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10000/109/805
(VOL. IX)

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MONTHLY REPORTS, UNRRA
JULY, AUG. 1946

Enclosed MC 88.

~~680~~. Folios 1-87 UNRRA Monthly Report for August for info. Please. I have marked passages of interest in the Introduction

D. McM. 18/9. WJC 19.

MC 19/9

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UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

ITALIAN MISSION

Chief of Mission's Narrative Report for the Month of

August 1946

CONTENTS

This report consists of a brief summary of the Italian Mission's major activities during the month of August 1946, its most important unsolved problems and targets for the immediate future, plus more detailed reports, statistical data, etc., from the various units of the Mission. The material appears as follows: -

A. Introduction

B. Relationship with the Italian Government.

C. Relationship with other Agencies.

D. Supply and Distribution.

E. Services Provided with UNRRA Resources.

F. Public Relations.

G. Organization and Administration of the Mission.

H. List of Attachments.

S. M. KEENY,
Chief of Italian Mission.

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A. INTRODUCTION.

1. The Chief of Mission spent two weeks of August in Geneva and one in the Regions of Northern Italy. Trips of this kind are said to be valuable for perspective. It must be admitted, however, that the results of Geneva were, by and large, not encouraging to one who is concerned about the fate of Italy in 1947. We received confirmation of what we had already taken for granted: that there would be no more money for UNRRA. There was also great value in the assurance that shipments would be continued after the end of the year until the Program was completed - although there was an ominous suggestion that lack of funds would probably result in a cut. Kind words for UNRRA and its personnel were much more plentiful than last year. Plentiful, also, were resolutions - mostly recommendations for other agencies (some non-existent) to take over the burden carried by UNRRA. What was sharply missing was a realistic recognition of the urgency of decisions that would result in loans or grants to Italy that would keep essential imports coming after UNRRA funds are finished. Some of the forensics of the conference and the debates about the minutiae of the wording of resolutions seem pathetically unreal in the light of the situation Italy will face next winter and spring.

2. The discussions about the displaced persons were on a noticeably higher plane than last year. There was a deeper recognition both of the human tragedy involved and of the problems of relationship and education that have to be solved. But the needs of 800,000 people, however urgent, are but a small sector of the European economic problem. One was uncomfortably aware that this essential lack of perspective in the whole conference was largely a reflection of a still vaster and grimmer confusion in Paris.

3. Even the atmosphere of Geneva did not prepare us adequately for the mood we found in Italy upon our return. Each day toward the latter part of August brought more bad news for Italy in the form of additional claims for reparations, which kept mounting until the headlines reported figures of 26,000 million dollars - roughly equivalent to the total national wealth of Italy. The resignation of Corbino, Minister of Finance, and the drop in the Lire rate to more than 500 to the dollar, tell their own story. The Italian Press, never known for its temperateness, flatly declared that Italy had been betrayed by the Allies. The effect on UNRRA by indirection was definitely unfavorable: journalists who had been most friendly and appreciative, began to look for hidden motives in a manner that had been common in our early days, but had almost entirely disappeared. This mood will probably soften soon after the final decisions, even though the Peace terms are hard; but this Mission must face the fact that its public relations in Italy are going to be much more difficult in the coming months than in the past.

THE FOOD SITUATION.

4. Food crises have been happily absent during the month. The rations are regular and have reached nearly a thousand calories. In addition, about 1,800,000 children have been fed during the month, largely in summer colonies from which they are returning as brown and healthy advertisements of a very popular part of the UNRRA program.

5. The immediate situation of food supplies is good, with the grain

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5. The immediate situation of food supplies is good, with the grain collections having reached about 2,000,000 tons of the goal of 2,350,000. This collection was not achieved easily. Two communities indulged in outbreaks which resulted in the loss of some dozens of lives. The Government, however, acted promptly and firmly in a manner that should be convincing to the rest of the world that Italy is taking its food problem seriously.

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6. Some parts of the Government still have difficulty in grasping the fact that the world supply of cereals is still short and that not even adequate credits will ensure that they will get the grain imports that they need. This Mission encouraged several important members of the Government to come to Geneva, where they shared in long discussions with the UNRRA staff from Headquarters. The results of these discussions have been shown in the handling of current problems of grain supply; but we must still keep hammering on such points as that the milling ration should not be reduced, that increases in rations must not be promised until enough grain is in sight to carry the present ration to the next harvest, and that the Ministry of Food must be prepared to use a combination of all edible cereals.

7. Valuable work was done at Geneva in minimizing the amount of unwanted foods that Italy must take from existing UNRRA supplies; also plans were developed for supplying 750,000 tons of wheat on UNRRA account plus another 100,000 tons in exchange for 50,000 tons of rice. There are still needed, however, another 1,000,000 tons of grain before the next harvest, to be bought on Italian account - and neither the allocations nor the funds are in sight.

8. The policy outlined above was strongly supported with additional valuable suggestions by the Distribution Committee under the leadership of Miss Shufeldt. The suggestions of this committee on the Food Supply as well as other aspects of distribution will be used as a basis for further discussions with the Government.

COAL.

9. The receipt of about 900,000 tons of coal during August is the best news Italian industry has had for months. This will mean that 600,000 tons can be allocated, and 300,000 tons added to the reserves. Silesian coal is coming in for the first time, with arrangements for 15,000 tons to arrive in September.

10. These heavy arrivals of coal have taxed Italy's internal transport. Railway cars have been scarcer than for months. All sorts of special demands have been made on the railroads: for example, from the Military for moving stock-piles; from the passenger service for using freight cars to move children to and from summer colonies. To add to the difficulties, the rate of repair of cars dropped in recent months as an inevitable result of previous coal shortages. Consequently, we recently found ourselves in a vicious circle of having 60,000 tons of coal at Venice, the movement of which was delayed for lack of cars, while the repair of cars was being delayed for the lack of coal.

TEXTILES.

11. The basic plans for this program have been agreed upon and contracts for manufacturing the first 8,000 tons of cotton are being let. The general plan is to distribute perhaps one-third of the products free and to sell the remainder at low cost to low-income groups through cooperatives or other organized channels. The money for starting manufacture has been lent from the Lire Fund, to be repaid later from the goods sold. If this

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HOUSING PROGRAM.

12. This program to build 1,200 new houses and repair 20,000 as a contribution toward getting the Italian homeless out of barracks and even caves, is beginning to gain momentum. About 7,000 rooms were repaired in August. The whole program is being drastically reviewed to make sure that it is really directed toward its original purpose: to get Italian refugees out of barracks, where they are a continuing burden to the State, and to get them back on their land or to places where they can find work. Among the bottlenecks that we are removing are :

(a) Shortage of transport - by having our emergency pool of 200 trucks.

(b) Using Italian garages to make repairs on contract where UNRRA facilities are inadequate.

(c) To make loans or gifts to homeless families unable to pay for skilled labor needed to build their homes.

Above everything, we are pressing for speed as the building season nears its end. We are trying to get rid of the chronic tendency in UNRRA, as well as in the Government, to "meet" a problem by writing a letter to somebody and then settling down into a comfortable routine while waiting a few weeks for the answer.

THE PRICE AND LIRE FUND CONTROL COMMITTEES.

13. The work of these two committees has continued to be excellent. Good routines have been set up for fixing prices, and these are now generally being fixed early enough so as to avoid delays in distribution. Much solid work is being done on the auditing of the amounts of lire due for commodities delivered. The Lire Fund should grow rapidly in the next few months. The grave danger is that the loss in value of the Lire as the result of heavy reparations charges may greatly lessen the possibilit of Italy's rehabilitation through this source.

14. Incidentally, it is urged that any recommendations from Headquarters for the use of the Lire Fund be made promptly. In general, the policy should be to spend the funds as rapidly as possible without encouraging inflation.

PLANS FOR THE CLOSING OF UNRRA.

15. The staff is busily at work on plans for the phased liquidation of this Mission between now and the middle of 1947. The plans developed by ERO and reviewed at Geneva are generally in line with the needs of this Mission. Modifications that may be required will be suggested in the budgets now being prepared.

REPORTS ON TARGETS FOR AUGUST.

16. (a) To revise operational plans in the light of Geneva decisions

This is being done and will be submitted to ERO by

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REPORTS ON TARGETS FOR AUGUST.

16. (a) To revise operational plans in the light of Geneva decisions

This is being done and will be submitted to ERO by September 28.

(b) Prepare Fourth Quarter Budget

To be in London on September 28.

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(c) Complete re-organization of D.P. Camps, including larger decentralizations and placing of responsibility in regions.

In process, with good progress especially in the Milan Area.

(d) To get enlarged textile program actually in operation with first priority on layettes.

Operation beginning.

(e) To revise and accelerate the housing repair program.

In process.

(f) To review distribution system in the light of findings of special committee.

Special Committee's report was very valuable. Steps being taken to implement, including assignment of special person in R. & D. to supervise.

(g) To develop a clothing distribution plan based on textile program.

Draft of first plan has been submitted.

(h) To revise Travel Section in order to care for transients from other Missions.

Problem less important because of ERO decisions to move bulk of personnel by air. Arrangements being made for clearance of airplanes. In the meantime, transients being cleared with reasonable promptness. Steps taken to accelerate and to ensure that transients do not remain unduly long.

TARGETS FOR SEPTEMBER, 1946.

(a) To complete the fourth quarter budget.
(b) To prepare phased plan for "run down" of Mission in first half of 1947.
(c) To work out an agreement with Washington on Procedures for payment of hire charges for cost of discharge of UNRRA ships in Italy.
(d) To accelerate work on first stage of Housing Program and to draw tentative plan for its extension.
(e) To continue development plan for clothing distribution and to complete plan for Layette distribution.
(f) To get operations for mosquito eradication in Sardinia under way including assistance in setup of Italian organization and transfer of vehicles.
(g) To halve the UNRRA emergency truck fleet and transfer it to CASAS.
(h) To start work with the Government on plan for use of total

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(a) To complete the fourth quarter budget.
(b) To prepare phased plan for "run down" of Mission in first half of 1947.
(c) To work out an agreement with Washington on Procedures for payment of Lire charges for cost of discharge of UNRRA ships in Italy.
(d) To accelerate work on first stage of Housing Program and to draw tentative plan for its extension.
(e) To continue development plan for clothing distribution and to complete plan for Layette distribution.
(f) To get operations for mosquito eradication in Sardinia under way including assistance in setup of Italian organization and transfer of vehicles.
(g) To halve the UNRRA emergency truck fleet and transfer it to CASAS.
(h) To start work with the Government on plan for use of total Lire Fund.
(i) To review the supply position in light of announced cut and to prepare revisions for discussion at Washington Supply Conference in October.
(j) To expedite the production of Operational Analysis papers for ERO series.

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UNRRA's Role in the Italian Economy.

18. It was more apparent than ever this month how great a gap would be left in the Italian economy when UNRRA supplies ceased to arrive. News from the Fifth Council session, interest in which had been accentuated by the Director-General's visit just previously, left no doubt that a great deal of arranging had to be done to keep vital imports coming.

19. There was some encouragement, on the other hand, in the knowledge that the end would not come at the stroke of midnight 31 December, like the closing of a floodgate, but that the flow of supplies, while tapering off quickly after the year's end, would continue nevertheless into the early months of 1947, allowing that much more opportunity for a smooth transition. There was encouragement, too, in the knowledge that the full 425 million dollar program would eventually be shipped. And there was encouragement, finally, in the knowledge that UNRRA's 1946 program was in fact meeting an important part of 1947 needs.

20. The extent of the UNRRA program still to come was emphasized by the fact that at the end of August almost half of the total program of approximately 10 million tons was yet to arrive at Italian shores. August arrivals, the largest yet recorded and very possibly the peak for the whole program, had brought the cumulative total just over the hump. A gross amount of more than 1,150,000 tons (including petroleum products) arrived, the chief increment being over 850,000 tons of coal. This compared with the previous peak load of just about one million tons in April, in which had been included 670,000 tons of coal. The big decrease was in shipments of bread cereals, arrivals of which this month totalled little more than 60,000 tons. With the immediate crisis past in Italy, grain shipments had been temporarily diverted, for the most part, to countries with later harvests.

21. The Mission's biggest problem, now, has become how to get this huge volume of supplies most satisfactorily injected into the Italian economy. To this end, a greater amount than ever of planning and activity (involving an increased number of personnel) is being devoted to seeing that UNRRA goods get distributed swiftly, equitably, and at fair prices. While encouraging the Government always to take more and more of the responsibility for getting this done, the Mission, by more extended observation and reporting, has been putting itself in a better position to see that UNRRA goods are distributed according to UNRRA principles. Of necessity, a large number of Italian-produced and imported commodities are having to follow suit.

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B. RELATIONSHIP WITH THE ITALIAN GOVERNMENT

Supplementary Agreements Negotiated or in Progress

22. A Supplementary Agreement between UNRRA Italian Mission and the Sorveglianza S.A. (Anonymous Society of Supervision) was signed in Rome on 14 August 1946. In accordance with this agreement, Sorveglianza will superintend, on behalf of UNRRA, the distribution in Italian parts of UNRRA bulk oil cargoes coming from overseas for the account of UNRRA Italian Mission.

23. The mutual obligations assumed by the Mennonite Service Union and the UNRRA Italian Mission under the terms of a letter sent by Mr. Keeny to the leader of the Mennonite Service Union will have legal effect only after they have been approved by the Italian Government and the Director General of UNRRA. The agreement concerns the provisions for the Waldensian Valley Project and for welfare, recreation, health and nutrition services to be rendered by the Mennonite Service Union, in collaboration with UNRRA, to Italian Displaced Persons in Italy.

24. An agreement between UNRRA and Organization, Reconstruction and Training is being negotiated.

General Problems of Relationship

25. Most of the activity of the Government has been focused on the Peace Conference during the month of August, and the various members of the Government have frequently been absent from Rome, with the result that settlement of even major internal government problems has been postponed.

26. During the past month, in northern Italy, there have been several disturbances caused by the dismissal of various partisans employed with the police force. This brought about a dissension movement on the part of numerous partisans of the northern regions who demanded from the Government better treatment and salary conditions for all the partisans in Italy. The dispute has been settled, and it is not foreseen that further repercussions will be felt.

27. The Mission was informed that the Norwegian Government decided to extend credits to all European countries assisted by UNRRA, for the purchase of commodities available in Norway. These credits will be in addition to the contributions given by Norway through UNRRA, and free from interest for a period of three years. The offer has been transmitted to the Italian Government for consideration.

28. Mr. Keeny confirmed the decision taken by Director General La Guardia not to agree to use the proceeds of sale of UNRRA goods to subsidize the political price of bread. This position was formally communicated to Prime Minister De Gasperi.

29. The Price Committee held three meetings in which the prices for numerous commodities were fixed.

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30. The Lire Fund Control Committee held two meetings during the month, when the following recommendations were made:

. a) Appropriation to the Ministry of the Treasury of 500 million lire, to be used as an advance against the subsidy for indigenous coal to bring the price in line with imported coal.

. b) A loan of 1,650 million lire to the Italian Government Delegation for the manufacture and distribution of cotton textiles imported under the UNRRA 1946 program.

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31. There has been a great need of coordination of welfare activities in the Italian Government, and many discussions have been carried on with Government authorities, including the Delegation, on this subject. The new Minister of Post-War Assistance is appointing a committee from within his Ministry to study the subject and to prepare a general proposal for the consideration of the Presidency of the Council of Ministers. He has urged the Deputy Chief of Mission for Relief Services to act as consultant and observer to this committee and is also including a representative of the Italian Delegation.

C. RELATIONSHIP WITH OTHER AGENCIES

32. Derequisition by the Military and requisition by the Italian Government of immovable property required by the Displaced Persons Division for its operations are under negotiation.

D. SUPPLY AND DISTRIBUTION

Requirements

33. At the beginning of the month the problems connected with the UNRRA Food Import Program for the second half of 1946 became acute. As a result of shipments of unprogrammed commodities and some overshipments of programmed items it become obvious that the most essential item in the Second Half Import Program, i.e. cereals was in danger of not being fulfilled because of lack of funds in the Food Budget. There also appears a danger of further quantities of unwanted items being shipped and of some unprogrammed items, other than wheat, being shipped in excess of the quantity originally requested. What appears to be a satisfactory solution has been reached. First, the food items yet to be shipped will conform to a very large extent to the pattern of the balance of the 1946 program not yet shipped. Second, we are assured that the 750,000 tons of cereals on the original program for the second half of 1946 will be sent, even if procurement and shipping have to be carried out after the 31 December 1946. This will mean that the total Food Budget for the year will go up to 211,200,000 dollars, an increase of 15,500,000 dollars on the former figure.

34. Final revisions were agreed with the Italian Government with respect to the Agricultural Import Program. The major changes were chiefly in the fields of seeds, fertilizers, farm machinery and several other items found to be in excess of Italian requirements.

35. Word has finally been received that Dobbin's sprayers, which are fundamentally necessary to the operation of the Sardinian Malaria Eradication Program, are unprocurable.

36. The two most important arrivals in the chemical field during the month were 4,000 tons of calcined petroleum coke, for the production of carbon electrodes and 100 tons of alcohol for medical use.

37. The first samples of margerine produced from UNRRA-imported

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C. RELATIONSHIP WITH OTHER AGENCIES

32. Derequisition by the Military and rerequisitions by the Italian Government of immovable property required by the Displaced Persons Division for its operations are under negotiation.

D. SUPPLY AND DISTRIBUTION

Requirements

33. At the beginning of the month the problems connected with the UNRRA Food Import Program for the second half of 1946 became acute. As a result of shipments of unprogrammed commodities and some over-shipments of programmed items it became obvious that the most essential item in the Second Half Import Program, i.e. cereals was in danger of not being fulfilled because of lack of funds in the Food Budget. There also appears a danger of further quantities of unwanted items being shipped and of some unprogrammed items, other than wheat, being shipped in excess of the quantity originally requested. What appears to be a satisfactory solution has been reached. First, the food items yet to be shipped will conform to a very large extent to the pattern of the balance of the 1946 program not yet shipped. Second, we are assured that the 750,000 tons of cereals on the original program for the second half of 1946 will be sent, even if procurement and shipping have to be carried out after the 31 December 1946. This will mean that the total Food Budget for the year will go up to 211,200,000 dollars, an increase of 15,500,000 dollars on the former figure.

34. Final revisions were agreed with the Italian Government with respect to the Agricultural Import Program. The major changes were chiefly in the fields of seeds, fertilizers, farm machinery and several other items found to be in excess of Italian requirements.

35. - Word has finally been received that Dobbin's sprayers, which are fundamentally necessary to the operation of the Sardinian Malaria Eradication Program, are unprocurable.

36. The two most important arrivals in the chemical field during the month were 4,000 tons of calcined petroleum coke, for the production of carbon electrodes and 100 tons of alcohol for medical use.

37. The first samples of margerine produced from UNRRA-imported copra have been examined and tests have proved very satisfactory. A total of 10,412 tons of copra has actually arrived and the processing into margerine should commence during the early part of September.

36. After two and a half months of wheat amassing, results are very satisfactory. As of 27 August 1,958,556 metric tons of wheat had been collected. The latest revision of production and amassing figures now completed in conjunction with the Italian Government provides for a wheat production of 6,089,340 metric tons and an amassing goal of 2,577,652 metric tons. It is estimated that the corn harvest will amount to 2,238,300 tons, rice 550,000 tons, sugar beets 2,373,000 tons and potatoes 3,053,000 tons.

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Shipments Received and Purchases Within Mission Territory

39. The receipt of supplies created a record this month, with a total of more than 1,150,000 tons. Coal alone was carried on 114 ships and amounted to 888,000 tons. Allocations from the European Coal Organization for August were 540,000 tons, with average expectations for the four remaining months at 600,000 tons per month.

40. The most important activities this month have been relative to the proposed procurement of some 42,700 tons of seed wheat against equal replacement of milling wheat plus a bonus in free funds to cover the cost differential. It was finally agreed that Italy should furnish 10,000 tons of seed wheat against a ton-for-ton replacement of good quality milling wheat plus an ERO-proposed bonus of 36 dollars per ton, transport and handling expenses to be paid out of the proceeds of sale. ERO has been requested to increase the differential payment to 40 dollars per ton and procurement has begun.

41. Completed purchase X-Ray tube for Albania.
Purchase agreed and under procurement: 10,000 tons seed wheat.
Negotiations in progress:
Diesel and miscellaneous spare parts for Albania (total requirements 380,777 dollars)
8,000 tons sulphur for Czechoslovakia
2,000 doses antisnake serum for Albania
367 tons carbon bisulphide for Austria, Albania, Yugoslavia
5 tons lotus corniculatus for Greece
490 bicycles for Greece, Yugoslavia, Dodecanese, Poland
Electrical equipment for Dodecanese
Paper for sericulture (50,000 sheets) for Greece
2/300 tons alfalfa
1,000 plough shares for Dodecanese (not yet authorized)
100 tons hemp seed for Czechoslovakia, Yugoslavia.

Distribution

42. No alterations in the system of distribution were effected during the month for basic food items, except in the case of indigenous sugar now being produced. The distribution of this sugar from manufacturer to wholesaler and retailer is now in the hands of the sugar consorzio in place of the federconsorzio, which handles only imported sugar. The system of allocations and related authorizations remains unchanged.

43. Slight departures from the normal allocating procedure have been necessary in regard to corn syrup and copra. Corn syrup had been imported against the UNRRA Italian Food Budget, and copra has also been imported on the same budget, although it is a primary industrial material.

44. The procedure for disposal of spoiled foodstuffs has been further streamlined by the High Commissioner for Food.

45. Principal allocations of imported foodstuffs made during August were: Meat, Fish, Powdered Eggs, Dried Vegetables, Powdered Milk and Sugar.

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45. Principal allocations of imported foodstuffs made during August were: Meat, Fish, Powdered Eggs, Dried Vegetables, Powdered Milk and Sugar.

46. The only reported irregularities in distribution during August relate to the Prefect of Cremona Province, who had authorized the milling of flour for bread at an 80% extraction rate. On the 26 August a letter was written to the High Commissioner for Food bringing the matter to his attention and suggesting that rigorous action be taken.

47. The Distribution of Medical Supplies has been dealt with fully in the Health Section of the Chief of Mission's Report, Paras 73 to 83.

