

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

785017

ACC

10000/109/772

2

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

785017

10000/109/772

PRICE OF BREAD
FEB. - JULY 1945

91

Edo

For info. file 90

atw 2/7/65

92

Edo In connection with file 90 - drop of \$0.51 was sent to
cc for approval by today. This seems with uniform price
of kind in other.

atw 2/7/65

PA of 1-2/7

3591

92
Cdo In connection with file 90 - copy of E.O. 12812 was sent to
cc for review by today. This case will remain open
of time in theory.

atw
2/27/85

PA of 2-27

C301

66

1) Zoon Sec has prepared instructions to R.C.s of Northern Regions by letter to be signed by Mr. Antolini along the lines of Col. Poletti's views at folio 64.

2) Copy will appear on this file when approved for release.

30 Mar 45.

Frank

30/3

file 67 nre.

4/25/4

gettively

Major

69

A/E n.c. See folio 68 for interim reply to yours at 67. 9/2/4

7/4 noted. 2

Major's Rem's 70

68 not discussed at Ex Com

meeting today. Await results

a per para 2 of 68.

13/4

Note Conference being held at Florence 21 Apr. at which price will be decided. Spu to Maj. Kelley

4/24/4

C.S.O.

82

These note files 78 & your footnote - See files 80

7/4 noted. 2

70

Rejoice News

68 not discussed at Ex Com

meeting today. Await results

a per para 2 of 68.

ST. 13/4

71

Note Enforcement being held at Florence 21 Apr. at which

para will be decided. Bpu to Maj. Kestley

Kestley

Ex. 10.

82

Please note para 78 & your footnote. - See para 80

for action taken by Ex. 10.

CAB 25/6/65

3390

Sub/b

Ex. 10

83

Please note para 84 in reply to para 77 on breach

CAB 26/6/65

87

H 4/7

Ex. 10 Please note para 86. - Matter is now under consideration by Ex. 10.

CAB 27/6/65

H 14/7

51.

Exhibit

200: Folio 50 and attachments:

- 1) This the new General Order No 38 to implement the Gov't decree settling the price of bread and pasta.
- 2) It cancels General Order No 30.
- 3) The certificate from Legal S/C is enclosed here.
- 4) Recommended for C.C.'s signature. Have checked original.
- 5) See particularly Articles 7, 8 and 9.

9 Mar 45

Di 10/3

Major

60.

CSO:

- 1) Folios 58, 59 and attachments: this new General Order No 38 has been re-drafted, checked and is submitted for signature of the C.C.
- 2) It implements the Italian Government's decree setting the price of bread and pasta.
- 3) It cancels General Order No 30.
- 4) The certificate from Legal S/C is attached to the new General Order. See folios 56 and 57: reply to your folio 52.
- 5) See particularly articles 7, 8 and 9 of the new General Order.

Articles 5, 8 and 12 have been revised or explained

17 Mar 45.

Major

61

Exhibit Ref Gen 52 pt See 57 '59 3384

Di 10/3

CSO:

- 1) Folios 58, 59 and attachments: this new General Order No 38 has been re-drafted, checked and is submitted for signature of the C.O.
- 2) It implements the Italian Government's decree setting the price of bread and pasta.
- 3) It cancels General Order No 30.
- 4) The certificate from Legal S/C is attached to the new General Order. See folios 56 and 57: reply to your folio 52.
- 5) See particularly articles 7, 8 and 9 of the new General Order.
- 6) Articles 5, 8 and 12 have been revised or explained

17 Mar 45.

61

Ex Cune
Ref from J2 pt Sec 57 - 593384
The revised S.O. (with Italian text)
is attached to 59. 5/17/3.

62.

to sent by EC to GO. again by cc. 5/12.

65.Major Rively:

Please follow up 64.

27/3

Major Talbot

P.H.G.R. 21/2
Pa.

43.

455 77
0030 22 334
22 334

Price: \$25.00

Attached is submitted for your information/evaluation/approval.

Then asked Gen McKinley to speak on

444
12/2
*DO Approved for
1st time at V.P.C. medicine today
BMC ~~12/2~~ 12/2
12/2

AC

C 50: A special meeting of Labor Comm. of AFLRB is being held 27 Feb. on this matter. JES 23/2

乙力

Capt Sturden

3002

Quellen
You will be interested to read p 40 - 41 p 41

2/4/2

1904

12
JCS Sec. Sec.

For action - is. shot memo for distribution to A

Discussion on 15/2
18/12/42

Recd 17 Dec 42 14:00

13

12/2/45
18:10 hrs.

Col. Demmon

This was received twenty minutes ago in 2/5, and so it's too late to prepare a memo as requested by COS in 12. Suggest you raise it and give status rally at V.P.'s meeting 15 Feb. 45.

As I understood it, present status is:

- (a) The increase is still being discussed in the Gov't, and there is considerable political pressure against the increase.
- (b) The "Carapane" wage increase, which was to have been 75 lire monthly, is being discussed at 95, resulting from a raising of the rate by labor groups.
- (c) The Gov't would still like to cover up the increase with an announcement about

3386

Col. Devereux

17/2/45
1810 hrs.
This was received twenty minutes ago in 2/5, and so it's too late to prepare a memo as requested by COS in 12. Suggest you raise it and give status rally at V.P.'s meeting 15 Feb. 45.

As I understand it, present status is:

- (a) The increase is still being discussed in the Gov't, and there is considerable political pressure against the increase.
- (b) The "canopane" wage increase, which was to have been 75 lire monthly, is being discussed at 95, resulting from a raising of the ante by labor groups.
- (c) The Gov't would still like to cover up the increase with an announcement about 300 grams, if possible.

Harlan, Glenland.

16
CSO: Police 14-15 represent summary of the "Cut of Bread" subject and memo of Econ. Inst. on it regarding any action by A.C. on this. To note paras. 4, 5, 6. (Also 14) that simultaneous effects expected on 300 gram ration: 1 March '45. JPB 20/2

TO: C.E.O.

See folio 2: Finance S/C reply to Econ Sect memo (folio 1) para 5 thereof.

3 Feb 45.

Major.

CSO: to see folios 4-7: Labor S/C report reply to Econ Sect. (folio 1).

8

9/12/45

9

LOS

Very interesting letter from Mr. Braine
to Econ Sect. on the piece of
bread for information: at 7.

4 7/2

10
Chief Commissioner.

15/10/45 (S/C)

For information I have ascertained from

Labor Sub Com (1) that the scheme is conditional
on the establishment of 300 men Rota

(2) that he would recommend

9-
 605/ Very interesting letter from Mr. Brune
 to Law Section on the price of
 bread for information at 7.

8 7/2

with 10/10/55 (p. 10)

10

Chief Commissioner

For information I have ascertained from

Labour Sub Com (1) that the scheme is conditional
 on the establishment of 300000 Rethai

(2) that he would recommend

3585

application to the territory.

I think the matter should be discussed at a

V.P.S. meeting with you after I will ask Econ

Sec to submit a memo.

11/12/55

COB

Please do.

JWD

13

Very interesting letter from N. Bracic
to Law Section on the proposed
brand for limestone at 7.

8/7/2

discovery (p. 10)

10

Chief Commissioner

For information I have ascertained from
Labour Sub Com (1) that the scheme is conditional
on the establishment of 300000 Rchm
(2) that he would recommend
application to ATTC territory.

3585

I think the matter should be discussed at -
V.P.S. meeting on 11/12/2000. I will ask Econ
Sec. to submit a memo.

11/12/2000

11

COG

Please do.

13/2

JWS
CC

HEADQUARTERS ALLIES COMMISSION

WJL/ELMCH/al

A.F.C. 284

ECONOMIC SECTION

Tel: 489081 Ext. 584

22 July 1945

Ref: 45-1/146/FOOD

JUL 23 1945

SUBJECT: New Price for Bread and Pasta

TO : See Distribution

1. Beginning 1st August 1945, wheat and other cereals, either home grown or imported, destined to be milled for human consumption are to be delivered by the Federazione dei Consorzi Agrari through the medium of the local Consorzi Agrari to the mills at the terms of goods "free at mill". The term "free at mill" is employed for accounting purposes only.

2. This clause means that the transfer of cereals from the Granai del Popolo or from the ports of discharge to the mills, unloading included, is to be made by the Consorzi Agrari, and that the relative expenses, including the unloading, are to be borne by the Consorzi Agrari, on behalf of the Federazione dei Consorzi Agrari.

3. Where, however, the actual transfer of cereals, although at the expense of the Consorzi Agrari would be handled entirely or partly by the receiving mills, either through their own means or through the Uffici Trasporti or other organizations, the mill should not refuse, should the Consorzi require it, to continue its assistance in order to assure the most rational and rapid transfer of the cereals.

4. In order to simplify the debit and credit entries between the Consorzi Agrari and the mills, it has been agreed that all the mills are to pay in cash to the Consorzi Agrari Provinciali and have constantly as a non-interest bearing advance financing, the amount corresponding to the quantity of cereals which is milled on the average every six days.

Apart from the above advance, the mills are to pay for the cereals on delivery up to the quantity corresponding to the quantity which is milled on the average in four days.

The amount of the cereals delivered to them in excess of the above is considered as having been delivered to them as a trust. This is to be determined on instructions regarding only the

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Apart from the above advance, the mills are to pay for the cereals on delivery up to the quantity corresponding to the quantity which is milled on the average in four days.

The amount of the cereals delivered to them in excess of the above is considered as having been delivered to them as a trust deposit. This is to be construed as instructions regarding only the financial aspect of this type of transaction.

3384

5. Milling remuneration is fixed at Lit. 106 for each quintal of cereals to be milled. This remuneration will be granted to mills which have worked, during a cereal year, up to 50% of their potentiality. For every 1% increase, on the basis of actual work done and compared with the potentiality of the mill, the remuneration will be reduced by Lit. 0.5 per quintal, so that for instance the mill which will have used its working capacity up to 90/100% will receive a remuneration of Lit. 89 per quintal.

The first period will end on the 31st October 1945.

6. Further instructions, to be agreed upon with the Ministero del Tesoro, will be imparted regarding the system to be used in order to recover from the mills the eventual differences due from them, owing to the above mentioned clause.

goods "free at mill". The term "free at mill" is employed for accounting purposes only.

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3. Where, however, the actual transfer of cereals, although at the expenses of the Consorzi Agrari would be handled entirely or partly by the receiving mills, either through their own means or through the Uffici Trasporti or other organizations, the mill should not refuse, should the Consorzi require it, to continue its assistance in order to assure the most rational and rapid transfer of the cereals.

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Apart from the above advance, the mills are to pay for the cereals on delivery up to the quantity corresponding to the quantity which is milled on the average in four days.

The amount of the cereals delivered to them in excess of the above is considered as having been delivered to them as a trust deposit. This is to be construed as instructions regarding only the financial aspect of this type of transaction.

3384

5. Milling remuneration is fixed at Lit. 105 for each quintal of cereals to be milled. This remuneration will be granted to mills which have worked, during a cereal year, up to 50% of their potentiality. For every 1% increase, on the basis of actual work done and compared with the potentiality of the mill, the remuneration will be reduced by Lit. 0.5 per quintal, so that for instance the mill which will have used its working capacity up to 90/100% will receive a remuneration of Lit. 20 per quintal.

The first period will end on the 31st October 1945.

6. Further instructions, to be agreed upon with the Ministero del Tesoro, will be imparted regarding the system to be used in order to recover from the mills the eventual differences due from them, owing to the above mentioned clause.

(Case Agrario)

11/11/45

[Signature]

PRICE OF BREAD AND PASTA: Cont'd.

7. Price of Bran: Bran must be kept at the complete disposal of the Fedeprensorati. The price is Lit. 875 per quintal in bulk delivered "franco" mill.

