officers were inadequate. In the first part of Italian territory which was handed back to the Italian Government for administration, consisting of four provinces with a population of nearly 2½ million people and containing three large ports, the initial work was done by one officer, and it was several weeks before staff was sufficient to put one officer in each of the provinces.
- (2) There was an initial lack of liaison in matters of supply policy between A.M.G. and Allied Control Commission. It is no exaggeration to state that in the early months no one knew what the supply policy really was.

As a result, different ration scales existed in different parts of the occupied territory, prices of vital commodities such as olive oil varied from one part of the country to another, and there was no central control for the allocation of imported supplies which began to arrive.

SOLUTION OF INITIAL PROBLEMS.

- (1) Information as to arrival of ships began to come in regularly. A section was established at APHQ to handle all shipping matters in connection with civilian supplies and to pass on information.
- (2) Within a reasonable period efforts were made to form a central organisation which would co-ordinate the economic side of activities both on the A.M.G. and the A.C. side. The problem was finally solved in January 1944 when A.C.C. assumed responsibility for both A.M.G. and A.C.C. functions. With this reorganisation came the formation of a Sub-commission to deal specifically with food matters. This was incidentally six months after first entry into Italy. Food Sub-Commission took over immediately the responsibility for warehousing and handling of imported supplies. Officers and other ranks were made available for the necessary supervisory duties, a system of release notes was instituted and general reorganisation carried out until direct responsibility for warehousing could be handed over to an Italian agency, initially under the supervision of the Food Sub-Commission and finally of the newly created Ports and Warehousing Division which was formed as a branch of the Transportation Sub-Commission in the autumn of 1944.

II. SECOND STAGE.

- (1) One of the first problems to be tackled was the establishment of a uniform ration scale in all A.M.G. and A.C.C. territory. This had to be based upon availability of supplies rather than the practical needs of the Italian population, as imported supplies were arriving on a basis which the Food Sub-Commission could not accept as being adequate, but which it had to operate until fresh requirements, thoroughly justified, could be forwarded to the Combined Chiefs of Staff. Starting in February 1944, ration scales for normal consumers and classes of the population requiring special feeding, such as hospitals, heavy workers, refugees, etc., were formulated and issued, and were in uniform application by the end of April 1944.
- (2) The immediate food needs of the population having been met even on a minimum ration scale, the next task was to build up supplies in rear of the advancing armies. The disastrous consequences of the non-existence of extra-Italian stockpiles prior to entry had been fully apparent in the early days of the occupation when a hand to mouth existence had to be followed. To avoid repetition of this, stockpiles of essential foods were built up at strategic points for civilian feeding as fresh areas were ready to be occupied. As a result, throughout the remainder of the advance up the Italian peninsula, food was normally taken into communes within a few hours after the departure of the retreating enemy. The scales for the immediate post occupation period were more generous than those allowed for areas which had been settled for a long period, as it was realised that there would be distress and a definite need for building up of morale and the physical strength of the civilian population.

- (3) At the same time, work proceeded on the building up and submission of reasonable requirements of imported foodstuffs necessary to meet the ration scales that had been established. These were submitted for 90 day periods three months in advance of when the imports would be needed, with full

(1) Information as to arrival of ships began to come in regularly. A section was established at ANHQ to handle all shipping matters in connection with civilian supplies and to pass on information.

(2) Within a reasonable period efforts were made to form a central organization which would co-ordinate the economic side of activities both on the A.M.G. and the A.C. side. The problem was finally solved in January 1944 when A.C.C. assumed responsibility for both A.M.G. and A.C.C. functions. With this reorganization came the formation of a Sub-commission to deal specifically with food matters. This was incidentally six months after first entry into Italy. Food Sub-Commission took over immediately the responsibility for warehousing and handling of imported supplies. Officers and other ranks were made available for the necessary supervisory duties, a system of release notes was instituted and general reorganization carried out until direct responsibility for warehousing could be handed over to an Italian agency, initially under the supervision of the Food Sub-Commission and finally of the newly created Ports and Warehousing Division which was formed as a branch of the Transportation Sub-Commission in the autumn of 1944.

II. SECOND STAGE.

(1) One of the first problems to be tackled was the establishment of a uniform ration scale in all A.M.G. and A.C.C. territory. This had to be based upon availability of supplies rather than the practical needs of the Italian population, as imported supplies were arriving on a basis which the Food Sub-Commission could not accept as being adequate, but which it had to operate until fresh requirements, thoroughly justified, could be forwarded to the Combined Chiefs of Staff. Starting in February 1944, ration scales for normal consumers and classes of the population requiring special feeding, such as hospitals, heavy workers, refugees, etc., were formulated and issued, and were in uniform application by the end of April 1944.

(2) The immediate food needs of the population having been met even on a minimum ration scale, the next task was to build up supplies in rear of the advancing armies. The disastrous consequences of the non-existence of extra-Italian stockpiles prior to entry had been fully apparent in the early days of the occupation when a hand to mouth existence had to be followed. To avoid repetition of this, stockpiles of essential foods were built up at strategic points for civilian feeding as fresh areas were ready to be occupied. As a result, throughout the remainder of the advance up the Italian peninsula, food was normally taken into communes within a few hours after the departure of the retreating enemy. The scales for the immediate post occupation period were more generous than those allowed for areas which had been settled for a long period, as it was realised that there would be distress and a definite need for building up of morale and the physical strength of the civilian population.

(3) At the same time, work proceeded on the building up and submission of reasonable requirements of imported foodstuffs necessary to meet the ration scales that had been established. These were submitted for 90 day periods three months in advance of when the imports would be needed, with full justification as to requirements and indigenous availability.

42

(4) The next task was to build up the bread and pasta ration to the equivalent of 300 grams of bread daily. Upon entry into the country the ration under extreme war conditions was as low as 150 grams of bread with no pasta. This was far below the normal consumption in Italy, but supplies were insufficient to permit any increase until early 1944, when the bread ration was raised to 200 grams, but still pasta could not be issued. As supplies began to improve, and the need for an increase of the ration was fully justified, approval was finally given to raise the ration in South Italy to the equivalent of 300 grams of bread in the form of bread and pasta as from July 1st 1944.

(5) Throughout this building up period special problems arose with respect to the feeding of large cities. In the winter of 1943-1944 it was Naples, in the summer of 1944 it became Rome. Special measures had to be taken to ensure reasonable supply of food to these large cities, e.g. Food Sub-Commission undertook the direct responsibility of obtaining and transporting olive oil from the surplus areas of South Italy to Naples and Rome throughout the first half of 1944, and special transportation facilities were arranged for the importation into Rome of fresh fruit, vegetables, in addition to the ration commodities supplied by A.C.

(6) Throughout the activities of the Food Sub-Commission a constantly recurring problem was that of the movement of surplus foodstuffs from producing areas to deficient areas. In this connection it is true to say that transport was the key to the solution of a large part of the food problem. E.g. there were large surpluses of citrus fruits in Sicily and Calabria, of dried figs and wine in Apulia, which were badly needed in large cities such as Naples and Rome, but which could not be transported in any appreciable quantity, particularly during the early months when transport was disorganised and such a large percent of available transport facilities had to be used solely for military purposes. Italy had very large stocks of salt on the East coast, in Sicily and in Sardinia, but it was a task of considerable magnitude to provide a reasonable salt ration in parts of Italy which were even only 50 or 100 miles away from the sources of supply. Even in products of primary importance such as wheat, we were faced with the task of transporting a very considerable surplus of the grain which existed in the Marche and Umbria regions to Rome and surrounding districts, because the grain was urgently needed to maintain the bread ration, and also because the grain was in danger of spoilage owing to it being stored in many cases in war-damaged warehouses. It was vitally necessary to find a solution to these problems and to get as large a flow of indigenous supplies moving as possible; to do this, a special department of the Food Sub-Commission was set up, to deal exclusively with the moving of salt, wine, fruits, etc., to put in bids for transport and to be in constant liaison with the Italian Government and the Transportation Sub-Commission, so as to break down as far as possible the bottleneck that had occurred in the early days. Considerable success was finally achieved in this; it is true to say that this played a great part in the feeding of Italy, and helped to obviate difficulties which occurred because of irregular arrivals of import supplies.

(7) From the inception of the Sub-Commission one of the major tasks was to encourage the building up in the Italian Government of an effective Ministry of Food. At the beginning all food matters were handled within the Government by a Division of the Ministry of Agriculture. It was obvious that so urgent a problem as the feeding of the country warranted a separate ministry being created to deal with all questions of food supply. As a result of constant liaison with, and representations to the Italian Government, in late 1944 a High Commissioner for Food was appointed who came directly under the President of the Council of Ministers, and in 1945 this Government

2188

which was fully justified, approval was finally given to raise the ration in South Italy to the equivalent of 300 grams of bread in the form of bread and pasta as from July 1st 1944.

(5) Throughout this building up period special problems arose with respect to the feeding of large cities. In the winter of 1943-1944 it was Naples, in the summer of 1944 it became Rome. Special measures had to be taken to ensure reasonable supply of food to these large cities, e.g. Food Sub-Commission undertook the direct responsibility of obtaining and transporting olive oil from the surplus areas of South Italy to Naples and Rome throughout the first half of 1944, and special transportation facilities were arranged for the importation into Rome of fresh fruit, vegetables, in addition to the ration commodities supplied by A.C.

(6) Throughout the activities of the Food Sub-Commission a constantly recurring problem was that of the movement of surplus foodstuffs from producing areas to deficient areas. In this connection it is true to say that transport was the key to the solution of a large part of the food problem. E.g. there were large surpluses of citrus fruits in Sicily and Calabria, of dried figs and wine in Apulia, which were badly needed in large cities such as Naples and Rome, but which could not be transported in any appreciable quantity, particularly during the early months when transport was disorganised and such a large percent of available transport facilities had to be used solely for military purposes. Italy had very large stocks of salt on the East coast, in Sicily and in Sardinia, but it was a task of considerable magnitude to provide a reasonable salt ration in parts of Italy which were even only 50 or 100 miles away from the sources of supply. Even in products of primary importance such as wheat, we were faced with the task of transporting a very considerable surplus of the grain which existed in the Marche and Umbria regions to Rome and surrounding districts, because the grain was urgently needed to maintain the bread ration, and also because the grain was in danger of spoilage owing to it being stored in many cases in war-damaged warehouses. It was vitally necessary to find a solution to these problems and to get as large a flow of indigenous supplies moving as possible; to do this, a special department of the Food Sub-Commission was set up, to deal exclusively with the moving of salt, wine, fruits, etc., to put in bids for transport and to be in constant liaison with the Italian Government and the Transportation Sub-Commission, so as to break down as far as possible the bottleneck that had occurred in the early days. Considerable success was finally achieved in this; it is true to say that this played a great part in the feeding of Italy, and helped to obviate difficulties which occurred because of irregular arrivals of import supplies.

(7) From the inception of the Sub-Commission one of the major tasks was to encourage the building up in the Italian Government of an effective Ministry of Food. At the beginning all food matters were handled within the Government by a Division of the Ministry of Agriculture. It was obvious that so urgent a problem as the feeding of the country warranted a separate ministry being created to deal with all questions of food supply. As a result of constant liaison with, and representations to the Italian Government, in late 1944 a High Commissioner for Food was appointed who came directly under the President of the Council of Ministers, and in 1945 this Government Department was elevated to the status of a Ministry.

(3) Relations with the Army was the subject of considerable attention. In the forward areas, with the armies actually in the field, the problems of civil affairs were thoroughly understood, and close and cordial relations with responsible commanders was the rule rather than the exception. In rear areas, particularly with respect to the question of the amounts of civilian supplies that could be received at Army operated ports and the actual handling of these supplies when they arrived, including port clearance, warehousing and despatch from ports to inland consuming centres, the A.C. problem in the earlier months was not so fully appreciated. It took a considerable time before our representations on this matter began to take effect and the essential nature of A.C. supply operations became fully recognised.

III. THIRD STAGE.

(1) The 300 gram bread ration established in South Italy, future requirements having been firmly established, warehousing and handling of supplies assured and the ration scales having been made uniform, the next step was to present a case for the establishment of the 300 gram bread ration throughout the whole of occupied Italy. Numerous studies were made on the overall availability and requirements of wheat on this basis. The question was thoroughly discussed throughout the whole of the winter of 1944-1945 between A.C., A.F.I.C., and the Combined Chiefs of Staff in Washington, and finally, after almost six months of proposal and counter proposal, the uniform 300 gram bread ration was finally established as of March 1st 1945.

(2) During the winter of 1944-1945 planning for the occupation of North Italy went on continually. This took the form of building up large stockpiles of food at strategic points as far forward as possible, ready to be issued immediately upon entry into the North, and secondly, the preparation and issue of directives for the policy to be followed by all Food Officers when the North was liberated.

(3) After the German collapse a major task was to weld together the food organisations, which were existing under the auspices of the Committees of National Liberation that had taken over administrative responsibility in the North with the German surrender, with the central Italian Government's Food Ministry in Rome. This was accomplished reasonably rapidly, considering the political issues involved. It is worth recording that again the crux of the problem of feeding Northern Italy was transport, i.e. getting the food from the stockpiles into the large consuming centres.

(4) Towards the end of 1945 the battle for wheat recommenced. As a result of a very poor harvest in 1945 it became obvious that very large imports of wheat would be necessary to maintain the existing bread and pasta rations.

IV. LESSONS FOR FUTURE CIVIL AFFAIRS OPERATIONS.

1. There is a need for firm and realistic planning prior to entry upon any future civil affairs operations.
2. There is a need for production of efficient and adequate personnel. Particularly in the early days of A.C. financiers and policemen were made into Food Officers; many of them did remarkably well but "the square peg and the square hole" would appear to be the only logical answer.

785017

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

III. THIRD STAGE.

(1) The 300 gran bread ration established in South Italy, future requirements having been firmly established, warehousing and handling of supplies assured and the ration scales having been made uniform, the next step was to present a case for the establishment of the 300 gran bread ration throughout the whole of occupied Italy. Numerous studies were made on the overall availability and requirements of wheat on this basis. The question was thoroughly discussed throughout the whole of the winter of 1944-1945 between A.C., A.F.I.C., and the Combined Chiefs of Staff in Washington, and finally, after almost six months of proposal and counter proposal, the uniform 300 gran bread ration was finally established as of March 1st 1945.

(2) During the winter of 1944-1945 planning for the occupation of North Italy went on continually. This took the form of building up large stockpiles of food at strategic points as far forward as possible, ready to be issued immediately upon entry into the North, and secondly, the preparation and issue of directives for the policy to be followed by all Food Officers when the North was liberated.

(3) After the German collapse a major task was to weld together the food organisations, which were existing under the auspices of the Committees of National Liberation that had taken over administrative responsibility in the North with the German surrender, with the central Italian Government's Food Ministry in Rome. This was accomplished reasonably rapidly, considering the political issues involved. It is worth recording that again the crux of the problem of feeding Northern Italy was transport, i.e. getting the food from the stockpiles into the large consuming centres.

(4) Towards the end of 1945 the battle for wheat recommenced. As a result of a very poor harvest in 1945 it became obvious that very large imports of wheat would be necessary to maintain the existing bread and pasta rations. 1863

IV. LESSONS FOR FUTURE CIVIL AFFAIRS OPERATIONS.

1. There is a need for firm and realistic planning prior to entry upon any future civil affairs operations.
2. There is a need for production of efficient and adequate personnel. Particularly in the early days of A.C. financiers and policemen were made into Food Officers; many of them did remarkably well but "the square peg and the square hole" would appear to be the only logical answer.
3. There is a need for adequate briefing of all personnel engaged in future civil affairs operations so that the policy to be carried out is fully understood. Above all, the policy on major supply matters should be clearly established, clearly defined, and thoroughly comprehended by everybody concerned, from the highest echelons downwards.
4. One lesson appears to stand out - that transport is preferable to actual supplies; if both cannot be provided simultaneously, it would appear to be more important to bring in the necessary transport even at the expense of initial supplies of food.

Transportation and Shipping Sub-Commission

28 February 1946

Final Report

1. The Transportation Sub-Commission was formed at Tizi Ouzou, North Africa in September 1943 by Lieut. Col. L.E. Vining (B) and landed on the mainland of Italy on the 11th November 1943 under the direction of Col. G.A. Fitch (B).

2. This nucleus of the present Transportation Sub-Commission was attached to Movements & Transportation and consisted of a Rail Division; Ports and Shipping Division, and Rail Movements.

3. A Sub Section consisting of three officers was also sent to Sicily.

4. During its existence the Sub-Commission has been under the direction of the following Directors

Col. S.A. Fitch (B)	from September 1943 to 27 April 1944
Lt. Col. L.E. Vining (B)	from 27 April 1944 to 15 July 1944
Col. D.S. Adams (A)	from 15 July 1944 to December 1944
Mr. Merritt H. Taylor (A)	from December 1944 to 8 August 1945
Mr. Frank Upman Jr. (A)	from 8 August 1945 to 10 October 1945
Col. F.G.D. Buchanan (B)	from 10 October 1945 to 28 February 1946.

5. The Headquarters of the Commission were originally at Naples where they remained until the transfer to Rome in July 1944.

6. From October 1943 until February 1944 a Liaison Officer was maintained at Brindisi with the Military Mission to Italy.

7. In January 1945 in addition to the above, a Planning Division was added, ~~which~~ was found to be unnecessary and was closed in August 1945.

8. The problem facing the Sub-Commission can be expressed in a few words; to move urgent civilian supplies over a completely disrupted transport organization and to rehabilitate the system.

9. In the case of the Rail Division, except for the east coast as far as Ortona, the railways in Southern and Central Italy were almost completely destroyed, this not only refers to track, bridges, tunnels etc. but also to the rolling stock.

10. At the commencement, the Rail Division had no control whatsoever in the repairs or operation of the Italian State Railways, this being entirely undertaken by the Military.

11. The Sub-Commission duties were laid down in :

- a. Appendix P to Planning Directive No 7 of 26 September 1943 issued under ACC/1014 of 26th September 1943.

b. General Order A.T.M. 10. 1960 dated 22 October 1943

2192

ed on the mainland of Italy on the 11th November 1943 under the direction of Col. S.A. Fitch (B).

2. This nucleus of the present Transportation Sub-Commission was attached to Movements & Transportation and consisted of a Rail Division, Ports and Shipping Division, and Rail Movements.

