

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

ACC

10000/109/741
(VOL. III)

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

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(VOL. III)

AFLRS (I) BOARD
DEC. 1945 - JULY 1946

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cpl. Please see 5 207-210 on dissolution of AFHRS
and its effect on AFHQ procedure.

SKH
2/1/66

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Copies sent to Econ Sect for action & info copy & r.m.

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250 Please see 201-203 for info.

5/1/56

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Shawler - this why it should take nearly a month
to get here seems strange

5/1/56

In Shawler's memo 2/1 206
letter signed by the Chief Counsel on 10 Dec a file handed to an
Economic Officer without coming through this office, therefore no copy
withheld for our files. I was aware of it by chance & had
a copy made to complete our files.

5/1/56

19 July 1946.

My dear Arch:

You will remember the long tussle in early 1944 between what was considered to be the overlapping functions of AFMRB and the Economic Section of Allied Control Commission, which was finally resolved by the decision taken in September 1944 to appoint as Joint Chairman of the AFMRB the Chief Administrative Officer, AFHQ, and the Chief Commissioner, ACC.

On the occasion of the last meeting of the Board on 22 September 1945, the Labor and Wages Control Committee was authorized to make its final recommendations to the CAO, AFHQ, and the Chief Commissioner, Allied Commission, for their joint approval. These recommendations were duly recorded in minute 231 of the 39th meeting of the Labor and Wages Control Committee which provided in subparagraph (e) that "Recommendations made by the Committee be submitted to the CAO, AFHQ and Chief Commissioner, ACC, for their approval prior to publication through staff channels."

AFHQ Administrative Memorandum No. 52 of 17 December, 1945, however, deleted the requirement that the findings of the AFHQ Labor and Wages Committee be submitted jointly to the CAO, AFHQ, and the Chief Commissioner, ACC, requiring only that Committee recommendations be channeled to the CAO.

While I was willing to give a trial to General Buff's proposal to eliminate the Chief Commissioner, Allied Commission, from any review of the work of the Committee, it now appears that in some important respects the recommendations of the Committee, on which the Commission is represented, are not in all cases adopted by AFHQ but are occasionally modified — sometimes not inconsiderably.

It is for this reason that I am writing you this unofficial note to see if it is possible to modify the present procedure by adoption of the Labor and Wages Committee's original recommendation made in paragraph 231(e) quoted above. While the Allied Commission's economic functions have largely passed to UNRRA, many of the recommendations made by the Labor and Wages Committee, particularly when they are altered at AFHQ, have a political effect which

Brigadier General A. L. Hamblen, U.S. Army,
Assistant Chief of Staff, G-5,
Allied Force Headquarters,
APO 512 - U. S. Army.

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I think I might at times perhaps be better able to appraise than the CAG. Moreover, it would be more within the spirit of my original agreement to the dissolution of AFLRM and its Labor and Wages Committee.

I should be grateful if you would write me quite frankly your personal views on this matter. I am prompted to write you by recent discussions for modifying the midshift meal, and by AFHQ Administrative Memorandum No. 14 dated 29 June 1945 which has had some unfavorable repercussions.

I have discussed the entire subject at some length with the Chairman of the present Labor and Wages Committee, Mr. Braine, and I know that he would be glad to have me brought back into the picture in line with the original recommendation of the AFLRM.

Sincerely,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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ALLIED FORCE HEADQUARTERS
APO 512

ADMINISTRATIVE MEMORANDUM)

MEMORANDUM

54)

31 December 1945

Allied Force Local Resources (Italian) Board.	I
Local Resources in Italy, Mainland and Islands.	II
Electric Power.	III
Industrial Coordination.	IV
Allied Force Local Resources Section.	V

I -- ALLIED FORCE LOCAL RESOURCES (ITALIAN) BOARD

1. AFHQ Administrative Memorandum Number 41, 1944 is rescinded.
2. The Allied Force Local Resources (Italian) Board and the various Committees established by it are dissolved.
3. Matters, which formerly required the decision of the Board, will be referred, for final action, through G-5 Section to the Office of the GAO which will be responsible for the necessary Allied and/or Italian coordination.