8. Milling Cost: In consequence of what has been said and as a result of the new adjustment of prices of cereals, to be valid from the 1st August, the cost of milling results as follows:-

SOFT AND DURUM WHEAT:Costs

Sale price of wheat, basis 1% of worthless foreign matter for goods delivered free at mill (including imposta generale sull'entrata)

1123.85

Remuneration of the mill (adjustment reserved)

105.00

Cost of 1 quintal of products free at mill

1228.85

Procedura

kg. 91 of flour at Lit. 1210.00 a quintal
kg. 9 of bran at Lit. 375.00 a quintal

1192.10

36.75

1228.85

UNSHIELLED BARLEY:Costs

Sale price of barley basis 1% worthless foreign matter for goods delivered free at mill (including the imposta generale sull'entrata)

845.60

Remuneration of the mill (Adjustment reserved)

105.00

Cost of 1 quintal of products free at mill

950.60

Procedura

kg. 84 flour at Lit. 1310.00
kg. 29 bran at Lit. 375.00
kg. 5 chaff at Lit. 69.00

833.40

108.75

942.15

950.60

Remuneration of the mill (adjustment reserved) 1025.00
 1225.85

Cost of 1 quintal of products free at mill

Proceeds

Kg. 91 of flour at Lit. 1310.00 a quintal 1192.10
 Kg. 9 of bran at Lit. 375.00 a quintal 33.75
 1225.85

UNSHIELLED BARLEY:

Costs

Sale price of barley basis 1% worthless foreign matter for goods delivered free at mill (including the imposta generale sull'entrata) 845.60

Remuneration of the mill (adjustment reserved) 105.00
 950.60

Cost of 1 quintal of products free at mill

Proceeds

Kg. 52 flour at Lit. 1310.00 684.40
 Kg. 29 bran at Lit. 575.00 166.75
 Kg. 3 chaff at Lit. 69.00 20.45
 950.60

RYE:

Costs

Sale price of Rye, basis 1% worthless foreign matter for goods delivered free at mill (including imposta generale sull'entrata) 1013.00

Remuneration of the mill (adjustment reserved) 125.00
 1138.00

Cost of 1 quintal of products free at mill

Proceeds

Kg. 80 flour at Lit. 1310.00 1048.00
 Kg. 20 bran at Lit. 375.00 75.00
 1123.00

WHEAT AND PASTA PRICES: Cont'd.CORN:Costs

Sale price of Corn basis 18% humidity
for goods delivered free at mill (including
imposto generale sull'entrata)

1026.05

Remuneration of the mill

105.00

1111.05

Proseeds

Kg. 75 flour at Lit. 1310.00
Kg. 12 germ at Lit. 450.80
Kg. 5 farina 405.90
Kg. 4 bran at Lit. 375.00

1021.80

54.00

20.25

15.00

1111.05

9. From the above calculations it is evident that the costs
have taken as basis equal quantities of products employed and their
yields.

10. Yield of cereals milled during a cereal year should however
give at least the following results:-

	Soft Wheat	Durum Wheat & Soft Australian Wheat	Barley	Rye	Corn
Flour	90	91	54	80	78
Bran & worthless foreign matter	10	11	29	21	12
Chaff	101	102	5	101	99
	101	102	98	101	99

The ulterior "extra yields" must also be
declared and kept at the disposal of the
Direzione Generale dell'alimentazione.

11. In order to protect the quality of the products the

Kg. 78 flour at Lit.	1310.00	1021.80
Kg. 12 cereals at Lit.	480.00	54.09
Kg. 5 farinetta "	405.00	20.25
Kg. 4 bran at Lit.	375.00	18.20
		1111.05

9. From the above calculations it is evident that the costs have taken as basis equal quantities of products employed and their yields.

10. Yield of cereals milled during a cereal year should however give at least the following results:-

	Soft Wheat	Durum Wheat & Soft	Australian Wheat	Barley	Rye	Corn
Flour	90	94		84	80	78
Bran & worthless foreign matter	10	11		29	21	19
Grain	101	105		5	101	97
				98	101	99

The ulterior "extra yields" must also be declared and kept at the disposal of the Direzione Generale dell'alimentazione.

11. In order to protect the quality of the products the following proportion between flour and bran must be maintained, taking as basis the average figures of a year.

Characteristics of the products are as follows:

Maximum moisture.....	14.5%
Ashes for soft wheat, barley, rye and Australian wheat.....	1.50%
Ashes for Durum Wheat.....	1.70%

12. Profits resulting from "extra yields" are left to the mills as compensation:

- (a) for milling barley and rye which necessitates longer than wheat milling;
- (b) for higher technical equipment necessary in order to obtain "extra yields".

PRICE OF BREAD AND PASTA: Cont'd.

13. The Price of Bread. On the basis of the above mentioned price of flour of Lit. 1310.00 per quintal for goods in bulk, free at mill or intercommunal warehouse of the Consorci Agrari, delivered on receiver's vehicle, the provincial Soprales will fix the price of bread, adding the mill's or the warehouse's actual transport expenses, the baker's remuneration, the whole divided by the baking yield, fixed in each commune, in relation to the size of loaf adopted. Said yield will not be less than 120 Kg. bread per 100 Kg. flour.

14. The Soprales in cases where they should find it opportune to fix different prices for each commune owing to yields and baking remuneration, shall be entitled to add to the above price of Lit. 1310.00 the difference necessary to adjust the transport expenses from the mill or from the intercommunal warehouses respective Communes.

15. Production of Pasta: Beginning with the 1st of August products meant for pasta manufacture will be delivered to the Pastificio as done up to now, free of expenses, unloaded at the Pastificio. Transport expenses will be borne by the Consorci Agrari, which will see to this task through the Consorci Agrari. Delivery of flour to the Pastificio will be made according to the rule fixed for the delivery of cereals to the mills.

16. Price of Pasta:

(i) A maximum remuneration is fixed to Pastificio of Lit. 460 per quintal of flour processed;

(ii) A minimum yield is fixed of Kg. 95.50 of pasta for every Kg. 100 of flour. Moisture of pasta will not exceed 13%;

(iii) the remuneration fixed for Pastificio is to be understood for goods weighed, labelled, packeted, or delivered in buyer's bags on receiver's vehicles.

(iv) Based upon price of pasta established ex Pastificio in accordance with (i), (ii), (iii), above, Provinces will fix the price of Pasta to the consumer by adding the actual transport expenses from the Pastificio or intercommunal warehouses to the places of distribution.

Price of Bread and

remuneration, shall be entitled to add to the above price of Lit. 1310.00 the difference necessary to adjust the transport expenses from the mill or from the intercommunal warehouses respective Communes.

15. Introduction of Pasta: Beginning with the 1st of August products meant for pasta manufacture will be delivered to the Pastificio as done up to now, free of expenses; unloaded at the Pastificio. Transport expenses will be borne by the Federconsorzi, which will see to this task through the Consorzio Agrario. Delivery of flour to the Pastificio will be made according to the rule fixed for the delivery of cereals to the mills.

16. Price of Pasta:

- (i) A maximum remuneration is fixed to Pastificio of Lit. 400 per quintal of flour processed;
- (ii) A minimum yield is fixed of Kg. 90.80 of pasta for every Kg. 100 of flour. Moisture of pasta will not exceed 13%;
- (iii) the remuneration fixed for Pastificio is to be understood for goods weighed, labelled, packed, or delivered in buyer's bags on receiver's vehicles.
- (iv) Based upon price of pasta established ex Pastificio in accordance with (i), (ii), (iii), above, Provinces will fix the price of Pasta to the consumer by adding the actual transport expenses from the Pastificio or intercommunal warehouses to the places of distribution.

17. Delivery of cereals in kind i.e. instead of Bread and Pasta:

In those communes where cereals are distributed instead of bread and pasta, the Consorzio Agrario will fix the same price, for goods delivered free at intercommunal or annexed warehouses, as paid by the mills for these products for goods delivered free at mill.

18. Provincial prices of bread and pasta worked out along the lines indicated above shall in all cases be kept as low as possible. Prices will be fixed by Provincial Commissioner and will in all cases be reported back to this Headquarters and may be subject to revision there if they appear excessive.

PRICE OF BREAD AND PASTA: Cont'd.

19. It is pointed out that the SEFRAS's in fixing the new prices for bread and pasta, should take into account SEFRAS's expenses.

By command of Rear Admiral STONE:

[Signature]
Z. S. SCHLESLEY
Brigadier General, USA
Acting Vice President

Distribution:

Regional Commissioner Liguria Region	)	
Regional Commissioner Piemonte Region	)	
Regional Commissioner Lombardia Region	)	All for
Regional Commissioner Venetia Region	)	Action
Regional Commissioner Emilia Region	)	
SCAO Venetia Giulia Region	)	
Chief Commissioner	)	
Executive Commissioner	)	
Economic Section	)	
Price Branch	)	
Agriculture Sub-Commission	)	
Finance Sub-Commission	)	
Labor Sub-Commission	)	
Commerce Sub-Commission	)	
Industry Sub-Commission	)	
AFHQ, G-5	)	
Ministry of Food	)	
Food Sub-Commission Northern H.Q.	)	

All for
Information

4029
CONFIDENTIAL

File
PR/FOOD/AA/2
JULY 09

(36)
E/8910
JULY 1008308
IMMEDIATE

From: REGIONAL FOOD OFFICER PUNJAB REGION AND
To: ALICE FOOD SO

JUL 11 1945

CONFIDENTIAL

1. Arrival of new grain at price of 750 is causing utmost confusion in distribution of bread at 3 April price level with present authorized modifications. Numerous protests and much discontent throughout Region because of unreasonably low legal prices of bread. Difficulties concerning tremendous subsidy causing stoppage of mills. Request immediate authority for economic price of bread or fixed price of at least 15. Also by when and how will subsidy be paid.

Dist

Action - Food SO 2
Info - Chief Commissioner
Toon Sec
File 2
Float

4
CONFIDENTIAL

3589
see M57
PA
12/9

4029

84

E X T R A C T

OFFICE OF A.C. LIAISON OFFICER
C/o N.O.B.
NAVY 157

JUL 3 - 1945

File: Rep/6

27 June 1945

SUBJECT : Clarification of Monthly Report for May

TO : Executive Commissioner
Allied Commission, APC 394

77

1. Replying to your letter 826/24/80 of 14 June, I would say that the flour used for unrationed bread must be regarded as Black Market flour. It is probably flour that the farmers have succeeded in keeping out of the hands of the Ammasso. The authorities are not questioning the bakers on the matter. Perhaps, indeed, some forms of quasi-public authorization may have been given for such sales. At any rate, the result of the regular bakers' handling it has in fact been a reduction of about 50 percent in the bread price. This unrationed bread of excellent quality, baked under sanitary conditions, is now selling for about 50 lire per kilo in Palermo. "

X X X X X X X X X

MT

13374
1/5
7

Original on file 3202/EC

Ext 451

ASA/el

83

4029/83/EC.
Ref: ~~4029/83/EC~~

29 June 1945

SUBJECT: Monthly Report for May 1945

TO : AD Liaison Officer, Palermo, Sicily

1. Reference is made to our 826/24/EC of 14 June 1945.
2. May we have an answer to this memorandum?

RECEIVED 3 V

Chief Staff Officer.
To Executive Commissioner.

For 77-1000

BU 89/6
Noted

Copy to 3202/EC.

3578

PA
29/6

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

Tel. 415

HEADQUARTERS ALLIED COMMISSION
APO 384
ECONOMIC SECTION

CRH/jca

Ref. ES/10.03

SUBJECT: Price of Wheat

TO: Executive Commissioner

With reference to your 4029/79/EC of 18 June, enclosed is outgoing signal 213 of 20 June despatched in answer to incoming signal E/5137 of 15 June.