3. A Sub Section consisting of three officers was also sent to Sicily.

4. During its existence the Sub-Commission has been under the direction of the following Directors

Col. S.A. Fitch (B) from September 1943 to 27 April 1944
Lt. Col. L.E. Vining (B) from 27 April 1944 to 15 July 1944
Col. D.S. Adams (A) from 15 July 1944 to December 1944
Mr. Merritt H. Taylor (A) from December 1944 to 8 August 1945
Mr. Frank Upman Jr. (A) from 8 August 1945 to 10 October 1945
Col. F.G.D. Buchanan (B) from 10 October 1945 to 28 February 1946.

5. The Headquarters of the Commission were originally at Naples where they remained until the transfer to Rome in July 1944.

6. From October 1943 until February 1944 a Liaison Officer was maintained at Brindisi with the Military Mission to Italy.

7. In January 1945 in addition to the above, a Planning Division was added, ~~which~~ was found to be unnecessary and was closed in August 1945.

8. The problem facing the Sub-Commission can be expressed in a few words; to move urgent civilian supplies over a completely disrupted transport organization and to rehabilitate the system.

9. In the case of the Rail Division, except for the ~~east~~ coast as far as Ortona, the railways in Southern and Central Italy were almost completely destroyed, this not only refers to track, bridges, tunnels etc. but also to the rolling stock.

10. At the commencement, the Rail Division had no control whatsoever in the repairs or operation of the Italian State Railways, this being entirely undertaken by the Military.

11. The Sub-Commission duties were laid down in :

a. Appendix P to Planning Directive No 7 of 26 September 1943 issued under ACC/1014 of 26th September 1943.

b. General Order A.F.H.Q. No 60 dated 22 October 1943

c. A.F.H.Q. Administrative Memorandum No 76 of 9 November 1943

d. Advanced Administrative Echelon A.F.H.Q. Administrative Instruction No 14, dated 6 December 1943.

12. The chief problem peculiar to the Rail Division was the difficulty in obtaining any rail transport for civilian goods. At first basic trains were allocated for civilian freight but unfortunately these trains were never run, and as loading continued there was considerable congestion of loaded wagons and for a time all civilian freight traffic was cancelled. To overcome this difficulty, basic tonnages were allotted over the various lines for civilian freight, and a complicated system of movement control introduced to control loading which necessitated the ordering of wagons three weeks in advance.

13. As far as the repairs to the railways were concerned, Administrative Circular No 76 was never fully operative. Military Railway Service was only interested in the repair of the parts of the railways required for military purpose and to get civilian traffic started. It was imperative that the Rail Division assisted the I.S.R. to rehabilitate other lines, although that division had not been handed back by the Military. Before the liberation of Northern Italy, a programme had been arranged as to which lines should be repaired by M.R.S. and which by the I.S.R. This programme was not adhered to, which resulted in confusion, overlapping and consequent delay.

14. Another problem was the obtaining of material for the rehabilitation of the lines and the repair of the rolling stock as all railway material had been frozen by the military; such as cement, steel and timber. A.C. intervention was required to obtain release.

15. Due to the depredations of the Germans most of the contractors were without transport and a great deal of time and labour had to be expended on this, especially in obtaining supplies of tyres and P.O.L. The method of obtaining these supplies was never satisfactorily settled.

16. Shortage of technical officers also caused considerable delay in reconstruction, as there were not sufficient available for liaison duties in the different divisions and the civilian contractors were helpless in obtaining release of material etc. without A.C. assistance.

17. Due to the removal of a very large portion of the load carrying vehicles by the enemy at the beginning, the road transportation of goods was almost entirely stopped. There was also a serious shortage of spares and tyres. To deal with these matters a Roads Division was organized in April 1944 and motor vehicles were concentrated in pools over the territory to ensure movement of civilian supplies.

18. Another problem once the civilian vehicles had been collected into pools, was to ensure that the drivers carried out

2194

There was considerable congestion of loaded wagons and for a time all civilian freight traffic was cancelled. To overcome this difficulty, basic tonnages were allotted over the various lines for civilian freight, and a complicated system of movement control introduced to control loading which necessitated the ordering of wagons three weeks in advance.

13. As far as the repairs to the railways were concerned, Administrative Circular No 76 was never fully operative. Military Railway Service was only interested in the repair of the parts of the railways required for military purpose and to get civilian traffic started. It was imperative that the Rail Division assisted the I.S.R. to rehabilitate other lines, although that division had not been handed back by the Military. Before the liberation of Northern Italy, a programme had been arranged as to which lines should be repaired by M.R.S. and which by the I.S.R. This programme was not adhered to, which resulted in confusion, overlapping and consequent delay.

14. Another problem was the obtaining of material for the rehabilitation of the lines and the repair of the rolling stock as all railway material had been frozen by the military; such as cement, steel and timber. A.C. intervention was required to obtain release.

15. Due to the depredations of the Germans most of the contractors were without transport and a great deal of time and labour had to be expended on this, especially in obtaining supplies of tyres and P.O.L. The method of obtaining these supplies was never satisfactorily settled.

16. Shortage of technical officers also caused considerable delay in reconstruction, as there were not sufficient available for liaison duties in the different divisions and the civilian contractors were helpless in obtaining release of material etc. without A.C. assistance.

17. Due to the removal of a very large portion of the load carrying vehicles by the enemy at the beginning, the road transportation of goods was almost entirely stopped. There was also a serious shortage of spares and tyres. To deal with these matters a Roads Division was organized in April 1944 and motor vehicles were concentrated in pools over the territory to ensure movement of civilian supplies.

18. Another problem once the civilian vehicles had been collected into pools, was to ensure that the drivers carried out the duties assigned to them and did not indulge in the far more lucrative black market.

19. As soon as the motor pools were organized and working efficiently, they were handed over to EMAC, an Italian Government organization, who assumed full responsibility for the maintenance

38
~~for the maintenance~~ and running of the vehicles. This organization was formed on February 1st 1945 and assumed full responsibility by November 1945.

20. Another task carried out by the Roads Division was the obtaining of extra vehicles both from the U.S. and from surplus army stocks. This was difficult due to the scarcity of shipping, to transport the vehicles.

21. Shortage of officers rendered the task of dealing with black market traffic very difficult at the commencement, but with the institution of ENAC, road blocks were organized by the Italians and were instrumental in greatly reducing this traffic.

22. The whole of the Italian Merchant Marine was handed over to the Supreme Military Commander under the terms of the Armistice.

23. In a country such as Italy, with a very long coast line in proportion to the area, coastwise shipping naturally carried a large proportion of the traffic.

24. After a great deal of negotiation, small schooners were released for the carriage of civilian goods. Later some of the larger schooners, and finally some coasters were released.

25. Another difficulty was the destruction of the ports by bombs, and the use of all available berths for military purposes.

26. Twelve thousand six hundred forty tons of shipping was released by the Allies in July 1944. The payment of crews, insurance etc. was handed to GOCEMA, an Italian Government organization, set up for this purpose.

27. The almost total destruction of the ports involved the obtaining from the military of temporary means of handling cargoes, also for the clearance of mines etc.

28. By the end of 1945 all ports with the exception of Trieste, Leghorn, Naples and Bari had been handed back to Italian operation and there were in the four ports named, areas set apart, for handling civilian cargoes.

29. The movement of Civilian AC cargoes by road, rail and sea was at first uncorrelated, the Movements Branch dealing solely with rail movements.

30. In January 1945 the whole of the control of the movement of AC and civilian traffic was combined under the Movement Division, who from that date coordinated all movement of civilian goods and refugee services.

31. The chief problem was again the scarcity of all classes of transportation. This was overcome as far as possible by ensuring that the best use was made of the means of transport available and applying methods that enabled wagons to be loaded and unloaded as quickly as possible, and for the expeditious turn

785017

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

21. Encouragement of officers rendered the task of dealing with black market traffic very difficult at the commencement, but with the institution of EMAC, road blocks were organized by the Italians and were instrumental in greatly reducing this traffic.

22. The whole of the Italian Merchant Marine was handed over to the Supreme Military Commander under the terms of the Armistice.

23. In a country such as Italy, with a very long coast line in proportion to the area, coastwise shipping naturally carried a large proportion of the traffic.

24. After a great deal of negotiation, small schooners were released for the carriage of civilian goods. Later some of the larger schooners, and finally some coasters were released.

25. Another difficulty was the destruction of the ports by bombs, and the use of all available berths for military purposes.

26. Twelve thousand six hundred forty tons of shipping was released by the Allies in July 1944. The payment of crews, insurance etc. was handed to GCGEMA, an Italian Government organization, set up for this purpose.

27. The almost total destruction of the ports involved the obtaining from the military of temporary means of handling cargoes, also for the clearance of mines etc.

28. By the end of 1945 all ports with the exception of Trieste, Leghorn, Naples and Bari had been handed back to Italian operation and there were in the four ports named, areas set apart, for handling civilian cargoes.

29. The movement of Civilian AC cargoes by road, rail and sea was at first uncorrelated, the Movements Branch dealing solely with rail movements.

30. In January 1945 the whole of the control of the movement of AC and civilian traffic was combined under the Movement Division, who from that date coordinated all movement of civilian goods and refugee services.

31. The chief problem was again the scarcity of all classes of transportation. This was overcome as far as possible by ensuring that the best use was made of the means of transport available and applying methods that enabled wagons to be loaded and unloaded as quickly as possible, and for the expeditious turn round of all shipping.

32. To ensure the carrying out of the above, Movement Officers were stationed at all of the ports and principal Railway Divisions, Movements having the largest staff of any Division of the Transportation Sub-Commission.

33. The chief duty of Movements Division was to ensure

37

- 4 -

that the best and most economical use was made of the means of Transport available.

General Resume. Problems and Solutions.

1. The problems of the Transportation Sub-Commission can be summed up briefly as: The rehabilitation of the whole of the Italian transport system, which had been almost entirely destroyed in Central and Southern Italy by the war.

2. Railroads. Except in the North, the rail roads had been very severely damaged. Tracks, bridges, tunnel, building, power stations, locomotives and rolling stock being in bad shape.

The chief difficulty was to obtain material for the repairs due to all material required for the work, being frozen by the military.

These difficulties were overcome by constant liaison with the military authorities and in conjunction with Industry and Commerce Sub-Commission for the rehabilitation and release of factories manufacturing such material. The shortage of rolling stock and locomotives was overcome by ensuring that the best use was made of available stock; that wagons were loaded and unloaded quickly, that congestion did not occur, and also that traffic was routed by the most efficient route either rail, road, or sea and arranging for repair of slightly damaged vehicles.

3. Road Transport.

Here again the scarcity of vehicles and the almost complete lack of tyres and spares was the major problem.

This was overcome by the registration of all civilian vehicles and their control by E.N.A.C. an Italian Government organization for civilian traffic; the importation of cargo carrying trucks and obtaining surplus military vehicles, which were formed into trucks pools, for ports and rail-head clearance, and also when required for refugee traffic, which took care of the supplies imported by A.C. for civilian needs.

4. Ports Warehouses and Shipping Sub-Commission.

Shortage of Shipping, the destruction of port facilities and of buildings suitable for use as warehouses were the chief problems. The shortage of shipping was overcome by obtaining the release of schooners and coasters from the Military authorities, the temporary re-pair of buildings for use as warehouses, and the obtaining of release of cargo handling gear and harbour craft etc from the military.

The internal organization of the released vessels was entrusted to Cogema, an organization set up by the Italian Government.

transport system, which had been almost entirely destroyed in Central and Southern Italy by the war.

2. Railroads. Except in the North, the rail roads had been very severely damaged. Tracks, bridges, tunnel, building, power stations, locomotives and rolling stock being in bad shape.

The chief difficulty was to obtain material for the repairs due to all material required for the work, being frozen by the military.

These difficulties were overcome by constant liaison with the military authorities and in conjunction with Industry and Commerce Sub-Commission for the rehabilitation and release of factories manufacturing such material. The shortage of rolling stock and locomotives was overcome by ensuring that the best use was made of available stock; that wagons were loaded and unloaded quickly, that congestion did not occur, and also that traffic was routed by the most efficient route either rail, road, or sea and arranging for repair of slightly damaged vehicles.

3. Road Transport.

Here again the scarcity of vehicles and the almost complete lack of tyres and spares was the major problem.

This was overcome by the registration of all civilian vehicles and their control by E.N.A.C. an Italian Government organization for civilian traffic; the importation of cargo carrying trucks and obtaining surplus military vehicles, which were formed into trucks pools, for ports and rail-head clearance, and also when required for refugee traffic, which took care of the supplies imported by A.C. for civilian needs.

4. Ports Warehouses and Shipping Sub-Commission.

Shortage of Shipping, the destruction of port facilities and of buildings suitable for use as warehouses were the chief problems. The shortage of shipping was overcome by obtaining the release of schooners and coasters from the Military authorities, the temporary re-pair of buildings for use as warehouses, and the obtaining of release of cargo handling gear and harbour craft etc from the military.

The internal organization of the released vessels was entrusted to CoGenA, an organization set up by the Italian Government.

Suggestions for the Future.

1. It is felt that is was not fully realised at the beginning the importance transportation played in the economic life of a country and the vital need for its speedy rehabilitation.
2. That any future civil affairs or relief and rehabilitation operation of transportation be adequately staffed with technical men, especially the rail division, and should also be placed in a position to obtain requisite materials for rehabilitation and repairs.
3. In a country willing to cooperate, greater responsibility should earlier be thrown on the local authorities, who after all knowing their own transportation system, are in a better position to know what railways etc are essential and to the best method of routing traffic.
4. That the function of the different divisions should be advisory and only executive if essential stores etc are not moved according to programme. This of course does not refer to Military traffic, which naturally must be handled under Military control.
5. It must be envisaged that the railways are certain to suffer badly and that a very heavy load will be thrown on to road transportation. Means should be available to implement road transport, until the railways can be repaired.
6. Stricter control should be exercised in the supply of petrol to obviate unnecessary traffic on the road, and of petrol being obtained by unauthorised means for black market operations and unproductive civilian uses.

Walter P. Buchanan
WALTER P. BUCHANAN
Lt. Colonel CMO
for

F.D.C. BUCHANAN
Colonel R.E.
Director.

2200

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

785017

HEADQUARTERS ALLIED COMMISSION
APO 394
INDUSTRY DEPARTMENT
MINING DIVISION

35

7 March 1946

SUBJECT: Report - Mining Division
November 1943 - March 1946

TO : Col. Walker

The Mining Division was created 11th November 1943 by AFHQ and charged with the development of the extractive industries within the theatre, including a) surveying the productive capacities of all mines and workings, and b) initiating all requests for supplies.

The following report shows in a general way what has been done and the main technical obstacles.

SARDINIAN COAL MINES

Since the organization of the Mining Division, production at the Sardinian coal mines has increased from 5,000 metric tons to 73,000 tons in the month of February 1946.

Upon arrival of Mining Division in Sardinia the mines were on a maintenance basis; only the Bacu Abis mine was producing 5000 tons. The loading facilities at the port of Sant'Antioco had been bombed, a ship sunk beside the pier, the harbor full of mines and approx. 70,000 tons of coal stockpiled on the pier was on fire. Also the distillation plant had been partially destroyed. The mines were then inspected and the various damages surveyed. Repairs were started at the distillation plant, power plants, electric loading cranes and the burning coal was dumped into the sea to prepare the pier for newly produced coal. Within two months the pier was sufficiently repaired to load two coal boats at the same time.

Available supplies were inventoried and requisitions were submitted. Arrangements were made to procure mine timber from Corsica, Calabria and in small quantities from local sources. Workers were recruited from the metal mines which were not working and from Italian Army personnel.

It was at this time believed that Sardinian coal would be in great demand and a production program was laid out to produce 100,000 tons per month by July 1944. Production progressed satisfactorily but because of shortage in shipping, orders were received from AFHQ in February 1944 to reduce production to 25,000 tons per month. This situation affected the labor position because, although it was decided to hold all workers employing them on building of roads, sinking of new shafts and other non-productive work, they drifted away or returned to the Army.

1857

-2-

This was responsible for destroying previous production plans and developing an attitude of little interest making it extremely difficult to later reactivate the mines efficiently. The recruiting campaign initiated in subsequent months met with very limited success as the living conditions in Carbonia were not enough attractive to entice or retain workers.

On March 1st, 1944, the mines were officially reverted to Italian Government control.

At present, mainly due to a slight improvement in food conditions, the daily output for the last two months records a progressive increase; also pit props are in better supply, but the question of food and living conditions is and will continue to be always of first importance as Carbonia is located within an isolated area and everything must practically be brought in by rail or truck.

LIGNITE AND OTHER SOLID FUELS - MAINLAND

The Italian mainland mines came into the picture after the German withdrawal. No mine was left untouched, and practically all rail and road transportation facilities were badly damaged. Power stations were also destroyed and the mining companies were short of essential supplies and in financial difficulties.

Through the efforts of Mining Division railroad service was made available to the most important mines and many were assisted with regards to road transportation facilities. Financial assistance was arranged, a fair price for lignite established, materials to reconstruct operations released and assistance given in all their labor difficulties. At present every mine capable of producing is in production and it can be greatly increased if transportation difficulties can be solved.

SARDINIAN AND MAINLAND METAL MINES

All the important metal mines have been visited and inspected. At first, as lead was not considered a critical metal nothing could be done for these mines other than assist them in maintenance work. At present lead has been recognized as a critical world metal and coke has been shipped from the U. S. to start operations at the lead smelters. Also the mines are producing on a limited scale. Supplies requisitioned under Category "B" Requisitions have arrived in limited quantities and others are due to arrive shortly.

TALC MINES - SARDINIA

The talc mines in Sardinia were reopened by Mining Division in 1944. Sample shipments of talc were sent to a U. S. commercial company for testing but was found not suitable because of the iron content. This project was, therefore, discontinued.

-3-

33

SULPHUR MINES - SICILY

The reactivation of the sulphur mining industry was a difficult problem. In September 1943 the industry was completely disorganized; all mines had ceased operations due to lack of electric power and shortage of transportation. The low wages and low rations led to labor unrest and resulted in many strikes. All the producers were in financial difficulties and the wage increases without immediate increases in sulphur prices aggravated the situation. After two years the situation is somewhat improved although labor is still unsettled and financial conditions are still not sound. Supplies have arrived from the U.S. in sufficient quantity to ensure operations. Production is still on a limited scale because of stocks, lack of electric power and transportation. Arrangements are being made to deplete the stocks and give the producers an incentive to increase the output.