Industrial Rehabilitation

48. The constant recurrence of problems of industrial reactivation and their impact on the Italian Economy as a whole has made necessary

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the institution o. an office of Industrial Economy, within the Sub-Bureau of Industrial Rehabilitation, which is charged with the responsibility of carrying out economic and technical industrial studies in conjunction with the various technical Divisions. Active studies are at present going on in the field of the iron and steel industry, one of the most complicated rehabilitation problems which faces Italian economy today. Efforts are being made to lay down criteria for the calculation of general industrial indices in order that some sensible and reasonably accurate gauge may be available to estimate the degree of reactivation of each individual industry from time to time.

Agricultural Rehabilitation

49. Distribution of Nitrogeneous Fertilizers was again placed by the Italian Government under the coupon system. This was done to prevent speculation arising from inadequacies of supplies on hand to meet current requirements and in an attempt to assure that fertilizer will be used on the autumn cereals subject to the amassi.

50. Plans were prepared for 9,533 tons of ammonium nitrate arriving from the US. The overall plan for the distribution of red clover seed was prepared and the seed, which is arriving in small lots, will be shipped to the provinces in accordance with this plan.

51. Planning of tractor pools was carried into its final stages. UNRRA-imported tractors will all be used in the pools. Final plans of operation of pools are now awaiting signature of the Ministry.

52. The only new prices fixed during August were for two-bottom and three-bottom plows. The prices were based on weight and quality. They also represent a compromise between the price suggested by UNRRA and domestic prices.

53. In an attempt to secure full and prompt use of domestically-produced superphosphate, UNRRA and the Government have agreed to the removal of rationing, retaining, however, a ceiling price for the product ex-factory. Requirements and supply should approximately balance at 600,000 tons for the autumn season.

B. SERVICES PROVIDED WITH UNRRA RESOURCES

Welfare and Relief Projects

Services, Programs and Kind of Groups given Services

54. Corrected reports received from the Italian Delegation office for the distribution of food for assistance purposes during June show that a total of 1,806,066 persons were fed during that month.

55. The figures for July are still provisional and incomplete and show only a total of 1,791,069 receiving food to date. This total figure will probably be higher when complete reports are returned.

56. The distribution of used clothing to war sufferers, refugees

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56. The distribution of used clothing to war sufferers, refugees and bombed-out, persons continued during the month of July. A more prompt and more orderly method of distribution of this used clothing is being noticed as a result of Provincial Committee partinipation in the distribution plans. The representatives of the Ministry of Post-War Assistance are now cooperating more actively with Provincial Committees and improvement in the receipt of reports and movement of the goods has been noticed.

57. During the month of August the Welfare Division was advised of an agreement reached with the Government and the cotton manufacturers in the north for the processing of about 30,000 tons of raw cotton made available to the Italian Government by UNRRA. Two-thirds will be distributed through channels of trade with controlled prices and one-third will be distributed free. A preliminary allocation plan for the 10,000

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tons to be distributed free has been completed and will provide materials to approximately six million people, 300,000 of whom are in institutions for aged, disabled, children, etc.

58. The summer colony program was well under way during the month, and on the whole has been well organized and has resulted in definite benefits to the children participating in it. In most of the colonies an improvement in the general health of the children and increase in weight have been observed. Regional welfare officers have been active in visiting the colonies within their regions so as to appraise and to make recommendations for future planning.

59. The ability of the processing section to furnish all sorting points with enough material to process and the improvement of the electrical supply has permitted greater activity.

60. A total of 64 workshops and two warehouses were operated during the month. Of 930,140 garments sorted 240,945 were repaired. The increase over the July figures for garments sorted is almost 30%, while for repairs it is 50%. In new production 164,446 items were cut and 327,245 garments were made.

61. The processing of about 370,000 pairs of mis-mated army boots came to an end during the period covered by this report - four weeks earlier than had been originally anticipated. In consequence the number of pairs processed was less than last month, but the number of pairs repaired increased by more than 25%. The number of pairs sorted during the month was 163,672, of which 104,464 were repaired. The production of sandals from unrepairable army boots continues. With the addition of rubber soling, two pairs of sandals are being made from each pair of boots. To date 6,250 pairs of sandals have been produced.

62. During the period 15 July to 15 August, 550,913 clothing items, 166,571 clothing units, 69,167 shoes and 56,426 bedding items were released from warehouses for distribution to Italian refugees and needy homeless persons. In addition, during the same period, 4,274 clothing items, 64 clothing units were released to Camps Division for non-Italian Displaced Persons.

63. New construction work is now in progress on 17 out of a total of 21 contracts approved by the Executive Committee. The rooms repaired during August were 7,373 (as compared with 4,210 during July).

Voluntary Agency Matters

64. Plans are nearing completion for the distribution of 150,000 dollars worth of food contributed by the Maritime Catholic Committee for Relief of Europe. All of these foods have not as yet arrived, but about 8,000 cases purchased under this plan are now in Italy. Plans call for the distribution of the food through the regular Provincial Committee organization, but with the Pontifical Commission for Assistance participating actively in the selection of persons to receive the contributed foods.

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65. Tentative plans were also made for the distribution of the supplementary foods contributed by organizations in the United States. This contribution will amount to about 32,000 cases of tinned foods and about 250,000 dollars for the purchase of other foods.

66. The agreement between UNRRA and the Mennonite Service Committee was completed during the month and was sent to Washington Headquarters for final approval.

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NON-ITALIAN DISPLACED PERSONS

Registration, Repatriation and Resettlement

67. The Repatriation and Occupational Survey of 19,231 displaced persons revealed two important items. Only 755 of the total desired repatriation either by way of return to their countries of origin, or to place of former residence. Of the remaining 18,476 not desiring repatriation, 12,200 expressed a desire to go to Palestine.

68. During the period reported upon 987 displaced persons have been repatriated from Italy. This number is divided as follows: individual movements numbering 224 and seven group movements totalling 763 persons. The group movements included 56 Czechoslovaks to Czechoslovakia, 143 Yugoslavs to Yugoslavia, 208 Poles to Poland, nine Belgians to Belgium, 99 Greeks to Greece and 243 French to France.

69. With regard to the Polish move, there had been some delays in securing the necessary clearance from the Military Authorities in Austria. It is hoped that in the case of future moves the securing of clearance and transportation will be expedited.

Maintenance and Care

70. The change-over from military-supplied rations to UNRRA stores, as projected in the UNRRA-SACMED Agreement, was accomplished smoothly and since 1 August all camps have been receiving established UNRRA dry rations, supplemented by fresh fruit and vegetables daily and fresh fish twice weekly. Negotiations to obtain ERO authorization for the expenditure of other than lire funds for the procurement of fresh meat from Allied Military sources have not, as yet, been successful.

71. In addition to the 10 camps UNRRA accepted from the Allied Commission, the Rivoli Camp, near Turin, is now ready to accommodate 1,300 people.

72. The Division is providing assistance in the form of food, clothing, medical care and cash grants to a maximum of 7,500 persons residing in some 60 AJDC (American Joint Distribution Committee) sponsored training centers. As a result of reports concerning conditions at several of these camps a meeting was held on 1 August between AJDC and the UNRRA HQ staff and it was decided that an initial inspection would be made by a sanitary expert from the Medical Branch of this Division, periodic inspections would be made by the displaced persons Field Welfare Officer serving in the area where the center is located, and that an UNRRA welfare worker would be posted to each group of vocational training centers. This three-fold plan has now been in effect for several weeks and conditions in the vocational training centers have already shown considerable improvement.

HEALTH

Major Results and Problems

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HEALTH

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73. The third general distribution of relief medical supplies consisting of 521 tons valued at 561,930 dollars was completed during August. A plan for the first part of the fourth general distribution of relief medical supplies, consisting of approximately 700 tons, with a value of 1,184,386 dollars was completed and approved by this Division. Distribution started during the month and 400 tons have been dispatched to 13 Provinces in Italy.

74. This Division approved a plan for the immediate distribution of 962 dozen X-ray films, chest size, valued at approximately 30,822 dollars, for use by sanatoria and tuberculosis sections of general hospitals throughout the country. It is anticipated that delivery of the film will be effected in September.

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75. Approximately 436 tons of medical supplies were received in August by the ICE (Istituto Commercio Estero - Foreign Trade Institute) on behalf of the Italian Government.

76. From inception of the program until 29 August 1946 a total of 3,622,142.64 square meters of hospital linen had been dispatched for use in hospitals or health programs, according to verbal information received from a representative of the Italian Delegation.

77. No action requests were made to ERO during the month.

78. The 27 Italian nurses selected for the UNRRA Nurse-Teacher-Training Program sailed for the US on 4 August. They are reported to have arrived safely in Washington, DC, and are going forward with their studies.

79. In accordance with a plan approved by this Division, the distribution of penicillin throughput Italy, Sicily and Sardinia has been transferred to the Italian Government. This transfer has coincided with an increase in the monthly allotment of the drug available for distribution in the country from 20,000 vials in July to 200,000 vials in August. Each vial of penicillin will be accounted for/the High Commissioner for Hygiene and Public Health through local medical committees which are responsible for the supervision of its clinical use.

80. The main operation of the Sanitary Engineering Section of this Division - the control of malaria in Italy by residual spraying with DDT - was completed during the first week in August. The total area sprayed was 1,890 square miles, and the total area of internal wall space sprayed was 31,405,049 square meters.

81. The recommendation that Regional Supply Officers should be appointed to assist the rapid and equitable distribution of relief medical supplies to Provincial institutions has received the approval of the Mission and officers have been appointed in the Regions of Sardinia, Naples, Rome, Florence and Milan.

82. Regional Medical Officers report satisfaction with the present medical supply situation and several of them have drawn comparisons between the condition of the hospitals last year and the early months of this year - when many essential supplies were unobtainable - and the condition now when the majority of medical institutions are adequately supplied with their immediate needs.

83. The Regional Medical Officer for Sardinia has drawn attention to the water shortage in the Province of Cagliari. As a result of his recommendation, five hydrochlorinators and 10 canvas water-storage tanks have been dispatched to the Provincial Health Officers of that Province to remedy the situation.

RESUME OF GENERAL HEALTH CONDITIONS

84. The general health of the people of Italy remains satisfactory, with the exception of seasonal increase in enteric fever, of which two

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RESUME OF GENERAL HEALTH CONDITIONS

84. The general health of the people of Italy remains satisfactory, with the exception of seasonal increase in enteric fever, of which two outbreaks are noted in Attachment H-6-a Paragraphs 14 - 18 respectively, and the persistence of mild smallpox in Southern Italy, particularly in the Province of Bari.

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F. PUBLIC RELATIONS

Visit to the Mission of non-Italian Legislative and Diplomatic Officials.

85. There is nothing to report under this heading.

Major Results and Problems.

86. In Rome during August, despite illness which severely curtailed the Information Division staff, an increased number of releases were made and the high standard of ECONOMIC NOTES maintained. The releases were well-used and the Italian edition of ECONOMIC NOTES quoted at length.

87. The ECONOMIC NOTES circulation continues to increase and the ECONOMIC SURVEY, which is being distributed as a supplement has been well received by the foreign press.

88. The UNRRA pavilion at the Rome Exhibition was a great success, being the first pavilion opened, and has been visited by 1,000 visitors daily during the week and between five and 7,000 on Sundays and holidays. Copies of films taken of the pavilion will be sent to Washington and London, and already MGM has shown some pictures of it in newsreels. Photographs of the UNRRA exhibit were made available on the day of the opening and were used extensively in the Italian press.

89. Figures for distribution of photographs this month totalled 863, which, although less than last month, is considerably higher than any previous normal month.

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G. ORGANIZATION AND ADMINISTRATION OF THE MISSION

Major Organizational Changes

90. The main organizational changes during the month have taken place within the Bureau of Requirements and Distribution. The handling of surplus property matters has been transferred from the Local Resources Division to the Division of Program Coordination and Statistics. This function will, in future, include all responsibilities of the Bureau in connection with the disposal of UNRRA supplies. The Commodity Accounting Branch is no longer attached to the Program Coordination and Statistics Division, but as a Staff Branch to the Office of the Chief, Sub-Bureau of Supply Operations. In future it will be known as the Supply Records Branch.

91. The functions of the Price Office of the Bureau have been transferred to the Program Coordination and Statistics Division. This function includes coordination of the price work of the Bureau, acting as the technical secretariat for the Joint Price Committee, and representation of the Bureau on the Lire Fund Control Committee. As noted in the July Report (H-5- Para 8) the Program Coordination and Statistics Division has been transferred from the Sub-Bureau of Supply Operations to the Office of the Chief of Bureau.

Personnel

92. As of 31 August 1946 the Mission Staff consisted of 557 Class I (regular), 3,833 Class II (locally employed) and 111 Class III (Voluntary Agency) employees - a total of 4,501 persons. Of the Class II employees 278 are British, 209 from the United States, 27 South Africans, 13 Canadians, 8 Palestinians , 3 Australians, 3 New Zealanders, 3 Danes, 3 Indians, 3 Russians, 3 Stateless, 2 Frenchmen, 2 Poles, 2 Swiss and one each from Egypt, Greece, Iceland, Haiti, Iran, El Salvador and Yugoslavia.

Administrative Problems

93. Many requests have been received from personnel travelling to England and the States, either on duty or for repatriation, for French and Swiss francs. Because of lack of currency it has not always been possible to assist travellers. As a result of representations to ERO it is hoped to acquire a small supply of these currencies in the near future.

94. As mentioned in the July Report (H-5 Para 13) the decision not to supply cash to other Mission personnel on leave in Italy is causing considerable inconvenience due to the difficulties experienced by personnel in obtaining personal funds from countries of their home stations.

95. The question of participation in the Provident Fund Scheme by personnel seconded from HM Forces is still under discussion as far as non-regular officers are concerned.

96. The supply of leave Travellers' cheques for use in Switzerland, Belgium, Denmark, Finland, USA (in the case of dollar cheques) and

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Administrative Problems

93. Many requests have been received from personnel travelling to England and the States, either on duty or for repatriation, for French and Swiss francs. Because of lack of currency it has not always been possible to assist travellers. As a result of representations to ERC it is hoped to acquire a small supply of these currencies in the near future.

94. As mentioned in the July Report (H-5 Para 13) the decision not to supply cash to other Mission personnel on leave in Italy is causing considerable inconvenience due to the difficulties experienced by personnel in obtaining personal funds from countries of their home stations.

95. The question of participation in the Provident Fund Scheme by personnel seconded from HM Forces is still under discussion as far as non-regular officers are concerned.

96. The supply of leave Travellers' cheques for use in Switzerland, Belgium, Denmark, Finland, USA (in the case of dollar cheques) and England and sterling area (in the case of sterling cheques) is running low and ERC has been cabled for a further supply.

97. The Division of Vehicle Control and Maintenance has received schedules showing the spare parts available for British vehicles. Immediate contact was made with Ordnance, who suggested that the matter be held over until the Ministry of Supply assumed responsibility. This defeats the whole object of the scheme for acquiring these spare parts. The position of spare parts for American vehicles is likewise unsatisfactory. For some months it was understood that procurement was being made in the UK. Now, apparently procurement has been stopped as difficulty has arisen over the condition of B and D requirements and requirements for the Italian Mission Administration vehicles. Cables have been sent asking for clarification of the position.

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H. LIST OF ATTACHMENTS.

H-1. Monthly Report of the Special Assistant to the Chief of Mission for Government Liaison.

- H-1-a. Minutes of the 6th Meeting of the Lira Fund Control Committee.
- H-1-b. Minutes of the 6th Meeting of the Price Committee.
- H-1-c. Minutes of the 7th Meeting of the Lira Fund Control Committee.
- H-1-d. Minutes of the 7th Meeting of the Price Committee.
- H-1-e. Minutes of the Special Meeting of the Price Committee on POL.
- H-1-f. Letter to Prime Minister from Mr. Keeny dated 1 August '46.
- H-1-g. Letter to Prime Minister from Mr. Keeny dated 26 August '46.
- H-1-h. Supplementary Agreement with Servegliansa.

H-2. Brief Summary of the Main Economic Developments in Italy during August 1946.

H-3. Monthly Report of the Division of Information.

- H-3-a. "Weekly Bulletin", Vol.2, No.28, dated 7 August, 1946.
- H-3-b. "Weekly Bulletin", Vol.2, No.29, dated 14 August, 1946.
- H-3-c. "Weekly Bulletin", Vol.2, No.30, dated 20 August, 1946.
- H-3-d. "Weekly Bulletin", Vol.2, No.31, dated 28 August, 1946.
- H-3-e. Translation of Mr. Keeny's Broadcast from Rome-Radio, 29 August, 1946.

H-4. Monthly Report of the Bureau of Requirements and Distribution.

H-5. Monthly Report of the Bureau of Finance and Administration.

- H-5-a. Memorandum to P.R.D.G. from Chief of Mission on "Use of Lire Fund".
- H-5-b. Memorandum to Acting Chief of Mission from Financial Adviser (Lire Fund) on "Relationship of the Lire Fund to the Italian State Budget". (For Washington and London only).
- H-5-c. Minutes of Meeting Concerning Distribution costs Incurred by the Federazione Consorzi Agrari, held on 21 August, 1946.
- H-5-d. Consolidated Lire Fund as at 28 August, 1946.

H-6. Monthly Report of the Bureau of Relief Services.

- H-6-a. Monthly Report of the Health Division.
- H-6-b. Monthly Report of the Welfare Division.
- H-6-c. Monthly Report of the Special Relief Projects Division.
- H-6-d. Monthly Report of the Displaced Persons Division.

H-7. Form S-50.

H-8. Form MSR-1.

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H-1-d. Minutes of the 7th Meeting of the Price Committee.
H-1-e. Minutes of the Special Meeting of the Price Committee on POL.
H-1-f. Letter to Prime Minister from Mr. Keeny dated 1 August '46.
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H-7. Form S-50.

H-8. Form ISR-1.

H-9. "Economic Notes".

H-9-a. Vol.1, No.29, dated 2 August, 1946.
H-9-b. Vol.1, No.30, dated 9 August, 1946.
H-9-c. Vol.1, No.31, dated 16 August, 1946.
H-9-d. Vol.1, No.32, dated 23 August, 1946.
H-9-e. Vol.1, No.33, dated 30 August, 1946.

H-10. Form EF-2. Amount and Utilization of Proceeds from Sale of UNRRA Supplies. (For Washington and London only).

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H-1 MONTHLY REPORT OF THE SPECIAL ASSISTANT TO THE CHIEF OF MISSION FOR THE MONTH OF AUGUST, 1946

RELATIONSHIP WITH THE ITALIAN GOVERNMENT

General situation

1. Most of the activity of the Government has been focused on the Peace Conference during the month of August, and the various members of the Government have frequently been absent from Rome. Prime Minister De Gasperi has gone back and forth from Rome to Paris, with the result that settlement of even major internal government problems has been postponed.

2. Rumors were spread of a possible cabinet crisis, particularly during De Gasperi's absence from Rome. This crisis would have had very serious repercussions, not only internally but also internationally. The change of government has been avoided, but the situation still remains rather tense.

3. The Council of Ministers has given serious attention to measures intended to suppress the black market, with particular regard to enforcing the limitations established by law in the serving of several courses in luxury restaurants.

4. Moreover, during the last week there has been a notable increase in the cost of living, which indicates a tendency towards a further depreciation of the lire. As was to be expected, this created a reaction in the working classes. The position of the government in this connection seems to be that of keeping prices down, rather than of increasing salaries, and thus avoid greater inflation. To this end the Government is examining the situation and preparing the appropriate legislation.

5. During the past month, in northern Italy, there have been several disturbances caused by the dismissal of various partisans employed with the police force. This brought about a dissension movement on the part of numerous partisans of the northern regions, who demanded from the Government better treatment and salary conditions for all the partisans in Italy. The dispute has been settled, and it is not foreseen that further repercussions will be felt.

Offer of credits on the part of the Norwegian Government

6. During the last days of August this Mission has been informed that the Norwegian Government has decided to extend credits to all European countries assisted by UNRRA, for the purchase of commodities available in Norway. These credits will be in addition to th

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Political situation

1. Most of the activity of the Government has been focused on the Peace Conference during the month of August, and the various members of the Government have frequently been absent from Rome. Prime Minister De Gasperi has gone back and forth from Rome to Paris, with the result that settlement of even major internal government problems has been postponed.

2. Rumors were spread of a possible cabinet crisis, particularly during De Gasperi's absence from Rome. This crisis would have had very serious repercussions, not only internally but also internationally. The change of government has been avoided, but the situation still remains rather tense.

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6. During the last days of August this Mission has been informed that the Norwegian Government has decided to extend credits to all European countries assisted by UNRRA, for the purchase of commodities available in Norway. These credits will be in addition to the contributions given by Norway through UNRRA, and will be free from interest for a period of three years. This offer has been transmitted to the Italian Government for consideration.

Bread subsidy

7. UNRRA's position with respect to subsidizing the price bread was formally communicated to Prime Minister De Gasperi by Mr. Keeny with letters dated 1 and 26 August 1945, copies of which are attached. (Attachments H-1-f and H-1-g). These letters confirm the decision taken by Director General La Guardia not to agree to the use of the proceeds of sale of UNRRA goods to subsidize the political price of bread.

Joint Committees

The Price Committee

8. The minutes of the 6th and 7th meetings of the Price Committee, and a special meeting on POL are shown as attachments H-1-b, H-1-d and H-1-e. During the month of August the Price Committee held three meetings, in which the prices for numerous commodities were fixed. Closer cooperation has been reached between the various representatives of Government agencies in the preparation for meetings and in the fixing of prices.

Lire Fund Control Committee

9. The minutes of the 6th and 7th meetings of the Lire Fund Control Committee are shown as attachments No. H-1-c and H-1-e. This committee held two meetings during the month of August. The most important recommendations made by the Committee refer to:

a) Appropriation to the Ministry of the Treasury of 500 million lire, to be used as an advance against the subsidy for indigenous coal to bring the price into line with imported coal.

b) A loan of 1,650 million lire to the Italian Government Delegation for the manufacture and distribution of cotton textiles imported under the UNRRA 1946 program.