FOR THE ACTING VICE PRESIDENT:

C.B. Highland Jr.
C.B. HIGHLAND Jr.
Captain, Infantry
Asst. Chief Staff Officer

3577

Lu M. 82

(80)

FOR ACTION R/C. AND PIERMONT REGION

213

20 JUNE

PRIORITY

RESTRICTED PD

REFERENCE OUR FOUR ZERO FIVE EIGHT OF TWO NINE SEPTEMBER ONE NINE FOUR
FOUR AND NINE SIX THREE THREE OF ONE THREE JUNE ONE NINE FOUR FIVE AND YOUR
PETER ROGER SLANT FOOD SLANT FOUR FOUR SLANT TWO REGARDING PRICE OF WHEAT PD
PARA ONE PD COMMITMENT MADE IN SIGNAL FOUR ZERO FIVE EIGHT TO REGIONAL
COMMISSIONERS IS RECOGNIZED PD PAPER TO FOR ACTION R.C. AND PIERMONT REGION
FROM HQ ALCON CITE ACAGR PAREN

PARA TWO PD HOWEVER CMA PRIOR TO ISSUANCE OF GENERAL ORDER FOUR ONE THIS
COMMITMENT WAS CONSIDERED AND FULLEST INVESTIGATION FAILED TO DISCLOSE ANY
TAKEN BY ALCON OR PETER WILLIAM BAKER TO IMPLEMENT IN THE FIELD THE PRICES
STATED IN FOUR ZERO FIVE EIGHT PD

PARA THREE PD HOWEVER CMA GENERAL ORDER FOUR ONE WAS ISSUED AND OUR SIGNAL NINE
SIX THREE THREE REPRESENTS SUBSEQUENT ACTION THEREUNDER PD THE INCREASE TO PRESENT
PRICE OF SEVEN FIVE ZERO LIRE IS CONSIDERED ADEQUATE INCENTIVE TO BRING IN SUCH
QUANTITIES OF OLD CROP AS HAVE BEEN WITHHELD PD

COPY TO: Economic Section, Col. Walton

AGRICULTURE SUB-COMMISSION

NICHOLAS PICCHINO
CHIEF USA
ASST ADJUTANT

JAMES M. MERRITT
DIRECTOR

3576

See M 82

Ext 451

ARA/el

79

Ref: 4029/79/EC

18 June 1945

MEMORANDUM:

TO : Economic Section

1. Reference is made to signal from Piemonte Region, FR/FOCD/44/2, 15 June, regarding the price of wheat.

2. It would be appreciated if a copy of your reply to this signal be forwarded to the Executive Commissioner's Office for information.

A. B. ARNOLDY.

Chief Staff Officer,
To Executive Commissioner.

B/V
23/6
Noted
3575

⁴⁰²⁹
RESTRICTED

PR/FOOD/44/2
JUNE 14

(78)
R/5137
JUNE 151500
IMMEDIATE

REGIONAL COMMISSIONER PIEMONTE REGION SIGNED MARSHALL
HQ ALGOM

JUN 17 1945

SEC
MR
RESTRICTED.

1. Reference signal 9633 dated 13 June. Price of 750 lire per quintal does not comply with promise expressed in HQ ALGOM signal 4058 dated 29 September that national price of wheat (based on lire 900 - 1000) grown in 1944 shall be effective in PIEMONTE and other northern Regions. On basis of such promise wheat was withheld pending our arrival. In order to prevent repudiation of promise it is respectfully submitted that additional premium of 150 lire be added for old crop deliveries made prior to 1 July. Believe this will honor official promise and stimulate immediate deliveries without establishing precedent for price of new crop.

DIST

ACTION - ECON SEC 3
INFO - CHIEF COMMISSIONER
FILE 2
FLOAT

Capt Arnold
at [illegible]

Sx 16/6

RESTRICTED

See 79-80

3574

Ref : 326/24/EC.

14 June 1945

Subject : Monthly Report for May 45.

To : AG Liaison Officer
PALERMO.

With reference to the above report I should be glad to have your comments as the following :-

- 1) Bread. In para 7 reference is made to the selling by regular bakers of unrationed bread. Does this refer to the baking of Black Market flour?
- 2) Patriots. In para 5 you say that there are reports that patriots from the north upon show of weapons have been making extortions and mention also attempts to disarm them. As the policy, which has been fairly successful, is to disarm patriots in the north and it would be difficult to conceal arms other than pistols on the long journey south, some further particulars would be appreciated.

EM

Brigadier,
Executive Commissioner.

Copies to : Economic Section
Civil Affairs Section.

see 83 - eff.
BU 28/6
3573
V - Noted

EXTRACT

from

Report of Liaison Officer for May.

+ + + + +

" 7. The Economic Situation in Sicily.

Prices continue high. American-made cigarettes that get into the Black Market continue to bring about 300 lire a pack. Sugar sells for 16 dollars a kilo; and fabulous prices (in the neighbourhood of one thousand dollars) are paid for automobile tires. Bread, however, is going down. Now that regular bakers can sell unrationed bread, the black market in bread is weakening. This effect is most evident in Eastern Sicily. In Taormina, for example, there are reports of good bread being sold for 40 lire per kilo - about half its price of a month ago. Another fact that may be worthy of note is that shopkeepers who have nonperishables show a determination to hold on to their own wares unless they can get back the high prices they paid; yet are most reluctant to make new purchases at the present high price level. Perhaps, therefore, prices will soon show general signs of breaking. "

35727

COPY

74

TO:

FOR ACTION - CIVIL AFFAIRS SECTION 15 ARMY GROUP

SCAG 5 Army
G-5, IV Corps
AMG 8 Army
AMG Emilia
AMG Umbria-Marche
AMG Toscana

FOR INFO

; AMG Liguria
AMG Piemonte
AMG Lombardia
AMG Venetia (Main and Advance)
2 District
3 District
MAAF
ITS
G-5 AFHQ

FROM: ALCON CITE AFHQ

1920

24 April 1945

SECRET

PRIORITY

ECONOMIC SECTION

SECRET

Subject is economic control Northern Italy.

1. Due to the wide variations between price and wage scales reported from Northern Italy and those in Southern Italy, AFHQ has approved effective immediately a policy which separates the two economies for an initial period.

2. Economic boundary line will be northern boundaries of RAVENNA, VERONA, PIACENZA and LUCCA Provinces, and the Northern and Western boundary of APULIA Province.

3. Wide price differentials will make smuggling and black marketing across the economic boundary profitable for both civilian and military vehicles (Allied and Italian). AFHQ by signal PI 64182 of 22 April has directed Allied military formations to establish police road blocks (check posts) on all roads crossing the economic boundary as set forth in para 2 to examine both northbound and southbound traffic for illegal cargo. Road blocks will be staffed jointly by military police (to search

3570

-2-

73

military vehicles) and Carabinieri or Gardi di Finanze (to search civilian vehicles). It is understood that road blocks in areas under United States control will conform in general to SOP announced in AMF circular No. 1. Military formations have been requested by AFM to cooperate closely with AISCAM in establishing an effective system of check and blocks.

4. The following types of cargo will be subject to search, movement of which across economic boundary will not be permitted except under procedures to be established by AISCAM: (a) Metals, ferrous, nonferrous, fabricated and non-fabricated; (b) building materials; (c) plywood; (d) electrical materials; (e) industrial gases and chemicals; (f) hemp, raw, tow and manufactured products including rope and canvas; (g) leather and all leather articles; (h) hides and skins; (i) greases and solvents; (j) textile fibers - cotton, silk, wool and synthetic; (k) matches; (l) phosphate rock; (m) tanning materials; (n) cellulose for paper manufacture; (o) carbon bisulphide; (p) soap; (q) sulphuric acid; (r) sulphur rock and processed sulphur; (s) solid fuels; (t) newsprint and other paper; (u) petroleum products, oils, lubricants and containers therefor; (v) food and agricultural products.

5. General order and detailed directives are being prepared. In the meantime the following general policies will be effective North of the economic boundary superseding all previous instructions. (a) prices of all nonimported items on which there was an official price in the North as of 3 April are to be held or rolled back to that price as maximum. Other essential nonimported items on which there was no official northern prices as of 3 April should be priced on basis of the normal price relationship to other items during May 1938. (b) Imported commodities other than food will be priced at landed cost plus cost of distribution. (c) Wheat and minor cereals will be assessed at the 3 April existing price. (d) All food imported or indigenous to the North must be priced at 3 April prices. (e) A price **3569** medical supplies will be issued shortly. In the interim apply landed cost plus cost of distribution. (f) All transport rates will be fixed at level for entire northern

- 3 -

area scale to be issued soon. In the interim apply 50% off 30 January 1945 EMAC tariff charge for present Italian Government territory. (g) Rates for all public utilities service will be fixed at charges existing at 3 April. Changes are forbidden without prior approval by AMG Regional procedure to be established.

6. The following wage policies will apply: (a) For private industry wages in force on 3 April will be recognized as appropriate. Right of negotiation for wage changes at later dates is recognized but application or change is forbidden without prior approval by AMG Regional procedure to be established. (b) State employees found in the North will be paid at rates applicable 3 April. Those transferred from the South will be paid in cash in North at 3 April northern rates and credited in ROME for the difference between the northern and southern rates. Carabinieri will be paid in cash at southern rates whether transferred from South or taken on in the North. (d) Both in private industry and in state employment there will be no repeat no automatic application of cost of living bonus or other wage increase decrees of changes in force in South.

7. Instructions with respect to wages for civilians employed by Allied forces are being issued by Allied Force Local Resources Section, Ref. No. LRS/ECOLA of 23 April.

(sgd) L. B. DENMORE.

AUD to Para 4.

(w) Rubber, tires and all rubber products; (x) motor transport parts and accessories; (y) motor and other vehicles and all animals customarily used for transport purposes except those specifically authorized to cross the boundary.

~~4029~~
HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

(68)
JBT/mrh

APR - 7 1945

10.03/ES

6 April 1945

SUBJECT: Price of Grain in Northern Italy.

TO : Executive Commissioner

1. Ref your 4035/1/EC dated 5 April 1945, the price of grain in Northern Italy is being discussed this afternoon by the Economic Section at the meeting of the Advisory Anti-Inflation Board. It will be discussed later in the afternoon at the weekly meeting with the Italian Ministers.

2. You will be notified of the results of these meetings.

L. D. Denmore

L. D. DENMORE
Col., F. A.
Chief Staff Officer
Economic Section

3967
M.69.970

(Mrs. L. D. Denmore)

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

Ref: 4035/1/50.

NEF/mrd
5 April 1945

Subject: Price of Grain in North Italy

To : Vice President, Economic Section

1. At a recent meeting of the Prime Minister with Regional Commissioners of the Northern Regions, the question was raised as to the action to be taken by the Commission in establishing the price of grain and related wage rates and price of bread.

2. The Prime Minister stated that the Italian Government felt that the existing price of grain should be maintained. In view, however, of the disparity between this price and that in the central and southern part of Italy, it will perhaps not be possible to maintain the existing price indefinitely.

3. I would appreciate the views of the Economic Section on this matter.

NORMAN E. FISKE

NORMAN E. FISKE
Colonel

Acting Executive Commissioner

3566

COPY

4029.
MAR 24 1945
HEADQUARTERS
ALLIED MILITARY GOVERNMENT
LAZIO-UMBRIA REGION
APO - 394

COPY

R/2891

22 March 1945

Admiral Ellery W. Stone
Chief Commissioner
Headquarters, Allied Commission

PERSONAL

My dear Admiral Stone,

There seems to be under discussion the proposal of increasing the price of bread in Northern Italy. That is, instituting an economic price instead of the existing political price. Of course, you can appreciate that an increase of several hundred percent in the price of bread, as the first act of justice and liberty by the occupying troops administering through AMG, will be a colossal shock to the population.