II - LOCAL RESOURCES IN ITALY, MAINLAND AND ISLANDS

1. The following instructions are hereby rescinded:
 - Section III, AFHQ Administrative Memorandum No. 42, 1944
 - Section III, AFHQ Administrative Memorandum No. 44, 1944
 - AFHQ Administrative Memorandum No. 52, 1944
 - Section I, AFHQ Administrative Memorandum No. 2, 1945
 - Section I, AFHQ Administrative Memorandum No. 13, 1945
 - Section II, AFHQ Administrative Memorandum No. 24, 1945
 - Section I, AFHQ Administrative Memorandum No. 29, 1945
 - Section II, AFHQ Administrative Memorandum No. 32, 1945
2. Consequent upon the termination of the activities of the Allied Force Local Resources (Italian) Board the procedures outlined herein will be adopted in obtaining local commodities within Italian territory.
3. The following definitions as applied to commodities/materials required by the procurement services and agencies of the Allied Forces will be adopted in all communications regarding local resources.
 - a. Controlled Items are those items which are not available to the civilian population until the Allied Forces needs have been satisfied.
 - b. Restricted Items are those which can only be procured by the Allied Forces after the essential needs of the civilian population have been met.

Schedules of controlled and restricted items are attached at Appendix "A".

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AFHQ Adm. Memo # 54 (cont'd).

4. Procedure

Any known stocks of controlled items will be made available by the appropriate Ministry of the Italian Government to meet the needs of US/Br Military Services.

Procuring agencies desirous of obtaining supplies of restricted items in any portion of Italy except VENEZIA GIULIA will approach the appropriate Ministry of the Italian Government to ascertain whether surpluses exist above essential civilian needs. If in the opinion of the Italian Authorities there are no surpluses no purchase will be made without prior reference to the GAO's Office as set forth in paragraph 3, Section I. In VENEZIA GIULIA, all transactions relative to the procurement of local resources will be handled by the military procuring agencies directly with the proper AMG representatives in that area. Detailed procedure in respect of locally produced foodstuffs is given in paragraph 5 below.

5. Allocation of Locally Produced Foodstuffs

a. In principle, locally produced foods which are readily stored or transportable, and for which transportation can be secured, will not be made available for allocation to the Allied Forces. Specifically, the following are not so available:

Dried Vegetables
Dried Fruits

b. Priorities and Procedure

- (1) Hospital Requirements. The certified minimum requirements for hospitals for patients only, both British and American, will be met, and nothing in this instruction is to be read as limiting the necessary minimum supply of locally produced products to hospitals.

- (2) Ship's Crews, Italian Armed Forces and Midshift Meal Requirements.

The requirements of foodstuffs for:

- (a) The victualling of the Allied Navies which are operating from Italian ports and are unable to obtain their requirements elsewhere.
- (b) The provision of the locally produced element of the mid-shift meal for Italian civilian employees of the Allied Forces, will be made available as a second priority after meeting the needs of hospitals (see sub-paragraph (1) above). S & F, GHQ GEF, and QF, PHS, (both incorporating the needs of such other Allied services as they supply) will notify the Ministero Alimentazione of the Italian Government by the 10th of each month of their intended purchase during the following month of foodstuffs to meet the priority requirements as authorized in sub-paragraphs (1) and (2) above, stating quantities and areas of requirement.

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AFHQ Ada Memo # 54 (Att'd).