AGREEMENTS NEGOTIATED OR IN PROGRESS

Supplementary Agreement between UNRRA and Sorveglianza

10. A Supplementary Agreement between UNRRA Italian Mission and Sorveglianza S.A. (Anonymous Society of Supervision) was signed in Rome on 14 August, 1946. In accordance with this Supplementary Agreement, Sorveglianza will superintend, on behalf of UNRRA, the distribution in Italian ports of UNRRA bulk oil cargoes coming from overseas for the account of UNRRA Italian Mission. (Attachment H-1-h).

Agreement between the UNRRA Italian Mission and the Mennonite Service Union

11. A letter has been sent to Mr. Boyd H. Nelson, leader of the Mennonite Service Union by Mr. Keeny on 29 August, 1946, incorporating the provisions for the Waldensian Valley Project and for welfare, recreation, health and nutrition services to be rendered by the Mennonite Service Union in collaboration with UNRRA, to Italian Displaced Persons in Italy. However, the mutual obligations assumed by the Mennonite Service Union and the UNRRA Italian Mission under the terms of this letter, will have full legal effect only after they have been approved by the Italian Government and the Director General of UNRRA.

Agreement between UNRRA Italian Mission and Organization, Reconstruct-

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

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Agreement between UNRRA Italian Mission and Organization, Reconstruction, Training (ORT)

12. An agreement between UNRRA Italian Mission and ORT is being negotiated. The Agreement has been submitted to Mr. Blass, leader of Organization, Reconstruction, Training and to the Italian Government Delegation, for final approval.

A. PEDINELLI
for:
SPECIAL ASSISTANT TO
THE CHIEF OF MISSION

CT: 7014

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Attachments:

H-1-a Minutes of the 6th meeting of the Lire Fund Control

H-1-b Minutes of the 6th meeting of the Price Committee

H-1-c Minutes of the 7th meeting of the Lire Fund Control

H-1-d Minutes of the 7th meeting of the Price Committee

H-1-e Minutes of the Special meeting of the Price Committee on POL

H-1-f Letter to Prime Minister from Mr. Keeny dated 1 August, 1946

H-1-g Letter to Prime Minister from Mr. Keeny dated 26 August, 1946

H-1-h Supplementary Agreement with Sorveglianza

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H-1-g Letter to Prime Minister from Mr. Keeny dated 26 August, 1946

H-1-h Supplementary Agreement with Sorveglianza

Q: 7014

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Attachment H-1-a

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
Italian Mission

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Ref: SA/Meet

22 August 1946

TO: DISTRIBUTION

FROM: SPECIAL ASSISTANT TO CHIEF OF MISSION

SUBJECT: AMENDMENT TO MINUTES OF THE SIXTH MEETING OF THE LIRE FUND CONTROL COMMITTEE (31 July 1946)

In accordance with the agreements reached at the meeting of the Lire Fund Control Committee of 14 August 1946, the following amendment should be made on the minutes of the Sixth meeting, held on 31st July 1946.

Para 29. Reading:

"MR. MARCOLINI said that, when the final checking of the previous expenditures is completed, the Lire Fund will be charged as follows for the assistance programs:

614,000,000 lire for assistance up to plan O,
155,000,000 lire for plan P.

The total appropriations would therefore amount to 769,000,000 lire through August."

should read:

"MR. MARCOLINI said that, when the final checking of the previous expenditures is completed, the Lire Fund will be charged as follows for the assistance programs:

614,000,000 lire for assistance up to plan O,
155,000,000 lire for plan P.

The total appropriations would therefore amount to 769,000,000 lire through August, from which would be deducted certain sums for grain sold in 1945 by Federazione Consorzi Agrari."

CONCUR: Lm

P. Contini
SPECIAL ASSISTANT TO
THE CHIEF OF MISSION

DISTRIBUTION

All those present:
Mr. Hodgetts — Chief of Mission
Mr. Travers — Industrial Adviser
Mr. Orpen — Legal Adviser
Mr. Contini — Public Information
Mr. Pedinelli — Div. of Operational Analysis
Mr. Landsberg — Bur. R & D (2)
Bur. F & A (2)
Bur. R.S. (2)
Mr. Marcolini — Program-Coord.-S/P of Supply Oper.
Mr. Edwards — Price Office - Bur R & D
Mr. Lombardi — Conference Secretariat

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PCONTINI:lm

DISTRIBUTION

All those present:
Mr. Hodgetts
Mr. Travers
Mr. Orpen
Mr. Contini
Mr. Pedinelli
Mr. Landsberg

Mr. Marcolini
Mr. Acheda
Mr. Borgiarini
Mr. Bianco
Mr. Belluco

P. Contini
SPECIAL ASSISTANT TO
THE CHIEF OF MISSION

Chief of Mission
Indistrial Adviser
Legal Adviser
Public Information
Div. of Operational Analysis
Bur. R & D (2)
Bur. F & A (2)
Bur. M.S. (2)
Program-Coord.-S/P of Supply Oper.
Price Office - Bur R & D
Conference Secretariat
American Embassy - Mr. Leigh Hunt
Region. Directors (9)
Spec. Asst. to C o M
Registry (8)

C: 6737

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UNRRA - ITALIAN MISSION
Central Secretariat

Attachment - 75

LIRE FUND CONTROL COMMITTEE

Minutes of the Sixth Meeting
held at 10.30 am, 31 July, 1946

PRESENT FOR UNRRA:

Mr. Hodgetts	Deputy Chief of Mission & Chief, Bur. P & A
Mr. Travers	Senior Finance Officer, Office of Fin. Adv. (Lire
Mr. Orpen	Assistant to Financial Adviser (Lire Fund
Mr. Contini	Special Assistant to Chief of Mission
Mr. Pedinelli	Office of Special Assistant to Chief of Mission
Mr. Landsberg	Statistic & Commodity Accounting Branch, Bur.

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Marcolini	Ministry of the Treasury
Mr. Saheda	Italian Government Delegation
Mr. Borgianni	ICE
Mr. Bianco	ICE
Mr. Belluco	ICE

AGENDA

1. Approval of minutes of fifth meeting.
2. Imported wool (Delegation).
3. Progress report on charges by the Federazione Consorzi Agrari UNRRA Camps and Welfare Programs (Delegation)
4. Progress report on distribution costs of Federazione Consorzi Agrari for 1945 program (Delegation).
5. Progress report on base of distribution costs of grain, rice, codfish as calculated by the Federazione Consorzi Agrari (Delegation).
6. Any other business.

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Mr. Contini	Special Assistant to Chief of Mission
Mr. Pedinelli	Office of Special Assistant to Chief of Mission
Mr. Landsberg	Statistic & Commodity Accounting Branch, Bur.

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Marcolini	Ministry of the Treasury
Mr. Sebeda	Italian Government Delegation
Mr. Borgianni	ICE
Mr. Bianco	ICE
Mr. Bellaco	ICE

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5. Progress report on base of distribution costs of grain, flour, codfish as calculated by the Federazione Consorzi Agrari (Delegation).

6. Any other business.

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UNRRA - ITALIAN MISSION

MINUTES OF THE SIXTH MEETING OF THE
LIRE FUND CONTROL COMMITTEE

I. Approval of minutes of previous meeting.

1. MR. HODGETTS opened the meeting, asking whether there were any points for discussion on the minutes of the previous meeting.

2. MR. MARCOLINI and MR. SCHERA referred to inaccuracies in the minutes, and it was generally agreed that these were due to faulty translation.

3. On this point MR. HODGETTS suggested two solutions:

(a) That UNRRA be responsible for the translation of the minutes into Italian, but in this case it would be necessary to employ technical translators and therefore increase the administrative expenses, or

(b) that the translation be made by the Delegation and then submitted to UNRRA for checking and correction before it is circulated.

4. MR. MARCOLINI replied that the second of these two alternatives would be preferable.

5. MR. HODGETTS suggested that this course be followed in so far as the minutes of the present meeting were concerned, and a decision as to procedure made when the amount of extra work for UNRRA could be ascertained.

6. This was generally agreed (ACTION: UNRRA, DELEGATION)

7. There being no other comments or objections, the minutes of the fifth meeting were approved.

I A. Outside of Agenda.

8. Before passing to the second item on the agenda, MR. MARCOLINI referred to the Economic Notes no. 22, issued by UNRRA - Italian Mission.

9. In this publication, MR. MARCOLINI said, it was stated that supplies to the approximate value of 30 billion lire had arrived in Italy. This, he added, did not tally with the amounts received by the Lire Fund, totalling about 6,069,000,000 lire.

10. MR. MARCOLINI continued stating that this discrepancy could arise from two reasons - either some supplies had not been delivered

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to the Government, or they had not yet been priced.

11. He suggested that steps be taken by the Delegation and UNRRA to ascertain which goods had been priced and which had not, and in the case of those goods which had not yet been priced, immediate action should be taken to ensure that this was done.

12. MR. HODGETTS agreed that there were possibly certain commodities which still remained unpriced, adding that he had taken this matter up both with the Chief of Mission and with the Deputy Chief for Requirements & Distribution, and that appropriate action was being taken.

13. MR. CONTINI suggested that there might be a third reason for the discrepancy in the figures - i.e. that some of the proceeds of sale have not yet been paid into the Lire Fund.

14. MR. LANDSBERG stated that the figures quoted by MR.MARCOLINI are in dollars, and he added that an accurate figure cannot be obtained by translating the dollar value of imported goods into lire, as account had to be taken of the fact that wheat and coal were sold at a figure lower than the landed cost, and in effect a subsidy was created not by withdrawing money from the Lire Fund, but by paying in less than the actual value of the goods.

15. MR. MARCOLINI agreed that there was a considerable difference between the dollar value and the selling price in lire, which was paid into the Lire Fund. Nevertheless, he suggested that it would be useful to have definite knowledge of the figure which could be expected to be paid into the Lire Fund, having regard to supplies landed.

16. MR. MARCOLINI suggested that a small Sub-Committee be appointed to investigate this matter, with MR. SCHENA and MR.ARMELLINI, of the Italian Delegation, and DR. FRASCA of ICE, representing the Italian side of the Lire Fund Control Committee. He also said that the plan of re-employment of the Lire Fund should not be based on the approximate 8 billion lire presently available, but on the estimate total figure of 50/60 billion lire.

17. MR. HODGETTS agreed with the suggestion of MR. MARCOLINI to form a Sub-Committee, and appointed MR. LANDSBERG and MR. ORTLIEB to act for UNRRA in this matter.

18. MR. MARCOLINI proposed that the Sub-Committee be asked to submit within 10/15 days, a report under the following headings:

(a) Goods which have arrived in Italy
(b) Goods which have been delivered
(c) Goods which have been priced, and
(d) Goods which have not yet been priced.

19. This

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Deputy Chief for Requirements & Distribution, and that appropriate action was being taken.

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19. This suggestion was approved by the meeting (ACTION: UNRRA, DELEGATION).

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II. Imported wool (Doc. 14 & 14 A).

20. MR. SCHEDA stated that at a meeting held on July 23rd in MR. HOPKIN's office, between Government and UNRRA representatives, MR. [illegible] and MR. HUNTER were requested to present proposals to the Lire Fund Committee for the procedure to be followed for the sale and distribution of wool. He added that, as agreed with MR. LUZZATTO, the Delegation had issued instructions to the Italian Wool Association for the removal to Northern Italy of wool which was in danger of spoiling, in the Naples Warehouses. The Italian Wool Association will communicate shortly the estimated cost of moving and storing the wool.

21. MR. MARCOLINI said that the wool would be sold as soon as it arrives, and not necessarily through the Italian Wool Organisation, thus avoiding unnecessary costs of transport and the possibility of losses.

22. MR. MARCOLINI recommended that the question of wool be submitted to the next meeting of the Price Committee. He furthermore said that the wool should be delivered to ICE and sold to the highest bidder.

23. MR. HODGETTS said that he will present to the Chief of Mission the first point of MR. MARCOLINI's recommendation. The latter part of MR. MARCOLINI's statement however, continued MR. HODGETTS, is outside of the jurisdiction of this Committee (ACTION: UNRRA).

III. Progress report on charges by the Federazione Consorzi Agrari for UNRRA Camps and Welfare Program (Doc. 15 & 15 A).

24. MR. SCHEDA stated that the Federazione Consorzi Agrari had submitted figures concerning the income derived from sales of wheat and the expenses which they had sustained in purchasing food from the Welfare Programs. The difference between these two figures, continued MR. SCHEDA, amounted to lire 250,000,000 which represented expenses actually sustained, or commitments entered into, by the Federazione Consorzi Agrari. These figures, when submitted, were not accompanied by sufficient explanation, and a committee had been set up to examine them.

25. The Committee, continued MR. SCHEDA, had decided that for the figures regarding the past, i.e. from plan P to O, the Federazione Consorzi Agrari should be requested to present the details of actual expenditures incurred for each plan, and that in the future the Federazione should submit its expenditures for each operation in detail. MR. SCHEDA added, that the Federazione's figures had been transmitted to the Mission, and the Delegation was now examining them. As regards the plan preceding plan P, it appears that not all the allocations have been made as yet. This may be due either to the fact that the Federazione has not yet been notified of all the deliveries actually made, or that not

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21. MR. MARCOLINI said that the wool would be sold as soon as it arrives, and not necessarily through the Italian Wool Organisation, thus avoiding unnecessary costs of transport and the possibility of losses.

22. MR. MARCOLINI recommended that the question of wool be submitted to the next meeting of the Price Committee. He furthermore said that the wool should be delivered to ICE and sold to the highest bidder.

23. MR. HODGETTS said that he will present to the Chief of Mission the first point of MR. MARCOLINI's recommendation. The latter part of MR. MARCOLINI's statement however, continued MR. HODGETTS, is outside of the jurisdiction of this Committee (ACTION:UNRRA).

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all the supplies are yet available. The amounts declared as consigned by the Federazione have been received by the Provincial Committees and therefore the Delegation recommends that, when justification of these figures is recorded, the Federazione Consorzi Agrari should receive 100% payment. As regards plan P, the Federazione has submitted figures for a total amount of 155,000,000 lire. This sum should cover the requirements of the Federazione for a period of 2 months.

26. MR. HODGETTS agreed to recommend the payment of 155,000,000 lire, provided that this refers only to plan P, covering the months of July and August. He stated that this sum was not to be considered as payment for expenses previously incurred and relative to other plans.

Rec.No.6. 27. It was then agreed that the Lire Fund Control Committee recommend that the sum of 155,000,000 lire be allocated to the Italian Government Delegation to cover the expenditures incurred by the Federazione Consorzi Agrari in the execution of plan P.

28. MR. SCHEDA then proposed that, after the checking is completed, the sum of 361,000,000 lire covering expenses up to plan O, should be paid to the Federazione.

29. MR. MARCOLINI said that, when the final checking of the previous expenditures is completed, the Lire Fund will be charged as follows for the assistance programs:

614,000,000 lire for assistance up to plan O,
155,000,000 lire for plan P.

The total appropriations would therefore amount to 769,000,000 lire through August.

30. MR. HODGETTS stated that this would be the case only, if the figure of 614,000,000 lire is substantiated by the investigation which is being carried out.

31. MR. MARCOLINI agreed with this remark. He then asked how long the Welfare Program would be continuated.

32. MR. HODGETTS stated that this would be at the discretion of the Chief of Mission, but that it would definitely continue until the end of August.

IV. Progress report on distribution costs of Federazione Consorzi Agrari for 1945 program (Italian Government). - See Doc. 4 & 4 A attached to minutes of 4th meeting of the LFCC.

33. MR. MARCOLINI stated that it had already been decided at the Fifth meeting of the Lire Fund Control Committee, that 80% of 400,000,000 lire, less 75,000,000 lire already advanced by

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the Delegation to the Federazione Consorzi Agrari, that is, a sum of 245,000,000 lire, should be placed at the disposal of the Federazione Consorzi Agrari. He added, that this sum should be paid to the Delegation which would transfer it to the Federazione.

34. MR. HODGETTS agreed and added, that this sum would be considered part of the allocation that will be made to the Delegation for its expenditures.

35. There was general agreement on this point.

V. Progress Report on bases of distribution costs of grain, flour and codfish as calculated by the Federazione Consorzi Agrari (Delegation).

36. MR. HODGETTS stated that owing to pressure of work in connection with the recent visit of the Director General, he had not been able to study the documents concerning this Progress Report, and in view of the fact that the operation was still in progress, he requested that this item be postponed until the next meeting of the Lire Fund Control Committee.

37. MR. SCHEDA stressed the importance of fixing the distribution costs at the earliest possible time, in order to prevent the Federazione Consorzi Agrari from withholding unchecked sums for distribution costs.

38. MR. HODGETTS agreed with the urgency of this matter and undertook to expedite a decision so far as the UNRRA members of the Sub-Committee were concerned, requesting that MR. SCHEDA take similar action regarding the Italian Members.

39. MR. SCHEDA said that the Delegation had already submitted its conclusions.

40. MR. HODGETTS replied that UNRRA will present a report on this matter at the next meeting of the Committee (ACTION:UNRRA).

VI. Other business.

1. Bunkerage expenses. (Doc. No. 17 & 17 A).

41. MR. SCHEDA read doc.No.16 regarding supplies of bunker coal for foreign ships.

42. MR. HODGETTS stated that he agreed with the principle that this coal should be paid out of the Lire Fund, but he did not

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

agree with the proposal of supplying 180 tons of coal free of charge. He stated that the Coal Association should send a request for reimbursement to UNRRA accompanied by receipts from the Masters of the ships.

43. MR. SCHEDA stated that a request for reimbursement had been submitted on 25 June, but this had not been accompanied by receipts. The receipts, he added, would be requested immediately (ACTION: DELEGATION).

44. MR. HODGETTS stated that only properly audited receipts would be considered for payment. He added that all correspondence in this connection should be addressed to the Italian Mission, for the attention of the Financial Adviser (Lire Fund), and not to the Chief of Mission.

2. Intermission-Trade (Doc. 18 & 18 A).

45. MR. MAROCLINI stated that purchased which UNRRA made in Italy for export to other countries assisted by UNRRA were financed by Italian currency supplied by the Lire Fund, and repaid by UNRRA in dollar or sterling currency. He continued, saying that the Delegation had paid for purchases to date and was now without funds - he asked therefore that authorisation be given for the Delegation to withdraw 150,000,000 lire from the Lire Fund in repayment of money expended.

46. MR. HODGETTS stated that this was a complicated matter, requiring legal opinion on the interpretation of the Supplementary Agreement. He stated that MR. MAROCLINI's comments would be referred to the Chief of Mission and the Legal Adviser (ACTION: UNRRA).

47. MR. MAROCLINI informed the group, that two cheques in pounds sterling had already been received by the Ministery of the Treasury in connection with these operations.

48. It was then decided that the next meeting will be held on Wednesday 14 August, at 10 a.m.

49. The meeting rose at 12.

ATTACHMENTS: Doc.Nos. 14 & 14 A, 15 & 15 A, 16 & 16 A, 17 & 17 A, 18 & 18 A.

DISTRIBUTION: All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Public Information
Div.of Operational Analysis
American Emb.-Mr.Hunt
Region.Directors (9)
Registry (2)

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

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DISTRIBUTION: All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Public Information
Div.of Operational Analysis
Bur R & D (2)
Bur F & A (2)
Bur R S (2)
Program-Coord.-S/B of Supply Operations
Price Office - Bur R & D
Govt.Liaison (2)
Conference Secretariat (2)
American Emb.-Mr.Hunt
Region.Directors (9)
Registry (2)

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Attachment H-1-b

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
Italian Mission

71

Ref: SA/Sect.

26 August 1946

TO: DISTRIBUTION

FROM: SPECIAL ASSISTANT TO CHIEF OF MISSION

SUBJECT: AMENDMENT TO MINUTES OF THE SIXTH MEETING OF THE PRICE COMMITTEE (10th August 1946)

Please take note that Page 1 para. 5 of the above minutes reading:-

"He added that the landed cost was 70 lire per kilogram (56 lire per kilogram and 14 lire handling charge) and the figure of 100 lire was still considerably higher than the landed cost".

should be corrected to read:-

"He added that the total cost was 70 lire per kilogram (56 lire per kilogram and 14 lire handling charge) and the figure of 100 lire was still considerably higher than the total cost."

A.Pedinelli
for SPECIAL ASSISTANT TO
CHIEF OF MISSION

APEDINELLI:lm

DISTRIBUTION

All those present:
Mr. Buzzetto
Mr. Cardinale
Mr. Dallas
Mr. Landsberg
Mr. Dorkovich
Mr. Cardani
Mr. Rylance
Mr. Contini
Mr. Hopkins
Mr. Hogge

Mr. Pensione
Mr. Foglietti
Mr. Noffano
Mr. Gennini

Chief of Mission
Industrial Adviser
Legal Adviser
Div. Operational Analysis
Pur. R & D (2)
Pur. F & A (2)
Pur. S.S. (2)
Div.Progr.Coord.Statist. (S/S Supply Oper.)
Price Office - Pur. R & D
Conference Secretariat (2)
Historical & Report Branch (Att. Mr. Ferris)
Regional Directors (9)
American Embassy - Mr. Hunt
Spec. Asst. to C o M
Registry

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

PRICE COMMITTEE (10th August 1946)

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A.Podinelli
for SPECIAL ASSISTANT TO
CHIEF OF MISSION

APED/MCELL:lm

DISTRIBUTION

All those present:
Mr. Zanzetto
Mr. Ordiraune
Mr. Quillam
Mr. Landsberg
Mr. Dorkovich
Mr. Cardani
Mr. Sylvance
Mr. Contini
Mr. Hopkins
Mr. Miegge
Mr. Mormione
Mr. Foglietti
Mr. Moffano
Mr. Gennini
Mr. Dubrano
Mr. Solini
Mr. Cambioli
Mr. De Luca
Mr. Montrumino

Chief of Mission
Industrial Adviser
Legal Adviser
Div. Operational Analysis
Eur. R & D (2)
Eur. P & A (2)
Eur. R.S. (2)
Div. Progr. Coord. Statist. (S/P Supply Oper.)
Price Office - Eur. R & D
Conference Secretariat (2)
Historical & Report Branch (Att. Mr. Ferris)
Regional Directors (9)
American Embassy - Mr. Hunt
Spec. Asst. to C of M
Registry

CA 6033

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Attachment H-1-b

UNRRA-ITALIAN MISSION
Central Secretariat

101

PRICE COMMITTEE

Minutes of the Sixth Meeting
held at 10.30 am, 10th August 1946.