In my opinion, it is foolhardy to have AMG go into the Provinces of Northern Italy and immediately incur tremendous bitterness on the part of the population by increasing the price of bread. As you know, such an increase would hit the people where it hurts.

My judgment is to continue the price that is found in the area and if later on, after appropriate wage increases, it is deemed necessary to sell bread on an economic price, let us do so then.

Yours sincerely

(Sgd) CHARLES POLETTI
Colonel
Regional Commissioner

+ + + + +

ALCOM DISTRIBUTION

ACTION - Economic Section, **
INFO - Ex Com 330
CC Files

** Mr. Antolini -

This may be irregular, so far as communications are concerned, but I agree. Pls advise me what the Econ Sec drill will be on this - both prices and wages.

(Init) E. W. S.
CC

63

Ref. 4027/63/80.

Tel. 450

20 March 1945

SUBJECT: General Order No 38.

TO : V.P., Economic Section.

The new General Order together with the Italian text on prices of bread and pasta has been signed by the Chief Commissioner and is returned herewith for appropriate reproduction and distribution.

K/S
Chief Staff Officer,
to Executive Commissioner.

Incl. as above.

3564

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel. 551

JMM/men

ES/18.13

15 March 45

SUBJECT: General Order No. 38

MAR 17 1945

TO : Executive Commissioner

1. This letter is written with reference to your 4029/52/EC on the above subject dated 10 March 1945.

2. As requested the proposed decree has been re-drafted after consultation with Colonel W.E. Behrens, Deputy Chief Legal Advisor.

3. The criticisms of the proposed decree as originally drafted have been noted and accordingly the tenses of the verbs have been changed in a number of places. Certain passages where the construction was awkward have been changed.

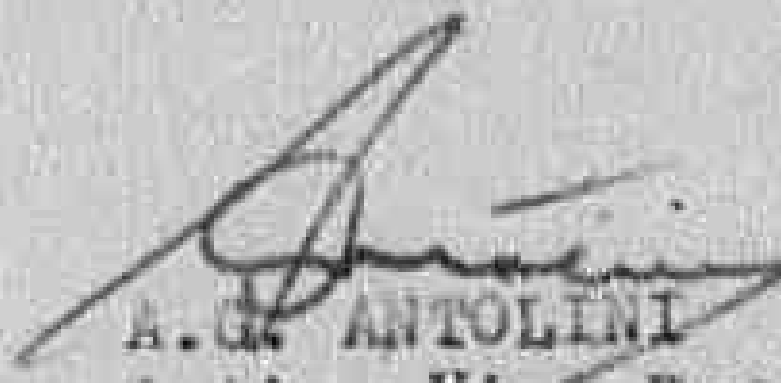
4. The Italian decree has been implemented in most of AMG territory. The proposed General Order is designed to put into effect the provisions of the Italian Decree in territory where the Italian Decree cannot be implemented. It is because of this fact that the proposed General Order has been drawn in close conformity with the provisions of the Italian Decree.

5. With reference to Article 5 it is believed that the word "state" is the most accurate term that can be used to convey the meaning intended. The word has a precise legal meaning. This opinion is shared by Brigadier Upjohn and Colonel Behrens.

6. With reference to Article 6 it is believed that the phrase "respective administrations" conveys the desired meaning more adequately than any other phrase would. It is not deemed desirable to enumerate at length the various administrations. This view is shared by Brigadier Graffey-Smith and by Colonel Behrens.

see 63
4 M 60 662

7. With respect to Article 12 the rules are available for issue and will be issued forthwith. They are too long to incorporate in the order and being administrative in nature do not properly constitute a part of a General Order. The future tense is believed to be appropriate because the foundation for the rules is the pre-existing order. To issue such rules is in accordance with both Italian and AMG procedure. (cf. G.O. 28)


A.G. ANTOLINI
Acting Vice President
Economic Section

4029
HEADQUARTERS ALLIED COMMISSION
APO 394
LEGAL SUB-COMMISSION

AC/4074/22/L.

WEB/ap.
14 March 1945.

SUBJECT : General Order No. 38.
TO : Executive Commissioner. ✓

16 MAR 1945
MAR 16 1945

52
1. In accordance with instructions contained in your 4029/52/EC of 10 March 1945, I have redrafted General Order No. 38, and forwarded it to Economic Section.

2. I feel, however, that, in fairness to all concerned, I should advise you of the steps originally taken to translate the Italian decree. It was first translated by the expert employed by Finance Sub-Commission. This was revised by the expert employed by this Sub-Commission. This revised version was personally re-checked by the Chief Counsel, who is bi-lingual, and this final text was reconsidered and agreed with Finance Sub-Commission.

3. You will appreciate that in this case it is necessary to preserve the Italian text intact. The English text must be a translation and should not be a mere paraphrase. The difference between English and Italian styles of drafting makes it almost impossible to prepare an Order which will appear like an original English law. The tenses of the verbs and the awkwardnesses of expression to which you drew attention were left in the translation in order to keep as close as possible to the Italian text. I respectfully submit in these circumstances that your suggestion that the Order was a rough translation which required more care is unfair to the personnel concerned in the preparation of the translation.

4. The new text contains many alterations, but I am afraid that even now it does not read like an English decree. It is however, in my opinion, in proper form for signature and contains no legal errors. The translation is, of course, less exact.

3561

(2609)

5. To deal with some of the specific points you raise in your letter :-

- a. Art. 5. In my opinion, in which Brig. Upjohn concurs, it is legally sufficient to say "An indemnity charged to the State".
- b. Art. 8. Respective administrations. The procedure for pay of civil servants in AMG territory is the same as in Italian Government territory, although, of course, subject to AMG authorization. In AMG territory, therefore, the indemnity will be charged to the same account of the Statel or provincial budget as it would if the civil servant concerned were in Italian Government territory.
- c. Art. 12. The administrative rules are ready for issue, but both their length and purely administrative content make them unsuitable for incorporation in the Order. The expression "will be issued" refers to the fact that legally they cannot be issued until after the Order, since they derive their validity from the Order.

W. E. Behrens
W. E. BEHRENS, Colonel,
Deputy Chief Legal Advisor.

3560

40296
HEADQUARTERS ALLIED COMMISSION
A.P.C. 394
Food Sub-Commission

55
JL/ek

9 March, 1945

Tel: 47207

Ref: 45-1/12 /FND

SUBJECT: New Price for Bread and Pasta.

TO : Regional Commissioner, Lazio-Romagna Region
Regional Commissioner, Marche-Umbria Region
Regional Commissioner, Tuscany Region
SCAG, AND 5th. Army
SCAG, AND 8th. Army
Regional Commissioner, Emilia Region (info only)

MAR 10 1945
54

1. Further to Headquarters A.C. signal No. 2739, herewith detailed administrative instructions regarding the establishment of new prices for bread and pasta in AMG territory.

By command of Rear Admiral STERN

W.F. LANE
Colonel

Director, Food Sub-Commission

Copy to:

Piemonte Region, (for information)
Liguria Region
Venetia Region
Lombardia Region
SC. 15th. Army Group, G-5 Section.

WFL
3359

(Has RTR 17)

HEADQUARTERS ALLIED COMMISSION

JL/sl

A.S. 3.394

SCANDINAVIAN SECTION

Reference: 45-2/11/4500

9 March 1945

SUBJECT: New Prices for Bread and Pasta

TO : Regional Commissioner, Lazio-Marche Region
 Regional Commissioner, Abruzzi-Molise Region
 Regional Commissioner, Tuscany Region
 SOAL, 4th Army
 SOAL, 6th Army

1. Beginning 12th March 1945, wheat and other cereals, either home grown or imported, destined to be milled for human consumption are, as previously, to be delivered by the Federazione dei Consorzi Agrari through the medium of the local Consorzi Agrari to the mills at the same of goods terms as usual.

2. This clause means that the transfer of cereals from the Consorzi Agrari to the mills is to be made by the Consorzi Agrari and the relative expenses, including the unloading, are to be borne by the Consorzi Agrari.

3. Where however, the actual transfer of cereals, although at the expense of the Consorzi Agrari would be handled entirely or partly by the receiving mills, either through their own means or through the official property or other organizations, the mill should not refuse, should the Consorzi require it, to continue its assistance in order to assure the most rational and rapid transfer of the cereals.

4. In order to simplify the debit and credit entries between the Consorzi Agrari and the mills, it remains settled, in consequence of direct agreements between the Federazione and the Mills Association that the Consorzi shall claim from the mills the payment of the cereals only after the actual delivery and after the actual weight has been ascertained. To this effect, the Consorzi shall require from the mills as security the deposit of an amount equal to the value of the cereals the mill usually employs during ten days, this deposit to bear no interest.

5. Milling remuneration is fixed at Lit. 70 per cent. quintal of cereals to be milled. This remuneration will be granted to mills which have worked, during a normal year, up to 50% of their potentiality. For every 10% increase, on the basis of normal work done and compared with the potentiality of the mill, the remuneration will be reduced by Lit. 2 per quintal; so that for instance the mill which will have used its working capacity up to 40/50% will receive a remuneration of Lit. 60 per quintal.

The first period will end on the 30th June 1945.

3358

2. This clause means that the transfer of cereals from the Consorzio del Rappello or from the ports of discharge to the mills is to be made by the Consorzio Agrario and the relative expenses, including the unloading, are to be borne by the Consorzio Agrario.

3. Where however, the actual transfer of cereals, although at the expense of the Consorzio Agrario, would be handled entirely or partly by the receiving mills, either through their own means or through the official transport or other organizations, the mill should not refuse, should the Consorzio require it, to continue its assistance in order to ensure the most rational and rapid transfer of the cereals.

4. In order to simplify the debit and credit entries between the Consorzio Agrario and the mills, it remains settled, in consequence of direct agreements between the Federcerealicisti and the Millers Association that the Consorzio shall claim from the mills the payment of the cereals only after the actual delivery and after the actual weight has been ascertained. To this effect, the Consorzio shall require from the mills as security the deposit of an amount equal to the value of the cereals the mill usually employs during ten days. This deposit to bear no interest.

5. Milling remuneration is fixed at Lit. 70 for each quintal of cereals to be milled. This remuneration will be granted to mills which have worked, during a cereal year, up to 5% of their potentiality. For every 10% increase, on the basis of actual work done and compared with the potentiality of the mill, the remuneration will be reduced by Lit. 2 per quintal; so that for instance the mill which will have used its working capacity up to 30/10% will receive a remuneration of Lit. 60 per quintal.

The first period will end on the 30th June 1945.

3558

6. Further instructions, to be agreed upon with the Ministero del Tesoro, will be issued regarding the system to be used in order to recover from the mills the eventual differences due by them, owing to the above mentioned clause.

7. Prices of grain. These must be kept at the complete disposal of the Federcerealicisti. The price to be paid by the mills is Lit. 450 per quintal to take delivery and transport mill.