SULPHUR MINES - MAINLAND

All mines were surveyed and assistance given through essential supplies, and in dealing with problems of power and transportation. The larger mines did not receive power until recently and therefore are producing only on a limited scale.

MERCURY

Actions were confined to mine inspections combined with such assistance to the mine in obtaining necessary materials, power, transportation, etc.

MARBLE & IRON ORE

No active help other than a complete survey of the industry and preparation of reports.

OTHER METALS

Practically all potential producers of valuable mineral were visited and the industry studied for possible value to Italian rehabilitation. Little was done, however, other than moral assistance and the completion of data for future reference.

PYRITE MINES

Little could be done for the pyrite mine other than fight for power and release limited amounts of supplies. Present production is small because power was not obtained until recently.

1855

2203

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

785017

-4-

32

SUPPLIES

At the start of Mining Division, the problem of supplies for mines was recognized as the greatest factor affecting their rehabilitation. Inventories of supplies at the Sardinian and Sicilian mines were low and only in some cases were maintenance supplies sufficient for 6 to 8 months. The most pressing needs were explosives and accessories, pit props, calcium carbide and other critical items none of which could be manufactured in Italy because of destruction of the plants and lack of raw materials.

Requisition were submitted through Army channels for the importation of necessary supplies, but for the first half of 1944 the bulk of supplies had to be procured from local sources. Estimates were prepared for future needs and early in 1944 other requisitions were submitted for second half year operations.

The vital need for pit props for the Sardinian mines was met by Mining Division organizations both in Corsica and Calabria while some low quantities were procured in Sardinia. Departure of American units from Corsica and the reluctance of the French authorities to cooperate necessitated closing the Corsican operation in mid 1944. Operations in Calabria continued until December 1944 at which time AFHQ insisted that AG withdraw with the understanding that military units would assume complete responsibility for procurement and shipment. At present responsibility has reverted to the Italian Government who, although hampered by lack of transportation, have provided a stock which is going to last for several months operations.

During 1943 and 1944 all supply work was performed by the Mining Division authorities. During 1945 the Italian Government was drawn into the picture and at present the supply administration has been turned over to the Ministry of Industry & Commerce.

Requisitions were based on actual needs of the mines. Essentiality was determined by actual investigation and estimation of possible production capabilities. In general they were submitted about 5 to 6 months prior to the period required but deliveries were made from 6 months to 1 year after the beginning of the period. Serious difficulties were averted only from the facts that coal production was curtailed because of lack of shipping and explosives for Area mines arrived in Italy somewhat ahead of schedule.

Reshipment of supplies to the consumers was necessary and resulted in much loss of time, loss of supplies and insufficiencies in distribution. Priorities granted were usually low and difficulties were experienced on prompt shipment of critical items on several occasions.

At present the overall picture of supplies for mines is not unfavorable. Explosives and accessories are now being manufactured locally in sufficient quantities for current needs. Reserve stocks of carbide are sufficient for 6 months or so, by which time it is expected that local manufacturers can meet requirements.

1854

SUBJECT : FINAL REPORT OF FINANCE SUB-COMMISSION

TO : Acting Vice-President

18 May 1946

1. In accordance with your request, the following final report of the Finance Sub-Commission (Finance Branch since 1 March, 1946) is submitted.

2. It is not the purpose of this report to recount in detail the financial problems that have faced ALCOM/AFM and the solutions that have developed. This material is, it is hoped, adequately recorded in the voluminous monthly reports of the Finance Sub-Commission, which cover in unbroken succession the period from 1 May, 1943 to 30 April, 1946. It is rather the purpose of the present paper to provide a "summing-up", to analyze the premises upon which our financial administration in Italy has been based, and if possible to draw certain conclusions from the experience of the past three years, as guides to any future military government operation.

3. The Finance Sub-Commission, which began its operations in September, 1943, was the agency within the Military Government (ALCOM) framework charged with advisory and executive responsibility for Italian financial affairs. The activities of the Finance Sub-Commission may be broadly grouped into the following categories :

- (a) the supply of currency to the Allied Forces for troop pay and local purchases, together with certain related technical functions, e.g. redemption of counterfeit currency.
- (b) the financial administration of territory under Allied Military Government, including the operation of the revenue system, the expenditure control (budget) system, the central and commercial banking systems, social and commercial insurance systems, stock exchanges, etc. Inevitably Finance Sub-Commission was called upon to participate in the formation of wider economic policies for AFM territory, including the fixing of prices and wages and the rehabilitation of industry.
- (c) the accounting for all supplies made available to Italy by the Allied Governments for the prevention of disease and unrest.
- (d) later, when the Italian Government assumed responsibility for the administration of territory, and as successive areas were returned to Italian administration, acting as financial advisers and consultants to the Italian Government, particularly the Ministry of the Treasury, the Ministry of Finance, and the Banca d'Italia.

1853

785017

2204

785017

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

in accordance with your request, the following final report of the Finance Sub-Commission (Finance Branch since 1 March, 1946) is submitted.

2. It is not the purpose of this report to recount in detail the financial problems that have faced ALCOM/AMM and the solutions that have developed. This material is, it is hoped, adequately recorded in the voluminous monthly reports of the Finance Sub-Commission, which cover in unbroken succession the period from 1 May, 1943 to 30 April, 1946. It is rather the purpose of the present paper to provide a "summing-up", to analyze the premises upon which our financial administration in Italy has been based, and if possible to draw certain conclusions from the experience of the past three years, as guides to any future military government operation.

3. The Finance Sub-Commission, which began its operations in September, 1943, was the agency within the Military Government (ALCOM) framework charged with advisory and executive responsibility for Italian financial affairs. The activities of the Finance Sub-Commission may be broadly grouped into the following categories:

- (a) the supply of currency to the Allied Forces for troop pay and local purchases, together with certain related technical functions, e.g. redemption of counterfeit currency.
- (b) the financial administration of territory under Allied Military Government, including the operation of the revenue system, the expenditure control (budget) system, the central and commercial banking systems, social and commercial insurance systems, stock exchanges, etc. Inevitably Finance Sub-Commission was called upon to participate in the formation of wider economic policies for AMG territory, including the fixing of prices and wages and the rehabilitation of industry.
- (c) the accounting for all supplies made available to Italy by the Allied Governments for the prevention of disease and unrest.
- (d) later, when the Italian Government assumed responsibility for the administration of territory, and as successive areas were returned to Italian administration, acting as financial advisors and consultants to the Italian Government, particularly the Ministry of the Treasury, the Ministry of Finance, and the Banca d'Italia.

1853

785017

30

4. During the period of military operations in Italy, the General Directive under which the Finance Sub-Commission operated was the same injunction that governed all military government operations - to aid in the successful prosecution of the war. That meant specifically in the financial field to reorganize and operate the financial system of liberated Italy in such a way as to facilitate military operations (by ensuring a continuous supply of currency for troop pay, by maintaining popular confidence in the currency, by curbing inflation through the reopening of banks and the sale of Government securities, by making arrangements whereby Italian Governmental agencies paid for Allied requisitions) and to prevent the development of civil conditions which would have required the diversion of Allied military force from its main object.

5. A word should be said here about the extent to which the actions of Finance Sub-Commission were guided by General policy directives from the Combined Chiefs of Staff. In the fields of currency supply (the Allied Financial Agency) and civilian supply accounting (the Allied Supply Accounting Agency) extensive and detailed CCC directives were received. Consequently each successive development in these fields necessitated consultation with CCC. On the whole this procedure has been surprisingly quick and effective. Indeed, it is hard to see how the many questions involved in the supply of AM lire and the accounting for civilian supplies could have been decided in the Theatre, as they involved financial commitments by the Allied Governments. In contrast, however, the only CCC directives received by Finance Sub-Commission in the field of internal financial administration were the initial directives, and these were in the nature of operating instructions rather than general policy guides.

6. I think it may be safely said that the Finance Sub-Commission has achieved the objectives laid down by its directives. The Allied Financial Agency has been particularly successful in its task of supplying the Allied Forces with currency. The British and American Armies went into Sicily on D-Day (10 July, 1943) with supplies of "spearhead" currencies - Yellow Seal dollars and RM notes. Supplies of AM lire were flown from the U.S. to Italy and the Armies were paid in this currency on 1 August, 1943. Since that time AFA has received, safeguarded and issued more than 144 billion AM lire. There have been only two losses - one plane crashed in flames at Miami in 1943 and a vessel struck a mine off the Italian coast in 1944. The magnitude of AFA's achievement may be measured by the statement that no demand for AM lire by the Allied Forces has ever gone unfilled or been delayed in execution. With the signing of the Currency Agreement on 1 February, 1946, the work of AFA has entered a new phase. The Italian Government is now responsible for supplying Metropolitan lire for the use of the Allied Forces, and no new AM lire currency is being issued. AFA is still responsible, however, for the supply arrangements, acting as a channel for passing the requirements of the Armed Forces to the Italian Government, and standing ready to supply AM lire in case of any failure or delay on the Italian side.

785017

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

securities, by making arrangements whereby Italian Governmental agencies paid for Allied requisitions) and to prevent the development of civil conditions which would have required the diversion of Allied military force from its main object.

5. A word should be said here about the extent to which the actions of Finance Sub-Commission were guided by general policy directives from the Combined Chiefs of Staff. In the fields of currency supply (the Allied Financial Agency) and civilian supply accounting (the Allied Supply Accounting Agency) extensive and detailed CCS directives were received. Consequently each successive development in these fields necessitated consultation with CCS. On the whole this procedure has been surprisingly quick and effective. Indeed, it is hard to see how the many questions involved in the supply of AM lire and the accounting for civilian supplies could have been decided in the Theatre, as they involved financial commitments by the Allied Governments. In contrast, however, the only CCS directives received by Finance Sub-Commission in the field of internal financial administration were the initial directives, and those were in the nature of operating instructions rather than general policy guides.

6. I think it may be safely said that the Finance Sub-Commission has achieved the objectives laid down by its directives. The Allied Financial Agency has been particularly successful in its task of supplying the Allied Forces with currency. The British and American Armies went into Sicily on D-Day (10 July, 1943) with supplies of "spearhead" currencies - Yellow Seal dollars and MM notes. Supplies of AM lire were flown from the U.S. to Italy and the Armies were paid in this currency on 1 August, 1943. Since that time APA has received, safeguarded and issued more than 144 billion AM lire. There have been only two losses - one plane crashed in flames at Miami in 1943 and a vessel struck a mine off the Italian coast in 1944. The magnitude of APA's achievement may be measured by the statement that no demand for AM lire by the Allied Forces has ever gone unfilled or been delayed in execution. With the signing of the Currency Agreement on 1 February, 1946, the work of APA has entered a new phase. The Italian Government is now responsible for supplying Metropolitan lire for the use of the Allied Forces, and no new AM lire currency is being issued. APA is still responsible, however, for the supply arrangements, acting as a channel for passing the requirements of the Armed Forces to the Italian Government, and standing ready to supply AM lire in case of any failure or delay on the Italian side.

29

7. Similarly, the supply accounting work has gone well. Though less spectacular and interesting than the currency supply function, it is of vital importance, for the supply accounts record the arrival in Italy of goods purchased by the U.S., British, and Canadian Governments for the prevention of disease and unrest in Italy - a total of more than \$ 500,000,000 through 30 November, 1945.

8. Of the Finance Sub-Commission's work in the internal financial administration of Italy a distinction must be drawn, in assessing results, between what was done within the limits of directives and lack of personnel, and what might have been done had Allied Military Government been given the powers it has had in Germany or Japan. That is to say, the decision was taken that in the AM phase the administration was to be of a "caretaker" nature, and that no fundamental changes in institutions were to be made. Once territory reverted from AM to the Italian Government, the Allied Commission adopted the policy of advising the Italian Government but not of enforcing orders. For example, one of the earliest policy problems to confront the Finance Sub-Commission arose, in November, 1943, at Brindisi, when the Italian Government presented its first statement of proposed expenditures. The Chief of Staff of ACOM ruled at that time that the Italian Government would not be ordered to reduce certain expenditures, and from then on the Italian Government had complete budgetary freedom.

9. It is thus clear that the policy of the Finance Sub-Commission has been to secure the operation of the existing financial machinery as efficiently as possible, rather than to introduce long-term reforms and modifications of financial institutions, and marked success has attended the implementation of this policy. In AM territory the budget and revenue machinery operated as smoothly as could have been expected in a war-torn country. Banks, stock exchanges, social insurance institutes, and other financial agencies were reopened as soon as physical conditions permitted and encouraged to resume their normal operations. No crises of confidence occurred, and there were no failures of the governmental machinery attributable to financial causes. When AMG areas were returned to Italian administration, it was possible for Finance Sub-Commission to provide the Italian Government with a comprehensive factual picture of all financial measures taken during the period of AM administration, particularly the expenditures approved to be made by Communes and Provinces. This information the Italian Government was able to integrate into its own financial records, so that no hiatus occurred.

10. It should not be assumed from the foregoing that the constant advice and encouragement from the Finance Sub-Commission to the financial agencies of the Italian Government was without beneficial long-range effects. Although ACOM did not order far-reaching financial changes, the Italian Government was constantly advised to take such measures on its own initiative. Examples that may be cited are: reorganization of the foreign exchange control machinery, reform of the cumbersome social insurance system, lowering of interest rates on treasury bills, abolition of the "tax-farming" method of collection direct taxes, and many others. Particularly in the revenue field were the actions of the Italian Government followed with constructive criticism and advice, and the need for far stricter Treasury scrutiny of Ministerial budgets was constantly urged upon the various Ministers of the Treasury.

1352

administration of Italy a distinction must be drawn, in assessing results, between what was done within the limits of directives and lack of personnel, and what might have been done had Allied Military Government been given the powers it has had in Germany or Japan. That is to say, the decision was taken that in the AMG phase the administration was to be of a "caretaker" nature, and that no fundamental changes in institutions were to be made. Once territory reverted from AMG to the Italian Government, the Allied Commission adopted the policy of advising the Italian Government but not of enforcing orders. For example, one of the earliest policy problems to confront the Finance Sub-Commission arose, in November, 1943, at Brindisi, when the Italian Government presented its first statement of proposed expenditures. The Chief of Staff of AICOM ruled at that time that the Italian Government would not be ordered to reduce certain expenditures, and from then on the Italian Government had complete budgetary freedom.

9. It is thus clear that the policy of the Finance Sub-Commission has been to secure the operation of the existing financial machinery as efficiently as possible, rather than to introduce long-term reforms and modifications of financial institutions, and marked success has attended the implementation of this policy. In AMG territory the budget and revenue machinery operated as smoothly as could have been expected in a war-torn country. Banks, stock exchanges, social insurance institutes, and other financial agencies were reopened as soon as physical conditions permitted and encouraged to resume their normal operations. No crises of confidence occurred, and there were no failures of the governmental machinery attributable to financial causes. When AMG areas were returned to Italian administration, it was possible for Finance Sub-Commission to provide the Italian Government with a comprehensive factual picture of all financial measures taken during the period of AMG administration, particularly the expenditures approved to be made by Communes and Provinces. This information the Italian Government was able to integrate into its own financial records, so that no hiatus occurred.

10. It should not be assumed from the foregoing that the constant advice and encouragement from the Finance Sub-Commission to the financial agencies of the Italian Government was without beneficial long-range effects. Although AICOM did not order far-reaching financial changes, the Italian Government was constantly advised to take such measures on its own initiative. Examples that may be cited are: reorganization of the foreign exchange control machinery, reform of the cumbersome social insurance system, lowering of interest rates on Treasury bills, abolition of the "tax-farming" method of collection of direct taxes, and many others. Particularly in the revenue field were the actions of the Italian Government followed with constructive criticism and advice, and the need for far stricter Treasury scrutiny of Ministerial budgets was constantly urged upon the various Ministers of the Treasury.

28

11. But such an indirect system could achieve but limited results. The Minister of the Treasury, in the various Italian Governments that existed from 1943 to the Spring of 1946, was inevitably cast in an unhappy role - a weak voice pleading for economy and attempting to stem an irresistible urge for greater expenditures on the part of the other Ministers. The jockeying for political and party advantage, and the lack of a sense of collective responsibility within the Cabinet, destroyed the basis of a forceful policy of curbing Governmental expenditures. But in all fairness it must be admitted that even an economy-minded Government could not have avoided the salary increases for State employees and the financing of unemployment benefits which have laid such a heavy charge upon the Italian budget.

12. The general financial picture presented by Italy at the moment of writing is not unfavorable. Revenues are increasing steadily and expenditures are decreasing slowly; Italy's foreign exchange position (the UZRA program plus foreign credits already granted or in sight) will probably cover her essential needs in 1946. The great imbalances are the amount of reparations that will be exacted from Italy under the Peace Treaty, and Italy's foreign exchange outlook for 1947 and beyond, which in turn is bound up with creation and effective operation of the International Monetary Fund and the World Bank, and the admission of Italy to these organizations.

13. The lessons that can be drawn from Allied financial operations in Italy are of two kinds. It would be useless and misleading to pretend that our practices and methods were faultless technically. They could not have been, for as has already been stated, the directives were very limited, techniques had to be developed literally on the run, and detailed knowledge of the ramifications of the Italian financial system had to be acquired at the same time as decisions were taken which should ideally have been based on that very knowledge. It is assumed that there will be groups in both the U.S. and British Governments which will analyze the operations of World War II in order to prepare for any future operations. It would be highly profitable for detailed studies to be made of such military government phases as currency supply and accounting, in order to lay down in advance those rules of action which were devised in Italy after much trial and some error. Much can also be said of the need for coordinating policy with personnel, in order to avoid the embarrassing position of receiving directives after having just lost the personnel required for their implementation.

14. But to concentrate upon these trees is certainly to miss the wood. Military Government can only be military immediately behind the battle line, i.e., when there are other considerations than to crush the enemy. In the later stages of occupying and administering a country, and then of advising its government, the problems of government cannot remain military; they inevitably embrace all the complexities of human organization, in their political, social and economic forms. In short, to develop policies, financial or otherwise, for military government is to develop a foreign policy toward a country or countries. It is the peculiar quality of military government to establish a close day-to-day relationship between occupier and occupied, a relationship that does not normally exist in international relations, and to throw in high relief any failure to develop a closely-articulated policy. Are supplies to be furnished without supervision of distribution by the supplying country?