PRESENT FOR UNRRA:

Mr. B.	Luzzatto	Act. Deputy Chief of Mission & Chief, Bur R & D
Mr. F.	Verdirame	Price Specialist - Bureau R & D
Mr. V.E.	Sullam	Chief Analyst - Bureau R & D
Mr. H.E.	Landsberg	Program Coord. & Statist. Div., Bureau R & D
Mr. V.	Dorkovich	Requirem. & Distribut. Director of Chem. Div.
Mr. G.	Cardani	Div. of Agriculture - Bureau R & D
Mr. T.M.	Rylance	Div. of Food Processing
Mr. P.	Contini	Special Assistant to Chief of Mission
Mr. G.	Hopkins	Financ. Adviser (Lire Fund) - Bur P & A
Mr. G.	Miegge	Interpreter

PRESENT FOR ITALIAN GOVERNMENT:

Mr. G.	Menzione	Italian Delegation
Mr. A.	Foglietti	Interministerial Committee on Prices
Mr. A.	Poffano	Ministry of Treasury
Mr.	Genzini	Ministry of Industry & Commerce
Mr.	Lubrano	" " " "
Mr.	Bolini	" " " "
Mr.	Gambioli	Ministry of Agriculture
Mr. F.	De Luca	" " "
Mr. A.	Mastromarino	High Commissariat for Food

A G E N D A

I. Approval of Minutes of 4th and 5th meeting.

II. Report of the Agricultural Sub-Committee on Distribution Costs of agricultural items.

III. Report of Chemical Sub-Committee on Price of Colophony.

IV. Pending items.
- (a) Rutber
- (b) Corn Syrup
- (c) Composition Soling
- (d) Medical supplies.

V. New items for price fixing.
- (a) Copra
- (b) Denaturated alcohol
- (c) Quebracho Extract
- (d) Newsprint

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Mr. B.	Luzzatto	Act. Deputy Chief of Mission & Chief, Bur R & D
Mr. F.	Verdirame	Price Specialist - Bureau R & D
Mr. V.E.	Sullam	Chief Analyst - Bureau R & D
Mr. H.H.	Landsberg	Program Coord. & Statist. Div., Bureau R & D
Mr. V.	Dorkovich	Requirem. & Distribut. Director of Chem. Div.
Mr. G.	Cardani	Div. of Agriculture - Bureau R & D
Mr. T.M.	Rylance	Div. of Food Processing
Mr. P.	Contini	Special Assistant to Chief of Mission
Mr. G.	Hopkins	Financ. Adviser (Lire Fund) - Bur F & A
Mr. G.	Miegge	Interpreter

PRESENT FOR ITALIAN GOVERNMENT:

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Mr. A.	Foglietti	Interministerial Committee on Prices
Mr. A.	Poffano	Ministry of Treasury
Mr.	Genzini	Ministry of Industry & Commerce
Mr.	Lubrano	" " " " "
Mr.	Bolini	" " " " "
Mr.	Gambioli	Ministry of Agriculture
Mr. F.	De Luca	" " "
Mr. A.	Mastromarino	High Commissariat for Food

AGENDA

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IV. Pending items.
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- (b) Corn Syrup
- (c) Composition Soling
- (d) Medical supplies.

V. New items for price fixing.
- (a) Copra
- (b) Denaturated alcohol
- (c) Quebracho Extract
- (d) Newsprint
- (e) Blister Copper

VI. Items to be re-examined.
- (a) Forage - Pea seed (Price expired July 31, 1946)

VII. Review of Status of preparatory work on POL prices.

VIII. Any other business.

-.-.-.-.-.-.-.-

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

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MINUTES OF THE SIXTH MEETING OF THE
PRICE COMMITTEE

1. MR. LUZZATTO presided at the meeting during MR. CLEVELAND's absence in Geneva.

I. Approval of Minutes of the 4th and 5th Meetings.

2. No objections were raised and the Minutes of the 4th and 5th Meetings were approved.

II. Report of the Agricultural Sub-Committee on Distribution Costs of Agricultural Items. (See Doc. 24 & 24 A attached to Minutes of 5th Meeting.)

3. MR. SULLAM referred to the Summary Report of the Sub-Committee (Doc. No. 24 & 24 A) showing the details of handling charges divided between actual expenses and mark-up for the Federconsorzi. He stated that distribution charges for forage pea seeds were still under discussion with the Federconsorzi for further clarification. MR. SULLAM asked whether the Italian Government representatives wished to postpone discussion until they had examined the distribution costs arrived at by the Sub-Committee.

4. The Italian Government representatives agreed that they would prefer to postpone the discussion until the next meeting.

III. Report of Chemical Sub-Committee on price of Colophony. (See Doc. No. 27 & 27 A attached to Minutes of 5th Meeting.)

5. MR. DORKOVICH reported that there was a differentiation of approximately 100% in the proposed prices for Colophony between the Central District and the Northern District. In the Northern District the price was proposed by the Northern Italy Sub-Commission, at 60 lire per kilogram, while in Rome the Central Commission proposed 120 lire. The Sub-Committee examined the prices, taking into consideration all the various data and factors, and decided that the Central Committee in Rome was justified in its price because the price of 60 lire would create an unnecessary and unjustified windfall to manufacturers and would bring about a temptation for diversion from legitimate manufacturers to free market sales. However, it was felt that the price of 120 lire was too high, also because a small shipment of 43 tons on private account had recently been sold at 110 lire. MR. DARKOVICH recommended that the price be fixed at 100 lire, inasmuch as the price was decreasing all the time. He added that the landed cost was 70 lire per kilogram, (56 lire per kilogram and 14 lire handling charge) and the figure of 100 lire was still considerably higher than the landed cost.

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6. MR. DARKOVICH said that some private firms had imported Colophony at 105 lire, and the price of 100 would be just a little below that.

7. MR. LUZZATTO asked if the Italian Government representatives agreed on the price of 100 lire per kilogram, ex-warehouse, including charges up to the warehouse.

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8. The Italian Government accepted this proposal.

Rec.No20 9. It was therefore recommended that the price of Colophony be fixed at 100 lire per kilogram, ex consignee's warehouse net weight including packing.

10. MR. DARKOVICH then advised that without previous consultation Washington had shipped and UNRRA was accepting 900 tons of wood rosins, a product not normally imported into Italy. As it had not previously been imported, there was no basis for establishing the relative value to the various industrial consumers of the wood rosin and colophony. The Sub-Committee had decided, therefore, to telegraph Genoa to take samples of the wood rosin normal and wood rosin B grade, then to subject the analysis to competent technicians in order to establish the physical characteristics on which to base the value to the manufacturers. MR. DARKOVICH requested that further discussion on this item be postponed until this information is received. He added that this report will be a relatively minor portion of the total colophony imports, which should be around 6,000 tons. This was agreed.

IV PENDING ITEMS

a) Rubber (See Doc. No. 29 & 29 A attached to Minutes of 5th Meeting.)

11. MR. LUERANO proposed that there should be only one price for all types of rubber - UNRRA or Government imported. He stated that the price of rubber imported by the Government is 175 lire plus 15% distribution expenses. However, since it is distributed through the consignee's warehouse, the suggested price remains the same.

12. MR. LUZZATTO said that any price between 190 lire and 200 lire would be acceptable to UNRRA.

Rec.N.21 13. It was therefore agreed that the price should be 200 lire per kilogram, ex consignee's warehouse for MS/I Standard quality (crude), all other types to be fixed in proportion to the ratio of landed cost.

b) Corn Syrup (Doc.No. 33 & 33 a - See also Doc. No. 30 & 30 A attached to Minutes of 5th Meeting)

14. MR. MASTROMARINO said that a certain amount of corn syrup had already arrived and another 16,000 to 18,000 tons was due to arrive soon, in total, nearly 20,000 tons. It was the Government's opinion that part of this corn syrup would be more useful to the industry than to individuals. However, in the case of institutions, it might be best to distribute corn syrup instead of sugar. As to price, MR. MASTROMARINO felt it should be based on landed cost plus distribution charges. It was proposed by him that a recommendation on the price be postponed to another meeting until the uses to

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had not previously been imported, there was no basis for establishing the relative value to the various industrial consumers of the wood rosin and colophony. The Sub-Committee had decided, therefore, to telegraph Genoa to take samples of the wood rosin normal and wood rosin B grade, then to subject the analysis to competent technicians in order to establish the physical characteristics on which to base the value to the manufacturers. MR. D'ARCOVICH requested that further discussion on this item be postponed until this information is received. He added that this report will be a relatively minor portion of the total colophony imports, which should be around 6,000 tons. This was agreed.

IV PENDING ITEMS

a) Rubber (See Doc. No. 29 & 29 A attached to Minutes of 5th Meeting.)

11. MR. LUERANO proposed that there should be only one price for all types of rubber - UNRRA or Government imported. He stated that the price of rubber imported by the Government is 175 lire plus 15% distribution expenses. However, since it is distributed through the consignee's warehouse, the suggested price remains the same.

12. MR. LUZZATTO said that any price between 190 lire and 200 lire would be acceptable to UNRRA.

Rec.M.21 13. It was therefore agreed that the price should be 200 lire per kilogram, ex consignee's warehouse for MB/I Standard quality (crude), all other types to be fixed in proportion to the ratio of landed cost.

b) Corn Syrup (Doc.No. 33 & 33 a - See also Doc. No. 30 & 30 A attached to Minutes of 5th Meeting)

14. MR. MASTROMARINO said that a certain amount of corn syrup had already arrived and another 16,000 to 18,000 tons was due to arrive soon, in total, nearly 20,000 tons. It was the Government's opinion that part of this corn syrup would be more useful to the industry than to individuals. However, in the case of institutions, it might be best to distribute corn syrup instead of sugar. As to price, MR. MASTROMARINO felt it should be based on landed cost plus distribution charges. It was proposed by him that a recommendation on the price be postponed to another meeting until the uses to which the corn syrup is put are known.

15. MR. LUZZATTO stated it was very urgent that a decision be reached on corn syrup as it would be more difficult to dispose of it when the new sugar arrived.

16. MR. MASTROMARINO then proposed to establish a temporary price, pending the above mentioned decisions, taking into consideration the sweetening power of the corn syrup which has been examined by the Instituto for Health and found to be only 38 per cent of

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normal sugar. He added that the Institute for Health is presently investigating the possibilities of using corn syrup, and upon receipt of the findings the High Commissariat for Food will make its report and suggestions. It was expected that this information would be available for the next meeting.

17. MR. SULLAM requested that the corn syrup also be examined by the Experimental Station to see if it were suitable for use in food canning. MR. SULLAM asked also, what would be the price of the new sugar of domestic production.

18. MR. FORLENZA advised that the price ex production plant would be 115 lire and the price to the consumer 150 to 160 lire.

19. MR. BOLLI reported that the Ministry of Industry had asked the High Commissariat for Food what amounts it wished to keep for direct feeding purposes, as the Ministry of Industry had received requests from various industries for the production of pharmaceutical items, soft drinks, mustard, and sweets. Therefore, before settling quantities to be assigned to the various industries and prices for industry, it would be necessary to know the amount assigned for direct consumption.

20. MR. BOLLI added that there may be 3 different prices: one for sales direct to the consumer, one for industry in general, and another for industries of jams and marmelades, if the Treasury grants the reduction formerly given to industry on sugar. In the latter instance, it was mentioned that it was not expected that the Treasury would again grant a reduction.

21. MR. SULLAM stated he felt the use of this product for the manufacture of candy or luxury items raised an important issue with regard to Resolution 7.

22. MR. CASTROGIOVANNO said that with regard to the pastry-making industry, the problem was more complex than simply the price of sugar, because they also use flour which could be used for bread, and involved a number of workers and political questions. Therefore, decisions on the problem must come from a higher authority than the Food Commissariat.

23. MR. MERLONE stressed the fact that it was important to establish a price immediately, as the demands were present and the corn syrup was available and the sugar was not.

24. MR. LIZZATTO stated he felt it would be best to fix the price to the direct consumers and to apply a temporary price to industry - then to revise these prices whenever it became necessary, bearing in mind the close relationship between the prices of sweeteners, which would influence the price of corn syrup. Also, if a proportion of corn syrup was used with sugar, the prices of products might be different. He added that the policy implication of corn syrup going into luxury items was [illegible]

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23. MR. MENICONE stressed the fact that it was important to establish a price immediately, as the demands were present and the corn syrup was available and the sugar was not.

24. MR. DIZIATIO stated he felt it would be best to fix the price to the direct consumers and to apply a temporary price to industry - then to revise these prices whenever it became necessary, bearing in mind the close relationship between the prices of sweeteners, which would influence the price of corn syrup. Also, if a proportion of corn syrup was used with sugar, the prices of products might be different. He added that the policy implication of corn syrup going into luxury items was a difficult

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one and possibly special channels might have to be considered.

25. MR. BOLLINI pointed out that the sweets industry is permitted by law, and that glucose is used rather than sugar. Furthermore, it should be considered that the industry formerly employed 32,000 workers who have been idle for a long time.

26. MR. HOPKINS pointed out that there was a demand for corn syrup at present, which might not exist in the near future, and there was no reason for not fixing a price now which could be revised later.

MR. TYLANCE proposed the price as laid down in a paper presented one month ago of 35 lire per kilogram ex-communal warehouse.

27. MR. POGLIETTI suggested that the price should be higher than 35 lire for industry.

28. MR. MASTROMARINO stated that, if the corn syrup is distributed as part of the ration, it would be necessary to take as the starting point the price of sugar and the percentage of sweetening power. However, if it was distributed to industry for use in making products whose prices are not controlled, or products which will only supplement the ration, it would be possible to raise the price a little more.

29. MR. MENSIONE suggested that since, on the basis of the sweetening power, the price would be 43 lire, 50 lire for industry was too high.

30. MR. POGLIETTI countered that, if the sugar were distributed for rations, that consideration would be correct, as corn syrup is not a known product and the people would compare it unfavorably with sugar, etc., but if distributed to industry, who have bought other substitutes for sugar at a much higher price, 50 lire seemed a very low price.

31. It was reported that the pharmaceutical industry is asking for 1,000 tons of corn syrup for producing medicines, and that industry can charge a price high enough to enable it to pay the price established. There is also a 1500 ton request for syrup from makers of pleasure products, who charge sufficiently high prices to enable them to pay the price. The mustard producers also fall in this category.

32. MR. SULLAM stated that he was very concerned about the use of UNRRA supplies for making of pop drinks and pleasure type products. However, MR. MENSIONE felt it would not be possible to use this corn syrup in a very different way, considering the low sweetening power and the characteristics of this product which is reported to be of poor quality.

33. MR. LUZZATTO said that, since these were not essential industries, the price of corn syrup should not be put too low at the sacrifice of the Lire Fund, which is meant for the welfare of

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month ago of 55 lire per kilogram ex-communal warehouse.

27. MR. FOGLIETTI suggested that the price should be higher than 55 lire for industry.

28. MR. CASTROGARINO stated that, if the corn syrup is distributed as part of the ration, it would be necessary to take as the starting point the price of sugar and the percentage of sweetening power. However, if it was distributed to industry for use in making products whose prices are not controlled, or products which will only supplement the ration, it would be possible to raise the price a little more.

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33. MR. LUZZATTO said that, since these were not essential industries, the price of corn syrup should not be put too low at the sacrifice of the Lire Fund, which is meant for the welfare of

the country. MR. HOPKINS agreed.

Rec.No.22.34. It was then agreed that the price of corn syrup for industrial purposes be fixed at 50 lire per kilogram ex consignee's warehouse, and at 35 lire per kilogram for direct food consumption with controlled distribution. These prices will be valid up to the end of November 1946.

c) Composition Soling (see Doc. No.28 & 28 A attached to Minutes of Fifth Meeting).

35. It was agreed to postpone discussion on this matter as it is part of the clothing problem.

d) Medical Supplies.

36. This item was postponed pending a report on excess medical supplies.

V. New items for price fixing.

a) Copra (Doc.No. 34).

37. MR. RYLANCE referred to the report on copra dated 6th August 1946 (Doc.No. 34).

38. MR. FOGLIETTI stated it was too early to fix a price for this item that was not used for direct consumption but was transformed, and the processing costs were not known at the present time.

39. MR. LIZZATTO agreed that it was premature to fix the price before the costs of processing are known, but he added that he was interested in the criteria establishing the relations between the prices of margarine, butter, olive oil, fats, etc., in the various regions.

40. MR. MASTROMARINO said that some experiments in processing have been made and results will be communicated shortly.

41. MR. HOPKINS asked if copra had not been imported before.

42. MR. SUDLA stated it had been imported up to 1936, but not for margarine.

43. MR. LANDSBERG suggested that it would be necessary to see what price the finished products could be sold at, then take processing costs, and only then could the price of the original product be arrived at.

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d) Medical Supplies.

36. This item was postponed pending a report on excess medical supplies.

V. New items for price fixing.

a) Copra (Doc.No. [illegible]).

37. MR. RYLANDS referred to the report on copra dated 6th August 1946 (Doc.No. 34). [illegible].

38. MR. PAGLIETTI stated it was too early to fix a price for this item that was not used for direct consumption but was transformed, and the processing costs were not known at the present time.

39. MR. LUZZATTO agreed that it was premature to fix the price before the costs of processing are known, but he added that he was interested in the criteria establishing the relations between the prices of margarine, butter, olive oil, fats, etc., in the various regions.

40. MR. MASTROMARINO said that some experiments in processing have been made and results will be communicated shortly.

41. MR. HOPKINS asked if copra had not been imported before.

42. MR. SUDAN stated it had been imported up to 1936, but not for margarine.

43. MR. LANDSMAN suggested that it would be necessary to see what price the finished products could be sold at, then take processing costs, and only then could the price of the original product be arrived at.

44. MR. LUZZATTO proposed that the matter be referred to a technical sub-committee which should determine the transformation costs of copra. This was agreed by the Italian

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Government representatives, and the Sub-Committee will be convened by Messrs. VEDIRAME and MENTIONE (ACTION: UNRRA AND DELEGATION).

b) Denaturated Alcohol (Doc.No.35).

45. MR. DORKOVICH pointed out that the original 1000 tons, later reduced to 800 tons, were ordered to arrive in the first half of the year to tide over the Italian industry until domestic production could pick up. Unfortunately, it was delayed so long that, unless it is distributed quickly, it will compete with Italy's production, which will be in fairly large volume by October. He proposed the price of 200 to 220 lire per liter, which is 30 lire lower than the estimated price for alcohol in September. He added that this product is used mostly for miscellaneous pharmaceutical products and as a general solvent.

46. MR. BOLDI of the Ministry of Industry stated that the present price of alcohol is 290 lire and is decreasing. Therefore, the price proposed was fairly high. Moreover, he continued, a letter from the Ministry of Finance stated that, since denaturated alcohol was not included in the list of goods imported, they should pay the same custom rate as for pure alcohol and would have to be sold at the same price as pure alcohol. Under these conditions, however, denaturated alcohol would not be sold.

47. It was pointed out that all UNRRA goods are custom free.

48. MR. DORKOVICH stressed the fact that the price should be set in order to get the product out of the warehouses by the end of September 1946 at the latest.

Rec.No.23. 49. It was then recommended, that the price for denaturated alcohol should be fixed at 200 lire per liter ex consignee's warehouse (drums free).

c) Quebracho Extract.- Postponed to the next meeting.

d) Newsprint.

50. MR. LUZZATTO reported that 5,000 kilos of newsprint had arrived, but that it was not on the UNRRA import program and it was not clear why it had been sent from Washington.

51. MR. LANDIS MYC stated that the Mission had cabled Washington for further information. It was agreed to await a reply from Washington before further discussion.

e) Blister Copper (Doc. No. 36).

52. MR. DORKOVICH reported that 20,000 tons had arrived - 17,000 of which have already been transformed. MR. DORKOVICH

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will compete with Italy's production, which will be in fairly large volume by October. He proposed the price of 200 to 220 lire per liter, which is 30 lire lower than the estimated price for alcohol in September. He added that this product is used mostly for miscellaneous pharmaceutical products and as a general solvent.

46. MR. BOLDI of the Ministry of Industry stated that the present price of alcohol is 250 lire and is decreasing. Therefore, the price proposed was fairly high. Moreover, he continued, a letter from the Ministry of Finance stated that, since denaturated alcohol was not included in the list of goods imported, they should pay the same custom rate as for pure alcohol and would have to be sold at the same price as pure alcohol. Under these conditions, however, denaturated alcohol would not be sold.

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51. MR. LAMUS BIFF stated that the Mission had cabled Washington for further information. It was agreed to await a reply from Washington before further discussion.

e) Blister Copper (Doc. No. 36).

52. MR. DORKOVICH reported that 20,000 tons had arrived - 17,000 of which have already been transformed. MR. DORKOVICH said that the present price of 85 lire per kilogram was acceptable to UNRRA, and proposed that a price between 80 and 85 lire per kilogram be accepted.

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53. MR. POGLIETTI said that since the Government lacked the elements for the production of copper sulphate, he would like to postpone the fixing of a price until October or November when more data would be available concerning the plans of the government regarding distribution.

54. MR. DOUKOVICH agreed that, since no immediate distribution is contemplated, it is not necessary to fix the price of blister copper now.

VI. Items to be re-examined.

a) Forage - Pea Seed (Price expired July 31, 1946). (See Doc. 5 attached to minutes of First meeting).

55. MR. SULLAM stated that the Sub-Bureau of Relief Supply proposed, that the price for forage pea seeds be continued until the 1st September.

Sec.No.56. 24. After some discussion it was agreed, that the present price of lire 25,000 per ton should be continued until the 15th of September.

57. It was agreed that "Tinplate" should be discussed at the next meeting.

VII. Review of Status of preparatory work on POL prices.

58. It was agreed that the special sub-committee set up for this purpose should report on this subject, and UNRRA would convene it (ACTION: UNRRA, BUREAU OF R & D).