8. Milling cost. In consequence of what has been said and as a result of the determination of prices of cereals, to be valid from the 12th March the cost of milling results as follows:

Wheat and Flour at MillCost and Market ValueCost

Sale price of wheat, basis 1% of worthless foreign matter for goods delivered free at mill (including imports general mill's estimate)
 Reimbursement of the mill (adjustment reserved)
 Cost of 1 quintal of products free at mill

1241.30
 70.00
 1311.30

Proceeds

Kg. 91 of flour at Lit. 1376.50 a quintal
 Kg. 9 of bran at Lit. 436 a quintal

1270.80
 40.50
 1311.30

Unshelled BarleyCost

Sale price of barley, basis 1% of worthless foreign matter for goods delivered free at mill (including the imports general mill's estimate)
 Reimbursement of the mill (adjustment reserved)

953.80
 70.00
 1023.80

Proceeds

Kg. 63 flour at Lit. 1376.50
 Kg. 32 bran at Lit. 436
 Kg. 5 chaff
 Kg. 136

879.80
 144.50
 1023.80

CostCost

Sale price of rye, basis 1% of worthless foreign matter for goods delivered free at mill (including imports general mill's estimate)
 Reimbursement of the mill (adjustment reserved)

1237.20
 70.00
 1207.20

Proceeds

Kg. 80 flour at Lit. 1376.50

1117.20

Rs. 61 of flour at Lit. 136.50 a quintal
Rs. 7 of bran at Lit. 450 a quintal

1270.80
40.20
1311.30

Unmilled wheat

Costs

Sale price of barley, bran 14 northless foreign
miller for grain delivered free at mill (including
the inputs general mill, etc.)
Remuneration of the mill (adjustment reserved)

953.80
71.50
1025.30

Expenditure

Rs. 63 flour at Lit. 136.50
Rs. 28 bran at Lit. 450
Rs. 5 chaff
Rs. 1.00

839.80
144.00
983.80

Profit

Costs

Sale price of rice, bran 14 northless foreign
miller for grain delivered free at mill
(including inputs general mill, etc.)
Remuneration of the mill (adjustment reserved)

1137.20
70.00
1207.20

Expenditure

Rs. 80 flour at Lit. 136.50
Rs. 20 bran at Lit. 450

1127.20
80.00
1207.20

3. From the above calculations it is evident that the costs have taken
on basis equal quantities of product employed and their yields.

4. Yield of cereals milled during a cereal year should however give at
least the following results:

Sugar
Bran and farinaceous
northless matter
Chaff

Soft wheat	Barley	Wheat
21	63	80
10	34	21
101	102	101

NEW YORK: NEW YORKER AND PUBLISHER CO. 1957.

The superior "extra yields" must also be declared and kept at the disposal of the Directorate Generale dell'Alimentazione.

11. In order to protect the quality of the products the relative proportion between flour and bran must be maintained, taking as basis the average figures of a year.

Characteristics of the products are as follows:

Maximum moisture	13.5%
Adhes for soft wheat, barley, rye and Australian wheat	1.55%
Adhes for durum wheat	1.70%

12. Profits resulting from "extra yields" are left to the mills as compensation:

(a) for milling barley and rye which necessitates longer than wheat milling;

(b) for higher technical equipment necessary in order to obtain "extra yields".

13. Baselines of Bread. On the basis of the above mentioned prices of flour of Lit. 1,396.50 per quintal for goods in bulk, free at mill or intercommunal warehouses of the Consorzio Agrario, delivered on receiver's vehicle, the provincial Soprala will fix the price of bread, adding the mill's or the warehouse's actual transport expenses, the cost of the bags, the baker's remuneration, the whole divided by the baking yield, which will not be less than 125 kg. bread per 100 kg. flour.

14. The Soprala in cases where they should find it opportune to fix different prices for each commune owing to yields and baking remuneration, shall be entitled to add to the above price of Lit. 1,396.50 the difference necessary to adjust the transport expenses from the mill or from the intercommunal warehouses to the respective Commune.

PRODUCTION OF PASTA

15. Beginning with the 12th of March, products meant for pasta manufacture will be delivered to the Pastificio as done up to now, free of expenses, unloaded at the Pastificio. Transport expenses will be borne by the Federconsorzi, which will see to this task through the Consorzio Agrario. Delivery of flour to the Pastificio will be made according to the rule fixed for the delivery of cereals to the mills.

16. Prices of Pasta.

(a) for milling barley and rye which necessitates longer than wheat milling;

(b) for higher technical equipment necessary in order to obtain "extra yields".

13. Ex-Price of Bread. On the basis of the above mentioned price of flour of Lit. 1,356.36 per quintal for goods in bulk, free at mill or intercommunal warehouses of the Consorzi Agrari, delivered on receiver's vehicle, the provincial Soprintende will fix the price of bread, adding the mill's or the warehouse's actual transport expenses, the wear of the bags, the baker's remuneration, the whole divided by the baking yield, which will not be less than 125 Kg. bread per 100 Kg. flour.

14. The Soprintende in cases where they should find it opportune to fix different prices for such concerns owing to yields and baking remuneration, shall be entitled to add to the above price of Lit. 1,396.83 the difference necessary to adjust the transport expenses from the mill or from the intercommunal warehouses to the respective Communes.

PRODUCTION OF PASTA

15. Beginning with the 12th of March, products meant for pasta manufacture will be delivered to the pastifici as soon as to now, free of expenses, unloaded at the pastifici. Transport expenses will be borne by the Consorzi Agrari, which will see to this task through the Consorzi Agrari. Delivery of flour to the pastifici will be made according to the rule fixed for the delivery of cereals to the mills.

16. Price of Pasta.

- (i) a maximum remuneration is fixed to pastifici of Lit. 300 per quintal;
- (ii) a minimum yield is fixed of Kg. 96.50 of pasta for every Kg. 100 of flour. Moisture of pasta will not exceed 12.50%;
- (iii) the remuneration fixed for pastifici is to be understood for goods weighed, labelled, delivered in buyer's bags on receiver's vehicles;
- (iv) Based upon price of pasta established ex-pastifici in accordance with (i) (ii) (iii) above provisions will fix the price of pasta to the consumer by adding the actual transport expenses from the pastifici or intercommunal warehouses to the places of distribution.

NEW PRICES OF BREED AND PASTE, CONT'D.

17. Delivery of cereals in kind, i.e., instead of bread and paste. In those countries where cereals are distributed instead of bread and paste, the Government will fix the same price for goods delivered free of intercommunal or regional variations, as paid by the mills for those products for goods delivered free at mill.

18. Provincial prices of bread and paste worked out along the lines indicated above shall in all cases be kept as low as possible. Prices will be fixed by Provincial Commissioner and will in all cases be reported back to this Headquarters and may be subject to revision there if they appear excessive.

By command of Your Admiral CTOLE:

A. G. Angolini

A. G. ANGOLINI,
Acting Vice President,
Economic Section

Copy to: 0-5 Section, 15th Army Group

Ref: 4029/52/30.

610 March 1945.

SUBJECT: General Order No. 38

TO : A/Vice President,
Economic Section.

I refer to your letter 25/18.12 of 7 March 1945.

1. I do not understand the English in Article 8 of this General Order. It does not seem to me proper to say "the indemnity is paid"; the proper phrase is "the indemnity will be paid" or "is to be paid". Who are the "respective administrations" in AMG territory?

2. Sub-para 4 of Article 8 is not grammatical. It presumably should read "With regard to personnel, etc...." In the penultimate paragraph of Article 8 the State "will be charged", in the last paragraph the State "is charged".

3. Article 5 begins "An indemnity charged to the State". We may all know what "State" means but this is a legal document and surely the State should be defined.

4. Article 10 is extremely hard to understand by virtue of the fact that it contains a double negative, i.e., "is not granted..... of not less than 150,000 Lire".

5. Article 12 - do we intend to issue administrative rules? If so, should they not be published at the same time as the General Order?

6. It seems to me that the drafter of the General Order, which is a legal document emanating from Allied authorities, has merely done a rough translation of the Italian decrees. I think more care should be taken to get the Order into proper form. I should like this to be done in consultation with the Chief Legal Advisor.

MEL/JC.

Copy to: Legal Sub-Com.

M. B. LUSH
Brigadier
Executive Commissioner

4029 *Ans*
HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

(50)

Tel. 271

JMG/mem

EA/18.12

7 March 1945

SUBJECT: Statement as to purpose of
General Order No. 38

MAR 8 1945

TO : Office of the Chief Commissioner

1. The Italian Government has issued a decree raising the price of grain in order to fix the price of bread, and granting an indemnity to workers.

2. The decree has been implemented in those provinces of AMG territory where implementation procedure operates.

3. It is the intention that so far as possible the decree should be applied also to the remaining provinces. This must be done by a General Order, not a Provincial Order, as it involves cancellation of General Order 38.

4. Attached hereto is a proposed General Order No. 38 designed to implement the decree. It sets out substantially the whole decree with a few alterations necessary to suit the local conditions. It was prepared by the Legal Sub-Commission and has been certified by Colonel M. E. Behrens, Deputy Chief Legal Advisor as being proper in form for signature. It is here with submitted together with an Italian translation thereof, as being proper in substance, for your signature.

A. G. Antolini
A. G. ANTOLINI
Acting Vice President
Economic Section

Enc. 1 copy proposed G.O. 38
1 copy translation
1 certificate of Legal S/C

See M. 57
A. 3255
A. 52

File

Excerpt of Minutes of Executive Commissioner's Meeting held on 2 March 1945.

Price of Bread Ex C said the Italian Government had already raised the price of bread to 18 lire per kilo in RME and as a result there had been a demonstration. This was 2 lire per kilo above the price upon which the "Corporino" indemnity was based. Ex C directed Econ Sec to investigate.

4029

Letter LSC/1204 dated 22 February 1945;

SUBJECT: Proposed increase in cost-of-living bonus for Italian civilian employees of the Allied Forces to provide for an increase in the cost of bread.

FROM Chief Commissioner to Chairman Labour and Wages Control Committee, A.F.L.R.B. (Italian)

Above filed on 5208/EC folio 108. (Wages Info File).

3553

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

Executive Commissioner.

Decree Relating to Price of Bread.

4029/45/40.

Director,
Economic Section.

22nd February 5.

Ref. your 61/1.13 of 17. 2. 45

The Chief Commissioner has approved the application of
the Decree relating to the Price of Bread to A.M.G. Territory.

M. S. LUSH

Brigadier.
Executive Commissioner.

3552

785017

4029
ALLIED COMMISSION
INTER-OFFICE MEMORANDUM

ES/

JMM/emg

SUBJECT: Decree Relative to Price of Bread.

FILE No. 18.13/ES

TO : Chief Commissioner

21 February 1945

1. Attached hereto for your information is a memorandum prepared by Mr. W. H. Braine, Director, Labor Sub-Commission, with reference to a meeting held on the above subject on 20 February 1945, and also a translation of a draft Decree furnished to the Economic Section at said meeting by representatives of the Italian Government.

2. It has been learned that a Decree on the above subject will probably be passed this afternoon.

E. B. MCKINLEY
Brigadier General, U.S.A.
Acting Vice-President
Economic Section

Attachments:

- 1 - Memorandum — 40
2 - Draft Decree — 37

3551

see M.42.43

N
B. QUARTERS ALLIED COMMISSIONALU 374
LABOR SUB-COMMISSION

-HB/rmw

40

REF: L-0/1204

20 February 1945

MEMORANDUM

SUBJECT: Price of Bread -- Increase in cost owing to withdrawal of Government subsidy.
Effect on wages and allowances.

1. Minister of Finance Coleri, accompanied by other Italian Ministers and representatives, called at Allied Commission on 20 February 1945 where they were received by Brigadier General McKinley, Brigadier Rafferty-Smith and other members of Allied Commission.

Minister Coleri said that the maintenance of bread at the present price of 5 lire per kilo and pasta at the present price of 7 lire per kilo was costing the Italian budget 20 milliards per annum; apart from the drain upon national resources which could not be allowed to continue, it was considered that the Government subsidy was enjoyed by a considerable portion of the population who were not entitled to special assistance. It had accordingly been decided by the Italian Government to allow the price of bread and pasta to reach its economic level, subject to certain safeguards, which meant an increase to 16 lire for bread and 21 lire for pasta. It was considered that the price of grain and of milling would remain standard and that variations in the cost of baking and preparation could be standardized within provinces although there might be variations as between one province and another. After consultation with the interests concerned, the prefects would fix, for their respective provinces, the price of bread and pasta. The highest cost was expected to be in Rome up to but not exceeding, 16 lire for bread, and it might be necessary to grant some small measure of assistance from Government sources as regards the Rome prices. In general however there would be a considerable relief to public funds by the withdrawal of the subsidy.