785017

even an economy-minded Government could not have avoided the salary increases for State employees and the financing of unemployment benefits which have laid such a heavy charge upon the Italian budget.

12. The general financial picture presented by Italy at the moment of writing is not unfavorable. Revenues are increasing steadily and expenditures are decreasing slowly; Italy's foreign exchange position (the IMRA program plus foreign credits already granted or in sight) will probably cover her essential needs in 1946. The great imbalances are the amount of reparations that will be exacted from Italy under the Peace Treaty, and Italy's foreign exchange outlook for 1947 and beyond, which in turn is bound up with creation and effective operation of the International Monetary Fund and the World Bank, and the admission of Italy to these organizations.

13. The lessons that can be drawn from Allied financial operations in Italy are of two kinds. It would be useless and misleading to pretend that our practices and methods were faultless technically. They could not have been, for as has already been stated, the directives were very limited, techniques had to be developed literally on the run, and detailed knowledge of the ramifications of the Italian financial system had to be acquired at the same time as decisions were taken which should ideally have been based on that very knowledge. It is assumed that there will be groups in both the U.S. and British Governments which will analyze the operations of World War II in order to prepare for any future operations. It would be highly profitable for detailed studies to be made of such military government phases as currency supply and accounting, in order to lay down in advance those rules of action which were devised in Italy after much trial and some error. Much can also be said of the need for coordinating policy with personnel, in order to avoid the embarrassing position of receiving directives after having just lost the personnel required for their implementation.

14. But to concentrate upon these trees is certainly to miss the wood. Military Government can only be military immediately behind the battle line, i.e., when there are other considerations than to crush the Enemy. In the later stages of occupying and administering a country, and then of advising its government, the problems of government cannot remain military; they inevitably embrace all the complexities of human organization, in their political, social and economic forms. In short, to develop policies, financial or otherwise, for military government is to develop a foreign policy toward a country or countries. It is the peculiar quality of military government to establish a close day-to-day relationship between occupier and occupied, a relationship that does not normally exist in international relations, and to throw in high relief any failure to develop a closely-articulated policy. Are supplies to be furnished without supervision of distribution by the supplying country?

27

Is reparations policy consistent with a program of economic and financial aid? Are foreign credits to be made available without insistence on internal control of inflation? Whether the answers to these questions are affirmative or negative, the conclusion may not be evaded that decisions cannot be ad hoc but require to be made against a background of long-run objectives. The post-war world faces the difficult transition from economic controls to economic cooperation; the experience of military government, while not perhaps directly applicable, will certainly shed much light on the economic policy-determining process and upon the probable effects of alternative policies.

B. R. L.
CHIEF FINANCIAL ADVISOR, Ft. Col.

16 May 1946

1850

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

2213

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

785017

BRG
CHIEF FINANCIAL ADVISOR
W. Col.

16 May 1945

1850

- 5 -

...the experience of military government, while not per-
haps directly applicable, will certainly shed much light on the
economic policy-determining process and upon the probable effects
of alternative policies.

FINAL REPORT.MISSION.

Labour Sub-Commission was formed in October 1943 as part of the A.M.G. Administration of Liberated Italy. Its functions were primarily to supervise the organisation, supply and distribution of such civilian labour as was required for the successful prosecution of the war, to determine the wages and conditions of employment of this labour; and secondarily to deal with general civilian labour questions in private industry and State employment. The abolition of the Fascist Corporate Labour organisation was an immediate duty and, in substitution for that undemocratic system, a free labour organisation with an appropriate industrial relations and arbitration system was to be established. There was also a responsibility to avoid inflation in the Italian economic system by reciprocal control of wages and prices.

PROBLEMS.

During the first phase, until May 1945, Military Operations were in progress and the Sub-Commission's activities were confined to Southern and Central Italy. The supply of civilian labour for the successful prosecution of the war had complete priority.

Industrial employment was disorganised, and the Fascist Government had left a legacy of an elaborate and confused wages structure which included innumerable indemnities. The wages structure had not been analysed or revised since 1942. The Fascist Corporate Syndical System, with its 82 Corporations each representing a complete cycle of an economic activity and making collective labour relations between employer and worker an instrument of the Fascist political doctrine had been overthrown by the liberating armies, and it was necessary to develop a sufficiently firm and representative basis for the establishment of freely elected and democratically constituted employers' and workers' Associations. Employers in particular were slow to organise. It was also evident that action at this stage in the field of labour organisation, industrial relations, or wages, would be liable to adjustment after liberation of the North of Italy.

The nature of these problems changed character with the various changes in relationship between the Allied Control Commission - later the Allied Commission - and the Italian Government. The transfer of direct control of Southern and Central territory to the Italian Government led to greater freedom of action in the variation of industrial wages agreements in Italian administered territory. This resulted in a sudden and appreciable rise in wage levels and brought two new problems, one actual, one anticipatory. The actual problem was the difficulty of ensuring that the wages paid by the Allied forces to their civilian employees remained in step with private industrial rates. The anticipatory problem was the realisation that when the Northern industrial territories were liberated there would be wide discrepancy between North and South; the wages in the South would far exceed those being paid in the North, but the North should by

administration of Liberated Italy. Its functions were primarily to supervise the organization, supply and distribution of such civilian labour as was required for the successful prosecution of the war, to determine the wages and conditions of employment of this labour; and secondarily to deal with general civilian labour questions in private industry and State employment. The abolition of the Fascist Corporate Labour Organisation was an immediate duty and, in substitution for that un-democratic system, a free labour organization with an appropriate industrial relations and arbitration system was to be established. There was also a responsibility to avoid inflation in the Italian economic system by reciprocal control of wages and prices.

PROBLEMS.

During the first phase, until May 1945, Military Operations were in progress and the Sub-Commission's activities were confined to Southern and Central Italy. The supply of civilian labour for the successful prosecution of the war had complete priority.

Industrial employment was disorganized, and the Fascist Government had left a legacy of an elaborate and confused wages structure which included innumerable indemnities. The wages structure had not been analysed or revised since 1943. The Fascist Corporate Syndical System, with its 28 Corporations each representing a complete cycle of an economic activity and making collective labour relations between employer and worker an instrument of the Fascist political doctrine had been overthrown by the liberating armies, and it was necessary to develop a sufficiently firm and representative basis for the establishment of freely elected and democratically constituted employers' and workers' Associations. Employers in particular were slow to organize. It was also evident that action at this stage in the field of labour organization, industrial relations, or wages, would be liable to adjustment after liberation of the North of Italy.

The nature of these problems changed character with the various changes in relationship between the Allied Control Commission - later the Allied Commission - and the Italian Government. The transfer of direct control of Southern and Central territory to the Italian Government led to greater freedom of action in the variation of industrial wages agreements ^{40.43} Italian administered territory. This resulted in a sudden and appreciable rise in wage levels and brought two new problems, one actual, one anticipatory. The actual problem was the difficulty of ensuring that the wages paid by the Allied forces to their civilian employees remained in step with private industrial rates. The anticipatory problem was the realization that when the Northern industrial territories were liberated there would be wide discrepancy between North and South; the wages in the South would far exceed those being paid in the North, but the North should by circumstances and tradition establish the wage standards for Italy.

The second phase opened with the liberation of Northern Italy in May, 1945. Particular attention had been paid to the preparation of plans to meet the problems anticipated in this territory, and it was hoped to regulate more successfully the variation of prices and wages than had been possible in the Centre and South of Italy. Industrial damage and absence of scope for

/ employment,

employment, the disorganization of the labour force and widespread unemployment and distress had been rampant. In fact, industrial damage was negligible, productive potential was high, the industrial population whilst naturally ebullient at liberation was well organized and controlled, and distress and hardship had been mitigated by retaining workers on the payroll, although full employment was not available.

The fundamental problems in the labour field in the North were, therefore, re-activation of an undamaged industrial potential, reduction of surplus labour over and above the normal balanced labour force of such industry, and the fact that such surplus labour must have an alternative source of remuneration (i.e. alternative employment) or must have the means of sustenance guaranteed either by continued receipt of wage subsidy or by unemployment benefit. The difficulties were accentuated by the inadequacy of existing social insurance provisions under which unemployment benefit for an adult male was 7 lire a day; the price of an egg was 30 lire. Equally vital was the problem of relating wages to prices and, whilst avoiding rapid inflationary developments, permitting wage rates gradually to adjust themselves to the levels pertaining in the Centre and South of Italy.

Yet another major problem at this stage was that of Allied Force wage rates. The pressure of operational necessity had now subsided and it was no longer appropriate to have regard to incentive, remuneration for risk, or results regardless of cost. The guiding factor had now to be the realization that employment of civilians by the Allied Forces would decline and eventually cease; there was a responsibility, therefore, to relate Allied Force wage rates closely to those paid by Italian industry, and to preserve a pattern that could eventually be absorbed into the Italian industrial economy without causing dislocation.

ACTIVITIES.

(a) Labour Offices.

A.M.G. General Order N.28 was prepared and posted in all liberated territory. This abolished the Fascist corporate syndicate system and established Regional and Provincial Labour Offices to assure freedom of labour organization, to register and supply labour, to assist in regulation of wages, and to conciliate and mediate in trade disputes. The Labour Offices were organized on lines laid down by Labour Sub-Commission, and Italian Directors and Staff were appointed by A.M.G. after consideration of recommendations from appropriate Italian quarters; in the early days Committees of National Liberation made recommendations, latterly the Italian Government nominated personnel. The competent Italian authorities were given facilities for inspection and examination of the Labour Office structure. The report was highly commendatory and the Italian Government provisionally accepted the Labour 1848 organization as an integral part of the Ministry of Labour and Social Security.

(b) Trade Unionism.

General Order 28 was also of major importance in that it was the charter for all subsequent developments in the field of labour relations. For it wanted workers!

785017

reduction of an undamaged industrial potential, reduction of surplus labour over and above the normal balanced labour force of each industry, and the fact that such surplus labour must have an alternative source of remuneration (i.e. alternative employment) or must have the means of sustenance guaranteed either by continued receipt of wage subsidy or by unemployment benefit. The difficulties were accentuated by the inadequacy of existing social insurance provisions under which unemployment benefit for an adult male was 7 lire a day; the price of an egg was 30 lire. Equally vital was the problem of relating wages to prices and, whilst avoiding rapid inflationary developments, permitting wage rates gradually to adjust themselves to the levels pertaining in the Centre and South of Italy.

Yet another major problem at this stage was that of Allied force wage rates. The pressure of operational necessity had now subsided and it was no longer appropriate to have regard to incentive, remuneration for risk, or results regardless of cost. The guiding factor had now to be the realisation that employment of civilians by the Allied Forces would decline and eventually cease: there was a responsibility, therefore, to relate Allied Force wage rates closely to those paid by Italian industry, and to preserve a pattern that could eventually be absorbed into the Italian industrial economy without causing dislocation.

ACTIVITIES.

(a) Labour Offices.

A.M.G. General Order N.28 was prepared and posted in all liberated territory. This abolished the Fascist corporate syndicate system and established Regional and Provincial Labour Offices to assure freedom of labour organisation, to register and supply labour, to assist in regulation of wages, and to conciliate and mediate in trade disputes. The Labour Offices were organised on lines laid down by Labour Sub-Commission, and Italian Directors and Staff were appointed by A.M.G. after consideration of recommendations from appropriate Italian quarters; in the early days Committees of National Liberation made recommendations, latterly the Italian Government nominated personnel. The competent Italian authorities were given facilities for inspection and examination of the Labour Office structure. The report was highly commendatory and the Italian Government provisionally accepted the Labour 1848 organisation as an integral part of the Ministry of Labour and Social Security.

(b) Trade Unionism.

General Order 28 was also of major importance in that it was the charter for all subsequent developments in the field of labour relations, for it granted workers:

"the right to organise, hold meetings, and select representatives of their own choosing for the purpose of collective bargaining with respect to all matters pertaining to or connected with their employment, including such matters as concern hours, wages, working conditions, grievances, disputes, and mutual social and economic assistance".

/ With

With the Order as a basis, Labour Sub-Commission concentrated, from January, 1945, on building up a strong, democratic and representative machinery of labour relations. The Italian General Confederation of Labour had been formed early in 1944 and unity of the workers, with collaboration of the three Left wing political parties (Socialist, Communist and Christian Democrat) had been confirmed in the Pact of Rome of 4th June, 1944. The first General meeting of the C.G.I.L. was held in Naples from 26th January to 1st February, 1945, and membership was then estimated at 1,200,000. With the liberation of the North, the movement received a new impetus. A.M.G. fostered its development, the local offices of the movement (Camera del Lavoro) were encouraged, and by October, 1945, membership of 5,000,000 workers was claimed. The C.G.I.L. made a favourable impression at and a useful contribution to the meeting of the International Labour Office held in Paris in Autumn 1945. Whilst the co-operation of the three Left wing political parties in the labour field in Italy may not always have been perfect it has, for a continuous period of two years, been the most striking, if not the only, example of continuous collaboration in Italy, where multiplicity of political parties has led to unsettlement in the political field and to many crises.

The corollary, in joint bargaining procedure, to a strong workers' organisation, is an equally strong and representative employers' association. The four Fascist Employers' Confederations were dissolved by Decree N.369 of 16th December, 1944, and Labour Sub-Commission has fostered the development of the General Confederation of Italian Industry, the Italian Confederation of Traders, the Italian Confederation of Agriculturalists, the National Confederation of Direct Cultivators, and the National Bankers' Association.

(c) Wages.

In pursuance of the policy of endeavouring to avoid inflation in the Italian economic system by controlling prices and wages, wages were regulated at successive levels from that found on initial entry into Italy, to a level including a 70% increase of the basic wage scales - to which were added various indemnities found to be in existence on the arrival of the Allied forces. Discrepancies, and readjustment of wage/price levels in the South were not wholly avoided.

The plan for the North included recognition of wage rates in existence at the 3rd April, 1944, together with freedom of negotiation for wage increases between employers and workers, subject to the formal approval by A.M.G. of any wage changes. By this means it was hoped to maintain the wage/price level found on entry into Northern Italy and to control its gradual adjustment to the levels existing in the Centre and South. Experienced military and civilian personnel were attached as Labour Officers at each A.M.G. Regional Headquarters; and Regional Italian Joint Advisory Councils composed of competent representatives of Italian employers and employers were established to advise the Labour Officers on the acceptance or rejection of any wage agreements negotiated. This procedure functioned well and the gradual adjustment of wages to the Southern levels lasted over a period of six months, thus gaining time for economic readjustment, and avoiding a breakaway of wage increases ahead of price adjustments.

Labour Sub-Commission, the Italian Government, and workers' and employers' representatives co-operated in the conclusion of the Milan

2219

785017

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

impetus, A.M.G. fostered its development, the local offices of the movement (Camera del Lavoro) were encouraged, and by October, 1945, membership of 5,000,000 workers was claimed. The C.G.I.L. made a favourable impression at and a useful contribution to the meeting of the International Labour Office held in Paris in Autumn 1945. Whilst the co-operation of the three left wing political parties in the labour field in Italy may not always have been perfect it has, for a continuous period of two years, been the most striking, if not the only, example of continuous collaboration in Italy, where multiplicity of political parties has led to unsettlement in the political field and to many crises.

The corollary, in joint bargaining procedure, to a strong workers' organisation, is an equally strong and representative employers' association. The four 'Assist Employers' Confederations' were dissolved by Decree N. 369 of 15th December, 1944, and Labour Sub-Commission has fostered the development of the General Confederation of Italian Industry, the Italian Confederation of Traders, the Italian Confederation of Agriculturalists, the National Confederation of Direct Cultivators, and the National Bankers' Association.

(c) Wages.

In pursuance of the policy of endeavouring to avoid inflation in the Italian economic system by controlling prices and wages, wages were regulated at successive levels from that found on initial entry into Italy, to a level including a 70% increase of the basic wage scales - to which were added various indemnities found to be in existence on the arrival of the Allied Forces. Discrepancies, and readjustment of wage/price levels in the South were not wholly avoided.

The plan for the North included recognition of wage rates in existence at the 3rd April, 1944, together with freedom of negotiation for wage increases between employers and workers, subject to the formal approval by A.M.G. of any wage changes. By this means it was hoped to maintain the wage/price level found on entry into Northern Italy and to control its gradual adjustment to the levels existing in the Centre and South. Experienced military and civilian personnel were attached as Labour Officers at each A.M.G. Regional Headquarters; and Regional Italian Joint Advisory Councils composed of competent representatives of Italian workers and employers were established to advise the Labour Officers on the acceptance or rejection of any wage agreements negotiated. This procedure functioned well and the gradual adjustment of wages to the Southern levels lasted over a period of six months, thus gaining time for economic readjustment, and avoiding a breakaway of wage increases ahead of price adjustments.

Labour Sub-Commission, the Italian Government, and workers' and employers' representatives co-operated in the conclusion of the Milan Wage Agreement of 8th July, 1945 - the first attempt at joint negotiation on a large scale. The Agreement aimed at the removal of local or inter-regional anomalies, and it placed on a firm basis the standards for cost of living bonus for Northern Italy, coupled with agreement to continue the ban on dismissal of surplus labour for a determined period.

785017

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

In November, 1945, there appeared the first result of attempts to revise the confused wage structure in Italy. Earlier collective contracts under the Fascist regime established basic rates and allowances, but from September, 1942, instead of regulating or revising the basic wage contracts, innumerable bonuses had been given on different pretexts - e.g., bombardment, hardship, messing. These bonuses, when added to the low basic, gave a total remuneration which ceased to differentiate between skill and proficiency. The Italian Government, workers' and employers' representatives, and Directors of the Labour Offices established by A.M.G. co-operated therefore in reaching the Rome Agreement of November, 1945. This provided for a basic hourly rate graduated according to industry and category of worker, with a provincial differentiation; to this basic was added a single cost of living bonus designed on a sliding scale according to the cost of living as averaged out from statistics applying to four selected cities of Northern Italy. The bonus is varied at three monthly intervals. The initial Agreement applied only to the North, but it is proposed to extend its principles to the remainder of Italy. Further, the ban on dismissal of surplus workers was provisionally extended.

Other notable items in the wages field were payment of liberation bonus to all workers except Allied Force employees, and increased salaries and pensions for State employees.

(a) Surplus Workers.