59. The meeting adjourned at 12.50 p.m.

DISTRIBUTION:

All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Div.Operational Analysis
Bur. R & D (2)
Bur. F & A (2)
Bur. R.S. (2)
Div. Progr. Coord. Statist. (Sub-Bur. of Supply Operat.)
Price Office - Bureau R & D
Spec. Asst to C o M (2)
Conference Secretariat (2)
Historical & Report Branch, attn. Mr. Harris

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Div. Progr. Coord. Statist. (Sub-Bur. of Supply Operat.)
Price Office - Bureau R & D
Spec. Ass't to C o M (2)
Conference Secretariat (2)
Historical & Report Branch, attn. Mr. Ferris
Regional Directors (8)
Registry (2)
American Embassy - Mr. Leigh Hunt.

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Attachment B-1-c.

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UNRRA - ITALIAN MISSION
CENTRAL SECRETARIAT

LIRE FUND CONTROL COMMITTEE

Minutes of the Seventh Meeting
held at 10.00 am. 14 August, 1946

PRESENT FOR UNRRA:

Mr. Hodgetts	Deputy Chief of Mission and Chief, Bur. F & A
Mr. Hopkins	Finance Adviser (Lire Fund) to C.F.A.
Mr. Travers	Senr. Finance Officer, office of Fin. Adv. (Lire Fund)
Mr. Contini	Special Assistant to Chief of Mission
Mr. Pedinelli	Office of Spec. Ass't to Chief of Mission
Mr. Verdirame	Price Office, Bur. R & D
Mr. Fewings	Sub-Bur. of Ind. Rehab., Bur. R & D
Mr. Landsberg	Statistic & Commodity Account. Pr., Bur. R & D

PRESENT FOR ITALIAN GOVERNMENT:

Mr. d'Alessandro	Italian Government Delegation
Mr. Poffeno	Ministry of the Treasury
Mr. Schoda	Italian Government Delegation
Mr. Borgiarmi	ICE
Mr. Belluco	ICE

AGENDA

1. Approval of Minutes of previous meeting.

2. (a) Request for additional appropriation for processing of cotton for assistance programs;

   (b) Request for additional appropriation for processing of medical cotton;

   (c) Request for additional appropriation for processing of cotton thread.

3. Allocation of Lit. 1,650,000,000 for manufacture and distribution of cotton textiles.

4. Report of UNRRA Mission on distribution costs of grain, flour and codfish.

5. Approval of the Delegation's Budget.

6.

Mr. Hodgetts	Deputy Chief of Mission and Chief, Bur. F & A
Mr. Hopkins	Financ. Adviser (Lire Fund) to C.F.A.
Mr. Travers	Senr. Finance Officer, office of Fin. Adv. (Lire Fund)
Mr. Contini	Special Assistant to Chief of Mission
Mr. Pedinelli	Office of Spec. Ass't to Chief of Mission
Mr. Verdirame	Price Office, Bur. T & D
Mr. Fewings	Sub-Bur. of Ind. Rehab., Bur. R & D
Mr. Landsberg	Statistic & Commodity Account. Pr., Bur. R & D

PRESENT FOR ITALIAN GOVERNMENT:

Mr. d'Alessandro	Italian Government Delegation
Mr. Foffano	Ministry of the Treasury
Mr. Scheda	Italian Government Delegation
Mr. Borgiarni	ICE
Mr. Beliuco	ICE

A G E N D A

1. Approval of Minutes of previous meeting.

2. (a) Request for additional appropriation for processing of cotton for assistance programs;

   (b) Request for additional appropriation for processing of medical cotton;

   (c) Request for additional appropriation for processing of cotton thread.

3. Allocation of Lit. 1,650,000,000 for manufacture and distribution of cotton textiles.

4. Report of UNRRA Mission on distribution costs of grain, flour and codfish.

5. Approval of the Delegation's Budget.

6. Any other business.

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UNRRA - ITALIAN MISSION

MINUTES OF THE SEVENTH MEETING OF THE
LIRE FUND CONTROL COMMITTEE.

I. Approval of minutes of previous meeting.

1. MR. HOLGETTS opened the meeting, asking whether there were any points for discussion on the minutes of the previous meeting.

2. MR. SCHEMA referred to paragraph 29, which gave the total appropriations from the Lire Fund through August as 769,000,000 lire. He pointed out that from this figure there should be deducted the sums cashed by the Federazione Consorzi Agrari for sale of wheat during 1945.

3. It was agreed that paragraph 29 should be amended to read: -

" ..... the total appropriations would therefore
" amount to 769,000,000 lire through August, from
" which would be deducted certain sums for grain
" sold in 1945 by Federazione Consorzi Agrari.
(ACTION: SECRETARIAT).

4. There being no other comments or objections, the minutes of the sixth meeting were approved.

II. (a) Request for additional appropriation for processing of cotton for assistance programs.

(b) Request for additional appropriation for processing of medical cotton.

(c) Request for additional appropriation for processing of cotton thread.

5. MR. HODGETTS said that the documents in relation to these appropriations had been received late on 12 August and were being translated. He was therefore not yet in a position to discuss any of these three points.

6. It was agreed to postpone this item until the next meeting.

III. Allocation of Lit. 1 [illegible]

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1. MR. HODGETTS opened the meeting, asking whether there were any points for discussion on the minutes of the previous meeting.

2. MR. SCHEDA referred to paragraph 29, which gave the total appropriations from the Lire Fund through August as 769,000,000 lire. He pointed out that from this figure there should be deducted the sums cashed by the Federazione Consorzi Agrari for sale of wheat during 1945.

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" ..... the total appropriations would therefore
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" which would be deducted certain sums for grain
" sold in 1945 by Federazione Consorzi Agrari.

(ACTION: SECRETARIAT).

4. There being no other comments or objections, the minutes of the sixth meeting were approved.

II. (a) Request for additional appropriation for processing of cotton for assistance programs.

(b) Request for additional appropriation for processing of medical cotton.

(c) Request for additional appropriation for processing of cotton thread.

5. MR. HODGETTS said that the documents in relation to these appropriations had been received late on 12 August and were being translated. He was therefore not yet in a position to discuss any of these three points.

6. It was agreed to postpone this item until the next meeting.

III. Allocation of Lit. 1,690,000,000 for manufacture and distribution of cotton textiles (Doc.No.19).

7. MR. HODGETTS said that MR. AFFLY and MINISTER CORBINO had agreed to the following recommendation, which was

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now presented for information to the Lire Fund Control Committee. He added that HON. MONTINI had also given his approval.

8. The text of the recommendation as per letter dated August 6th, 1946 (attached Doc.No.19), is as follows:

"It is recommended that the Joint Committee be requested:

" (a) To agree, in principle only at this stage, that the Lire Fund will grant a repayable loan for financing the manufacture and distribution of finished textiles, to be made from 31,000 tons of raw cotton which is being imported by UNRRA in the 1946 Supply Program. While no firm sum is being requested at the moment, it is anticipated that this loan will need to be about 3,000,000,000 lire.

" (b) To make a preliminary allocation of Lire 1,650,000,000 to finance the immediate manufacture of approximately 8,000 tons of cotton. This allocation would be repayable to the LireFund and would be a first instalment of the total loan to which reference is made in (a)above."

9. MR. HODGETTS stated that this sum represented a loan which will have to be repaid to the Lire Fund over a period of nine months. He also proposed that, since no Committee had yet been formed to handle this plan, the payment should be made to the Delegation, which will keep in trust this money pending establishment of a committee for the allocation and distribution of textiles. A precedent for this procedure was stated to be the Malaria Program in Sardinia.

10. MR. D'ALESSANDRO said he was authorized to sign documents on behalf of HON. MONTINI, and MR. HODGETTS confirmed that he had complete Power of Attorney from MR. PENNY.

11. MR. HODGETTS said that MR. HOPKINS had raised the question of a guarantee that the loan would be repaid; he suggested that some formal guarantee be given by the Committee operating the plan, and that the guarantee should be backed up by the Ministry of Industry & Commerce.

12. MR. D'ALESSANDRO said that the Ministry of Industry & Commerce promoted the operation and fixed regulations to govern it, but could not subscribe to any guarantee. He furthermore stated that the proposed Committee will have to be bound by certain rules which will ensure that this sum will be repaid to the Lire Fund.

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financing the manufacture and distribution of finished textiles, to be made from 31,000 tons of raw cotton which is being imported by UNRRA in the 1946 Supply Program. While no firm sum is being requested at the moment, it is anticipated that this loan will need to be about 3,000,000,000 lire.

(b) To make a preliminary allocation of Lire 1,650,000,000 to finance the immediate manufacture of approximately 8,000 tons of cotton. This allocation would be repayable to the LireFund and would be a first instalment of the total loan to which reference is made in (a)above."

9. MR. HODGETTS stated that this sum represented a loan which will have to be repaid to the Lire Fund over a period of nine months. He also proposed that, since no Committee had yet been formed to handle this plan, the payment should be made to the Delegation, which will keep in trust this money pending establishment of a committee for the allocation and distribution of textiles. A precedent for this procedure was stated to be the Malaria Program in Sardinia.

10. MR. D'ALESSANDRO said he was authorized to sign documents on behalf of HON. MONTINI, and MR. HODGETTS confirmed that he had complete Power of Attorney from MR. KENNY.

11. MR. HODGETTS said that MR. HOPKINS had raised the question of a guarantee that the loan would be repaid; he suggested that some formal guarantee be given by the Committee operating the plan, and that the guarantee should be backed up by the Ministry of Industry & Commerce.

12. MR. D'ALESSANDRO said that the Ministry of Industry & Commerce promoted the operation and fixed regulations to govern it, but could not subscribe to any guarantee. He furthermore stated that the proposed Committee will have to be bound by certain rules which will ensure that this sum will be repaid to the Lire Fund.

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13. MR. ROBERTS said, that the Minister of the Treasury had approved the scheme in writing. He therefore suggested that this question be referred to the Treasury, which should ensure that the loan be repaid, and determine the procedure for repayment.

14. MR. D'ALESSANDRO said that not all the manufactured goods would be sold. A percentage would be used for public assistance, and that percentage should not be handled by the new Committee, but by the Delegation in accordance with the usual procedure.

15. MR. ROBERTS said, this point was not within the competence of the Lire Fund Control Committee to discuss. The arrangement was made by UNRRA in conjunction with the Ministry of Industry & Commerce, and this Committee could not alter the arrangement because the sum involved was not an expenditure from the Lire Fund, but a loan.

16. MR. ROBERTS emphasized that the most important point was, that the 1,650,000,000 lire should be made immediately available.

17. MR. ROBERTS proposed that the Committee agree on the following points:

(a) The Committee formally takes note of the agreement reached by the two Chairmen, as formulated in para 6 above;

(b) The Committee recommended that the amount of 1,650,000,000 lire be paid initially to the Delegation, acting as trustee for an organization which will be established for the purpose of handling the manufacture and distribution of finished textiles, to be made from 31,000 tons of raw cotton being imported by UNRRA under the 1946 program.

18. A third point was suggested by MR. D'ALESSANDRO, that further payments to the Committee should be subordinated to the presentation of a plan which would guarantee the repayment of the loan.

19. MR. FONTANO said that the Committee should concern itself with the way in which the loan would be repaid to the Lire Fund.

20. MR. ROBERTS pointed out that the power of the two Chairmen was final, whereas the Lire Fund Control Committee was an advisory body. The Committee, he said, could make recommendations, but the two Chairmen might not agree. MR. ROBERTS suggested that the third point should read:

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with the usual procedure.

15. MR. HODGETTS said, this point was not within the competence of the Lire Fund Control Committee to discuss. The arrangement was made by UNRRA in conjunction with the Ministry of Industry & Commerce, and this Committee could not alter the arrangement because the sum involved was not an expenditure from the Lire Fund, but a loan.

16. MR. HODGETTS emphasized that the most important point was, that the 1,650,000,000 lire should be made immediately available.

17. MR. HODGETTS proposed that the Committee agree on the following points:

(a) The Committee formally takes note of the agreement reached by the two Chairmen, as formulated in para 6 above;

(b) The Committee recommended that the amount of 1,650,000,000 lire be paid initially to the Delegation, acting as trustee for an organization which will be established for the purpose of handling the manufacture and distribution of finished textiles, to be made from 31,000 tons of raw cotton being imported by UNRRA under the 1946 program.

18. A third point was suggested by MR. D'ALESSANDRO, that further payments to the Committee should be subordinated to the presentation of a plan which would guarantee the repayment of the loan.

19. MR. FORTANO said that the Committee should concern itself with the way in which the loan would be repaid to the Lire Fund.

20. MR. HODGETTS pointed out that the power of the two Chairmen was final, whereas the Lire Fund Control Committee was an advisory body. The Committee, he said, could make recommendations, but the two Chairmen might not agree. MR. HODGETTS suggested that the third point should read:

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"(c) This Committee would be interested to learn what guarantees will be made that the loan will be repaid".

21. It was then agreed that:

Inasmuch as the Lire Fund Control Committee had formally taken note of the agreement reached by the two Chairmen for the allocation of a sum of 1,650,000,000 lire to finance the immediate manufacture of approximately 6,000 tons of cotton, and as this sum only represents a loan to be repaid into the Lire Fund,

The Lire Fund Control Committee recommends that:

REC. No. 7

(a) A sum of Lire 1,650,000,000 shall be allocated to the Italian Delegation, acting as trustee for an organization which will be established for the purpose of handling the manufacture and distribution of finished textiles, to be made from 31,000 tons of raw cotton being imported by UNRRA under the 1946 program;

(b) that the Lire Fund Control Committee be informed of the guarantees which will be made to ensure that the loan will be repaid into the Lire Fund.

IV. Report of UNRRA Mission on distribution costs of grain, flour and codfish.

22. MR. HOPKINS said the Mission was still considering these costs and would like to postpone discussion on this item.

23. MR. HOWETTS suggested it be dealt with at the next meeting.

24. MR. POFFANO proposed that, pending the examination of these distribution costs and in consideration of the fact that the Federazione Consorzi Agrari had stopped payments to the Lire Fund, the Federazione should be asked to make payments on account of about 75% of the total sum due.

25. MR. HOPKINS said that the examination would be completed in two or three days, and probably a new procedure would then be set up which the Federazione Consorzi Agrari would be asked to observe. He added that he did not wish to prejudice future findings of the Sub-Committee with advance payments, and since the settlement of a sum on account might

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formally taken note of the agreement reached by the two Chairmen for the allocation of a sum of 1,650,000,000 lire to finance the immediate manufacture of approximately 8,000 tons of cotton, and as this sum only represents a loan to be repaid into the Lire Fund,

The Lire Fund Control Committee recommends that:

REC. No. 7

(a) A sum of Lire 1,650,000,000 shall be allocated to the Italian Delegation, acting as trustee for an organization which will be established for the purpose of handling the manufacture and distribution of finished textiles, to be made from 31,000 tons of raw cotton being imported by UNRRA under the 1946 program;

(b) that the Lire Fund Control Committee be informed of the guarantees which will be made to ensure that the loan will be repaid into the Lire Fund.

IV. Report of UNRRA Mission on distribution costs of grain, flour and codfish.

22. MR. HOPKINS said the Mission was still considering these costs and would like to postpone discussion on this item.

23. MR. HOFFETTS suggested it be dealt with at the next meeting.

24. MR. FOFFANO proposed that, pending the examination of these distribution costs and in consideration of the fact that the Federazione Consorzi Agrari had stopped payments to the Lire Fund, the Federazione should be asked to make payments on account of about 75% of the total sum due.

25. MR. HOPKINS said that the examination would be completed in two or three days, and probably a new procedure would then be set up which the Federazione Consorzi Agrari would be asked to observe. He added that he did not wish to prejudice future findings of the Sub-Committee with advance payments, and since the settlement of a sum on account might prejudice them, he would prefer that no action should be taken on MR. FOFFANO's proposal.

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26. MR. HODGETTS supported MR. HOPKINS' request. He added that, if it was a matter of immediate concern to the Treasury, a meeting could be called of those members of the Committee most directly concerned, before the next meeting of the Lire Fund Control Committee.

27. MR. HOPKINS agreed to this proposal, and it was agreed that MR. SMITH, MR. DELLA ROCCA, MR. BLANCHINI and MR. BORGIANNI for IOE, and one senior representative of the Treasury, possibly MR. HOPPARD, would attend the meeting. MR. HODGETTS said that MR. COMINI would call the meeting, in agreement with MR. HOPKINS (ACTION: SECRETARIAT).

V. Approval of the Delegation's budget.

28. MR. HODGETTS said, that at the present meeting no more than approval in principle could be given to the Delegation's budget. MR. HODGETTS said there were various reasons for this, and added that he was particularly concerned about the relationship between the amounts budgeted for and the actual expenditures. For example the budget from 1 April to 30 September 1945 amounted to about 694 million lire, but actual expenditures had been only approximately 120 million lire. From 1 October 1945 to 31 March 1946 the budget was for 946 million lire and actual expenditures only 147 million. From 1 April 1946 to 30 September 1946 the budget was for 1,345,000,000 lire, and actual expenditures from 1 April to the end of July 1946 only 365 million.

29. MR. HODGETTS said that the budget appeared to be unduly inflated. He pointed out that the effect of over-budgeting was disastrous, because it tied unnecessarily funds which could be used for some other purpose. He explained that, when a budget was approved, this automatically tied up the amount of the budget until the end of the period for which the budget had been prepared.

30. In view of the seriousness of this point, MR. HODGETTS said he wished to examine the present budget in particular detail, and for this reason he recommended that the budget be approved in principle, and detailed approval be postponed to another meeting, after careful examination.

31. MR. HODGETTS suggested that a budget official from the Delegation explain to MR. HOPKINS, COL. WATERS and himself, how the present state of affairs had arisen.

32. MR. D'ALESSANDRO said he would send MR. ASTENGO of the Delegation, and asked when the meeting would take place.

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MR. BONCIANI for IGE, and one senior representative of the Treasury, possibly MR. PORTER, would attend the meeting. MR. HODGETTS said that MR. COHEN would call the meeting, in agreement with MR. ASTENGO (ACTION: SECRETARIAT).

V. Approval of the Delegation's budget.

28. MR. HODGETTS said, that at the present meeting no more than approval in principle could be given to the Delegation's budget. MR. HODGETTS said there were various reasons for this, and added that he was particularly concerned about the relationship between the amounts budgeted for and the actual expenditures. For example the budget from 1 April to 30 September 1945 amounted to about 694 million lire, but actual expenditures had been only approximately 120 million lire. From 1 October 1945 to 31 March 1946 the budget was for 946 million lire and actual expenditures only 147 million. From 1 April 1946 to 30 September 1946 the budget was for 1,345,000,000 lire, and actual expenditures from 1 April to the end of July 1946 only 383 million.

29. MR. HODGETTS said that the budget appeared to be unduly inflated. He pointed out that the effect of over-budgeting was disastrous, because it tied unnecessarily funds which could be used for some other purpose. He explained that, when a budget was approved, this automatically tied up the amount of the budget until the end of the period for which the budget had been prepared.

30. In view of the seriousness of this point, MR. HODGETTS said he wished to examine the present budget in particular detail, and for this reason he recommended that the budget be approved in principle, and detailed approval be postponed to another meeting, after careful examination.

31. MR. HODGETTS suggested that a budget official from the Delegation explain to MR. HOPKINS, COL. WATERS and himself, how the present state of affairs had arisen.

32. MR. D'ALESSANDRO said he would send MR. ASTENGO of the Delegation, and asked when the meeting would take place.

33. MR. HODGETTS said that, when COL. WATERS returned from London in two or three days time, MR. COHEN would get in touch with MR. ALESSANDRO to arrange the meeting (ACTION: SECRETARIAT).

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REC. NO. 8.

34. It was then agreed that the Delegation's budget for the period 1st April - 30th September 1946, be approved in principle, subject to further detailed examination.

35. There being no other business to discuss, the meeting rose at 11.10.

DISTRIBUTION: All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Public Information
Div. of Operational Analysis
Reports & Statist. Branch - Mr. Ferris
Bureau R & D (2)
" F & A (2)
" A S (2)
Progr. Coord. & Statist. - S/P of Supply Oper.
Price Office - Bur R & D
Special Ass't to C o M (2)
Conference Secretariat (2)
American Embassy - Mr. Hunt
Regional Directors (9)
Registry (2)

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35. There being no other business to discuss, the meeting rose at 11.10.

DISTRIBUTION:

All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Public Information
Div. of Operational Analysis
Reports & Statist.Branch - Mr. Ferris
Bureau R & D (2)
" P & A (2)
" M S (2)
Progr.Coord.& Statist.-S/B of Supply Oper.
Price Office - Bur R & D
Special Ass't to C o M (2)
Conference Secretariat (2)
American Embassy - Mr. Hunt
Regional Directors (9)
Registry (2)

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UNRRA - ITALIAN MISSION
Central Secretariat

PRICE COMMITTEE

Minutes of the Seventh Meeting
held at 10.00 a.m., 24 August 1946.