2. Minister Coleri said that the Italian Government recognized however that the cost to the Treasury in connection with the price of bread and pasta could not be entirely eliminated by this method, but that other measures would have to be taken to avoid unrest among the more needy classes of society who would be hard hit by the increase in cost. Consultations had taken place between representatives of the Government, of industry and employers in general, and of workers, and measures had been agreed which would grant relief to three particular classes, namely:

- (a) the registered poor who are already in receipt of assistance (including dependents of serving soldiers, prisoners of war, deportees, repatriates, refugees, etc);
- (b) state workers and pensioners, and
- (c) the working classes.

- 2 -

3. It was agreed that the immediate effect of the increased costs of bread and pasta would add 95 lire per month for each member of the family in Central and South Italy and 75 lire in the Northern portion of liberated Italy to date -- the difference arising from the different size of the ration in these areas.

Minister Coleri pleaded for assistance from the Allies to eliminate this difference by an increase in the ration in the Northern portion.

4. The Government had proposed, subject to certain restrictions, that an allowance of 75 lire and 95 lire in respective zones should be granted to workers and both employers and CGIL recognized the appropriateness of the proposed allowances and agreed to them. The allowance would be known as the "caropane" bonus and it was hoped that favorable action by the Allied powers, as regards an increase in the bread ration in the North, would enable the bonus to be granted at the uniform figure of 95 lire.

5. Accordingly it was proposed that State workers should receive a proposed bonus at the cost of the State and that general workers should receive their proposed bonus at the cost of industry subject, in each case, to the following exceptions:

Workers with dependents in towns with a population of 100,000 or above would not receive caropane allowance if in receipt of a salary above 9,000 lire per month.

In towns below the population of 100,000 salary limits would be 7,000 lire per month.

For bachelors without dependents the salary limits would be 6,000 lire and 5,000 lire, respectively.

The wages in question include all bonuses and overtime calculations.

Workers with private resources would also be excluded from receipt of the bonus if their taxable capital exceeded 150,000 lire or if they had an annual income of 24,000 lire or above.

6. It was also decided, (a) that there should be no tax on the caropane bonus; (b) that workers (mainly State employees) who received a full issue of rations in kind should not be entitled to the caropane bonus for themselves although they might be entitled to it in respect of family dependents; (c) that no worker would be permitted to receive more than one payment of bonus, e.g., where in two different employments or in respect of a dependant personally entitled to the bonus.

- 3 -

7. It was estimated that the State would be responsible for payment of allowances in respect of 1,200,000 persons and their dependents, (estimated at a total of about 4,000,000) and 2,000,000 of registered poor and other persons in receipt of allowances, making a total of 6,000,000 individuals in respect of whom the cost of aeroplane bonus would be about 7 milliard lire and probably rather less than 6 milliard lire per annum. There would be a saving of about 14 milliard lire on the present bread subsidy of 20 milliard or approximately a saving of two-thirds.

8. It was proposed to give effect to these measures as from the 1st of March and the Italian Government had the necessary administrative instructions in course of preparation which they thought could be applied at short notice. They awaited, however, the decision of the Allied Nations on the proposal to increase the size of the bread ration and hoped that it would be favorable.

9. These measures would apply in present liberated Italy, e.g., to the Gothic line. The conditions which would be found in present enemy-occupied Italy could not be foreseen although it was understood that the Germans had allowed a substantial amount of grain to remain in the area to avoid civil unrest.

W. H. BRAINE
Director
Labor Sub-Commission

Mr. Harlan Cleveland (3)
Economic Section

Brigadier Graffey-Smith (1)
Finance Sub-Commission

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PLV. XIX

Price of bread

10th February 1943

DECREES

HERMANN OF SAAR

PRINCE OF FLANDERS

LIEUTENANT GENERAL OF THE NAAL

In view of the authority with which we are invested;

In view of the royal decree law of the 10th May 1943, No. 127,

In order to ensure the harvest and distribution of cereals and beans is regulated;

In view of the lieutenant's decree of the 3rd August 1944,

No. 127, which fixes the selling price of bread and "paste";

In view of the royal decree law of the 10th October 1943, No. 128, referring to the suspension of the measures concerning the issuing, registering and publishing of the Royal decrees and other measures;

In view of the lieutenant's law decree of the 25th June 1944,

No. 151, concerning the Assembly for the new Constitution of

the State, the swearing of the Members of the Government and

the power of the Government for issuing new judicial measures;

In view of the resolution of the Council of Ministers;

On the proposal of the President of the Council of Ministers,

repealed;

In view of the lieutenant's decree of the 1st August 1944, No. 187, which fixes the selling price of bread and "breads"; In view of the royal decree law of the 29th October 1944, No. 2 B, referring to the suspension of the measures concerning the issuing, registering and publishing of the Royal decrees and other measures;

In view of the lieutenant's law decree of the 15th June 1944, No. 151, concerning the Assembly for the new Constitution of the State, the steering of the Members of the Government and the power of the Government for issuing new judicial measures;

In view of the resolution of the Council of Ministers; On the proposal of the President of the Council of Ministers, Prime Minister, Secretary of State and Minister of ³³⁴³Interior, in agreement with the Ministers of the Treasury, Agriculture and Forestry, of Industry, Commerce and Labour.

We have sanctioned and decreed the following:

ARTICLE 1

The basic prices of wheat, barley and rye of national production or imported, intended for the making of bread and pasta, on being handed over to the flour mills, are fixed as follows:

Soft wheat	-- lire 1,141,80 a quintal free on
hard wheat	-- lire 1,141,80 " " the mill
barley	-- lire 853,50 " " " "
rye	-- lire 1,137,80 " " " "

These prices include:

- part of the expenses for transporting the cereals free on the mill, of the flour for breadmaking, free on the borough warehouse, of the flour for making "pasta", free at the "pasta" manufactory and the "pasta" free on the borough warehouse;
- part of the pool management expenses;
- part of the expenses incurred from variation of price derived from the pool characteristics of the products;
- the general tax on profits fixed at 48,08 lire a quintal for soft wheat, at 47,80 lire a quintal for hard wheat, at 40,88 lire a quintal for barley and at 47,18 lire a quintal

Soft wheat	--	lire	1,641,20	a quintal free on
hard wheat	--	lire	1,641,20	" " the mill
barley	--	lire	835,00	" " " "
rye	--	lire	1,137,00	" " " "

These prices include:

- a) part of the expenses for transporting the cereals free on the mill, of the flour for breadmaking, free on the borough warehouses, of the flour for making "pasta", free at the "pasta" manufacture and the "pasta" free on the borough warehouses;
- b) part of the pool management expenses;
- c) part of the expenses incurred from variation of price certified from the real characteristics of the products;
- d) the general tax on profits fixed at 48,00 lire a quintal for soft wheat, at 49,50 lire a quintal for hard wheat, at 40,30 lire a quintal for barley and at 47,10 lire a quintal for rye.

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With the money derived from points (a), (b) and (c), three separate management will be formed, run by the Italian Federation of Agricultural Traders (Federazione Italiana dei Consorzi Agrari) on behalf of and under the supervision of the State.

On behalf of and under the supervision of the State the difference between the money collected by the wheat pools (grain and oil pools) from the prices as fixed in the first paragraph of this article and the prices paid to those farmers who consigned

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their wheat to the seeds will be made good by the Italian
Federation of Agricultural trusts.

On the basis of the prices indicated in the first
paragraph of this article, which may be altered by decision
of the President of the Council of Ministers on the proposal
of the High Commissioner for Food and in agreement with the
Minister of the Treasury and with the Minister of Agriculture
and Forestry, the prices of products made from wheat etc.
will be fixed.

ARTICLE C

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The flourmills, "pastor" manufacturers, breadmaking concerns, wholesale dealers, retailers and provincial warehouses must pay the State the difference between the prices obtained by the application of this present decree and those formerly paid by them for the stocks of cereals and by products mentioned in articles in their possession on the entering into force of this decree.

The relative assessments will be carried out by the provincial sections of Food control with the help of the existing offices (Intendencia di Finanze) who will see to the collection.

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ARTICLE 2

It has been agreed to grant an indemnity, which will be paid by the State, to

a) the involuntary unemployed;
b) those persons in the list of persons and who have always been assisted by the local assistance Boards out of their own funds.

c) those persons, who receive daily assistance from the State in consideration of the existing measures, as such

-next of kin of soldiers, either conscripted, called up or anyway in service;

-next of kin of soldiers who are either prisoners of war, or interned or listed as missing;

-next of kin of civilians deported by the Germans;

-people repatriated from the Italian Colonies in Africa, or from other countries, or next of kin of Italians living in the Italian African Colonies or elsewhere abroad.

-displaced persons, refugees or homeless through the war.

their own funds.

c) those persons who receive daily assistance from the State in consideration of the existing situation, as such

as

- next of kin of soldiers, either conscripted, called

- up or away in service;

- next of kin of soldiers who are either prisoners of war, or interned or listed as missing;

- next of kin of civilians deported by the Germans;

- people repatriated from the Italian Colonies in Africa,

- or from other countries, or next of kin of Italians living

- in the Italian African Colonies or elsewhere abroad.

- displaced persons, refugees or homeless through the

war.

The indemnity is fixed at 60 lire a month for ³³⁴³ persons and for each person of the family living with and maintained by said person, and will be granted only to those who are duly furnished with accurate bread and "quarter" ration cards.

In special cases said Indemnity, after due authorization has been given by the High Commissioner for Food, and agreement with the Ministry of the Treasury and any other Ministries concerned, may be paid to Institutions which distribute

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

785017

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Food to these persons instead of directly to said persons.

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

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ARTICLE 4

A monthly indemnity of \$51.00 has been increased in favor of all workers and for each member of their families according to the conditions and resources which will be indicated hereinafter.

Said indemnity will only be paid to those persons supplied with separate bread and ration cards.

Indemnity of up to \$100,000 has been agreed in favor of all workers and for each member of their families according to the conditions and amounts which will be indicated hereafter.

Such indemnity will only be paid to those persons supplied with separate bread and meat ration cards.

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ARTICLE 5

For those workers whose contract is already controllable by means of collective contracts according to law No. 521 of the 3rd April 1928 and following alterations, the indemnity must be paid by the employers, and extended to each member of the workers family living with, or maintained by him.

Married workers, residing in towns with a population of over 100,000 inhabitants, who earn more than 5,000 lire a month net, and those residing in towns of under and up to 100,000 inhabitants, and who earn more than 7000 lire a month net, are excluded from benefitting by this indemnity.

For bachelors, who have no members of their family living with or maintained by them, the limits of exclusion from benefitting by this indemnity are respectively 8,000 and 5,000 lire a month.

have family living with, or maintained by him.

Married women, residing in towns with a population of over 100,000 inhabitants, who earn more than 2,000 lire a month net, and those residing in towns of under and up to 100,000 inhabitants, and who earn more than 7000 lire a month net, are excluded from benefiting by this indemnity.

For bachelors, who have no members of their family living with or maintained by them, the limits of exclusion from benefiting by this indemnity are respectively 2,000 and 5,000 lire a month.

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ARTICLE 8

For State employees and for personnel working for State employees considered, respectively in the articles 4 or 5 of the Lieutenant's law dated No. 840 of the 10th November 1966, the indemnity will be paid by the respective administrations.