- (3) Normal Maintenance. The Ministero Alimentazione will forward to S & T, GHQ CMF, and CM, PBS, by the 20th of each month a declaration of the anticipated surpluses of foodstuffs above the essential needs of the civilian population, after deduction of the amounts notified in sub-paragraphs (1) and (2) above. The Ministero Alimentazione will not withhold from declared surpluses any commodities for use outside the area in which they are produced unless it has been established that they can be delivered in good condition in the areas in which they are required. Such surpluses may be purchased by Allied procuring agencies to meet the normal maintenance requirements of the Allied Forces. Allied Naval shore personnel, MWT and WSA vessels, and Allied Naval ships which can obtain their requirements elsewhere, will be considered in the same priority as the Allied Armies. S & T, GHQ CMF, and CM, PBS, will agree the proportions which each will obtain, taking into account the needs of other consumers (i.e. RM, USM, EPI, etc.) and will notify the Ministero Alimentazione of the allocations so made. Any case of dispute on allocations will be submitted to the office of the CMO, AFHQ for settlement.

c. Spot Surpluses

Surpluses additional to the declared anticipated surplus referred to in paragraph c(3) above may arise in some localities. These will be known as "spot" surpluses. SMIAL'S (Servizio Provinciale Alimentazione) in Italian Government Territory and the Regional Supply Officers in AMI/AC Territory are responsible for ascertaining whether spot surpluses are required or not for civilian consumption in other areas and can be moved. If they are not required or cannot be moved, Allied Purchasing Agencies may procure such surpluses without reference to the Ministero Alimentazione.

d. Exchanges

When the surplus of green or root vegetables above civilian needs is inadequate to meet Allied Force requirements, Allied Services may offer the equivalent food value of preserved vegetables to the Ministero Alimentazione in substitution for such green and root vegetables as they require to be made available.

6. Italian Government Controlled Materials

The Italian Government is exercising a control over certain materials which do not necessarily appear on the "Controlled" or "Restricted" list of AFHQ.

A list of all materials controlled by the Italian Government is given at Appendix "B".

It is not the intention that the control by the Italian Government of the items enumerated should in any way prevent duly authorized agents of the Allied Forces from obtaining supplies as required.

To assist the Italian Government in its task and to avoid delay, all purchasing orders or similar documents of authority issued by Services in respect of any of the items listed at Appendix "B" must be endorsed prior to presentation to the person or firm holding the item concerned, by the Italian Provincial Offices of Industry and Commerce (Uffici Provinciali dell'Industria e Commercio).

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AFHQ Admin Memo # 54 (cont'd).

7. Italian Civil Import Programme

No items which are included in the Italian Import Programme or articles manufactured from items included in the Import Programme will be procured without prior reference to the CMC as set forth in paragraph 3, Section I.

III- ELECTRIC POWER

1. The control of electric power in Central and Southern Italy will be returned to the Italian Government by 30 November 1945 subject to priority of military requirements.

2. Interested sections of this headquarters, when necessary, initially will deal directly with the proper agency of the Italian Government on controversial matters relating to electric power. Those sections may, if deemed necessary, convene such committees as may be desired to consider electric power matters. Matters having allied implications will be submitted, for final action, to the Office of the CMC which will be responsible for the necessary allied and/or Italian coordination.

3. The following HQs and Services will be represented on any central committee which may be established by the Italian Government to coordinate the distribution and utilization of electric power:

PBS (representing both PBS and HRCUSA)
 HQ AFHQ Saigon
 HQ 3 District
 HQ 2 District
 HQ Rome Area Allied Command
 HQ Allied Commission
 Director of Works GHQ CMF
 Director of Military Railway Service

IV - INDUSTRIAL COORDINATION

1. Controversial matters formerly handled by the Industrial Coordination Committee of AFHQ/IT Board will be referred, for final action, through the G-5 Section to the Office of the CMC which will be responsible for the necessary Allied and/or Italian coordination.

2. To effect the procedure outlined in paragraph 1 immediately above, subparagraphs c, d and e of paragraph 4 of AFHQ Administrative Memorandum Number 14, 1945 are rescinded, and the following substituted therefor:

"c. Allied Commission then may submit the matter, for final action, to the Office of the CMC which will be responsible for the necessary Allied and/or Italian coordination."

3. AFHQ Administrative Memorandum Number 14, 1945 is amended as follows:

So much of paragraph 4, as reads, "Section III AFHQ Administrative Memorandum Number 14, 1945", is amended to read, "Section II of AFHQ Administrative Memorandum Number 14, 1945".