PRESENT FOR UNRRA:

Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
Mr. Landsberg	R & D, Program Coord. & Statistics
Mr. Verdirame	R & D, Program Coord. & Statistics
Mr. Imrie	R & D, Sub-Bur.of Relief Supply,Ass't Chief
Mr. Rogers	R & D, Sub-Bur.of Relief Supply,Liais.Officer
Mr. Sullam	R & D, Sub-Bur.of Relief Supply,Anal.Sect.
Mr. Koeller	R & D, Sub-Bur.of Relief Supply,Agriculture
Mr. Rembert	R & D, Sub-Bur.of Ind.Rehab.,Ass't Chief
Mr. Florio	R & D, Sub-Bur.of Ind.Rehab.,Chemicals
Mr. Rylance	R & D, Sub-Bur.of Ind.Rehab.,Food Processing
Mr. Farmer	R & D, Sub-Bur.of Ind.Rehab.,Engineer & Power
Mr. Bingham	R & D, Sub-Bur.of Ind.Rehab.,Div.of Fuels
Mr. Russell	R & D, Sub-Bur.of Ind.Rehab.,Coal Branch
Mr. d'Ayala Valva	R & D, Sub-Bur.of Ind.Rehab.
Mr. La Penna	Office of Spec.Ass't to Chief of Mission
Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. Orpen	Ass't Financial Adviser (Lire Fund)
Mr. Archer	DCU - ERO

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Foglietti	Interministerial Committee on Prices
Mr. Della Negra	Italian Delegation with UNRRA
Mr. Martini	Italian Delegation with UNRRA
Mr. Marini	Italian Delegation with UNRRA
Mr. Pellegrini	High Commissariat of Food
Mr. Polacco	High Commissariat of Food
Mr. Robustelli	High Commissariat of Food
Mr. Poffano	Ministry of Treasury
Mr. Piazzoni	Ministry of Industry & Commerce
Mr. Dabbene	Ministry of Industry & Commerce
Mr. Padellaro	Ministry of Industry & Commerce
Mr. Genzini	Ministry of Industry & Commerce
Mr. Petronio	Ministry of Agriculture
Mr. Colombo	Ministry of Foreign Trade
Mr. Tosarelli	Ministry of Foreign Trade
Mr. Vallaro	Ministry of Foreign Trade

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PRESENT FOR UNRRA:

Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
Mr. Landsberg	R & D, Program Coord. & Statistics
Mr. Verdirame	R & D, Program Coord. & Statistics
Mr. Imrie	R & D, Sub-Bur. of Relief Supply, Ass't Chief
Mr. Rogers	R & D, Sub-Bur. of Relief Supply, Liais. Officer
Mr. Sullam	R & D, Sub-Bur. of Relief Supply, Anal. Sect.
Mr. Koeller	R & D, Sub-Bur. of Relief Supply, Agriculture
Mr. Rembert	R & D, Sub-Bur. of Ind. Rehab., Ass't Chief
Mr. Florio	R & D, Sub-Bur. of Ind. Rehab., Chemicals
Mr. Rylance	R & D, Sub-Bur. of Ind. Rehab., Food Processing
Mr. Farmer	R & D, Sub-Bur. of Ind. Rehab., Engineer & Power
Mr. Bingham	R & D, Sub-Bur. of Ind. Rehab., Div. of Fuels
Mr. Russell	R & D, Sub-Bur. of Ind. Rehab., Coal Branch
Mr. d'Ayala Valva	R & D, Sub-Bur. of Ind. Rehab.
Mr. La Penna	Office of Spec. Ass't to Chief of Mission
Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. Orpen	Ass't Financial Adviser (Lire Fund)
Mr. Archer	DCU - ERO

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Foglietti	Interministerial Committee on Prices
Mr. Della Negra	Italian Delegation with UNRRA
Mr. Martini	Italian Delegation with UNRRA
Mr. Marini	Italian Delegation with UNRRA
Mr. Pellegrini	High Commissariat of Food
Mr. Polacco	High Commissariat of Food
Mr. Robustelli	High Commissariat of Food
Mr. Foffano	Ministry of Treasury
Mr. Piazzoni	Ministry of Industry & Commerce
Mr. Dabbene	Ministry of Industry & Commerce
Mr. Padellaro	Ministry of Industry & Commerce
Mr. Genzini	Ministry of Industry & Commerce
Mr. Petronio	Ministry of Agriculture
Mr. Colombo	Ministry of Foreign Trade
Mr. Tosarelli	Ministry of Foreign Trade
Mr. Vallaro	Ministry of Foreign Trade

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UNRRA - ITALIAN MISSION
Central Secretariat

PRICE COMMITTEE

Minutes of the Seventh Meeting
held at 10.00 a.m., 24 August 1946.

AGENDA :

I. Approval of minutes of 6th Meeting.

II. Report of Agricultural Sub-Committee on Distribution Costs of Agricultural Items.

III. Report of Special Sub-Committee on Copra.

IV. Report of Chemical Sub-Committee on Coal Tar Chemicals.

V. New Items for Price Fixing:

a) Copra
b) Nickel
c) Tinplate
d) Pig Tin
e) Opencast Coal
f) Coal Tar Chemicals
g) Bitumen
h) Three Bottom Plows
i) Basic Slag
j) Zinc Phosphide
k) Red Clover Seed

VI. Prices to be re-examined:

a) Mowers (Price expired August 15th, 1946)
b) Plows (Price expired August 15th, 1946)

VII. Any other business.

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GM 6901

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A G E N D A :

I. Approval of minutes of 6th Meeting.

II. Report of Agricultural Sub-Committee on Distribution Costs of Agricultural Items.

III. Report of Special Sub-Committee on Copra.

IV. Report of Chemical Sub-Committee on Coal Tar Chemicals.

V. New Items for Price Fixing:

a) Copra
b) Nickel
c) Tinplate
d) Pig Tin
e) Opencast Coal
f) Coal Tar Chemicals
g) Bitumen
h) Three Bottom Plows
i) Basic Slag
j) Zinc Phosphide
k) Red Clover Seed

VI. Prices to be re-examined:

a) Mowers (Price expired August 15th, 1946)
b) Plows (Price expired August 15th, 1946)

VII. Any other business.

-.-.-.-.-.-.-.-.-.-.-.

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1. The meeting was opened by MR. CLEVELAND who introduced the first item on the Agenda.

I. Approval of minutes on the 6th Meeting.

2. MR. VERDIRAME said there was one clarification to be made in para 5; in the final sentence "landed" cost should be amended to read "total" cost in both cases (ACTION:SECRETARIAT).

3. This amendment was approved and, there being no further comments or objections, the minutes of the 6th Meeting were approved.

II. Report of Agricultural Sub-Committee on Distribution Costs of Agricultural Items. (Doc.No.27. See also Doc. No. 24 attached to minutes of 6th Meeting).

4. MR. CLEVELAND pointed out that this item had been brought forward from the previous meeting, and he asked MR.SULLAM to report on it.

5. MR. SULLAM stated that at the last meeting UNRRA had furnished to the Italian Government a detailed statement of distribution charges which were justified later by supporting documents. MR. SULLAM asked what the reaction of the Government was to that report.

6. MR. POGLIETTI said that, in the last meeting, he had asked for a detailed list of handling charges in order to compare them with the list of general charges, but that he had not yet received it.

7. MR. CLEVELAND explained that this list was attached to the report of the Agricultural Sub-Committee, which was transmitted to the Delegation for distribution to the Government more than two weeks ago. The discussion on this item had been postponed at the last meeting, at the Delegation's request, on the grounds that the document required further study on the part of the Government.

8. MR. CLEVELAND asked whether it was MR. POGLIETTI's suggestion that this item be again postponed until the next meeting, and MR. POGLIETTI confirmed that it was.

9. MR. DELLA NEGRA enquired whether decisions taken by the Price Committee were to be considered as final also with regard to the Lire Fund Control Committee.

...e in para 5; in the final sentence "landed" cost should be amended to read "total" cost in both cases (ACTION:SECRETARIAT).

3. This amendment was approved and, there being no further comments or objections, the minutes of the 6th meeting were approved.

II. Report of Agricultural Sub-Committee on Distribution Costs of Agricultural Items. (Doc.No.37. See also Doc. No. 24 attached to minutes of 6th meeting).

4. MR. CLEVELAND pointed out that this item had been brought forward from the previous meeting, and he asked MR.SULLAM to report on it.

5. MR. SULLAM stated that at the last meeting UNRRA had furnished to the Italian Government a detailed statement of distribution charges which were justified later by supporting documents. MR. SULLAM asked what the reaction of the Government was to that report.

6. MR. FOGLIETTI said that, in the last meeting, he had asked for a detailed list of handling charges in order to compare them with the list of general charges, but that he had not yet received it.

7. MR. CLEVELAND explained that this list was attached to the report of the Agricultural Sub-Committee, which was transmitted to the Delegation for distribution to the Government more than two weeks ago. The discussion on this item had been postponed at the last meeting, at the Delegation's request, on the grounds that the document required further study on the part of the Government.

8. MR. CLEVELAND asked whether it was MR. FOGLIETTI's suggestion that this item be again postponed until the next meeting, and MR. FOGLIETTI confirmed that it was.

9. MR. DELLA NEGRA enquired whether decisions taken by the Price Committee were to be considered as final also with regard to the Lire Fund Control Committee.

10. MR. CLEVELAND pointed out that the determination (as stated in an official document already approved by the Committee in a previous meeting) was, that the Price Committee would set three figures for each commodity:

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(a) a total price, to the first consumer;

(b) distribution costs, which were included in (a);

(c) the amount to be paid into the Lire Fund, being the difference between a) and b).

The figure set by the Price Committee, MR. CLEVELAND explained represented an estimate of what the handling charges would be. Should the Federazione Consorzi Agrari find that the costs were actually higher, or the Government find them lower, then the amount established by the Price Committee would be adjusted accordingly by the Lire Fund Control Committee.

11. MR. [illegible] proposed that approval or comments on the actual charges submitted by the Sub-Committee, be postponed until the next meeting. The Committee should now proceed to discuss only para 5) of the Sub-Committee's summary report, with a view to deciding whether it was advisable to have a single percentage mark-up for all commodities in the UNRRA program, or rather to fix different percentages for individual items, or for groups of commodities.

12. After some discussion, MR. CLEVELAND said that three problems had to be considered: general expenses, handling charges and remuneration. It is the responsibility of the Price Committee to consider general expenses and handling charges, while the examination of the remuneration rests with a Sub-Committee of the Lire Fund Control Committee. In summing up, MR. CLEVELAND said that there were three alternatives:

(a) to establish a general percentage for all commodities in the UNRRA program;

(b) to establish a percentage, which might be called "mark-up" only for the administrative overhead, leaving the operating expenses to be determined for each commodity;

(c) to establish no general charge, but to determine both actual operating expenses and administrative overhead on a commodity by commodity basis.

13. Referring to point b), MR. DELLA NEGRA quoted as a precedent the imports under A.C. program. The Federazione Consorzi Agrari had handled these imports on behalf of the Government, and the Government had agreed that out of proceeds of sale of imported commodities the Federazione should retain 2% to cover their expenditures, subject to subsequent detailed control on the part of the Government. MR. DELLA NEGRA stated that after two years this control system had only started to be put into effect.

14. MR. HOPKINS objected, saying that [illegible] the administrative

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represented an estimate of what the handling charges would be. Should the Federazione Consorzi Agrari find that the costs were actually higher, or the Government find them lower, then the amount established by the Price Committee would be adjusted accordingly by the Lire Fund Control Committee.

11. MR. MORLOTTI proposed that approval or comments on the actual charges submitted by the Sub-Committee, be postponed until the next meeting. The Committee should now proceed to discuss only para 5) of the Sub-Committee's summary report, with a view to deciding whether it was advisable to have a single percentage mark-up for all commodities in the UNRRA program, or rather to fix different percentages for individual items, or for groups of commodities.

12. After some discussion, MR. CLEVELAND said that three problems had to be considered: general expenses, handling charges and remuneration. It is the responsibility of the Price Committee to consider general expenses and handling charges, while the examination of the remuneration rests with a Sub-Committee of the Lire Fund Control Committee. In summing up, MR. CLEVELAND said that there were three alternatives:

(a) to establish a general percentage for all commodities in the UNRRA program;

(b) to establish a percentage, which might be called "mark-up" only for the administrative overhead, leaving the operating expenses to be determined for each commodity;

(c) to establish no general charge, but to determine both actual operating expenses and administrative overhead on a commodity by commodity basis.

13. Referring to point b), MR. DELLA NEGRA quoted as a precedent the imports under A.C. program. The Federazione Consorzi Agrari had handled these imports on behalf of the Government, and the Government had agreed that out of proceeds of sale of imported commodities the Federazione should retain 2½ to cover their expenditures, subject to subsequent detailed control on the part of the Government. MR. DELLA NEGRA stated that after two years this control system had only started to be put into effect.

14. MR. HOPKINS objected, saying that, once the administrative expenses of the Federazione had been established and this would include their remuneration for acting as agents for the Government, a percentage could then be determined for overheads over the program being handled, and the general operating expenses could be determinable in broad categories of commodities.

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15. MR. CLEVELAND asked the Committee to consider alternative (b) above. He suggested that a "working party" be formed to establish a general percentage to cover overhead administrative charges of the Federazione for all commodities, leaving all other costs (distribution, handling, transport etc.) to be determined commodity by commodity.

16. MR. CLEVELAND said this would mean that the figure for distribution costs would be made up of two parts - one the standard percentage and the other the actual operating costs and fiscal charges, which would vary according to the type of commodity, transport etc. The total distribution costs would then be deducted from the set price to the first consumer, to ascertain the amount which should be paid into the Lire Fund.

17. MR. FOGLIETTI's suggestion that the percentage decided upon be applied on the final price (this being the only firm figure), was agreed.

18. It was agreed that the "working party" to determine a percentage should comprise MR. SULLAM, MR. LANDSBERG and MR. HOPKINS on behalf of UNRRA, and representatives of the Inter-Ministerial Committee for Prices, the Ministry of the Treasury, the Ministry of Agriculture, the High Commissariat for Food and the Italian Delegation on behalf of the Italian Government. The Federazione Consorzi Agrari should be called upon to discuss certain points with this group (ACTION: R & D AND ITALIAN GOVERNMENT).

19. MR. CLEVELAND asked MR. LANDSBERG to get in touch with MR. FOGLIETTI to arrange a meeting of the group.

III. Report of Special Sub-Committee on Copra.

20. MR. RYLANCE reported that the Special Sub-Committee on copra would hold its first meeting on 29th August, when two technicians from firms processing the copra would be present, and a sample of the margarine being manufactured would be examined. After this meeting, the Sub-Committee would be in a position to recommend a price for the margarine.

21. MR. CLEVELAND suggested that the Sub-Committee on copra should meet earlier, if possible.

22. It was agreed to postpone this item until the next meeting. (ACTION: SECRETARIAT).

IV. Report of Chemical Sub-Committee on Coal Tar Chemicals. (Doc. No. 38 & 39).

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distribution costs would be made up of two parts - one the standard percentage and the other the actual operating costs and fiscal charges, which would vary according to the type of commodity, transport etc. The total distribution costs would then be deducted from the set price to the first consumer, to ascertain the amount which should be paid into the Lire Fund.

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21. MR. CLEVELAND suggested that the Sub-Committee on copra should meet earlier, if possible.

22. It was agreed to postpone this item until the next meeting. (ACTION: SECRETARIAT).

IV. Report of Chemical Sub-Committee on Coal Tar Chemicals. (Doc. No. 38 & 39).

23. MR. CLEVELAND stated, that the Chemical Sub-Committee met for the first time yesterday, and had recommended the following prices:

Benzol industrial ..... 55 lire per kilo
Benzol nitration grade ..... 60 lire per kilo
Toluol ..... 75 lire per kilo.

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24. Upon MR. CLEVELAND's request, MR. FLORIO emphasized that, while YT benzol was distributed in drums, the UNRRA benzol is imported in bulk. Therefore, handling charges had to be increased from 6 to 10 lire, so as to cover the expenses incurred in transferring the fuel from tanks into drums.

25. MR. CLEVELAND suggested that, as the distribution costs of this commodity were not fixed, this item be referred back to the Sub-Committee for examination.

26. MR. DELLA MORRA pointed out that an agreement on these prices should be reached immediately, due to the urgent need of this commodity on the market.

27. After some discussion, the following prices for benzol were agreed upon:

REC.NO.25

Benzol industrial ..... 55 lire per kilo
Benzol nitration grade ..... 60 lire per kilo.

REC.NO.26. 28. It was also agreed that the price for Toluol be fixed at lire 75 per kilo.

Furthermore, it was decided that the question of determination of distribution costs on this commodity be referred back to the Chemical Sub-Committee.

29. MR. GENZINI stated that two shiploads of this commodity had arrived instead of one, and enquired whether the price agreed upon applied to both shipments.

30. MR. CLEVELAND confirmed that the prices agreed upon apply to all UNRRA shipments of this commodity.

V. New Items for Price Fixing:

(a) Copra
(b) Nickel
(c) Tinplate
(d) Pig Tin
(e) Opencast Coal
(f) Coal Tar Chemicals
(g) Bitumen
(h) Three Bottom Plows
(i) Basic Slag
(j) Zinc Phosphide
(k) Red Clover Seed.

31. MR. CLEVELAND pointed out that copra (item a) and coal tar chemicals (item f) had already been discussed.

32. Upon MR. CLEVELAND's suggestion, it was agreed to postpone to the next meeting the discussion on nickel (item b), pig tin (item d) and bitumen (item g). (ACTION: SECRETARIAT).

33. Discussion on basic slag (item i), zinc phosphide (item j) and red clover seed (item k) was also

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26. MR. DELLA NEGRA pointed out that an agreement on these prices should be reached immediately, due to the urgent need of this commodity on the market.

27. After some discussion, the following prices for benzol were agreed upon:

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Benzol industrial ..... 55 lire per kilo
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30. MR. CLEVELAND confirmed that the prices agreed upon apply to all UNRRA shipments of this commodity.

V. New Items for Price Fixing:

(a) Copra
(b) Nickel
(c) Timplate
(d) Pig Tin
(e) Opencast Coal
(f) Coal Tar Chemicals
(g) Bitumen
(h) Three Bottom Plows
(i) Basic Slag
(j) Zinc Phosphide
(k) Red Clover Seed.

31. MR. CLEVELAND pointed out that copra (item a) and coal tar chemicals (item f) had already been discussed.

32. Upon MR. CLEVELAND's suggestion, it was agreed to postpone to the next meeting the discussion on nickel (item b), pig tin (item d) and bitumen (item g). (ACTION: SECRETARIAT).

33. Discussion on basic slag (item i), zinc phosphide (item j) and red clover seed (item k) was also postponed at the request of the Italian Government representatives, who were still examining the matter (ACTION: ITALIAN GOVERNMENT).

(c) Timplate. (Doc.No.40).

34. MR. FOGLIETTI requested that the price of timplate be fixed after the price of pig tin is established, the latter being used in

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the manufacture of tinplate.

35. MR. CLEVELAND pointed out that the percentage of pig tin employed in the production of tinplate is only 2%, and the price of pig tin should not influence the price of tinplate.

36. MR. BINGHAM explained that the UNRRA program called for the supply of 4,000 tons of tinplate under the 1946 program, of which only 500 tons had arrived. The food processing industry, MR. BINGHAM added, required 21,100 tons for the canning of 325,000 tons of food. Therefore it became evident that the fullest possible use must be made of the Italian tinplate manufacturing industry, in order to supply the balance over and above the UNRRA - programmed tin.

37. To that end, MR. BINGHAM continued, UNRRA had conducted field surveys and cost analyses throughout the Italian tinplate industry. Taking into consideration the limited amount of hard coal available, it was not possible for tinplate to be manufactured with a reasonable amount of profit to the manufacturers, at a figure less than 100 lire per kilo. This figure was therefore recommended to the Government also as a controlled price of domestically produced tinplate.

38. MR. FOGLIETTI said it was difficult to ascertain the cost of production, because the manufacturers had not been working in the past few years. However, in view of the fact that the food processing industries were willing to pay 100 lire per kilo, he agreed that imported tinplate should be priced at this figure. He felt that the tinplate manufacturers would not agree to this price, but would probably accept a price of 105 lire per kilo. Therefore he suggested that the controlled price of domestically produced tinplate should be about 105 lire per kilo.

39. MR. BINGHAM pointed out that the 100 lire figure was arrived at after examining the manufacturers' own costing analyses.

40. MR. CLEVELAND stated that the Committee had no formal jurisdiction over the internal prices of local production. Therefore, if the price of UNRRA - imported tinplate was agreed on, he suggested the matter be dropped, and that a copy of MR. BINGHAM's report be made available to the Government as soon as possible, for their information.

REC.NO. 27. 41. After some discussion, the price of 100 lire per kilo for UNRRA - imported tinplate, F.O.B. seller's warehouse, was agreed.

(e) Opencast Coal. (Doc.No.41).

42. MR. CLEVELAND said this was very poor quality coal imported from England, and the Coal Committee recommended that it be sold at a price 30% lower than the basic price of other coal.

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which only 500 tons had arrived. The food processing industry, MR. BINGHAM added, required 21,100 tons for the canning of 325,000 tons of food. Therefore it became evident that the fullest possible use must be made of the Italian tinplate manufacturing industry, in order to supply the balance over and above the UNRRA - programmed tin.

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REC.NO. 28. 43. After some discussion on the calorific value of opencast coal, it was agreed that the price for opencast coal be fixed at lire 2,400 per ton.

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(h) Three Bottom Plows (Doc.No.42).

44. MR. CLEVELAND confirmed that the price should be set in the same way as for a two bottom plow, on the basis of weight, and said he thought the price of three bottom plows had already been agreed with the Ministry of Agriculture.

REC.NO. 29. 45. It was agreed that the price for three bottom plows be fixed at lire 90,000 each, F.O.B. seller's warehouse.

VI. Prices to be re-examined:

(a) Mowers (Price expired August 15th 1946)
(b) Plows (Price expired August 15th 1946).

(a) Mowers.

46. MR. KOELLER pointed out, that the season in which mowers were of use, is past. It was, therefore, agreed to let the price on mowers lapse until they were seasonably needed again, at which time a new price could be fixed.

(b) Plows.

REC.NO. 30. 47. After some discussion it was agreed, that the price of two bottom plows, which expired on August 15th 1946, be confirmed at lire 55,000 each, F.O.B. seller's warehouse.

VII. Any other business.

(a) Quebracho Extract.

48. MR. CLEVELAND, referring to item V (c) on the Agenda of the Committee's 6th Meeting, said that, as quebracho extract was part of the hides program now under discussion between the Government and UNRRA, he suggested that this item be dropped from the Committee's agenda for the time being. This was agreed.

(b) Cotton Program (Doc.No.44).

49. MR. CLEVELAND said, some prices for processing cotton had already been set in discussions between the Government and UNRRA outside the Price Committee. Instead of re-opening discussions, he added, the Price Committee should ratify and include in its records the documents on the cotton program signed by the representatives of UNRRA and the Ministries.

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50. MR. FOGLIETTI agreed with MR. CLEVELAND's suggestion.

51. MR. CLEVELAND stated that a Committee would be appointed in order to deal with all problems relating to the distribution of cotton textiles, and that all basic determinations and recommendations on prices would be submitted to the Price Committee.

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(c) Wheat. (Doc.No.43).

52. MR. CLEVELAND pointed out, that this item had already been discussed and that it was agreed to maintain the price of UNRRA - imported wheat on the same level as nationally produced wheat. Therefore, when the new price of wheat for the "ammassi" came into effect, it automatically became applicable to UNRRA - imported wheat. Two consideration, MR. CLEVELAND added, still remained to be made:

1) the average price to be adopted;
2) the date on which the new UNRRA price shall be effective.