This was a problem for which stop gap measures were evolved. By Decrees of 20th January and 13th February, 1945, the Fascist Republican Government in power in Northern Italy had forbidden discharge of workers in industrial establishments, had required employers to "make up" the pay of under-employed workers to the normal 43 hours per week, and had authorized refund to employers of 75% of the make-up; this refund came from the Cassa Integrazione, a contributory Government Insurance Fund. On 31st May, 1945, Labour Sub-Commission advised that the liberation of the North would result in confusion, mass unemployment and hardship, unless the existing provisions for surplus workers were continued to bridge the gap until relief measures could be prepared. The Italian Government expressed willingness to continue to subsidize through the Cassa Integrazione, and workers' and employers' representatives reaffirmed in the Milan Agreement of 8th July, 1945, the ban on discharges except in specified cases.

The final stage was reached on 19th January, 1946, when the Italian Ministers of Labour, Industry and Commerce, Public Works, and Treasury, reached agreement with representatives of employers and workers on the treatment of surplus labour in the North of Italy. It was agreed that the number of workers employed as at 31st December, 1945, should be reduced by 5% between 1st and 31st February, 1946, by 4% between 1st and 15th March, and by 4% between 16th and 31st March. Workers for discharge were to be selected by agreement of management and Internal Commissions, and 18.5% be taken from certain categories - e.g., those with other sources of family income, those whose normal employment is not in industry.

(e) Social Insurance.

Labour Sub-Commission has continuously collaborated, through a series of weekly meetings, with the Italian Government and A.M.G. Finance Sub-Commission, in questions of Social Security. The major provisions were directed towards

785017

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

and Directors of the Labour Offices established by A.M.G. co-operated therefore in reaching the Rome Agreement of November, 1945. This provided for a basic hourly rate graduated according to industry and category of worker, with a provincial differentiation; to this basic was added a single cost of living bonus designed on a sliding scale according to the cost of living as averaged out from statistics applying to four selected cities of Northern Italy. The bonus is varied at three monthly intervals. The initial Agreement applied only to the North, but it is proposed to extend its principles to the remainder of Italy. Further, the ban on dismissal of surplus workers was provisionally extended.

Other notable items in the wage field were payment of liberation bonus to all workers except Allied Force employees, and increased salaries and pensions for State employees.

(d) Surplus Workers.

This was a problem for which stop gap measures were evolved. By Decrees of 30th January and 13th February, 1945, the Fascist Republican Government in power in Northern Italy had forbidden discharge of workers in industrial establishments, had required employers to "make up" the pay of under-employed workers to the normal 48 hours per week, and had authorized refund to employers of 75% of the make-up; this refund came from the Cassa Integrazione, a contributory Government Insurance Fund. On 31st May, 1945, Labour Sub-Commission advised that the liberation of the North would result in confusion, mass unemployment and hardship, unless the existing provisions for surplus workers were continued to bridge the gap until relief measures could be prepared. The Italian Government expressed willingness to continue to subsidise through the Cassa Integrazione, and workers' and employers' representatives reaffirmed in the Milan Agreement of 8th July, 1945, the ban on discharges except in specified cases.

The final stage was reached on 16th January, 1946, when the Italian Ministers of Labour, Industry and Commerce, Public Works, and Treasury, reached agreement with representatives of employers and workers on the treatment of surplus labour in the North of Italy. It was agreed that the number of workers employed as at 31st December, 1945, should be reduced by 5% between 1st and 28th February, 1946, by 4% between 1st and 15th March, and by 4% between 16th and 31st March. Workers for discharge were to be selected by agreement of managements and Internal Commissions, and 10% to be taken from certain categories - e.g., those with other sources of family income, those whose normal employment is not in industry.

(e) Social Insurance.

Labour Sub-Commission has continuously collaborated, through a series of weekly meetings, with the Italian Government and A.M.G. Finance Sub-Commission, in questions of Social Security. The major provisions were directed towards declassification of Social Security institutions, and increasing the amounts of benefit, including additional payment for high cost of living.

Special attention was given to social insurance/coverage for employees of the Allied Forces. By D.L.L.N.505 of 6th December, 1944, the Italian Government agreed to pay the cost of social insurance benefits for Italian civilians directly employed by

by the Allied Forces. The system operated through special insurance cards and benefits covered illness, unemployment, tuberculosis, marriage, death, invalidity and old age.

Workmen's compensation for accidental injury or death was provided under A.F.E.O. regulations.

(a) Allied Force Wages.

The Labour and Wages Control Committee was formed to advise the Allied Force Local Resources (Italian) Board on questions concerning the employment of civilians. During 1945 the Director of the Labour Sub-Commission was Chairman of the Committee. This Committee held 39 meetings.

With the dissolution of the Local Resources Board the Committee was succeeded by the Allied Force Labour and Wages Committee which held its first meeting on 26th October, 1945. The Director, Labour Sub-Commission, continued as Chairman and the terms of reference were "to review rates of wages and conditions of employment for employees of the Allied Forces in Italy and to make recommendations as to any regulations necessary to control these wages and conditions. Recommendations made by the Committee to be submitted to the C.A.O., A.F.E.O., and Chief Commissioner, ALCOM, for their approval prior to publication through staff channels".

In addition to establishing rates of pay, and granting bonus increases in conformity with private wage rates the Committee dealt with the following major issues:- liberation bonus - not granted; Christmas bonus 1945 - granted; messing facilities - improved; complete revision of method of calculating wage rates, to provide for fixed basic pay and a single variable bonus to cover cost of living.

The record of the Allied Forces in Italy as employers has been a good one, with noteworthy absence of friction or discontent between employer and worker.

(g) Conciliation.

Operating through Regional Labour Officers, Regional Italian Joint Advisory Councils, and frequently by direct contact between Labour Sub-Commission and workers' and employers' organisations, a procedure has been developed for negotiation and conciliation in trade disputes. The strike weapon has in the main been used only for economic motives and there has been a marked freedom from violence or bitterness.

(h) Reconstruction.

Conferences have been held to pursue the possibility of absorbing unemployed in schemes of public works and reconstruction. The Sub-Commission has co-operated with the Italian Government in encouraging revival of industrial activity.

(i) Royal Naval Labour Corps.

Much time and energy was expended in preparing a scheme for recruitment of 15,000 Italians for work with the British Admiralty in the Far East. Innumerable Conferences were held, final agreement between Great Britain and Italy was reached, and the scheme was approved.

785017

the Allied Force Local Resources (Italian) Board on questions concerning the employment of civilians. During 1945 the Director of the Labour Sub-Commission was Chairman of the Committee. This Committee held 39 meetings.

With the dissolution of the Local Resources Board the Committee was succeeded by the Allied Force Labour and Wages Committee which held its first meeting on 26th October, 1945. The Director, Labour Sub-Commission, continued as Chairman and the terms of reference were "to review rates of wages and conditions of employment for employees of the Allied Forces in Italy and to make recommendations as to any regulations necessary to control these wages and conditions. Recommendations made by the Committee to be submitted to the C.A.O., A.E.H.Q., and Chief Commissioner, ALCOM, for their approval prior to publication through staff channels".

In addition to establishing rates of pay, and granting bonus increases in conformity with private wage rates the Committee dealt with the following major issues:- liberation bonus - not granted; Christmas bonus 1945 - granted; messing facilities - improved; complete revision of method of calculating wage rates, to provide for fixed basic pay and a single variable bonus to cover cost of living.

The record of the Allied Forces in Italy as employers has been a good one, with noteworthy absence of friction or discontent between employer and worker.

(g) Conciliation.

Operating through Regional Labour Officers, Regional Italian Joint Advisory Councils, and frequently by direct contact between Labour Sub-Commission and workers' and employers' organisations, a procedure has been developed for negotiation and conciliation in trade disputes. The strike weapon has in the main been used only for economic motives and there has been a marked freedom from violence or bitterness.

(h) Reconstruction.

Conferences have been held to pursue the possibility of absorbing unemployed in schemes of public works and reconstruction. The Sub-Commission has co-operated with the Italian Government in encouraging revival of industrial activity.

(i) Royal Naval Labour Corps.

Much time and energy was expended in preparing a scheme for recruitment of 15,000 Italians for work with the British Admiralty in the Far East. Innumerable Conferences were held, final agreement between Great Britain and Italy was reached, and all forms and documents for recruitment were printed, when termination of hostilities in the Far East brought cancellation of the scheme.

(j) Staff.

The work of Labour Sub-Commission has been performed with economy of staff and with a high proportion of civilians. In January

January, 1946, there were, at Headquarters, five American military, four British military, four American civilians, one British civilian, and twenty-one Italian civilians. By September, 1945, this had been reduced to two American military, four American civilians, six British civilians and seventeen Italian civilians. In January, 1946 the strength was one American civilian, five British civilians and ten Italian civilians. The field strength was nine American and two British officers at the beginning of 1945, falling to two American and one British in January 1946.

LESSONS.

The first essential is an adequate staff with wide experience in labour and industrial questions and with reasonable permanency of allocation. This staff must be mobile and transportation should be available at all times.

Policy on labour questions should be clearly defined at high level, and sustained. Wages, employment, and social legislation issues should not be left to expediency or ad hoc treatment. Planning must be exhaustive and long term.

It is not sufficient to consider labour as a self-contained problem. The first essential is that the individual shall have employment at an adequate wage and this depends upon industrial activation, in turn dependent on raw materials and fuel. The Italian need for raw materials and coal has caused some of the greatest problems faced by Labour Sub-Commission.

Above all, there should be full collaboration with representatives of both sides of industry. Organised labour should be invited to co-operate in advisory and consultative capacity and should be prepared to accept some degree of responsibility for decisions. Equally, employers and the general public should be brought into consultation on questions affecting their interests.

Recognition of the human element in labour questions and a readiness to secure the maximum degree of acceptance, even at the expense of compromise, is most likely to achieve success in a difficult field where opposition can produce disastrous results.

2223

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

785017

20
ES/1.22

HEADQUARTERS ALLIED COMMISSION

APC 394

Industry & Utilities Sub-Commission

P.O.L. Division

Final Report of P.O.L. Division

26 March 1946

1843

785017

19

1. Planning and evolution of Division.

During the early planning days of A.M.C.O.I. in N. Africa and the first stage of occupation in Sicily the set up of a special R.S. POL Division was studied closely since it was realised that supplies of POL for civilian consumption would become a problem of major importance as soon as control of back areas was relinquished by the Allies. During this period immediate needs were taken care of directly by Petroleum Section AFHQ working through AMGOT Supply Officers in the field. With the arrival of AMGOT and Allied Mission Brindisi and the birth of A.C.C. the proposed Division took its first official shape as a unit of Industry and Commerce S/C. It was realised that POL supplies were a key factor in almost every branch of public activity and that the new Division could best fulfill its functions if left free from direct control by any one of the Technical S/C's directly interested in the scope of its activities. Offices were first set up in Naples as part of the new A.C.C. R.S. and POL Division functioned from that centre until the general move to Rome took place after its occupation. With the break up of Industry and Commerce S/C into its two main branches Industry S/C and Commerce S/C, POL Division was attached to the latter where it remained until the formation of the Supply Group of Economic Section in November 1945. This reorganisation limited the functions of Commerce S/C to Foreign Trade only and in view of its supply function POL was incorporated into Fuels Dept. of Industry and Utilities S/C.

2. Early functions of POL Division.

During the Military Government phase in Italy the supply of petroleum products remained a military responsibility, quantities released for Civilian consumption being limited by the well-known Disorso and Unrest formula. In view of the particular role played by petroleum products in every sphere of present day life and the continued need of vast quantities for War purposes, AFHQ decided to set up a special Division of Petroleum Section AFHQ to control civilian requirements and an office was opened by this group in Naples in October 1943 composed of mixed Military personnel and Allied civilian technical advisers. With the move to Rome this group also moved its Headquarters and became known as Petroleum Section (AFHQ) R.S.A.C. - hereinafter referred to as Petsec. Both Petsec and the embryo Italian Government were in function by the time A.C.C. POL Division became operative, Petsec having lined up their organisation to handle the detailed statistical work connected with POL civil supplies. Under the terms of the General policy laid down for A.C.C., therefore, POL Division's duties defined themselves as follows:-

- (a) To make contact with the appropriate Dept. of the Italian Government who would eventually take over control of POL supplies.
- (b) Contact with Petsec regarding availability of supplies for civilian requirements and continuity of policy already initiated.
- (c) Contact with A.C.C. S/C's interested in particular programmes involving consumption of POL.
- (d) Institution and development of machinery to limit civilian POL consumption to strictly essential needs.

1842

quantities of AMROF and Allied Mission Brindisi and the birth of A.C.C. the projected Division took its first official shape as a unit of Industry and Commerce S/C. It was realized that POL supplies were a key factor in almost every branch of public activity and that the new Division could best fulfill its functions if left free from direct control by any one of the Technical S/C's directly interested in the scope of its activities. Offices were first set up in Naples as part of the new A.C.C. R.3. and POL Division functioned from that centre until the general move to Rome took place after its occupation. With the break up of Industry and Commerce S/C into its two main branches Industry S/C and Commerce S/C, POL Division was attached to the latter where it remained until the formation of the Supply Group of Economic Section in November 1945. This reorganisation limited the functions of Commerce S/C to Foreign Trade only and in view of its supply function POL was incorporated into Fuel Dept. of Industry and Utilities S/C.

2. Early functions of POL Division.

During the Military Government phase in Italy the supply of petroleum products remained a military responsibility, quantities released for Civilian consumption being limited by the well-known Discese and Unrest formula. In view of the particular role played by petroleum products in every sphere of present day life and the continued need of vast quantities for War purposes, AFHQ decided to set up a special Division of Petroleum Section AFHQ to control civilian requirements and an office was opened by this group in Naples in October 1943 composed of mixed Military personnel and Allied civilian technical advisers. With the move to Rome this group also moved its Headquarters and became known as Petroleum Section (AFHQ) R.A.A.C. - hereinafter referred to as Petsec. Both Petsec and the embryo Italian Government were in function by the time A.C.C. POL Division became operative, Petsec having lined up their organization to handle the detailed statistical work connected with POL, civil supplies. Under the terms of the General policy laid down for A.C.C., therefore, POL Division's duties defined themselves as follows:-

- (a) To make contact with the appropriate Dept. of the Italian Government who would eventually take over control of POL supplies.
- (b) Contact with Petsec regarding availability of supplies for civilian requirements and continuity of policy already initiated.
- (c) Contact with A.C.C. S/C's interested in particular programmes involving consumption of POL.
- (d) Institution and development of machinery to limit civilian POL consumption to strictly essential needs.

2228

785017

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

3. Activities of Petsec.

As stated above Petsec was formed by order of AFHQ before A.C.C. Petroleum Division started to function and the control systems, later developed in greater detail in close collaboration with A.C.C. were largely instituted by them. It is therefore relevant to describe their activities in some detail since a large part of the work they carried on would logically have fallen on A.C.C.'s shoulders had Petsec not been in existence.

Petsec's terms of reference were to set up a practical working system to take care of the distribution of POL for civilian purposes and channels of procurement for the necessary supplies. Their personnel was specially chosen from technical experts in the Oil Industry with previous knowledge and experience of the Italian market and to them were also attached a group of civilian advisers sent by the British and American Oil Companies having important interests in Italy. Their first step was to set up C.I.P., referred to above as a civilian distributing agency and to collect all possible data from Italian and Foreign Oil Company records and other official sources regarding pre-war consumption of petroleum products in Italy by provinces. On the basis of the data so obtained and with full knowledge of supplies available quotas were set up broken down by Regions and Provinces to govern the quantities to be released by C.I.P. to civilian users. Steps were taken to check the accuracy of the estimates by calling for monthly bids from AMG Supply Officers in the regions to whom supplies of a specially designed Pet Form 6 were distributed setting out details of estimated requirements by categories of consumers. Full justification for figures set out on Pet Form 6 was required and it was hoped in this way to prepare an up to date picture of the volume of POL necessary to take care of essential needs which could be adjusted progressively as conditions changed. One of the most important branches of consumption was obviously Transportation in all its forms and an emergency Rationing System was implemented from early days involving the issue of a circulation permit and Petrol Coupon Card (later substituted by Coupon Booklets) to the owners of all vehicles who could justify use of the vehicle for essential purposes. The Rationing System was controlled by AMG Supply and Public Safety Officers in the early period of AMG administration and continued by the Italian Government as territory was progressively handed back.

4. Source of Supply, methods of distribution and control.

The only POL entering the theatre during the period of active operations in Italy was brought in by the military and the supplies required for civil consumption had perforce to be drawn from this source. A system was evolved, therefore, under which Petsec obtained releases of quantities required through S & T Branch of AFHQ and P.B.S. the cost thereof based on figures prepared by Petsec A/cs Branch being charged to the Italian Government through A.C.C. Finance S/C. The supplies so released were made available for distribution to consumers through COMITATO ITALIANO PETROLI (C.I.P.) whose set-up and functions are described in the following paragraph. Control over quantities to be released was maintained through monthly allocations made by Petsec who acted from the start in the capacity of Official Screening agency and continued so to act in collaboration with A.C.C. Petroleum Division after its inception.

41

5. Comitato Italiano Petroli (C.I.P.).

C.I.P. was organised by Petsec as a para-statal agency whose Statute was set out in a Ministerial Decree which in itself was the subject of long negotiation between the Italian Government, Petsec and A.C.C. It was principally established to...

Petsec's terms of reference were to set up a practical working system to take care of the distribution of POL for civilian purposes and channels of procurement for the necessary supplies. Their personnel was specially chosen from technical experts in the Oil Industry with previous knowledge and experience of the Italian market and to them were also attached a group of civilian advisers sent by the British and American Oil Companies having important interests in Italy. Their first step was to set up C.I.P., referred to above as a civilian distributing agency and to collect all possible data from Italian and Foreign Oil Company records and other official sources regarding pre-war consumption of petroleum products in Italy by provinces. On the basis of the data so obtained and with full knowledge of supplies available quotas were set up broken down by Regions and Provinces to govern the quantities to be released by C.I.P. to civilian users. Steps were taken to check the accuracy of the estimates by calling for monthly bids from AMG Supply Officers in the regions to whom supplies of a specially designed Pet Form 6 were distributed setting out details of estimated requirements by categories of consumers. Full justification for figures set out on Pet Form 6 was required and it was hoped in this way to prepare an up to date picture of the volume of POL necessary to take care of essential needs which could be adjusted progressively as conditions changed. One of the most important branches of consumption was obviously transportation in all its forms and an emergency Rationing System was implemented from early days involving the issue of a circulation permit and Petrol Coupon Card (later substituted by Coupon Booklets) to the owners of all vehicles who could justify use of the vehicle for essential purposes. The Rationing System was controlled by AMG Supply and Public Safety Officers in the early period of AMG administration and continued by the Italian Government as territory was progressively handed back.