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AFHQ Adm Memo # 54 (a & d).

So much of paragraph 5b, AFHQ Administrative Memorandum Number 14, 1945 as reads, "Surplus materials, as declared under the provisions of Section III, AFHQ Administrative Memorandum Number 46, 1944, are subject to allocation as set forth in that Memorandum", is amended to read, "Controlled or restricted materials as specified in Section II of AFHQ Administrative Memorandum Number 54, 1945 are subject to allocation as set forth therein".

V -- ALLIED FORCE LOCAL RESOURCES SECTION

1. The Allied Force Local Resources Section will be inactivated by 31 December 1945.
2. Upon inactivation of AFLRS, Section II of AFHQ Administrative Memorandum Number 23, 1945 is rescinded.
3. Matters formerly referred to the AFLRS will be taken up initially with that section of AFHQ, GHQ GEF or MEOUSA having primary interest therein. Matters having Allied implications will be submitted, for final action to the Office of the CAG which will be responsible for the necessary Allied and/or Italian coordination.

BY ORDER OF LIEUTENANT GENERAL MORGAN:



EDMUND R. SHUGART
Colonel, ASD
Adjutant General

2 Incls:
Appendix "A"
Appendix "B"

DISTRIBUTION:

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APPENDIX "A" to AFHQ Adm Memo # 54

CONTROLLED ITEMS

1. Standing timber in the two areas reserved for British services in GULIAITA.
2. Timber in that part of the Province of UDINE lying to the north of UDINE plus the area enclosed by map references B 8460 - B 7360 - B 8080 - C 0380 (Sheet 3, ITALY Road Map 1/200,000), subject to local industry being maintained.

RESTRICTED ITEMS

1. Phosphate Rock.
2. Tanning Materials.
3. Cellulose for paper making.
4. Soap.
5. All feedstuffs including olive oil but excluding wine and salt.
6. Carbon Bisulphide.
7. Poplar Wood.

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APPENDIX "B" to AFHQ Admin Memo #54

MATERIALS CONTROLLED BY THE ITALIAN GOVERNMENT

METALS

1. Iron bars, iron plates, tin plates.
2. Steel - in blooms, ingots, billets and slabs - other than special machine and tool steel.
3. Structural steel, sectional dimension of 150 mm or less.
4. Aluminum in pig, ingots, plates or semi-finished materials, (rolled, drawn, powders, grains, etc.).
5. Scrap metals other than copper and lead.
6. Aluminum scrap.

BUILDING MATERIALS

7. Trunks only of - fir, larch, pine and chestnut trees, average sectional dimension not less than 15 cms.
8. Sawn timber of the above mentioned trees (small boards, planks, big planks, cants, etc.) with a thickness of 20 mm. or more.
9. Beams of the above mentioned trees regardless of manufacture (axed or sawn), sectional dimension not less than 15 cms. x 15 cms.
10. Small beams of the above mentioned trees regardless of manufacture (axed or sawn), sectional dimension not less than 7 cms. x 7 cms.
11. Slats of the above mentioned trees regardless of their sectional dimension and length.
12. Glass (sheet).

GREASES AND SOLVENTS

13. Greases for industrial purposes, excluding petroleum products.
14. Solvents (carbon tetrachloride, trichlorine) excluding petroleum products.

TEXTILE FIBRES

15. Artificial textile fibres.
16. Cotton, cloth and other textile products.
17. Binder twine and 3rd, 4th and 5th quality rope.

MISCELLANEOUS

18. Sulphuric Acid (pure, to be employed for electrical accumulators).
19. Sulphur Rock and processed sulphur.

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HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Chief Commissioner

10 December 1945

ES/400

SUBJECT: Dissolution of AFLR (Italian) Board.

TO : Allied Force Local Resources Section
A.F.H.Q. (RAAC).

1. Reference your LRS/201/24 dated 3 December 1945.
2. The Allied Commission concurs in the draft memorandum as submitted subject to the following amendments being incorporated therein.