MR. CLEVELAND suggested that a Sub-Committee or group be appointed, in order to study the above points and report to the Committee at its next meeting.

53. MR. POFFANO asked that this matter be deferred until September, when a new law on the price of wheat is expected to be passed.

54. MR. LANDSBERG pointed out that the price of domestically produced wheat had been published in the Official Gazette two days ago. Therefore, regardless of when a decision on the price of UNRRA - imported wheat will be reached, it would be retroactive to the date on which the new "ammassi" price had gone into effect.

55. MR. POFFANO replied that there was a price paid to the "ammassi" and another price to the mills. The difference between the price of wheat to the "ammassi" and that to the mills, has been advanced for the present by private Banks. It is expected, that within 2 or 3 days a new decree will be published, establishing how the difference will be refunded, and if (as it is probable) the subsidy shall be borne by the State. Therefore, MR. POFFANO added, if a price for UNRRA wheat is fixed at a higher figure, it will still be necessary to sell wheat to the mills at the price fixed in February 1946.

56. MR. CLEVELAND agreed that this point was clear. However, the Director General had telegraphed to Prime Minister De Gasperi saying that it is the official view of UNRRA that the Lire Fund shall not be used to subsidize the price of bread. Assuming that the Government decides to maintain a political price for bread on the wheat coming in through the "ammassi", and that the Banks are to finance the operation, then the Lire Fund would be financing the operation on the wheat coming in through UNRRA. Therefore, both Banks and the Lire Fund would have to be reimbursed.

57. MR. POFFANO agreed, but pointed out that, until the Decree was issued authorizing the Treasury to pay the Banks and the Lire Fund, no reimbursement could be made to either.

56. MR. CLEVELAND agreed that reimbursement could not be effected until the Decree is published. However, he thought that some of the points mentioned in para [illegible] above,

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2) the date on which the new UNRRA price shall be effective.

MR. CLEVELAND suggested that a Sub-Committee or group be appointed, in order to study the above points and report to the Committee at its next meeting.

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57. MR. POFFANO agreed, but pointed out that, until the Decree was issued authorizing the Treasury to pay the Banks and the Lire Fund, no reimbursement could be made to either.

58. MR. CLEVELAND agreed that reimbursement could not be effected until the Decree is published. However, he thought that some of the preliminary staff work on the points mentioned in para 56 above, might be done immediately, and asked COL. DRAKE to arrange a meeting with representatives of UNRRA and the Government, who would work in close co-operation with the Treasury (ACTION: UNRRA).

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(d) PCL.

59. MR. FOGLIETTI asked the Committee to approve formally, that the rate of exchange applied on PCL prices be changed from 100 lire to the dollar to 225 lire to the dollar, and that the decision be recorded on the minutes.

REC.NO. 31

60. MR. FOGLIETTI's suggestion was accepted and it was agreed, that the new rate of exchange would be effective for sales on or after September 1st 1946.

61. MR. CLEVELAND hoped that the detailed schedule of prices, to be agreed between the Sub-Bureau of Industrial Rehabilitation, CIP and the Government, would be available at the next meeting.

62. The meeting adjourned at 1.10 p.m.

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ATTACHMENTS: Doc.Nos. 37, 38, 39, 40, 41, 42, 43, 44

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Price Office - Bur. R & D
Spec.Ass't to C o M (2)
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Regional Directors (9)
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American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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UNRRA - ITALIAN MISSION Attachment H-1-c
Central Secretariat

PRICE COMMITTEE

Minutes of a Special Meeting
held at 4.30 p.m. on 28th August 1946

PRESENT FOR UNRRA:

B. Luzzatto	R & D, Chief of Sub-Bureau of Industrial Rehab.
F. Verdirame	R & D, Police Office
H. Landsberg	R & D, Program Coord. & Statistics
J. Fagan	R & D, Sub-Bureau, Industrial Rehabilitation
G. Hopkins	Financial Adviser (Lire Fund)
E.G. Lapenna	Office of Special Ass't to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. De Graan	CIP
Mr. Zath	CIP
Mr. Revera	CIP
Mr. Foglietti	Interministerial Committee on Prices
Mr. Calderale	Ministry of Treasury

ATTACHMENT: Document No.45

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Bur. P & A (2)
Bur. R S (2)
Div.Progm.Coord.& Statist (Sub-Bur. of Supply Operations)

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

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J. Fagan	R & D, P&A Bureau, Industrial Rehabilitation
G. Hopkins	Financial Adviser (Wire Fund)
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Mr. Revera	CIP
Mr. Foglietti	Interministerial Committee on Prices
Mr. Calderale	Ministry of Treasury

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1. MR. LUZZATTO opened the meeting, the purpose of which was t base the price of POL on the dollar exchange rate of 225 lire. MR. LUZZAT stated that it was important to compare the price of fuel oil with the pri of coal. Recognising that coal is now being sold below the landed cost, it was agreed that the new price of fuel oil (8.00 lit. per Kg.) was not out of line.

2. MR. DE GRAAN asked for formal approval of UNRRA's request th t all sales tax proceeds be paid into the Lire Fund. POL imported into the country by UNRRA is transferred to CIP free of tax (or rather the tax paid at that stage is refunded to the Lire Fund together with Customs duties), but on further transfer or sale, sales tax is added, for which CIP reimburses the retailer. MR. POGLIETTI disagreed with this request, and it was decided to re-examine the question at a later date in the light of the Agreement between UNRRA and the Italian Government.

3. Handling costs were then discussed, particularly in connection with POL supplied to the Allied Forces. MR. DE GRAAN suggested that the best method of recovering these would be for CIP to submit an account to the Government each month, and when the money was received, to pay it into the Lire Fund. He stated that this procedure should be put into operation as from 1st September. MR. LANDSBERG suggested that the account for the first part of the year beginning 1 February, should be submitted for payment to the Government, in view of the fact that the civilian population would otherwise be paying for services rendered to the military on behalf of the Government for that period. It was recommended that UNRRA should address a memorandum to the Government presenting the following points:

(a) Explanation as to how the recommended procedure avoids charging civilians with expenditure for Allied account,

(b) arrangements for making the recommendation effective as of 1 February.

MR. LANDSBERG stated that if agreement could not be reached with the Government on this point, distribution costs would have to be lowered proportionately. MR. DE GRAAN pointed out that this would create a deficit in CIP's accounts.

Aug.31 4. A chart, setting out new costings for POL was examined by the Committee and the retail prices of Gasoline, Kerosene, Diesel oil and Fuel oil, set forth therein, were agreed to. (Document No. 45). MR. LANDSBERG referred to the contingency fund, which he stated was set up to cover the cost of coastline shuttle traffic if such cost was to be charged to CIP for civilian account. It was decided to leave this item in and settle the account either at the end of the year, or when CIP terminated. MR. LANDSBERG added that if CIP had not been charged

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(b) arrangements for making the recommendation effective as of 1 February.

MR. LANDSBERG stated that if agreement could not be reached with the Government on this point, distribution costs would have to be lowered proportionately. MR. DE GRAAN pointed out that this would create a deficit in CIP's accounts.

Ref. 31 4. A chart, setting out new costings for POL was examined by the Committee and the retail prices of Gasoline, Kerosene, Diesel oil and Fuel oil, set forth therein, were agreed to. (Document No. 45). MR. LANDSBERG referred to the contingency fund, which he stated was set up to cover the cost of coastline shuttle traffic if such cost was to be charged to CIP for civilian account. It was decided to leave this item in and settle the account either at the end of the year, or when CIP terminated. MR. LANDSBERG added that if CIP had not been charged with the coastwise traffic that account would also be paid into the Lire Fund. MR. DE GRAAN pointed out that as the system of salary increases ran on a ten months basis, and CIP operated for six months only, the reserve fund therefore might also have to cover dismissal wages. MR. REMBERT stated that the reserve column covered payments of shuttling expenses, and agreed that the best way of dealing with this matter was that any unexpended balance at the end of the UNRRA programme should be paid into the Lire Fund.

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5. MR. LUZZATTO referred to Column D of the chart, which, he said, was a concern between CIP and the Government. MR. DE GRAAN confirmed a previous understanding that bunkerage was charged to CIP and did not affect the present price schedule. There was general agreement on the various costings as set out in Appendix (a).

6. MR. DE GRAAN stated that it had been agreed at a meeting at the American Embassy that CIP should pay for refinery repairs out of profits from the sale of non-UNRRA stocks left by the military, but said that there had been no opportunity to create a reserve fund for this purpose, as the sales at present taking place were all on behalf of UNRRA. He asked for a moratorium for a short period, to enable CIP to sell their own stocks which had been in the country before UNRRA started importing POL, and suggested that the moratorium should be for a month or six weeks.

7. MR. LUZZATTO stated that this Committee was not in a position to make such a decision. MR. DE GRAAN informed the meeting that he was not paying the full amount of lire into the Fund each month, as he found it necessary to retain certain sums for current expenses.

8. It was decided that the prices of lubricating oils, of which there are some 37/40 grades, should be changed proportionately with the prices of fuel oil, according to grade.

9. The Committee agreed that the CIP accounting should be made on a new basis retroactive to 1 February, showing sales by type of fuel and amount to be paid into the Lire Fund for each. MR. LUZZATTO stated that this Committee Meeting would be considered as a special Price Committee Meeting and the decision submitted to Mr. Keeny and Avv. Montini for ratification.

10. The meeting rose at 5.40 p.m.

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the various costings as set out in Appendix (a).

6. MR. DE GRAAN stated that it had been agreed at a meeting at the American Embassy that CIP should pay for refinery repairs out of profits from the sale of non-UNRRA stocks left by the military, but said that there had been no opportunity to create a reserve fund for this purpose, as the sales at present taking place were all on behalf of UNRRA. He asked for a moratorium for a short period, to enable CIP to sell their own stocks which had been in the country before UNRRA started importing POL, and suggested that the moratorium should be for a month or six weeks.

7. AVV. LUZZATTO stated that this Committee was not in a position to make such a decision. MR. DE GRAAN informed the meeting that he was not paying the full amount of Lire into the Fund each month, as he found it necessary to retain certain sums for current expenses.

8. It was decided that the prices of lubricating oils, of which there are some 37/40 grades, should be changed proportionately with the prices of fuel oil, according to grade.

9. The Committee agreed that the CIP accounting should be made on a new basis retroactive to 1 February, showing sales by type of fuel and amount to be paid into the Lire Fund for each. MR. LUZZATTO stated that this Committee meeting would be considered as a special Price Committee Meeting and the decision submitted to Mr. Keeny and Avv. Montini for ratification.

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NEW COSTINGS P.O.L.

Figures are in Lire per liter and per Kg.

		New Retail Price A	Actual Distribut. Costs B	General expenses C	RESERVE D	TOTAL B-C-D E	Difference A - E F	Cu Duti Ta
GASOLINE H.B.	(per liter	27.-	8.49	0.50	2.40	11.39	15.61	9
	(per kg.	36.16	11.36	0.67	3.22	15.25	20.91	12
KERO	(per liter	23.-	8.72	0.53	2.36	11.61	11.39	6.
	(per kg.	28.50	10.74	0.67	2.86	14.27	14.23	8.
DIESEL OIL	(per liter	24.-	9.22	0.48	2.42	12.12	11.88	6.
	(per kg.	28.32	10.89	0.57	2.85	14.31	14.01	8.
FUEL OIL	(per liter	7.53	1.30	0.25	0.65	2.20	5.33	0.
	(per kg.	8.-	1.39	0.27	0.68	2.34	5.66	0.

Column B includes : - Out of pocket expenses
- Repairs and maintenance
- Plant expenses for a/o Allied Forces

Column D includes : - Dismissal indemnities
- Shuttling

Column C includes : - Custom Duties and Taxes
- Turnover Tax (I.C.E.)
formerly in colum 15

Roma, 28/8/46

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NEW COSTINGS P.O.L.

PRICE COMMITTEE
DOCUMENT NO: 45.

Figures are in Lire per liter and per Kg.

	New Retail Price A	Actual Distribut. Costs B	General expenses C	RESERVE D	TOTAL B-C-D E	Difference A - E F	Custom Duties and Taxes G	Net Back F - G H
per liter	27.-	8.49	0.50	2.40	11.39	15.61	9.15	6.46
per kg.	36.16	11.36	0.67	3.22	15.25	20.91	12.26	8.65
per liter	20.-	8.72	0.53	2.36	11.61	11.39	6.64	4.75
per kg.	28.50	10.74	0.67	2.86	14.27	14.23	8.30	5.93
per liter	24.-	9.22	0.48	2.42	12.12	11.88	6.93	4.95
per kg.	28.32	10.89	0.57	2.85	14.31	14.01	8.18	5.83
per liter	7.53	1.30	0.25	0.65	2.20	5.33	0.25	5.08
per kg.	8.-	1.39	0.27	0.68	2.34	5.66	0.27	5.39

Column B includes : - Out of pocket expenses
- Repairs and maintenance
- Plant expenses for a/o Allied Forces

Column D includes : - Dismissal indemnities
- Shuttling

Column G includes : - Custom Duties and Taxes
- Turnover Tax (I.C.E.)
formerly in column 15

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PRICE COMMITTEE
DOCUMENT NO: 45

(B) This includes cost of services to the Allied Military. Since these costs will gradually become chargeable to civilian account as the Allies move out, this item must remain in the distribution cost. However, CIP is to bill the Italian Government for services rendered to the Allied Military, and upon receipt of them will pay such sums into the Lire Fund.

(D) In order not to handicap CIP in its operations, this item was left in the distribution cost with the understanding that this reserve item is subject to control by USFIA and that any unexpended balance will be paid into the Lire Fund.

(F) Represents Lire Fund accrual per unit.

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(B) This includes cost of services to the Allied military. Since these costs will gradually become chargeable to civilian account as the Allies move out this item must remain in the distribution cost. However, CIP is to bill the Italian Government for services rendered to the Allied Military, and upon receipt of them will pay such sums into the Lire Fund.

(D) In order not to handicap CIP in its operations, this item was left in the distribution cost with the understanding that this reserve item is subject to control by UNRRA and that any unexpended balance will be paid into the Lire Fund.

(?) Represents Lire Fund accrual per unit.

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Attachment H-1-f

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UNRRA ITALIAN MISSION

1 August, 1946.

To the Hon. Alcide De Gasperi,
President of the Council of Ministers,
Rome.

My dear Prime Minister:

1. I have just received a confidential communication from Director General La Guardia, reading as follows:

"1. Please pass following to De Gasperi. I have given more study to your proposal to introduce additional bread subsidy. May I repeat my request do not use the sale proceeds of UNRRA goods now accumulated into Lire Funds. It will be impossible to keep the subsidy on this basis. It would be embarrassing to you and to me when the subsidy ended. This fund may be used to greater advantage and interest of Italy.

"2. I plan to submit to the members of UNRRA at the forthcoming Council proposals for a better and more effective plan for the use of these funds which will result in more effective, longer and substantial aid to the receiving countries."

2. This instruction, of course, supersedes any tentative commitments made by me on this matter; in particular, this cancels the tentative commitment made in my letter of 22 May to you, a copy of which is attached for ready reference.

3. Mr. La Guardia is, of course, aware that the allocation of amounts from the Lire Fund is a matter for agreement between UNRRA and the Italian Government; and I am sure that he will listen sympathetically to any considerations your Government wishes to place before him. Until such agreement is reached, however, the position of this Mission must be that it cannot agree to the use of Lire Funds for the subsidy of the bread price.

Please accept the expression of my highest esteem.

S.M. Keeny
CHIEF OF MISSION

Encl - 1 (para2)
CM 6979

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

My dear Prime Minister:

1. I have just received a confidential communication from Director General La Guardia, reading as follows:

"1. Please pass following to De Gasperi. I have given more study to your proposal to introduce additional bread subsidy. May I repeat my request do not use the sale proceeds of UNRRA goods now accumulated into Lire Funds. It will be impossible to keep the subsidy on this basis. It would be embarrassing to you and to me when the subsidy ended. This fund may be used to greater advantage and interest of Italy.

"2. I plan to submit to the members of UNRRA at the forthcoming Council proposals for a better and more effective plan for the use of these funds which will result in more effective, longer and substantial aid to the receiving countries."

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Please accept the expression of my highest esteem.

S.K. Kecny
CHIEF OF MISSION

Encl - 1 (para2)
CM 6979

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Attachment H-1-g

UNRRA ITALIAN MISSION

26 August, 1946.

To the Hon. Alcide De Gasperi,
President of the Council of Ministers,
Rome.

My dear Prime Minister:

1. Further to my letter dated 1 August '46, regarding the possibility of a subsidy for the price of bread from the Lire Fund, the matter was discussed further with Director General La Guardia during the recent meeting of the UNRRA Council in Geneva.

2. I now have to inform you that the Director General has confirmed his previous decision communicated to you in my above-mentioned letter, that the proceeds of sale of UNRRA supplies to Italy (i.e. the Lire Fund) cannot be used to subsidize the price of bread.

Please accept the expression of my highest esteem.

S.M. Keeny
CHIEF OF MISSION

CE 8980

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

To the Hon. Alcide De Gasperi,
President of the Council of Ministers,
Rome.

My dear Prime Minister:

1. Further to my letter dated 1 August '46, regarding the possibility of a subsidy for the price of bread from the Lire Fund, the matter was discussed further with Director General La Guardia during the recent meeting of the UNRRA Council in Geneva.

2. I now have to inform you that the Director General has confirmed his previous decision communicated to you in my above-mentioned letter, that the proceeds of sale of UNRRA supplies to Italy (i.e. the Lire Fund) cannot be used to subsidize the price of bread.

Please accept the expression of my highest esteem.

S.M. Keeny
CHIEF OF MISSION

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SUPPLEMENTARY AGREEMENT Attachment II-1-h

1. Whereas on March 25th 1946 an Agreement was signed in Rome between UNRRA - Italian Mission, referred to here below as UNRRA, represented by S.M. Keeny, Chief of the Italian Mission, and Sorveglianza Societa' Italiana per Azioni Assistenza agli Sbarchi e Spedizione, referred to here below as Sorveglianza, represented by Bruno Bertoli, Vice Director.

2. Whereas it was agreed in the contract mentioned under Article (1) above that SORVEGLIANZA will superintend the discharge in Italian ports of UNRRA commodities coming from overseas for the account of UNRRA - Italian Mission.

3. The following stipulations, which are supplementary to and not in substitution of those contained in the original contract of March 25th 1946, mentioned in Article (1) above, are hereby mutually agreed.

4. SORVEGLIANZA will superintend the discharge in Italian ports of UNRRA bulk oil cargoes coming from overseas for the account of UNRRA - Italian Mission. In the case of packaged cargoes carried on tankers, these cargoes will be handled under the terms, conditions and rates of general cargo, as specified in the original contract of March 25th 1946.

5. On ship's arrival SORVEGLIANZA undertakes to effect the following operations:

(a) ascertain vessel's draft;
(b) take tanker measurements (ullages);
(c) determine density and temperature of oil in each tank by average of three dips from top, centre and bottom, before pumping into shore installation commences;
(d) check on quantity of fuel oil in ship's bunkers, unless refused by the ship's master.

6. SORVEGLIANZA also undertakes to be present on board, by and night, during the discharge of bulk oil cargoes or packaged goods, in order to keep full record of discharge in accordance with Article (3) of the original contract of March 25th 1946.

7. If UNRRA or SORVEGLIANZA deem it necessary, SORVEGLIANZA will carry out the sampling of bulk oil cargoes in accordance with the usual commercial practice.

8. At the completion of discharge SORVEGLIANZA will carefully inspect the ship's cargo, tanks and bunkers

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(c) determine density and temperature of oil in each tank by average of three dips from top, centre and bottom, before pumping into shore installation commences;
(d) check on quantity of fuel oil in ship's bunkers, unless refused by the ship's master.

6. SORVEGLIANZA also undertakes to be present on board, day and night, during the discharge of bulk oil cargoes or packaged goods, in order to keep full record of discharge in accordance with Article (3) of the original contract of March 25th 1946.

7. If UNRRA or SORVEGLIANZA deem it necessary, SORVEGLIANZA will carry out the sampling of bulk oil cargoes in accordance with the usual commercial practice.

8. At the completion of discharge SORVEGLIANZA will carefully inspect the ship's cargo, tanks and bunkers ensuring that all oil cargo in ship's tanks was entirely discharged, and in the case of heavy oils, when steam or other cleaning of tanks is required, that the quantities of oil resulting from such steam or other cleaning are also discharged or accounted for.

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9. In the event of vessels having to discharge at a second port, SORVEGLIANZA will take tank ullages immediately on completion of discharge at first port and repeat the operation on vessel's arrival at second port.

10. For all operations mentioned in articles 4 to 9 above, UNRRA will pay SORVEGLIANZA 10 lire per manifest ton on UNRRA bulk oil cargo, regardless of whether vessel discharges the cargo at one or more ports.

11. For the tallying out of packaged goods, UNRRA will pay SORVEGLIANZA 35 (thirty five) lire per manifest ton, in accordance with article (7) of the original contract of March 25th 1946, regardless of the number of ports of discharge.

12. The supplementary agreement shall take effect from this day's date. It shall remain in force until the termination of the contract of March 25th 1946, mentioned in Article (1) above.

Date: 14 August 1946

(Signed) C.E. HOLCETTS, for
S.M.Keery, CHIEF OF THE
UNRRA ITALIAN MISSION

(Signed) AMEDEO AONZO

Amedeo Aonzo, DIRECTOR,
SORVEGLIANZA.

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Date: 14 August 1946

(Signed) C.E. HOLGATE, for
S.L.Keeny, CHIEF OF THE
UNRRA ITALIAN MISSION

(Signed) AMEDEO AONZO

Amedeo Aonzo, DIRECTOR,
SORVEGLIANZA.

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E-2. BRIEF SUMMARY OF THE MAIN ECONOMIC DEVELOPMENTS IN ITALY DURING AUGUST, 1946

By the Division of Operational Analysis.

INTRODUCTION

1. The draft clauses of the Peace Treaty and the lire situation were uppermost in Italian economic thought during August, 1946. There is a sense of apprehension and uncertainty for the future. Domestic unrest has been evidenced by complaints of increasing cost of living, labor demands for increased wages and by rising speculation. The Party Coalition is losing its unity of economic and financial objective. This has culminated in the resignation of the conservative Treasury Secretary who sees no hope of carrying through the accepted rehabilitation program in the absence of continued agreement between the political parties.