The indemnity mentioned in the above paragraph is due besides to the holders of pensions, and will be paid by State Administrations or by the Welfare Institutions managed by the Cassa Depositi e Prestiti to the members of their families as well. To define which members, as in the foregoing paragraphs, are meant the wife and children under age.

To the personnel to whom are granted food rations, in kind or in money, free, whole or partial, the indemnity which is mentioned in the first paragraph of this article will be granted only in proportion to the part concerning the members of the family, as indicated in the preceding paragraph.

The above said indemnity is not due to personnel and pensioners living outside the territory of the Realm.

For the employees and pensioners whose payments are made partially or wholly by non State concerns, the cost of said indemnities will be borne by these concerns which at present bear the expenses in the same respective proportions.

ARTICLE 7

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The indemnity provided for by article 6 is extended to Provincial or Borough Secretaries and to the personnel depending from the Bodies referred to in Article 14 of the Lieutenant's law decree NO. 313 of the 14th November 1964 and will be paid for by said Bodies.

The same rule, in the previous paragraph applies also to the holders of pensions drawn from the Bodies referred to in the present article.

The indemnity will also be paid to the wife and children under age of the said personnel and pensioners.

The indemnity provided for by article 6 is extended to Provincial or Borough Secretaries and to the personnel deriving from the Bodies referred to in Article 18 of the Lieutenant's law decree NO. 223 of the 15th November 1944 and will be paid for by said Bodies.

The measures, in the previous paragraph applied also to the holders of pensions drawn from the Bodies referred to in the present Article.

The indemnity will also be paid to the wife and children under age of the said personnel and pensioners.

ARTICLE 4

The indemnities referred to in the preceding articles will not be granted to those persons registered in the lists of people paying an ordinary tax or capital for an amount not below 150,000 lire and to those persons registered in the lists of people paying a supplementary tax on a comprehensive income of an amount not less than 24,000 lire, in which are excluded the incomes from work classified in catalogue C.2 according to Article 4 of the Lieutenant's law decree No. 884 of the 19th October 1944.

The workers who are in the conditions described in the previous paragraph must make a declaration of same to their employers.

In the case of employees of the State or other public bodies, either actually working or pensioned off, who are registered in the lists of people paying supplementary taxes as in the first paragraph, the District offices of direct taxation will inform the paying Bodies of this fact.

The incentives referred to in the preceding articles will not be granted to those persons registered in the lists of people paying an ordinary tax or capital for an amount not below 150,000 lire and to those persons registered in the lists of people paying a supplementary tax on a comprehensive income of an amount not less than 24,000 lire, in which are excluded the income from work classified in category C.3 according to Article 4 of the Lieutenant's law decree No. 204 of the 19th October 1944.

The workers who are in the conditions described in the previous paragraph must make a declaration of sale to their employers.

In the case of employees of the State or other public bodies, whether actually working or pensioned off, who are registered in the lists of people paying supplementary taxes as in the first paragraph, the District offices of direct taxation will inform the paying Bodies of this fact.

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ARTICLE 2

The indemnities under consideration in the preceding articles will be paid only once to those beneficiaries who are entitled to receive said indemnities for various reasons.

In the case that right to the indemnity exists in the application of articles 5, 6, 7 as well as in the application of articles 8, only the indemnity due from reasons of work will be paid.

When a worker is employed by various employers at the same time, the amount of the indemnity will be divided among them in proportion to the wages paid by each employer to said worker.

When one of the members of the family has a right to receive the indemnity on his own account, said indemnity will not be due to the head of the family for that member's part.

article will be paid only once to those beneficiaries who are entitled to receive said indemnities for various reasons.

In the case that right to the indemnity exists in the application of articles 5,6,7 as well as in the application of articles 6, only the indemnity due from reasons of work will be paid.

[illegible]

When one of the members of the family has a right to receive the Indemnity on his own account, said Indemnity will **you** be due to the head of the family for that member's part.

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ARTICLE 10

The immunities hitherto referred to are free from taxation.

Measures for the granting and paying of the immunities mentioned in the preceding articles will be issued by the Minister of the Treasury in agreement with the Minister of the Interior, the Ministry for Agriculture and Forestry and the Ministry for Industry, Commerce and Labor.

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ARTICLE 11

The Minister of the Treasury is authorized to bring about, by means of decrees issued by him, the necessary variations to the Budget to meet the extra expenses derived from the putting in force of the present decree.

ARTICLE 14

From the date in which the present decree enters into force the Lieutenant's law decree No. 157 of the 27th August 1944 in which the prices of bread and "pasta" were fixed, is repealed.

ARTICLE 12

The present decree comes into force on the same day in which it is published in the official Gazette of the Realm.

Its measures are to be applied in all the provinces which on said date have already passed under the jurisdiction of the Italian Government.

In the other provinces the same measures will be applied after authorization has been given by the A.M.G.

We order to all whom it may concern to observe the present decree and to see that it is observed as if were a law of the State.

CONFIDENTIAL.

(21)

Ref: 4029/50

21 February 1945

SUBJECT: Cost of Bread Increases.

TO : Chiefs of Section,
Allied Force Local Resources Section,
Rome Area Allied Command,
C. H. F.

1. I refer to your letter LRS/2142/132 of 15 February 1945 and to telegram F29506 of 19 February from Lieut. General Robertson, Joint Chairman.

2. I consider that in spite of the publicity already given to the proposed action of the Italian Government, immediate publication would be premature. The Allied military authorities, however, should publish their intentions simultaneously with the official announcement of the Italian Government that a special bonus will be paid. Labour Sub-Commission of the Allied Commission should prepare such a statement and transmit it to you for action through P.R.O. There is, of course, no objection to informing military formations immediately and confidentially of the proposed action. The recommendation with regard to the maintenance of the midship meal without additional cost is approved.

/s/ Henry W. Stone

HENRY W. STONE
Rear Admiral, USNR
Chief Commissioner

Copy to: Labour Sub-Com (with copy of cable and letter
ECONOMIC Sec under reference).

785017

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: F 29606

Date/Time of Origin: FEB 191227A

Message Centre No: D/2438

Date/Time Recd: FEB 191410A

Precedence: PRIORITY

FROM: AFHQ SIGNED SACRED SITE PHCAO

TO: ALCON INFO AFLRS, RAAC

CONFIDENTIAL

CONFIDENTIAL.

Personal for Admiral STONE from ROBERTSON.

Subject bonus on labour rates for increased cost of bread. AFLRS letter LRS/214D/132 of 15 February refers. Please take such action as you think fit on recommendation made by Labour and Wages Control Committee at meeting on 15 February. You may assume my agreement.

Dist

Action - S.O. to Chief Commissioner (2)

Info - A/President

Chief Commissioner

File

ACTION



CONFIDENTIAL

See D
3539

LABOUR SL 4 (19)

LSC/906 + 1204 + 402

ALLIED FORCE LOGAL RESOURCES SECTION
A.F.H.Q.CONFIDENTIALPostal Address :
AFHQ, Rome Area
Allied Command,
C.M.P.

LRS/214D/132.

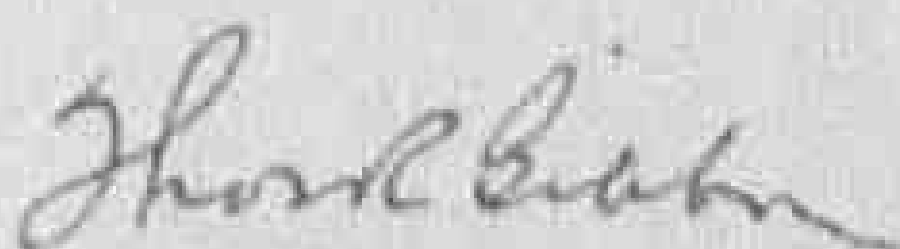
SUBJECT : Cost of Bread Increase.

TEL : RME 66275

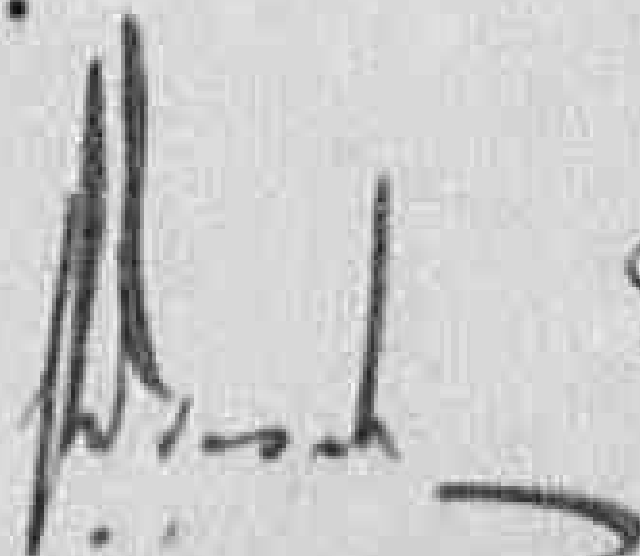
TO : C.A.O., A.F.H.Q.
Chief Commissioner, HQ AC.

5 February 1945

1. At the monthly meeting of the Labour & Wages Control Committee held today HQ AC obtained permission under the heading of "Other Business" to bring up for consideration the ~~intention~~ intention of the Italian Government to discontinue as from 1 MAR 45 the bread subsidy.
2. There was a good attendance and in spite of the fact that no previous notice had been given the matter received, in the opinion of this Section, adequate consideration.
3. Attached is a copy of minute No 89 setting out the basic facts and the Committee's unanimous conclusions.
4. The Chairman, Col. J.R. SMITH, Deputy Director of the Labour Sub-Commission AC and the Director Mr. Brain, who attended to present the case did not hide their opinion that it was essential that the Armed Forces not only follow suit in taking action to mitigate the effect on the workers, but also if possible announce their intention to do so without delay. This opinion was endorsed by the other members.
5. In view of these facts it is requested that the recommendation of the Committee receive consideration prior to the next meeting of the Board on 3 MAR 45 and, that if thought fit, interim action be taken by the Joint Chairmen on the lines proposed.
6. At the request of this Section the Chairman directed the members of the Committee to treat the proceedings as Confidential and not to allow the fact that action was contemplated by the Italian Government or by the Armed Forces to become known prematurely.


THOMAS R. GIBSON, Col., AUS,
Chief of Section (US),
A.F.L.R.S.

JLP/gp.


J. L. PRESCOTT, Lt.Col., AMG,
Acting Chief of Section (Br),
A.F.L.R.S.

3525

Copy to :- AFHQ AFHQ CASERTA.
Chairman, Labour & Wages Control Committee.

(18)

Extract from Minutes of meeting of the
Labour & Wages Control Committee
15 FEB 1945

59. COST OF BREAD INCREASE:

HQ AC representative reported that the Italian Government had intimated that they were no longer able to subsidise the price of bread, which would result in the present price of 5 lire per Kilo being raised to approximately 14 lire per Kilo, with effect from 1 MAR 45. In order to mitigate the effect of this increase on the working classes it was the intention of the Italian Government to authorise a special bonus (Cartopane) of 75 to 95 lire per month, per dependant, payable to workers drawing less than a certain wage and not in receipt of private income.

The Committee came to the unanimous conclusion that if some similar action was not taken by the Allied Forces simultaneously with that of the Italian Government, including simultaneous publication, an extremely adverse situation would arise in so far as military labour was concerned.

In view of the short notice APLS agreed to bring these facts urgently to the notice of the Joint Chairmen of the Board with a request for interim action on the following lines :-

Immediate publication of the facts that :

- (a) In the event of the Italian Government taking such action as was intimated some similar gesture would be made by the Allied Armed Forces to their civilian employees with effect from the same date.
- (b) The Midshift Meal as at present supplied will be maintained without additional cost to the worker.