4. Source of Supply, methods of distribution and control.

The only POL entering the theatre during the period of active operations in Italy was brought in by the military and the supplies required for civil consumption had perforce to be drawn from this source. A system was evolved, therefore, under which Petsec obtained releases of quantities required through S & T Branch of AFHQ and P.B.S. the cost thereof based on figures prepared by Petsec A/cs Branch being charged to the Italian Government through A.C.C. Finance S/C. The supplies so released were made available for distribution to consumers through CONILTO ITALIANO PETROLI (C.I.P.) whose set-up and functions are described in the following paragraph. Control over quantities to be released was maintained through monthly allocations made by Petsec who acted from the start in the capacity of Official Screening agency and continued so to act in collaboration with A.C.C. Petroleum Division after its inception.

5. Comitato Italiano Petroli (C.I.P.).

C.I.P. was organized by Petsec as a para-statal agency whose Statute was set out in a Ministerial Decree which in itself was the subject of long negotiation between the Italian Government, Petsec and A.C.C. It was finally published in March 1945 and by its terms the functions attributed

17

to C.I.F. since its inception were officially confirmed and its powers defined. In broad terms C.I.F. was appointed as the sole civilian distributing agency for petroleum products with power to utilise plant, equipment and staff belonging to existing National or Foreign Oil Companies after making application to the Ministry of Industry and Commerce and payment of rental charges. A temporary Board of Directors, nominated at the outset by Fetsec as an emergency measure, was replaced by one chosen from officials of companies operating pre-war with representation from both Italian and Foreign interests after the move to Rome. In a letter covering the Decree the Italian Government agreed that no changes would be made to the constitution of C.I.F. or its Board of Directors without the prior consent of A.C.C. being given. The Board as originally appointed is still in office and has made C.I.F. an efficient national Oil distributing organization which has rendered invaluable service to the Allied cause during the successive stages of the campaign and later occupation. Its formation made it possible to utilise all the normal machinery appertaining to the Oil industry without the complication of being forced to first consider property rights which would have presented a very real and complex problem. Foreign Oil Company interests in Italy before the war were very important and were sequestered by the Italian Government immediately after the outbreak of war. Shortly afterwards they were sold to the A.G.I.F. (an Italian Government owned company) and restoration to their rightful owners is dependent on the terms of the De-sequestration Decree in course of negotiation. C.I.F.'s life is fixed by the Decree, under which it is constituted to expire 12 months after the cessation of hostilities i.e. about 3 May 1946. In view of the delay which has occurred in reaching agreement on the terms of the De-sequestration of Allied Property Decree it is expected that it will be necessary for C.I.F. to continue to function for a further 6 months during which period it is hoped that, by gradual stages, it should prove possible to restore all properties to their rightful owners and so permit of the re-establishment of normal commercial channels.

In the particular field of storage space and rolling stock, military needs have of necessity taken precedence over civilian and it has been necessary for C.I.F. to make the best use possible of equipment which could be released to them by the military. A.C.C. Petroleum Div. and Fetsec have formed the essential link between C.I.F. and the military authorities and thanks to the harmonious relations which have always been maintained no grave difficulties have ever been encountered in the field of physical distribution for which an immediate solution could not be found.

6. Negotiations with Italian Government.

When the embryo Italian Government was set up at the end of 1943 responsibility for the handling of Petroleum products was laid on the shoulders of the Inter-Ministerial Committee for Liquid Fuels who were immediately appointed by Ministerial Decree. The Committee is composed of representatives from Ministry of Industry and Commerce (President), Ministry of Transport, Agriculture, Marine, Finance and the Treasury, and carries out its functions through the Liquid Fuels Division of Ministry of Industry and Commerce as in pre-war days. All contacts with Italian Government on Oil matters have been carried out by Petroleum Division through Liquid Fuels Division and the policy from the start has been to leave as much detail work as possible in their hands with an eye to the day when Italian Government would assume full responsibility for the

785017

between Italian officials of companies operating pre-war with representation from both Italian and Foreign interests after the move to Rome. In a letter covering the Decree the Italian Government agreed that no changes would be made to the constitution of C.I.F. or its Board of Directors without the prior consent of A.C.C. being given. The Board as originally appointed is still in office and has made C.I.F. an efficient national oil distributing organization which has rendered invaluable services to the Allied cause during the successive stages of the campaign and later occupation. Its formation made it possible to utilize all the normal machinery appertaining to the oil industry without the complication of being forced to first consider property rights which would have presented a very real and complex problem. Foreign oil company interests in Italy before the war were very important and were sequestered by the Italian Government immediately after the outbreak of war. Shortly afterwards they were sold to the A.C.C. (an Italian Government owned company) and restoration to their rightful owners is dependent on the terms of the De-sequestration Decree in course of negotiation. C.I.F.'s life is fixed by the Decree, under which it is constituted to expire 12 months after the cessation of hostilities i.e. about 3 May 1946. In view of the delay which has occurred in reaching agreement on the terms of the De-sequestration of Allied Property Decree it is expected that it will be necessary for C.I.F. to continue to function for a further 6 months during which period it is hoped that, by gradual stages, it should prove possible to restore all properties to their rightful owners and so permit of the re-establishment of normal commercial channels.

In the particular field of storage space and rolling stock, military needs have of necessity taken precedence over civilian and it has been necessary for C.I.F. to make the best use possible of equipment which could be released to them by the military. A.C.C. Petroleum Div. and Petsec have formed the essential link between C.I.F. and the military authorities and thanks to the harmonious relations which have always been maintained no grave difficulties have ever been encountered in the field of physical distribution for which an immediate solution could not be found.

6. Negotiations with Italian Government.

When the embryo Italian Government was set up at the end of 1943 responsibility for the handling of Petroleum products was laid on the shoulders of the Inter-Ministerial Committee for Liquid Fuels who were immediately appointed by Ministerial Decree. The Committee is composed of representatives from Ministry of Industry and Commerce (President), Ministry of Transport, Agriculture, Marine, Finance and the Treasury, and carries out its functions through the Liquid Fuels Division of Ministry of Industry and Commerce as in pre-war days. All contacts with Italian Government on IOL matters have been carried out by Petroleum Division through Liquid Fuels Division and the policy from the start has been to leave as much detail work as possible in their hands with an eye to the day when Italian Government would assume full responsibility for the importation and distribution of its own IOL supplies.

The first steps taken by Ministry of Industry and Commerce were

1843

2232

785017

to reorganise their Provincial offices out of the old "Consiglio di Economia" under the title of "Ufficio Provinciale Industria e Commercio" (U.P.I.C.) and these local offices were expected to assume responsibility for POL matters. Regional and Provincial Supply Officers of A.C. were therefore instructed to organise the detailed work connected with allocation and rationing of POL through U.P.I.C. so as to pave the way for continuity of procedure when the time came for the handover to Italian Govt. administration. This has proved to be a very advantageous policy all along and there have been no hitches over POL administration as territories have been handed over progressively. The Ministry were made responsible from the start for printing and distributing all the forms and coupons connected with the rationing scheme and though much assistance was provided by A.C. during the first 12 months of operation in the form of technical supervision and transport facilities they were able to tackle the job on their own by the time the remaining 4 Northern Regions were handed over in December 1945.

7. Monthly allocations system.

One of the greatest difficulties encountered has been to determine the level at which supplies should be fixed during successive stages of occupation.

The T.O. fixed for POL Division covered a H.C. staff only and made no provision for technical officers in Regions and Provinces. It was therefore necessary to rely on report and information gathered and presented by General Supply Officers; in all too many cases the data proved most unreliable often showing estimates higher than known consumption during pre-war period. The method of allocating finally evolved, therefore, was based on a percentage of pre-war consumption taking into consideration the ratio of actual to pre-war activity and making allowances for special conditions of programmes sponsored by A.C./A.M.C. Basic allocations were made and published by Petsec through A.C. to A.M.C. Regional and Provincial Officers broken down between the main categories of consumers and it became the duty of the local Supply Officer to arrange for sub-allocation to individual consumers according to his knowledge of local needs. Basic allocations once made were always subject to revision and monthly comparisons were made by Petsec with actual sales figures prepared by C.I.P. With the restoration of conditions to something approaching normal the trend was naturally in an upward direction as will be seen from Appendix A attached which deals with the three principle products, Petrol, Diesel Oil and Kerosene. The detail work connected with estimates and sub-allocation was originally carried out under the supervision of A.M.C. Supply Officers through the most suitable organisation existing in each area - Chamber of Commerce, R.A.C.I., U.P.A., etc. - and later, as the Italian Govt. progressed with the re-organisation of its own local offices through the Provincial offices of the Ministry of Industry and Commerce - U.P.I.C.

During the period of A.M.C. administration it thus became possible to form a fairly clear view of the needs of each province and to fix reasonable accurate quotas to meet them. As territories have been handed back to Italian Govt. administration the Provincial and Regional quotas so determined have been grouped into one bulk allocation representing the limit quantities which could be drawn by Italian Government in areas handed back; monthly bids by U.P.I.C. thereafter were routed through the Ministry direct; Liquid Fuels Division becoming responsible for screening and sub-allocation. At this latter stage it has frequently been necessary for A.C. to intervene.

1833

785017

7. Monthly allocations system.

One of the greatest difficulties encountered has been to determine the level at which supplies should be fixed during successive stages of occupation.

The T.O. fixed for POL Division covered a H.Q. staff only and made no provision for technical officers in Regions and Provinces. It was therefore necessary to rely on report and information gathered and presented by General Supply Officers; in all too many cases the data proved most unreliable often showing estimates higher than known consumption during pre-war period. The method of allocating finally evolved, therefore, was based on a percentage of pre-war consumption taking into consideration the ratio of actual to pre-war activity and making allowance for special conditions of programmes sponsored by AG/AMG. Basic allocations were made and published by Petsec through AG to AMG. Basic allocation Provincial Officers broken down between the main categories of consumers and it became the duty of the local Supply Officer to arrange for sub-allocation to individual consumers according to his knowledge of local needs. Basic allocations once made were always subject to revision and monthly comparisons were made by Petsec with actual sales figures prepared by C.I.P. With the restoration of conditions to something approaching normal the trend was naturally in an upward direction as will be seen from Appendix A attached which deals with the three principle products, Petrol, Diesel Oil and Kerosene. The detail work connected with estimates and sub-allocation was originally carried out under the supervision of AMG Supply Officers through the most suitable organisation existing in each area - Chamber of Commerce, R.A.C.I., U.P.A., etc. - and later, as the Italian Govt. progressed with the re-organisation of its own local offices through the Provincial offices of the Ministry of Industry and Commerce U.P.I.C.

During the period of AMG administration it thus became possible to form a fairly clear view of the needs of each province and to fix reasonable accurate quotas to meet them. As territories have been handed back to Italian Govt. administration the Provincial and Regional quotas so determined have been grouped into one bulk allocation representing the limit quantities which could be drawn by Italian Government in areas handed back; monthly bids by U.P.I.C. thereafter were routed through the Ministry direct; Liquid Fuels Division becoming responsible for screening and sub-allocation. At this latter stage it has frequently been necessary for A.C. to intervene with Liquid Fuels Division where special programmes sponsored by A.C. S/C's have been involved and, on A.C.'s suggestion, the Ministry have made a practice of keeping a monthly reserve unallocated to take care of such cases.

2234

785017

15

5. Priority of supplies.

Until the cessation of hostilities and under the limitations of the Disarmament and Warrent formula it became necessary to endeavour to set up a system of priority to ensure that basic needs were met as a first charge on available supplies. The Railways were under direct military control and all necessary supplies for their rehabilitation and operation were provided direct by M.R.S. Priority on civil supplies was first given to agriculture, AMG truck pools as formed, Power Plants and other Municipal undertakings. Details of pre-war consumption for a particular province were obtained very early through the Ministry of Agriculture branch, down by provinces and proved to be fairly reliable. During the progressive advance through Italy the requirements for agriculture obtained at this time from a current Min. of Agriculture estimate were taken as the basis for allocation of IOL to provinces occupied and it was to be said that almost since this particular field of consumption has been fully satisfied beyond doubt. The needs of warlike Power Plants (wholly fuel oil) and other municipal undertakings were also met on the same basis as well as those of AMG Truck Pools formed under the auspices of Transportation S/7. As general conditions of life were restored demands from other fields of consumption increased proportionately the more important being for Road transportation, Coastal collections, Fishing and Industrial Plants and increased contact with other interested S/C's became necessary for sourcing purposes. Particular difficulty has always been experienced in securing accurate data on which to base the needs of these latter categories of war but this is perhaps readily understandable if one considers that the whole country was in a state of flux after a long period of campaigning and practical occupation by a Foreign Power. Pre-war data available has been useful only as a partial guide with national productive activity starting up again practically ending from zero after a long period of total stagnation.

6. Transitional period.

There have been two distinct phases of the Transitional Period

- (a) Period of operation of P.M. Supply Programme
- (b) AC/URRA Period.

(a) It had always been assumed by PCL Division that as soon as PCL for civil consumption ceased to be a military responsibility the Italian Government would be in a position to import supplies required through normal channels immediately. This proved not to be the case and with the termination of Lend Lease arrangements the period of the transitional P.M. programme was entered. Although the character of the source of supply was altered and all IOL for the civil programme had now to be said for in Dollars or Sterling procurements continued under military control and the same machinery as is described in the earlier part of this report continued to operate. The quantities to be set up in the programme to cover the 4 months period had been agreed direct between Programme Co-ordinating Branch of Economic Section and Potsee but allocations continued to be based on the principles set out above and did not reach the totals originally estimated. Potsee closed down their office in Rome as of 30 November 1945

1945

785017

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

control and all necessary supplies for their rehabilitation and construction were provided direct by A.R.S. Priority on civil supplies was first given to Agriculture, and truck pools as formed, Power Plants and other Municipal undertakings. Details of pre-war construction for agriculture were obtained very early through the Ministry of Agriculture from whom advanced through Italy the requirements for agriculture obtained at this time from a current list of agriculture obtained to meet the needs for education of PCL to provinces secured and it may be said that secured from this particular field of construction has been fully satisfied the need. The needs of various Power Plants (principally Steel Oil) and other Municipal undertakings were also met on the same scale as well as those of the Truck Pools formed under the auspices of transportation 3/7. As a result conditions of life were restored despite the other fields of consumption increased proportionately the most important being for food transportation, Cement, coal, oil, fishing and industrial plants and increased contact with other interested S/C's became necessary for screening purposes. Particular difficulty has always been experienced in securing accurate data on which to base the needs of these latter categories of need but this is perhaps readily understandable if one considers that the whole country was in a state of flux after a long period of campaigning and practical occupation by a Foreign Power. Pre-war data available has been useful only as a partial guide with national productive activity starting up again practically seeking from 1940 after a long period of total stagnation.

2. Transitional period.

There have been two distinct phases of the Transitional Period

- (a) Period of operation of PCL Supply Programme
- (b) A/C/URR Period.

(a) It had always been assumed by PCL Division that as soon as PCL for civil consumption ceased to be a military responsibility the Italian Government would be in a position to import supplies required through national channels immediately. This proved not to be the case and with the termination of Lend Lease arrangements the period of the transitional PCL programme was entered. Although the character of the source of supply was altered and all PCL for the civil programme had now to be sold for in Dalmatian or Serbian procuraments continued under military control and the same machinery as is described in the earlier part of this report continued to operate. The quantities to be set up in the programme to cover the 4 months period had been agreed direct between Programme Co-ordination Branch of Technical Section and Patsee but allocations continued to be based on the principles set out above and did not reach the totals originally estimated. Patsee closed down their office in Rome as of 30 November 1945 leaving only a skeleton staff to take care of accounting up to the end of the PCL period and C.I.P. took over responsibility for making up the civilian slate at this point. Their staff had previously been trained in slating by Patsee in anticipation of the change over and the first slate

2236

785017

concluded by them was that for the month of January 1946, i.e. the last month of the transitional period. The figures incorporated therein in respect of arrivals and releases from military stocks were all supplied by P. I. C. and had the proposed schedule been maintained C.I.P. would have had in their depots at 31st January 1946 a reserve stock equivalent to a forty five days supply based on current rate of consumption; this stock pile would have been the property of the Italian Govt. Unfortunately this position was never realised; difficulties arose over the shipment of the January "Dues in" with the result that releases from military stocks to C.I.P. could not be maintained and backlogs were created. Satisfactory assurance was obtained that these backlogs would be made good in later months and in fact, at the time of writing this report, this position is well in hand.

(c) The AC/UNRA phase commenced on 1st November 1945 with the transfer of POL Division to the newly formed Economic Section Supply Group and it may be said broadly that after the first month the Division's activities were directed almost entirely into UNRA channels. UNRA Petroleum Div. was set up side by side with AC early in December and finally took over the full responsibility for supplies as from 1st February 1946. During the intervening period much work was done on laying down procedures, securing and checking estimates on which to base the year's programme but a more detailed description of these activities is hardly relevant for the purpose of this report since they were rightly form the opening chapter of the history of UNRA Petroleum Division.

10. Functions remaining with A.C.

After the assumption by UNRA of full responsibility for POL supplies the principal function remaining with A.C., apart from liquidating questions of minor importance, was supervision of supplies for the last remaining AC areas - Udine Province and Venezia Giulia. Estimates were set up for both areas in December 1945 to cover the period Jan/June 1946 and arrangement was initiated by Airgram through G-5 Branch of JHQ, the final responsibility for the supply programme so set up was not confirmed until late February 1946 and arrangements were made by which Venezia Giulia requirements were covered direct through military channels (XIII Corps) and Udine Province continued to draw on C.I.P. stocks. Since it has been clarified that the supply responsibility for these two areas is military through A.C. G-5 Branch have been requested to arrange for C.I.P. to be supplied monthly ex military stocks with quantities of POL shown in the Jan/June estimate so that C.I.P. will no longer have to draw on UNRA/Italian Govt. supplies for Udine. Venezia Giulia requirements will continue to be met ex military stock under control of XIII Corps.