3. (a) Section II.

Eliminate para 3 (a)

Amend para 3 (b) to read:-

"a. RESTRICTED ITEMS are those which can only be procured by the Allied Forces after it has been established by the appropriate screening agency of the Allied Commission (as a temporary measure) that:-

- (i) the essential needs of the civilian population have been met and
- (ii) their procurement will not adversely affect the Allied civilian supply and rehabilitation programme.

The appropriate screening agency will be, in Italian Government territory, the Economic Section, Allied Commission and in AMG territory, except Venezia Giulia, the Economic Commissioner Northern Italy".

This change in the definition of restricted items is believed necessary to prevent the disruption of the Allied civilian supply and rehabilitation programme by unrestrained military procurement.

- (b) It is believed to be essential to eliminate at this time the category of "controlled materials". Since there is no longer the justification of wartime necessity and emergency, and since the number of Allied troops in Italy is now

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See M.2040205

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relatively small, it should be possible for the military procurement services to plan their needs sufficiently far in advance to ensure that (a) their use of local resources does not unduly interfere with the rehabilitation of the Italian civilian economy - which is a prime objective of Allied policy; and (b) where the need of the troops cannot be met from the Italian local resources, such needs can be imported from elsewhere. With respect to the supply of timber, the Allied Commission will undertake to work out an arrangement for the supply of timber which satisfies the essential needs of the Allied Forces without the necessity of holding large areas of forest under direct military control, as proposed in D.F. G.H.Q. CEF letter reference EMT/6425/PROD dated 21 October 1945 addressed to Industry Subcommittee this Headquarters.

4. Section II Amend para 4, second sub-para to read:-

"Procuring agencies desirous of obtaining supplies of restricted items in any portion of Italy except Venezia Giulia will approach the appropriate screening agency of the Allied Commission to ascertain whether surpluses exist above the essential civilian supply and rehabilitation programme. In Venezia Giulia, all transaction relative to the procurements of local resources will be handled by the military procuring agencies directly with the AMG XIII Corps. Detailed procedure in respect of locally produced foodstuffs is given in paragraph 5 below."

This amendment establishes the procedure to give effect to the recommendation in para 3 (a) above.

5. Section II Delete sub-para 6 entirely together with Appendix B.

In view of the changed nature of military commitments in Italy, it is the opinion of Allied Commission that the present procedure whereby duly authorized purchasing agents of the Allied Forces are in no way restricted in obtaining their requirements of Italian Government controlled materials should be terminated. The inclusion of an item on the Italian Government controlled list implies that the availability is insufficient to meet the total civilian demand. By definition, Italian Government controlled items should therefore be included on the "restricted" list.

Appendix A Amend by adding to the Restricted List of Materials those items at present controlled by the Italian Government together with those items which form an integral part of the Allied program for civilian supply and rehabilitation financed with the Allied or Italian funds.

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6. With regard to the Allied Force Labor and Wages Committee (Section III), it is pointed out that present plans call for the abolition of the Labor Sub-Commission when AME is removed from Northern Italy. In view of this prospective development, it is suggested that:-

- (a) The Allied Commission, in its capacity as an employer of Italian civilian labor, continue to be represented even after the Labor Sub-Commission is abolished.
- (b) The British and American Labor Attaches (at the Embassies) be invited to be represented on the Committee.
- (c) Because of his experiences and to provide continuity of policy, Mr. William H. Brains (B), who holds both the position of Director of our Labor Sub-Commission and Labor Attache at the British Embassy, be retained by AFHQ as the chairman of the Allied Force Labor and Wages Committee.

7. It is therefore recommended that Section III para 3 be amended to read:-

"The Chairman of the Committee will be designated by AFHQ. There will be a joint Anglo-American Secretariat. One U.S. Officer will be provided by the Civilian Personnel Division FBS and one British Officer will be provided by the Labor Directorate, G.H.Q. CMF."

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Copy to:

CAO, AFHQ (your CAO/205/8 dated 30 Nov 45 refers)

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