SECRET ^{H029}

(15)

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Tel. 271

JRM/men

ES/18.13

17 February, 1945

SUBJECT: Cost of Bread -- Substitution of Economic Price for Political Subsidized Price. FEB 19 1945

TO: Chief Commissioner

1. On 4 February 1945, Brigadier Grafftey-Smith and Mr. W. H. Braine, conferred with Minister of the Treasury Soleri on the above subject and were advised that the following proposals had been formulated and were to be considered by the Council of Ministers:

A. Increase in Prices.

The cost of bread would be raised from 5 lire to 14 lire per kilo and the cost of pasta from 9 lire to 18 lire per kilo.

B. Allowances to State employees and parastatal employees.

An allowance of 75 lire per month to be given to each member of the family, except in the case of employees having a private income of 24,000 lire per year.

C. Allowances to Employees of communes and of local governments.

The National Government to indicate that the local government should follow the lead of the national government. The cost however, would not be met out of the national budget unless at a later date the cost of local government is borne directly by the national government.

D. Allowances to employees of private industries.

A similar allowance of 75 lire per month for each member of the family, to be paid by employers to employees who receive salaries up to 8,000 lire per month. As in the case of government employees, those having a private income of more than 24,000 lire per year are to be excluded.

E. Allowances to other beneficiaries.

Similar provisions would be made for:

- (i) Unemployed persons.
- (ii) Those receiving poor relief from the national government.
- (iii) Families of soldiers who are retained in military service after completion of their normal period of service and who receive military allowances on this account.

JRM (45)

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SECRET

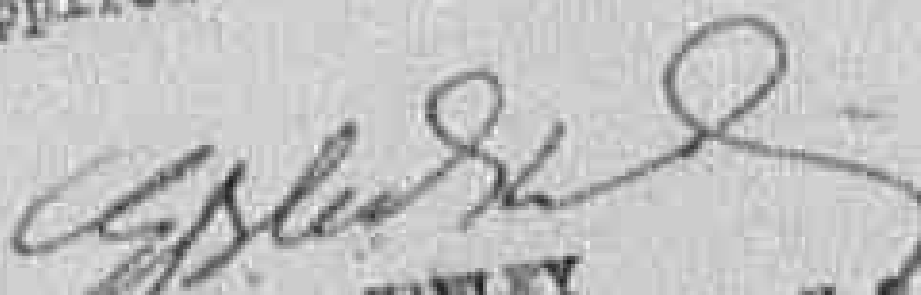
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F. Other Measures

- Before the increase in price is effective, it is proposed to put into effect fiscal measures and measures to control the cost of milling. The fiscal measures include the imposition of a single levy of 1200 lire on each head of a family who has either an income exceeding 100,000 lire per year or who possesses a capital exceeding 250,000 lire per year. This levy is more in the nature of a gesture than a serious attempt to obtain funds.
2. Minister Soleri stated that the political subsidy of the price of bread was costing between 8 and 10 billion lire per year. It is estimated that the proposed allowances will cost 3 billion lire per year for the whole of Italy.
3. Minister Soleri estimated that the additional cost to family budget caused by the increase in price would be 2.50 lire per person per day or approximately 75 lire per month. Since the conference with Minister Soleri it has been learned that some consideration is being given to an allowance of 90/95 lire per month, based on the higher ration prevailing in Southern Italy.
4. It has been learned from High Commissioner of Food Bergami that the Council of Ministers considered the proposals yesterday and approved them in principle. It has also been learned from High Commissioner Bergami that the government proposes not to issue a decree until such time as the ration may be increased to 300 grams throughout Italy.
5. The Labor Sub-Commission is instituting action to increase the armed forces wage scale in accordance with the proposed increase to be put into effect by a decree, with a view to having the increases take effect simultaneously.
6. It is not believed that the Allied Commission should intervene in the question of the increase of the price of bread and pasta. Since the increase in the price of wheat to 1000 lire per quintal, the political price for bread has put an intolerable burden upon the Italian budget and the recent wage increases have shown that the Italian Government does not wish or is not able to use a low subsidized price of bread to keep wages down and hold the line against inflation. The net daily increase in cost to the consumer will not be substantial in view of the contemplated allowances to be given to large groups of employees and in view of the fact that the ration will be increased. It is believed that the decree should be made applicable to AMG territory.


E.B. MCKINLEY
Brigadier General, U.S.A.
Acting Vice President
Economic Section

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HEADQUARTERS ALLIED COMMISSION
APO 894
LABOR SUB-COMMISSION

VHB/rmw

4 February 1945

FEB 6 1945

TEL : Ext. 204

REF : LSC/1002

SUBJECT: Cost of Bread -- Substitution of economic price
for politically subsidized price.TO : Colonel L. D. Densmore
Economic Section

1. I accompanied Colonel Grafftey-Smith to the Ministero delle Finanze today, Sunday, 4 February 1945, and we saw Minister Soleri with regard to the proposals for the withdrawal of the subsidy from bread and substitution of an economic price. The following report is submitted for your information and interest.

2. Minister Soleri outlined the proposals which would have the effect of raising the cost of bread from 5 lire to 14 lire and the cost of pasta from 9 lire to 13 lire per kilo; in each case an increase of 9 lire. It was estimated that the additional charge on family budgets would be 2.50 lire per person, per day. Many persons now purchase in the black market at uncontrolled prices and if the proposed change results in increased supplies at the fixed rate there would be a compensatory saving, i.e., the bread purchased at the economic price would still be cheaper than the bread now purchased at black market prices. But this is an imponderable and cannot be taken into account.

3. Minister Soleri admitted that when the deliberation on this proposed change began a month or six weeks ago, representations were received from labor representatives that workers should either receive bread at a specially cheap rate or that other measures should be taken to relieve the charge upon workers' family incomes.

He said that the following proposals had been formulated and would be taken into consideration by the Council of Ministers on Wednesday next:

State Employees - An allowance of 75 lire per month for each member of the family;
Excepting employees who had a private income of 84,000 lire per annum.
This allowance will be given to State and para-statal employees.

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As regards employees of communes (or local government authorities), the Government would give an indication that they should follow the lead of the State, but the cost would not be met out of the National State budget. If, at a later date, the cost of local government is borne directly by the State it would follow that this charge would come out of the State budget.

Private Industry - A similar allowance of 75 lire per month, per member of the family is to be paid by employers to employees in receipt of salaries up to 8,000 lire per month (it may be that after deliberation this limit will be raised to 10,000 lire per month). The exclusion of persons in receipt of a private income of more than 24,000 lire per annum would apply in private industry as in State employment.

4. Three other classes of citizens would also receive this proposed allowance, viz.,

(1) Unemployed persons;

(2) Claimants to poor relief from the State;

(3) Families of soldiers who are retained in military service after completion of their normal period and who receive military allowances on this account.

5. It was recognized that the small self-employer (i.e., persons conducting a one-man business), and the person in receipt of a small private income but who is not employed, would have to meet the increased cost of bread, etc., but would receive no compensatory allowance.

6. It is proposed that the charge should take effect from 1 March 1945. In the interim measures controlling the cost of ~~milking~~, and other ~~physical~~ measures, would be imposed.

The ~~physical~~ measures include a single levy of 1,200 lire from heads of families who have either an income exceeding 100,000 lire per annum, or who possess a capital exceeding 250,000 lire. This levy is more in the nature of a gesture than a serious attempt to obtain funds.

7. Minister Soleri said that the political subsidy of the price of bread was shown at about 15 miliardi and was costing between 8 and 10 miliardi per annum. The cost of the allowances is estimated at 2 miliardi per annum for the whole of Italy.

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8. Colonel Graffety-Smith indicated in general terms, recognition of the considerations which led the Government to formulate these proposals and offered collaboration in the prompt promulgation of a Decree to give legal effect to the decision which might eventually be made. We agreed that it would be undesirable to have an unduly long interval which might give employers an excuse for not paying the allowance laid down, for the reason that no legal basis existed and that the only announcement was in the form of a newspaper publication, thus making it difficult for workers to obtain arrears, especially if they change their employment between the public announcement and the publication of the Royal Decree.

9. I emphasized the desirability of prior consultation with representatives of industry and of workers, and also of making a joint announcement stating that the interests concerned were in general agreement with the proposals. This would help to stifle exaggerated demands for more concessions on the part of the workers if their own representatives indicated that they recognized that the terms were the best possible obtainable under the circumstances; and would advise employers in private industry that their representatives were similarly in agreement with the Government proposals.

I pointed out that the principle of dictating, at Government level, increases in wages to be paid in private industry appeared to be developing, two earlier examples being the caro vita decision of October 1944 and the Christmas allowances and holiday-with-pay decision of Christmas 1944. This practice might lead to the employers passing on the cost of these increases to the consumer, with a consequent increase in general costs or with the dismissal of employees or restriction of activities on the ground that industry would not be able to continue as hitherto with additional costs. Minister Soleri said that Minister Gronchi was brought into consultation on these points which were duly recognized, but that for the Italian Government under present circumstances, it was a choice between two evils.

10. Effect on North of Italy, When Liberated.

Colonel Graffety-Smith and I discussed separately the effect of this arrangement on Northern Italy, as and when it becomes liberated. We agreed that if the price of bread was allowed to reach its economic level, as under the present proposal, it would not be possible to freeze wages as territory came under AMG/AC control; and that we should confer later as

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to the wages policy on this and other issues to be adopted in the North. It should be noted that the Government estimates of costs are framed on the basis of the whole of Italy, not only hitherto liberated Italy.

W. H. Braine
W. H. BRAINE
Director
Labor Sub-Commission

400 *g* (2) *JRB*

HEADQUARTERS
ALLIED COMMISSION
FINANCE SUB-COMMISSION
A.P.O. 394.

13021/P.

1 February 1945.

SUBJECT: Price of Bread.

FEB 2 1945

TO : A.D.C.O.S.,
Resource Section.

1. Reference is made to your 18.11/ES of today's date.
2. Soleri is still confined to his bed but I have passed a message to his personal secretary asking that the Minister be informed that the interested Sub-Commissions wish to be fully advised of the progress of the suggested decree, raising the price of bread. I indicated that the Allied Commission are particularly concerned since any change in the price of bread and pasta will have to be effected equally in A.M.G. territory.

A. P. Crassey Smith
Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

Copy to: Chief of Staff, ✓
Food Sub-Commission,
Labour Sub-Commission.

APCS/ht.

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1 February 1945

FEB 2 1945

MEMORANDUM FOR COLONEL GRAFFTEY-SMITH:

Subject: Price of Bread.

1. Reference is made to your 13021/F, 30 January, above subject.
2. The general contents of the above reference was taken up at the Vice Presidents' meeting this morning. The Chief Commissioner is somewhat concerned with respect to the procedure to be followed in this matter. It was pointed out that since any change in the price of bread will materially affect Allied Military Government territory, it is essential that the matter be carefully coordinated between the Italian Government and the Commission, particularly the Finance Sub-Commission, Labor Sub-Commission and the Economic Section.
3. There was some concern over the terms of the suggested decree providing for a caropane allowance, a special price for unemployed and registered poor.
4. The Chief Commissioner directs that the proposal of the government receive careful consideration by the Finance Sub-Commission, Labor Sub-Commission, Price Unit and Economic Section and that a discussion be had with the Italian Government with respect to the suggested details. It is thought that due to the effect on AMG territory that no independent action should be taken by the Italian Government.
5. Will you please coordinate this with the government along line indicated above? Will other Sub-Commissions and the Price Unit to which copy of this is sent please confer with Finance Sub-Commission, obtain details of proposed decree, study same and make comments to Economic Section through Finance Sub-Commission?

L.D.S.

L. D. DENSMORE
Colonel, F A
Acting Deputy Chief of Staff
Economic Section

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cc: Chief of Staff ✓
Food Sub-Commission
Labor Sub-Commission

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