11. Special Difficulties encountered.

(a) Lack of statistics as basis for estimates.

This has been a major problem throughout with the gradual restoration of more normal conditions in Italy. It has been necessary to maintain close contact with other A/C interested in particular reestablishment of structures of which almost everyone involved increased use of POL.

Consequently, this position was never realized; difficulties arose over the shipment of the January "Duos in" with the result that releases from military stocks to C.I.P. could not be maintained and backlogs were created. Satisfactory assurance was obtained that these backlogs would be made good in later months and in fact, at the time of writing this report, this position is well in hand.

(b) The AG/UMRA phase commenced on 1st November 1945 with the transfer of POL Division to the newly formed Economic Section Supply Group and it may be said broadly that after the first month the Division's activities were directed almost entirely into UMRA channels. UMRA Petroleum Div. was set up side by side with AG early in December and finally took over the full responsibility for supplies as from 1st February 1946. During the intervening period much work was done on laying down procedures, securing and checking estimates on which to base the year's programme but a more detailed description of these activities is hardly relevant for the purpose of this report since they were rightly from the opening chapter of the history of UMRA Petroleum Division.

10. Functions remaining with A.C.

After the assumption by UMRA of full responsibility for POL supplies the principal function remaining with A.C., apart from liquidating questions of minor importance, was supervision of supplies for the last remaining AG areas - Udine Province and Venezia Giulia. Estimates were set up for both areas in December 1945 to cover the period Jan/June 1946 and procurement was initiated by telegram through G-5 Branch of AME. The initial responsibility for the supply programme so set up was not confined until late February 1946 and arrangements were made by which Venezia Giulia requirements were covered direct through military channels (XIII Corps) and Udine Province continued to draw on C.I.P. stocks. Since it has been clarified that the supply responsibility for these two areas is military through A.C. G-5 Branch have been requested to arrange for C.I.P. to be supplied monthly ex military stocks with quantities of POL shown in the Jan/June estimate so that C.I.P. will no longer have to draw on UMRA/Italian Govt. supplies for Udine. Venezia Giulia requirements will continue to be met ex military stock under control of XIII Corps.

11. Special Difficulties encountered.

1838

(a) Lack of statistics as basis for estimates.

This has been a major problem throughout with the gradual restoration of more normal conditions in Italy. It has been necessary to maintain close contact with other A/C interested in particular rehabilitation programmes of which almost every one involved increased use of POL, but in many such cases it has been impossible to reconcile claims advanced with known pre-war consumption for similar activities. Specific ex-

13

copies of such cases have been the needs for Coastal schooners traffic (COCEVA) and Load hauling vehicles (LHC). Both of these form the subject matter of voluminous files of correspondence. Industrial needs have never presented such a difficult problem owing to the formation of C.I.P. whose technical personnel have been in a position to keep in close touch with industrial needs as they developed and offer valuable assistance to A.C. from a screening point of view.

(b) Screening of personnel.

No special POL officers were ever appointed at either Regional or Provincial level so that POL from force of circumstances came under the jurisdiction of General Supply Officers who were only able to devote a part of their time to this very specialised problem. This has frequently led to long delays in sorting out essential information.

(c) Black Market activities.

Much time and energy has been spent on endeavouring to stamp out Black Market activities but with very little success. In the automotive field in particular the problem has been a constant pre-occupation and innumerable cases of abuse have been brought to the attention of the Italian Government with a request that adequate preventive measures be instituted by Police authorities. Very little interest in such complaints has been displayed by successive Italian Government, the necessary strong Police action has not been forthcoming and, as a result, the Black Market has continued and still continues to flourish at allied expense. It has been impossible to make any serious estimate of the losses incurred under this head but the existence of such a flourishing Black Market has seriously complicated the calculation of accurate estimates of needs for automotive use since so many vehicles were obviously circulating for non-essential purposes.

(d) Existence of two parallel organisations.

In as much as Petasec were appointed specifically by LHC to control civil consumption of POL A.C. Petroleum Division was to a certain extent handicapped by not being able to carry out what would normally have been its full functions independently. Harmonious relations have always been maintained between the two groups but the fact that they have existed side by side gave rise to the possibility of two different interpretations of what constitutes "essential uses" which it was not always possible to reconcile. It is felt, nevertheless, that the combined POL organisation described in this report has worked very efficiently and has provided adequately for Italy's needs of liquid fuels throughout the whole period of its operation.

...the needs as they developed and after valuable assistance to A.C. from a screening point of view.

(a) Screening of personnel.

No special PCL officers were ever appointed at either Regional or Provincial level so that PCL from force of circumstances came under the jurisdiction of general Supply Officers who were only able to devote a part of their time to this very specialised problem. This has frequently led to long delays in sorting out essential information.

(c) Black Market activities.

Much time and energy has been spent on endeavouring to stamp out black market activities but with very little success. In the automotive field in particular the problem has been a constant pre-occupation and innumerable cases of abuse have been brought to the attention of the Italian Government with a request that adequate preventive measures be instituted by Police authorities. Very little interest in such complaints has been displayed by successive Italian Governments, the necessary strong Police action has not been forthcoming and, as a result, the Black Market has continued and still continues to flourish at allied expense. It has been impossible to make any serious estimate of the losses incurred under this head but the existence of such a flourishing Black Market has seriously complicated the calculation of accurate estimates of needs for automotive use since so many vehicles were obviously circulating for non-essential purposes.

(d) Existence of two parallel organisations.

In as much as Petasec were appointed specifically by IRI, to control civil consumption of POL A.C. Petroleum Division was to a certain extent handicapped by not being able to carry out what would normally have been its full functions independently. Harmonious relations have always been maintained between the two groups but the fact that they have existed side by side gave rise to the possibility of two different interpretations of what constitutes "essential uses" which it was not always possible to reconcile. It is felt, nevertheless, that the combined POL organisation described in this report has worked very efficiently and has provided adequately for Italy's needs of liquid fuels throughout the whole period of its operation.

1835

785017

2239

12-

Schedule A

Comparison of total allocations July 1945 - June 1946 with latest period pre-war sales for corresponding months.

(figures in barrels of 40 U.S. Gals.)

Percentage Allocations
to Pre-war Sales.

Month	Allocations Barrels	Month	Pre-war Sales Barrels	Percentage Allocations to Pre-war Sales.
1945 July	62,618	1939 July	360,726	19%
August	86,131	August	384,973	22%
September	90,919	1938 September	341,462	26%
October	103,206	October	300,818	34%
November	103,210	November	262,218	40%
December	111,667	December	246,508	45%
1946 January	126,790	1939 January	222,612	57%
February	133,936	February	220,830	60%
March	148,836	March	260,804	56%
April	150,000	April	284,206	52%
May	151,000	May	272,395	55%
June	165,000	June	325,320	54%

Diesel Oil

1945 July	92,593	1939 July	254,978	35%
August	109,806	August	261,906	44%
September	94,493	1938 September	177,603	35%
October	99,647	October	190,456	53%
November	83,693	November	171,966	40%
December	86,845	December	161,230	55%
1946 January	97,915	1939 January	144,715	68%
February	138,992	February	156,923	89%
March	143,992	March	184,038	78%
April	150,000	April	185,078	81%
May	156,000	May	191,383	82%
June	166,000	June	216,239	85%

Kerosene

1945 July	93,134	1939 July	234,459	40%
August	93,306	August	202,629	45%
September	85,579	1938 September	146,256	59%
October	77,466	October	164,120	47%
November	51,130	November	72,424	67%
December	51,931	December	60,071	86%
1946 January	50,005	1939 January	48,437	105%
February	49,963	February	58,169	86%
March	49,963	March	64,845	77%
April	70,000	April	74,482	94%
May	72,000	May	83,335	87%
June	135,500	June	117,606	113%

NOTE: July 1945 to June 1946 is taken as the most suitable period as a basis

785017

2240

1834

2241

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

785017

Percentage Allocations
to Pre-war Sales.

Petrol	Allocations		Pre-war Sales		Percentage Allocations to Pre-war Sales.
	Month	Barrels	Month	Barrels	
	1945 July	69,618	1939 July	360,726	19%
	August	86,151	August	384,973	22%
	September	90,919	1938 September	341,462	25%
	October	103,208	October	300,618	34%
	November	103,910	November	262,218	40%
	December	111,667	December	246,508	45%
	1946 January	126,790	1939 January	222,612	57%
	February	133,936	February	220,890	60%
	March	148,836	March	266,804	56%
	April	150,000	April	284,206	54%
	May	151,000	May	272,395	55%
	June	165,000	June	325,328	54%

Diesel Oil

1945 July	92,593	1939 July	254,978	36%
August	109,806	August	261,906	42%
September	94,493	1938 September	177,603	35%
October	99,647	October	190,456	53%
November	83,893	November	174,968	48%
December	88,645	December	161,230	55%
1946 January	97,915	1939 January	144,715	68%
February	138,992	February	156,925	89%
March	143,992	March	184,038	78%
April	150,000	April	185,078	84%
May	156,000	May	191,383	82%
June	186,000	June	216,239	86%

Kerosene

1945 July	93,134	1939 July	234,459	40%
August	93,306	August	202,629	46%
September	85,579	1938 September	146,256	50%
October	77,466	October	164,120	47%
November	51,130	November	76,424	67%
December	51,931	December	60,071	86%
1946 January	50,003	1939 January	48,437	103%
February	49,963	February	58,169	86%
March	49,963	March	64,845	77%
April	70,000	April	74,482	94%
May	72,000	May	83,335	87%
June	133,500	June	117,806	113%

1834

NOTES

July 1945 to June 1946 is taken as the most suitable period as a basis for comparison since it represents the first 12 month period during which allocations were made for the whole of Italy following a unified system. Allocations for February 1946 / June 1946 are against UNRRA supplies but were agreed with Italian Govt. by the Joint AC/UNRRA Petroleum Division and as such are relevant for AC records.

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

785017

Schedule B.

Comparison of quantities of POL shown in original FEI Programs with actual quantities allocated for civil consumption.

Actual allocationsFEI estimatePetrol

October 1945	143,820 bbls.	103,208 bbls.
November "	143,820 "	103,910 "
December "	143,820 "	111,667 "
January 1946	143,820 "	126,790 "

Kerosene

October 1945	88,931 bbls.	77,466 bbls.
November "	86,931 "	51,130 "
December "	86,931 "	51,931 "
January 1946	86,931 "	50,003 "

Diesel Oil

October 1945	109,956 bbls.	93,647 bbls.
November "	109,956 "	83,893 "
December "	109,956 "	88,845 "
January 1946	109,956 "	97,915 "

1833

2 2 4 3

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

785017

10

HEADQUARTERS ALLIED COMMISSION

APC 394

Industry and Utilities Sub-Commission

Coal Division

REPORT ON ACTIVITIES OF COAL DIVISION

up to February 1946

20 March 1946

1832

FOREWORD

This report covers the activities of the Coal Division, Allied Commission, from its inception in May 1944 until the end of February 1946.

NARRATIVE

The important part which coal plays in the Italian economy can never be sufficiently stressed. Italy being so poorly supplied with sources of her own, has to rely on importations from more fortunate countries. The extent to which Italy can be reconstructed and rehabilitated is therefore irrevocably linked with the ability of the large coal producing countries to make coal available for export to Italy.

The Coal Division of Allied Commission was formed in Naples during the early part of May 1944, and moved to Rome in the same year. The duties of the Division from the time it was formed up to the 1st April 1945 were of an advisory nature to Coal Section A.F.H.Q. who were charged with the responsibility for the importation and allocation of all coal imported into this Theater. During this period only limited quantities of coal were made available for civilian use under the "disease and unrest" formula, but at the same time Coal Division were engaged in drawing up plans for future civil requirements.

1st April 1945 the responsibility for the screening and allocation of all coal, imported and locally mined, for civilian consumption in Italy, Sicily and Sardinia, was passed from Coal Section A.F.H.Q. to Coal Division, Allied Commission. Certain personnel of Coal Section A.F.H.Q. were assigned to work with Coal Division A.C. in order to enable them to carry out the additional responsibility.

Procedure carried out was as follows: Coal Division, A.C. screened all civilian requirements such as hospitals, bakeries, public utilities and industry. These figures were passed on to Coal Section A.F.H.Q. who in turn included them in their overall requirements which were forwarded to Washington and London. Once London and Washington had informed Coal Section A.F.H.Q. as to the tonnage that would be made available, A.C. Coal Division were given a portion of the tonnage for civilian use. A plan of allocation was then drawn up and submitted to A.F.H.Q. Coal Section, who made the necessary allocations ex-ship as cargoes arrived.

Coal, always in short supply, was allocated only to the most essential uses under the "disease and unrest" formula, during this period of military responsibility. However with the liberation of the entire industrial North almost intact, the provision of much larger tonnages was necessary. Provision had been made for this on an increasing monthly basis during the early planning stages, so that the Coal Allocation for civilian use increased from a 40,000 tons level in May/June to a 180,000 tons level in August/September. 1831

As from 1st October 1945 the period of Military responsibility ceased and Coal Division A.C. were charged with the entire responsibility for the requisition, importation, and distribution of all Coal and Coke for civilian consumption. In addition they were charged with the same responsibility for British Military purposes. In order to meet these

The important part which coal plays in the Italian economy can never be sufficiently stressed. Italy being so poorly supplied with sources of her own, has to rely on importations from more fortunate countries. The extent to which Italy can be reconstructed and rehabilitated is therefore irrevocably linked with the ability of the large coal producing countries to make coal available for export to Italy.

The Coal Division of Allied Commission was formed in Naples during the early part of May 1944, and moved to Rome in the same year. The duties of the Division from the time it was formed up to the 1st April 1945 were of an advisory nature to Coal Section A.F.H.Q. who were charged with the responsibility for the importation and allocation of all coal imported into this Theater. During this period only limited quantities of coal were made available for civilian use under the "disease and unrest" formula, but at the same time Coal Division were engaged in drawing up plans for future civil requirements.

1st April 1945 the responsibility for the screening and allocation of all coal, imported and locally mined, for civilian consumption in Italy, Sicily and Sardinia, was passed from Coal Section A.F.H.Q. to Coal Division, Allied Commission. Certain personnel of Coal Section A.F.H.Q. were assigned to work with Coal Division A.C. in order to enable them to carry out the additional responsibility.

Procedure carried out was as follows: Coal Division, A.C. screened all civilian requirements such as hospitals, bakeries, public utilities and industry. These figures were passed on to Coal Section A.F.H.Q. who in turn included them in their overall requirements which were forwarded to Washington and London. Once London and Washington had informed Coal Section A.F.H.Q. as to the tonnage that would be made available, A.C. Coal Division were given a portion of the tonnage for civilian use. A plan of allocation was then drawn up and submitted to A.F.H.Q. Coal Section, who made the necessary allocations ex-ship as cargoes arrived.

Coal, always in short supply, was allocated only to the most essential uses under the "disease and unrest" formula, during this period of military responsibility. However with the liberation of the entire industrial North almost intact, the provision of much larger tonnages was necessary. Provision had been made for this on an increasing monthly basis during the early planning stages, so that the Coal Allocation for civilian use increased from a 40,000 tons level in May/June to a 180,000 tons level in August/September.

As from 1st October 1945 the period of Military responsibility ceased and Coal Division A.C. were charged with the entire responsibility for the requisition, importation, and distribution of all Coal and Coke for civilian consumption. In addition they were charged with the same responsibility for British Military purposes. In order to meet these

8

additional responsibilities the remaining members of Coal Section A.F.H.Q. were transferred to Coal Division A.C. During the latter part of this period, certain Allied Civilian Personnel were also added to Coal Division A.C.

The procedure was then as follows: As soon as the procurement Authorities advised the tonnage which had been allocated to Italy in any one month, Coal Division, A.C., after deducting the priority requirements of the Railways, then advised the Italian Government of the balance which would be available for civilian purposes. An indication was given of the division desired between South Italy (including Central Italy and Sicily) and North Italy. The Italian Ministry of Industry and Commerce prepared an allocation for both North and South, by broad category of consumer. This allocation plan was laid before the Rame Coal Requisition and Allocation Committee, consisting of the interested Italian Ministries, namely, Industry and Commerce, and Transportation, and representatives of Allied Commission, viz., Coal Division, Public Works Sub-Commission, under the Chairmanship of the Under Secretary of the Ministry of Industry and Commerce. The plan was discussed, advice being given by the representatives of Allied Commission, and agreement reached. The broad plans were then handed, for the South to the Rame Office of the Ministry of Industry and Commerce, and for the North through the same Ministry to its Milan Coal Office, for the detailed allocations to consumers to be made upon the basis of the overall allocations to categories of consumers. In each case, further opportunity was given to the Coal Division Officers to offer advice.

The detailed allocation having been finally agreed between the Ministry of Industry and Commerce in Rome and Milan, and the A.C., Coal Division Advisers, the Italians then sent direct advice to the ports of the programme of allocation for the month in question. At the Ports the coal, consigned to Civilian account against the FEA programme, was then received on behalf of the Italian Government by the Agenzia Marittima, the Port Agency of the Ministry of Transportation, the Italian Government then being indebted to the A.C. for the Bill of Lading weight of each cargo, at the agreed landed cost price. In turn, the Agenzia Marittima handed over the cargo, excepting that portion allocated to the Railways, to the Italian Importers Group established at the Port, which then consigned the wagons on discharge in accordance with the monthly programme of allocation already received from the Ministry of Industry and Commerce.

The discharging instructions for each vessel before arrival were sent by Coal Division A.C., through M.W.T. or W.S.A., to the Italian Government, to the Agenzia Marittima and to the Importers, stating the definite quantities to be despatched to the Railways, and the remainder to be available for the civilian programme.

This machinery has actually been in operation now for some months. The greatest difficulty has been experienced in getting the Italians to handle the allocation with a due sense of responsibility, but great progress has been made despite the very poor quality of the Junior Civil Servants who have survived the process of selection. It is, however, the measured opinion of the Division that for some time the advice of competent representatives of A.C. or U.N.R.R.A. will be most necessary, if the coal is to be utilised to the maximum advantage.

During the period of FEA provisioning, arrivals of coal were

2247

785017

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

ments of the Railways, A.C., after consulting the priority requirements which would be available for civilian purposes. An indication was given of the division desired between South Italy (including Central Italy and Sicily) and North Italy. The Italian Ministry of Industry and Commerce prepared an allocation plan for both North and South, by broad category of consumer. This allocation plan was laid before the Ranco Coal Requisition and Allocation Committee, consisting of the interested Italian Ministries, namely, Industry and Commerce, and Transportation, and representatives of Allied Commission, viz., Coal Division, Public Works Sub-Commission, under the Chairmanship of the Under Secretary of the Ministry of Industry and Commerce. The plan was discussed, advice being given by the representatives of Allied Commission, and agreement reached. The broad plans were then handed, for the South to the Rome Office of the Ministry of Industry and Commerce, and for the North through the same Ministry to its Milan Coal Office, for the detailed allocations to consumers to be made upon the basis of the overall allocations to categories of consumers. In each case, further opportunity was given to the Coal Division Officers to offer advice.

The detailed allocation having been finally agreed between the Ministry of Industry and Commerce in Rome and Milan, and the A.C., Coal Division Advisers, the Italians then sent direct advice to the ports of the programme of allocation for the north in question. At the Ports the coal, consigned to Civilian account against the FEA programme, was then received on behalf of the Italian Government by the Agenzia Marittima, the Port Agency of the Ministry of Transportation, the Italian Government then being indebted to the A.C. for the Bill of Lading weight of each cargo, at the agreed landed cost price. In turn, the Agenzia Marittima handed over the cargo, excepting that portion allocated to the Railways, to the Italian Importers Group established at the Port, which then consigned the wagons on discharge in accordance with the monthly programme of allocation already received from the Ministry of Industry and Commerce.

The discharging instructions for each vessel before arrival were sent by Coal Division A.C., through M.W.T. or U.S.A., to the Italian Government, to the Agenzia Marittima and to the Importers, stating the definite quantities to be despatched to the Railways, and the remainder to be available for the civilian programme.

1833

This machinery has actually been in operation now for some months. The greatest difficulty has been experienced in getting the Italians to handle the allocation with a due sense of responsibility, but great progress has been made despite the very poor quality of the Junior Civil Servants who have survived the process of emigration. It is, however, the measured opinion of the Division that for some time the advice of competent representatives of A.C. or U.N.R.R.A. will be most necessary, if the coal is to be utilised to the maximum advantage.

During the period of FEA provisioning, arrivals of coal were very irregular, thereby causing extreme difficulty in maintaining a well balanced industrial programme. The October strikes in the U.S.A. had

a disastrous effect on the shipments against the winter coal arrivals programme and only 15 cargoes were received as against the 50 expected. During December lack of crews for colliers again upset the January arrivals programme and although 42 cargoes were eventually received many of them discharged late in February. The result of these shortfalls was to extend the FEA programme into March arrivals instead of ending with January arrivals, and although the full quantity of coal was eventually received it was spread over a longer period than had been anticipated, thereby reducing the monthly quantity available to industry. The following table shows monthly shipments of coal against the FEA programme:-

Month of arrival	(A)			
	Total Bid	Total set up	Total shipped and received	Balance
October	383,000	355,000	358,588	+ 3,588
November	420,000	420,000	131,433	- 288,567
December	450,000	450,000	383,662	- 66,338
January	450,000	450,000	342,619	- 107,381
Totals:	1,703,000	1,675,000	1,216,302	- 458,698

Shortfall shipped as follows:-

February	387,919
March	98,914
Total	486,833

Total shipped against FEA programme 1,703,135

Production of Sardinian coal and lignite in Italy is increasing satisfactorily, but transportation difficulties hamper distribution. The production of Sardinian coal during February 1946 reached a level of over 72,000 tons. Lignite production is about 110,000 tons monthly, a figure which could be increased considerably. Many of the mines however, including the large Valdarno Group, are at present not connected by Rail, and transportation by road is very costly and presents many difficulties.

With effect from the arrival in Italy of the last ship on the FEA programme, the responsibility for the supply of coal for civilian purposes will be handed over to U.N.R.R.A. Coal Division A.C. will, however continue to act in an advisory capacity.

CONCLUSION

The success which the Coal Division has had in supplying coal to Italy, even on such a limited scale, has been due solely to the hard work of a body of men well trained in their job. By means of strict supervision it can fairly safely be said that the best use has been made of the coal available, and the difficult periods of November and January passed without serious repercussions.

1829

785017

2248

(A)

Month of arrival	Total Bid	Total set up	Total shipped and received	Balance
October	383,000	355,000	358,588	+ 3,588
November	420,000	420,000	131,433	- 288,567
December	450,000	450,000	383,662	- 66,338
January	450,000	450,000	342,619	- 107,381
Totals:	1,703,000	1,675,000	1,246,302	- 458,698

Shortfall shipped as follows:-

February	387,919
March	98,914

Total 486,833

Total shipped against FEA programme 1,703,135

Production of Sardinian coal and lignite in Italy is increasing satisfactorily, but transportation difficulties hamper distribution. The production of Sardinian coal during February 1945 reached a level of over 72,000 tons. Lignite production is about 110,000 tons monthly, a figure which could be increased considerably. Many of the mines however, including the large Valdarno Group, are at present not connected by R.R., and transportation by road is very costly and presents many difficulties.

With effect from the arrival in Italy of the last ship on the FEA programme, the responsibility for the supply of coal for civilian purposes will be handed over to U.N.R.R.A. Coal Division A.C. will, however continue to act in an advisory capacity.

CONCLUSION

The success which the Coal Division has had in supplying coal to Italy, even on such a limited scale, has been due solely to the hard work of a body of men well trained in their job. By means of strict supervision it can fairly safely be said that the best use has been made of the coal available, and the difficult periods of November and January passed without serious repercussions.

RECOMMENDATIONS

1. It is most essential that full supervision of coal distribution be continued by AC/UNRRA if the best use is to be made of the limited quantities of coal that are being made available. For this purpose the services of competent coal experts is necessary.
2. The need for early planning has been brought out again and again during the period of A.C. responsibility. It is recommended that at the earliest possible moment stocks of coal should be laid down to guard against strikes, shipping delays and other possible causes for non - arrival of coal.
3. Closer liaison between procuring authorities in Washington and Coal Division here would be of considerable assistance. This has been effected to some extent by representation on E.C.O., which has enabled Italy's needs to be stressed in the right quarters, but it is felt that the difficulties of the situation here are not always appreciated in Washington.

1828

2. The need for early planning has been brought out again and again during the period of A.C. responsibility. It is recommended that at the earliest possible moment stocks of coal should be laid down to guard against strikes, shipping delays and other possible causes for non - arrival of coal.

3. Closer liaison between procuring authorities in Washington and Coal Division here would be of considerable assistance. This has been effected to some extent by representation on E.C.O., which has enabled Italy's needs to be stressed in the right quarters, but it is felt that the difficulties of the situation here are not always appreciated in Washington.

1828

- 4 -

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

785017

2251

2252

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

785017

IMPORTED COAL AND COKE DISCHARGES
ITALY, SICILY AND SARDINIA

1827

MONTH	MILITARY & Miscellaneous	RAILWAYS	CIVILIAN	TOTAL
<u>1945</u>				
January	23,877	48,252	17,933	90,062
February	20,566	51,426	25,416	97,408
March	15,102	75,920	27,983	119,005
April	15,090	76,660	30,803	122,553
May	19,793	54,888	40,369	115,050
June	16,753	107,039	34,075	157,867
July	13,606	104,627	95,517	213,750
August	21,959	111,814	216,035	349,808
September	10,280	70,054	147,488	227,822
October	24,607	131,727	211,498	367,832
November	31,894	49,003	236,613	317,510
December	31,277	124,923	268,285	424,485
Total	244,804	1006,333	1352,015	2603,152
<u>1946</u>				
January	38,652	103,048	187,411	329,111
February	41,065	143,194	344,189	528,448

2253

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

785017

IMPORTED COAL AND COKE DISCHARGES
ITALY, SICILY AND SARDINIA

1827

MONTH	MILITARY & Miscellaneous	RAILWAYS	CIVILIAN	TOTAL
January	23,877	48,252	17,933	90,062
February	20,566	51,426	25,416	97,408
March	15,102	75,920	27,983	119,005
April	15,090	76,660	30,803	122,553
May	19,793	54,888	40,369	115,050
June	16,753	107,039	34,075	157,867
July	13,606	104,627	95,517	213,750
August	21,959	111,814	216,035	349,808
September	10,280	70,054	147,488	227,822
October	24,607	131,727	211,498	367,832
November	31,894	49,003	236,613	317,510
December	31,277	124,923	268,285	424,485
Total	244,804	1006,333	1352,015	2603,152
January	38,652	103,048	187,411	329,111
February	41,065	143,194	344,189	528,448

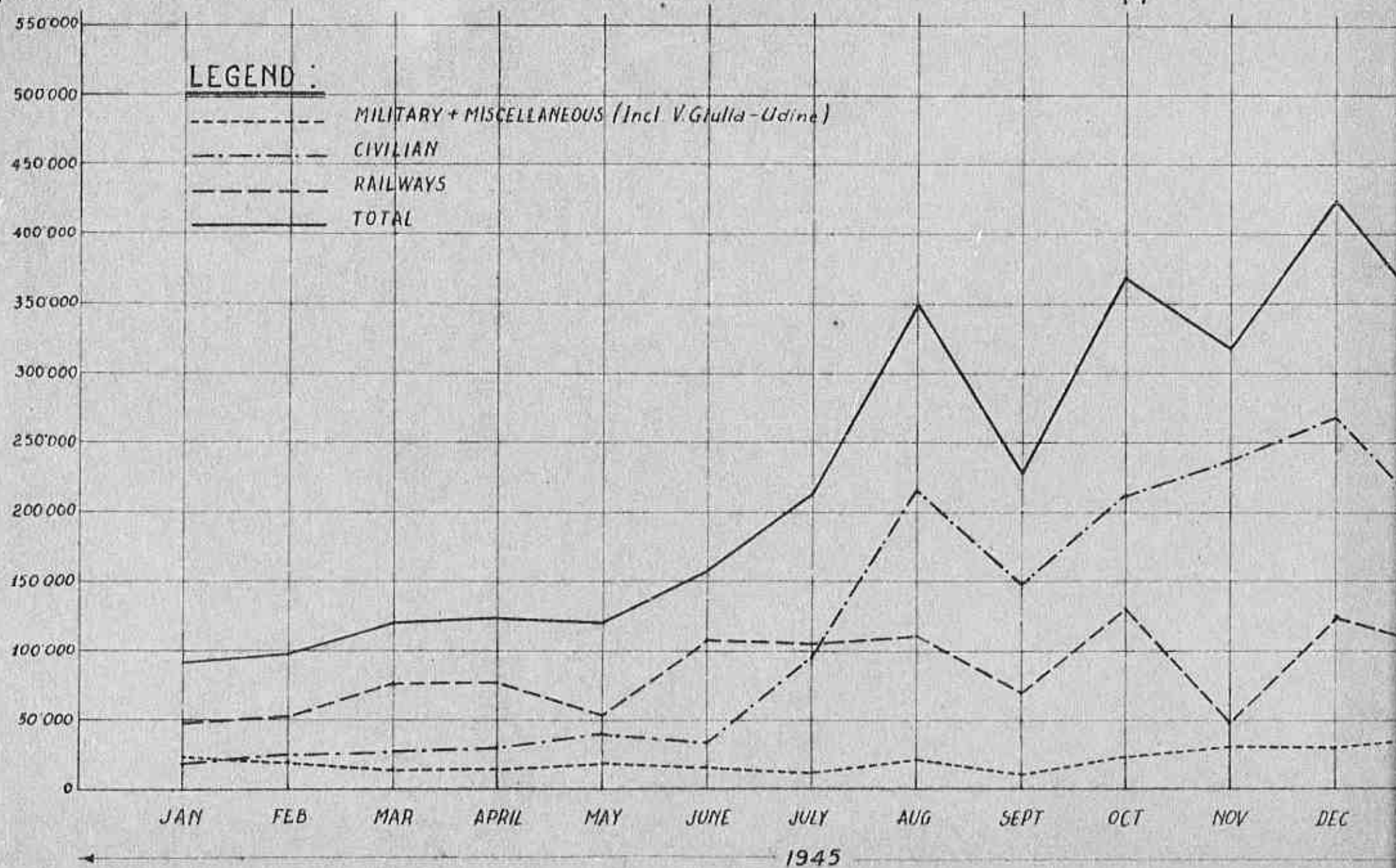
2254

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

785017

IMPORTED COAL DISCHARGES - ITALY, SICILY & SARDINIA

Long Tons



2255

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

785017

IMPORTED COAL DISCHARGES - ITALY, SICILY & SARDINIA

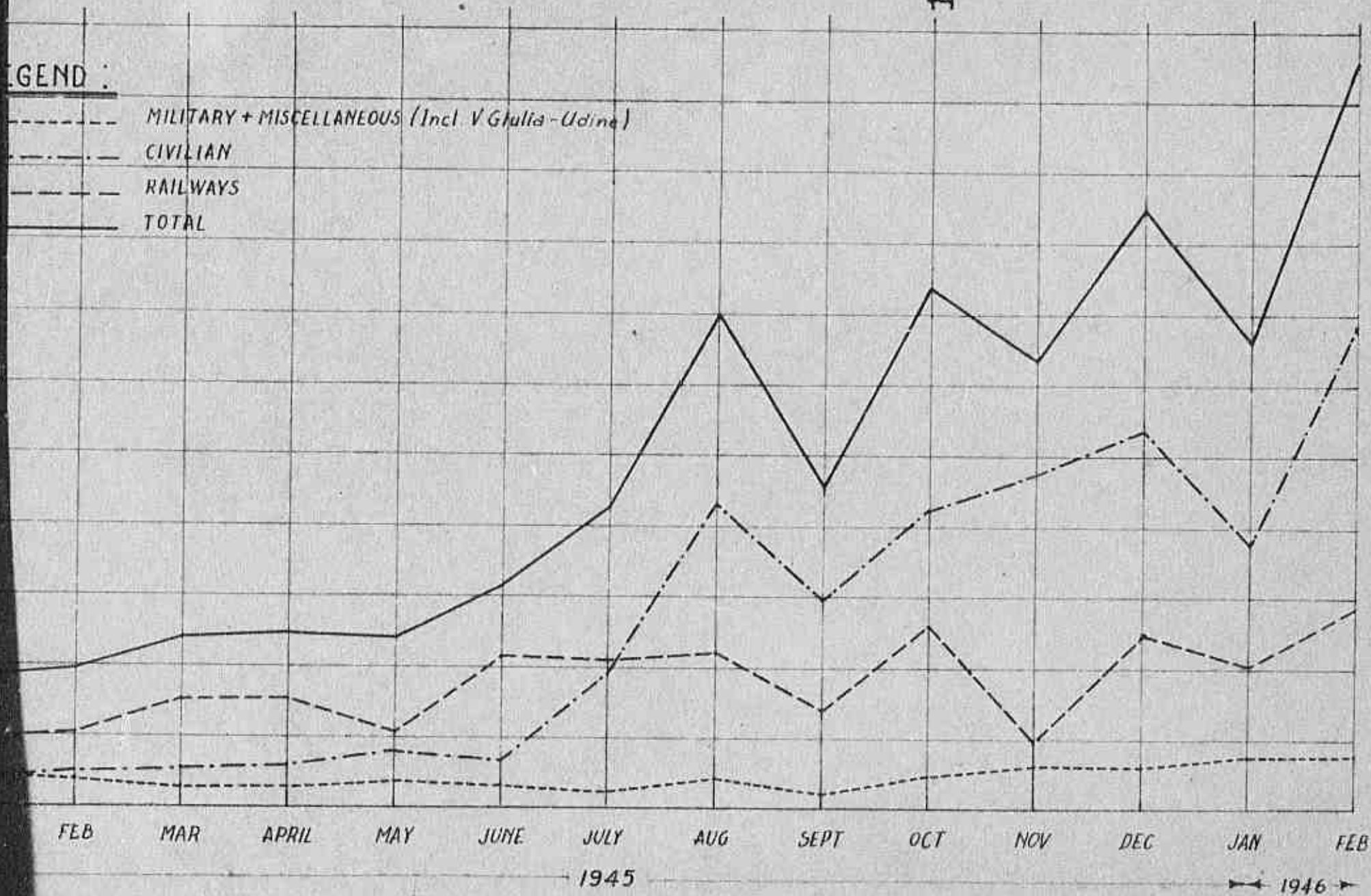
LEGEND :

MILITARY + MISCELLANEOUS (Incl. V Giulia - Udine)

CIVILIAN

RAILWAYS

TOTAL



2256

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

785017

HL QUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

3

REF 4058/24/EC

23 May 1946

TO : A/Vice President Economic Section A.C.

SUBJECT: Final Report

- 22
1. Ref your RE/1.38 dated May 7th.
 2. Final reports as indicated in your a/m communication have not yet been received.
 3. May these reports be expedited please.

1st Lt Mcm

Brigadier
Executive Commissioner

1025

Ph

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

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: ES/138

7 May 1946

SUBJECT: Final Report.

MAY 9 1946

TO : Executive Commissioner.

21 refers.
1. Final reports are on hand for the following activities:

Transportation and Shipping Sub-Commission.
Public Works Division.
Coal Division.
POL Division.
Mining Division.
Agriculture and Food Sub-Commission.
Labor Sub-Commission.

2. Industry Sub-Commission and Commerce Sub-Commission personnel were either absorbed by UNRRA or separated through redeployment before their reports were completed. Mr. Luzatto of UNRRA has promised an Industry report. Commerce will prepare a report. Finance Sub-Commission business had been reduced to a few major items, an effort will be made to set up a final report. *1821*

Charles W. Walton
CHARLES W. WALTON
Colonel AG
Acting Vice President

DIST. COPY TO - *Mr. Suggs UNRRA*
Capt. Kottig

See Min 23

A. M. K.

(S. M. K.)

2258

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

785017

Ref: 4058/EC

4th May 1946.

SUBJECT: Reports.

TO : A/Vice President,
Economic Section.

1. Before he handed over to you Mr. Cleveland told me that he would instruct the Sub-Commissions of the Economic Section to prepare an account of their work from the start of A.C.
2. Has this been begun or completed?

M. S. LUSH

MBL/JG.

Brigadier,
Executive Commissioner.

1823

(1/CDR Mc)

See 22.

PA 4/5