2. There is a danger that the slow return over the past six months to equilibrium in the Italian economy will be arrested. Improvement in the position can come mainly from a reasonable and rapid settlement of reparations, by an early promise of foreign financial assistance, and by early political pacification.

3. Notwithstanding the generally unfavorable situation Italy's economic position is improving as compared with past months. This is due mainly to larger imports by UNRRA of coal and industrial raw materials and to the momentarily improved food situation and increased exports.

UNFAVORABLE FACTORS

4. The unfavorable factors in the August, 1946 situation were:

(a) the heavy war reparations required from Italy. According to some estimates the sums demanded in reparations are a considerable proportion of the present national wealth (estimated at 550,000 million lire (1938 value)).

(b) the deterioration in the currency situation and new evidences, seen in increased speculation, of lack of confidence in the lire.

(i) Currency circulation increased from 379,800 million lire at the end of February 1946 to 414,800 million lire at the end of July 1946. Of this increase of 35,000 million lire the increase in July was 12,900 million lire. In the period 1 March to 31 July the issues of currency for the Allies

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Declassified E.O. 12356 Section 3.3/NND No. 785013

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2. There is a danger that the slow return over the past six months to equilibrium in the Italian economy will be arrested. Improvement in the position can come mainly from a reasonable and rapid settlement of reparations, by an early promise of foreign financial assistance, and by early political pacification.

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(i) Currency circulation increased from 379,800 million lire at the end of February 1946 to 414,800 million lire at the end of July 1946. Of this increase of 35,000 million lire the increase in July was 12,900 million lire. In the period 1 March to 31 July the issues of currency for the Allies amounted to 26,000 million lire.

(ii) Sums in current accounts with the Bank of Italy available to the Treasury increased from 34,000 million on 28 February to a maximum of 38,800 million lire on 30 April, falling later to 18,500 million lire on 31 July, a fall of more than 20,000 million lire in three months.

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(iii) Rates of exchange and gold prices on the open market have increased rapidly (the U.S. dollar increased from 281 lire in April to 333 in March, 366 in June, 401 in July and 490 at the end of August).

(iv) Prices of shares in private industrial companies increased rapidly to 26 August 1946 reaching, as compared with 1940-100, a maximum index number of 1028. (The previous maximum point had been reached in December, 1944, with 915 and the minimum in April 1946, with 354). This increase in July - August 1946 originated from revaluation of company's assets, distribution of shares free of charge etc. and in normal circumstances would call for no comment. But having regard to the present situation, this increase gave rise to an abnormal movement resulting in speculation. When, towards the end of August, the Minister of the Treasury announced that steps would be taken against speculation a substantial reduction in share prices took place (index 887 on 31 August 1946).

(c) The increasing deficit in the State budget due to the substantial increase in government expenditure (for salary increases to civil servants and for public works) not estimated in the budget and against which there was no proportional increase in revenue.

(d) The state of uneasiness and unrest and the lower productivity of the workers, fearful of further reduction in the already low standard of living owing to currency devaluation.

(e) The disharmony within the Government on economic and financial reconstruction questions.

(f) Slow progress in building reconstruction and public works during the summer months.

(g) Uncertainty regarding Italy's situation at the close of UNRRA's operations and a heavy prospective deficit in the balance of payments for 1947, tentatively estimated by UNRRA at more than 600 million dollars.

FAVORABLE FACTORS

Among the more favorable factors in Italy's situation in August 1946 are:

(a) Improvement in the food situation owing to a better harvest.

(b) The net increase in rations in the period July-August (bread 200 to 235 grams a day) and pasta (from back 500 to 2,000 grams a month), and in August (sugar, from 100 grams to 300 grams a month) and the greater availability of fruit and vegetables, which resulted also in a fall in the open market prices for bread, flour and pasta. There has been a reduction in the family expenditure on food generally although somewhat offset by increased prices for fats and meat. (In the last week of August a sudden rise of 10% occurred in retail prices of foodstuffs on the free market). [illegible] number for cost of living (food only)

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gave rise to an abnormal movement resulting in speculation. When, towards the end of August, the Minister of the Treasury announced that steps would be taken against speculation a substantial reduction in share prices took place (index 887 on 31 August 1946).

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(e) The disharmony within the Government on economic and financial reconstruction questions.

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(c) Increased UNRRA coal imports and anticipated further increased coal imports in September 1946.

(d) Increased imports of industrial raw materials.

(e) Gradually increasing exports. In the first seven months of 1946 exports were valued at 24,592.3 million lire (equal to 54.4 per cent of imports - valued at 45,236 million lire). The values of the exports in each month were, in

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million lire: January 751.4; February 2,802.6; March 2,775.0; April 3,926.5; May 4,024.7; June 4,340.3; July 5,371.8. New trade agreements were negotiated with Norway and the Netherlands.

(f) Increased revenues from taxation: 16,000 million lire in July, equal to 2,500 million lire more than the monthly average of the first half of 1946.

(g) Increased production (particularly in the textile, chemical and glass trades) and larger bank operations of a commercial character.

CONCLUSION

Italian economy in August 1946 was under the threat of a new inflation, accompanied by some lack of confidence in the lire and resulting in higher open market exchange rates, higher share prices in general and in a tendency to invest in goods. Notwithstanding this and some labor unrest industrial activity shows an improvement and the food situation is better. These are short-term considerations. From the long-term aspect the general economic situation in Italy is still most uncertain and can only give hope of betterment when there is evidence of greater appreciation abroad of the difficult road along which Italy must travel to rehabilitate her economy.

J.H. GORVIN
A/DIRECTOR,
DIVISION OPERATIONAL ANALYSIS
and A/ECONOMIC ADVISER.

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J.H. GORVIN
A/DIRECTOR,
DIVISION OPERATIONAL ANALYSIS
and A/ECONOMIC ADVISER.

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H-3. MONTHLY REPORT OF THE DIVISION OF INFORMATION FOR

AUGUST, 1946

INTRODUCTION

1. Despite the enormous Italian interest in the Paris Peace Conference and its repercussion on Italy, the UNRRA 5th Council in Geneva was given great prominence in the Italian Press. This was probably due to thinking Italians' view that Italy's food and general supply problem-so vitally dependent upon UNRRA-must be an outstanding consideration of any peace treaty for Italy.

2. The complete lack of unfriendliness towards Italy was an outstanding feature of the 5th Council and contrasted markedly with the Council meeting in London last year.

3. The leader of the Italian Observers, Mr. Montini, addressed a Plenary Session of the Council, stressing the importance of continued aid to Italy in 1947 and expressing his government's gratitude for UNRRA's work during 1945-46. This address created a very favorable impression on the press correspondents who recognized the evidence of goodwill and determination of the Italian Government to re-establish Italy's economy and feed her people while adopting firm measures to insure the amassing of the maximum quantity of indigenous wheat.

4. Shortly after the opening of the 5th Council a story appeared in the JOURNAL DE GENEVE referring to riots in Sicily which were connected with the amassing campaign. The Director of Information cabled to Rome for details and up-to-date figures of amassing. On receipt of these figures a release was made in Geneva to all the foreign correspondents, in which the excellent results of the amassing in relation to the target figure were referred to. This release was very timely and served to increase the already large volume of sympathetic understanding of the Italian food problem.

5. While in Geneva contact was made with a large number of press people and with delegates of various contributing nations. Here the intention was to acquaint both press and delegates with the Italian program and the Italian problems in connection with that program. The pamphlet "UNRRA AIDS ITALY" was given to each of the delegates and explained to them, while 500 copies were distributed to the correspondents accredited to the Council.

6. It was agreed that a member of the Information Division in Geneva should despatch a round-up cable to all missions daily. However, it was found that this cable had not been sent regularly, whereupon a tightening up was instituted, and this was supplemented by cables from the Director of Information of the Italian Mission direct to Rome. In these cables the outstanding features of the Council were made known to the Rome office.

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7. An excellent photographic exhibit was prepared in a prominent part of the Palace in Geneva together with charts supplied by the Bureau of Requirements and Distribution and pictures of the UNRRA Pavilion at the Rome exhibition. The exhibit was very popular with both delegates and press. The pamphlet "UNRRA AIDS ITALY" and copies of ECONOMIC NOTES and the Economic Survey were also available at the exhibit. Though the 5th Council produced little material for local press (Italian press) its wider scope to include all foreign correspondents and delegates of some 35 nations has and will provide

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benefits to UNRRA and the UNRRA Italian Mission in particular.

8. In June during August, despite illness which severely curtailed the Information Division staff, an increased number of releases were made and the high standard of ECO Public NOTES maintained. These releases were well used and the Italian edition of ECONOMIC NOTES quoted at length.

9. The UNRRA pavilion with its exhibit, intended to explain UNRRA to the Italian people, opened on August 8 and was an instantaneous success. It tells the UNRRA story in simple pictorial and objective form, and has been visited by approximately 45,000 people to date. 1,000 visitors passing through daily and between 5,000 and 7,000 on Sundays and holidays. The press have also given enthusiastic accounts of the exhibit which is admittedly the most effective propaganda for UNRRA that has been done anywhere. Several requests have been received from regional centers for exhibits similar to the one in Rome, and the eventual moving of a portion of the exhibit to other principle Italian cities is under consideration.

10. Inaccurate statements regarding UNRRA in Italy are still being countered by inviting the correspondents to conduct an interview with responsible UNRRA Mission officials and touring of UNRRA installations. This has usually resulted in the publication of good and precise articles which in themselves contradict the errors in the original articles.

11. The Italian people are very much more aware of what UNRRA is doing and the means by which the supplies UNRRA brings into Italy are distributed. In this connection the distribution of the Italian edition of "UNRRA AIDS ITALY" has been of great value.

REGIONS

12. The Information Officers in the regions are functioning well. An ever-increasing number of articles on UNRRA are being placed in provincial papers, since the Geneva Council. Despite predictions that the Peace Conference at Paris would completely overshadow the 4th Council at Geneva, such was not the case. Governments and peoples of war-devastated Europe, struggling to survive, were much concerned with this Session, scheduled to be the last, and the deliberations were followed with close interest and much editorial comment. The constant plea of the Italian press was for continuance of UNRRA activities well into 1947. Official press releases on Council Sessions received wide publication.

13. From the Regional Offices in August came these reports:

(a) Sardinia - The small public relations office in the Sardinia Region, which was not up to July 22nd, begins to show results. The first regional bulletin was published in August, not without some difficulty. Weekly articles on UNRRA activities appear in the Sardinian independent paper "UNIONE SARDA", and provincial papers have begun to carry the

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(b) Sicily - There is as yet no assigned Information Officer attached to the Palermo office, but arrangements have been made to send clippings from the Sicilian press to Rome headquarters and heads of the different

services have been asked to forward notes for stories to Rome. The regional workers seem ... ly alive to the advantages to be gained by such publicity and their co-operation will follow. Efforts continue to fill the gap with an Information Officer at Palermo.

(c) Southern - The Information branch has made considerable progress during the past month. Many articles on UNRRA news appeared in the city and provincial press, due to the activity of the Public Relations Officer in contacting Italian newspapers. By the end of the month an assistant had been appointed for the Bari office which should bring news from there for general distribution. The Naples press have offered accomodation for exhibits of UNRRA imports, similar to the "Mostra" in Rome, and the headquarters office is considering ways and means to put on such an exhibit, at least with photographs. A conducted tour of six summer colonies in the province resulted in items in the most important papers which extolled the benefits to the children.

(d) Central - The Regional Information Officer has inaugurated during the past month a Weekly Regional Press Digest in English and Italian.

(e) Emilia-Toscana - This Regional Information Office has had its usual busy month. Releases from Florence are eagerly received by the provincial press and the release entitled "War on the Black Market in Emilia and Toscana Region" was published very widely, not only in the region but elsewhere in Italy. Distribution of ECONOMIC NOTES has grown steadily, 200 being added in August, making the total 1,670 copies. Long excerpts from the NOTES appear in the press as well as articles based on facts contained therein. The Regional Director's radio talk on housing, 19 August, was well received. Excerpts from a press release of the talk in Italian appeared in many papers.

(f) Liguria-Piemonte - The Ports of Genoa and Savona are having extremely heavy traffic of UNRRA supplies and the Regional Public Information Officer took full advantage of the fact to get publicity for UNRRA. There was good coverage of port matters as well as material for publication from ECONOMIC NOTES. There is considerable demand for translation into Italian of the Supplement to ECONOMIC NOTES, distributed with the weekly "NOTES" but not prepared by the Public Information Division.

(g) Lombardia - The Information Service at Milan carried on its usual work of press review and digests, clippings and information to regional officers as to any news items affecting their special fields. There have been many distinguished visitors who had to be cared for variously. The new weekly news bulletin "Rassegna Settimanale" has met with wide favor. Many papers have printed excerpts from this bulletin and requests for further information have shown the interest stirred. To quote from the monthly report of the Regional Director: "In addition all papers gave a great deal of attention to UNRRA's contribution toward the equipment and upkeep of summer colonies, since there is hardly a commune in Lombardia which does not have at least one of these colonies".

(h) Venice - The month of August was reported by the Regional Director as being a comparatively "peaceful" month, with activities of the Information Office rather quieter than usual. Attention was given in the

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(h) Venice - The month of August was reported by the Regional Director as being a comparatively "peaceful" month, with activities of the Information Office rather quieter than usual. Attention was given in the press to C.S.A.S (Comitato Amministrativo Soccorso di Senzatetto - Administrative Committee to Aid the Homeless), with praise for UNRRA aid, the amassing where the yields have been unexpectedly high, and most favorable reports on DDT treatment.

PRESS

14. Throughout the month of August articles and new stories of UNRRA appeared in increasing numbers in the Foreign Press. Many of the articles are made up of lengthy quotations from ECONOMIC NOTES and the releases put out by the Division.

15. The ECONOMIC NOTES circulation continues to increase and the Economic Survey which is being distributed as a supplement to ECONOMIC NOTES has been well received by the Foreign Press. While in Geneva the

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Director of the Div[illegible]on, in the course of contacts [illegible]h Foreign correspondents and delegates, distributed copies of the ECONOMIC NOTES and the factual pamphlet, both of which were regarded as extremely valuable as background for articles on UNRRA in Italy.

RADIO

16. Thomas Cobb, International Film Foundation, returned to Rome about the 10th of August. He is shooting his film in the Florence area, with three operators. Arrangements were made to have transportation at his disposal for a month, and letters of introduction, etc. were given him to facilitate his contacts and work. Mr. Cobb will let us use, for our purposes, any of the material they film.

17. Norman Corwin, American commentator and winner of the Wilkie Award, made a tour to Lanuvio with Mrs. O'Brien and Miss Guglielmo. They made recordings in the heart of the town, amidst rubble, etc., with Mr. Corwin asking questions of the townspeople. (Mr. Corwin's mission is finding out what the man-in-the-street is thinking).

18. Albert Shea, Canadian Food Information Service and CANADIAN BROADCASTING CORP. arrived in Rome 17 August. He visited a "Khibouts" camp (Jewish Communal [illegible] talked to Ingrue, visited markets in Rome, and visited Cassino to talk to the people, etc. after which he made a recording through RAI (Radio Audizioni Italiane - Administrative Office Radio Roma) to film CASAS work there. Messrs. Thale and Shea also went on this tour.

19. Radio transmissions by Mr. Keeny:

8 August 1946	Opening of the "Mostra", and UNRRA's place in the "Mostra delle Attivita' Romane". (Text Attached)
29 August 1946	Broadcast shortly after Mr. Keeny's return from the UNRRA Council Meeting at Geneva. (Text Attached)

FILMS

20. The UNRRA documentary script is finished and is now being modified for filming purposes. The main shooting is expected to start within 10 days. LUCE filming of the locust campaign will be used in the documentary.

21. Copies of films taken of the UNRRA Pavilion at the "Mostra delle Attivita' Romane" will be sent to Washington and London. MGM has shown some material in their newsreel already. LUCE is making a longer story of it for their houses. Flashes from it are to be used as background for acknowledgments for early part of the documentary - globe, flags, ships, etc.

22. Henri Fabiani, MGM correspondent, almost immediately after arriving in Rome, flew to Sicily to cover rioting there and took

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23. Distinguished visitors: John Thale, Chicago Daily News, was

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anxious to get orientated on UNRRA activities. He was given interviews by various members of the Mission staff. Arrangements for a tour were made to Cinecitta', Cassino, Civitavecchia port and a school feeding by UNRRA welfare.

24. Blair Fraser, MCLEAN's, arrived 15 August. Arrangements were made for him to visit Cinecitta' and interviews with various members of the Mission staff, regarding food problems and displaced persons.

25. Albert Shea, CANADIAN FOOD INFORMATION SERVICE & CANADIAN BROADCASTING CORP., was conducted on a tour of the Rome markets with Mr. Gergulilo of Agricultural Rehabilitation Section. Another tour was arranged for Pontecorvo and Cassino to talk to the people and look at CASAS activities, later in the week to Civitavecchia for port operations. Mr. Shea did a 3-minute broadcast for CBC. Mr. Keeny is to do one 3-minute broadcast for Canadian audiences in addition to a 15-minute exchange with Gordon Sutherland who is Canadian. He also sent pictures to the Canadian Information Service. (See RADIO)

26. Edgar Ansel Mowrer, American columnist and Radio Commentator, was conducted to Valmontone where he had interviews with the townspeople and the town doctor. He was given background material on UNRRA activities in Italy in general.

27. Mrs. Arthur Fletcher, Writer, visited Lanuvio 28 August to get ideas on the cost of living, what the people are thinking, what they can expect, etc.

28. Mr. H. Hynd, British Member of Parliament, had an interview with Mr. Keeny with the Director of Public Information Division. He was conducted on tours to Cinecitta', Lanuvio - going through Albano, Genzano asking people questions.. He is going to make a tour of the Regions during the coming 3 weeks.

PHOTOGRAPHS

29. The respite from exhibition and display work this month has given the section an opportunity to complete a number of stories which had been on hand. Altogether 8 new picture stories have been completed and distributed.

30. Figures for distribution of photographs this month total 863. While this is less than that of last month, when staff worked excessive overtime, it is considerably higher than any previous normal month.

PAMPHLET & PRINTED MATERIAL

Leaflet: "Che Cosa E' L'UNRRA?"

31. The leaflet is being distributed to visitors to the UNRRA Pavilion. Substantial quantities have been dispatched to the regions and arrangements are being completed to have it distributed by Italian Government agencies to every town and province in the country (total quantity 600,000).

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32. Preparations are being made for the printing of a large poster version of the leaflet in color for distribution and posting throughout Italy by the Government (total 25,000).

33. Plans have been worked out with the Regional Offices for an expanded WEEKLY BULLETIN, to set forth the activities of the regions and to make the BULLETIN a "house organ" for exchange of information on mutual problems. Also the DAILY PRESS DIGEST now carries briefs of world news as well as excerpts on local current economic developments.

Pamphlet: "UNRRA AIDS ITALY"

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34. Italian edition of the pamphlet "UNRRA AIDS ITALY" is to be run in serial form in leading newspapers throughout the country in addition to the Italian copy of the pamphlet being distributed to every commune.

GENERAL

Mostra delle Attivita' Romane

35. Completed the preperation and opening of the UNRRA Pavilion at the MOSTRA. The Pavilion has proved to be the outstanding attraction at the MOSTRA. At a conservative estimate, there have been 45,000 visitors to date. The UNRRA exhibit has been given wide publicity in the press in both articles and photographs as well as in news films.

36. In general, we are finding that the Pavilion is clearing up many mis-conceptions and is providing a complete, well-rounded exposition of the UNRRA progren in Italy. The UNRRA attendants on duty during all hours when the MOSTRA is open to the public are epswering a wide variety of questions about UNRRA and channeling others, where appropriate, to the proper ageney.

Anti-Grasshopper Campaign

37. At a meeting attended by Military and Civilian authorities on the occasion of the successful fight against the grasshoppers, the High Commissioner expressed his grateful thanks to Mr. Keeny for his sympathetic interest in the island's welfare and for the lightening help UNRRA gave in the form of transport, materials and technicians.

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UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
ITALIAN MISSION

Issued by: DIVISION OF PUBLIC INFORMATION

FOR IMMEDIATE RELEASE 30 August 1946

RADIO TALK BY UNRRA CHIEF OF MISSION

Below is the English translation of a radio talk given from Radio Roma yesterday evening, 29 August, by Mr. S.M.Keeny, Chief of the UNRRA Italian Mission:

I am speaking to you within a few days of my return to Rome from the Fifth meeting of the UNRRA Council at Geneva.

First, I want to tell you of the marked change compared with a year ago, which I noticed at Geneva, in the attitude towards Italy. In August last year, at the Third Council meeting in London, there was much opposition to a full-scale program of relief and rehabilitation for Italy, costing, with shipping charges, more than 450,000,000 dollars (£112,500,000 sterling).

At Geneva, all that was forgotten. Except for some references to the black market, there was no criticism of any aspect of the program now half-way completed. Italy, and Italy's affairs were never a subject of controversy.

Next, I should like to indicate very broadly how the decisions at Geneva affect Italy.

First and foremost - when does UNRRA end? UNRRA in Italy will continue until the program on which we have embarked is completed. We shall go on buying supplies until the money voted for Italy is exhausted - even though some of the supplies cannot be procured until the early months of next year.

UNRRA shipments will continue to arrive in Italy throughout the first quarter of the new year - at least; but, of course, in diminishing quantities after December.

We are not thinking for the rest of the year of "liquidation", but rather of increased effort to make the rest of UNRRA's program of help for Italy still more effective.

By the end of August, approximately 5,500,000 tons of UNRRA goods will have arrived in Italy - free of charge to the Italian Government. Before our work is done, we plan to ship another 4,500,000 tons, making a grand total of 10,000,000 tons. That gives you the measure of what is still to be done.

In July, more than 800,000 tons of UNRRA goods arrived at

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In July, more than 800,000 tons of UNRRA goods arrived at Italian ports. Month by month we expect to maintain a steady average of between 700,000 and 1,000,000 tons.

But when these 10,000,000 tons of commodities are all delivered, as they will be comparatively early next year, that will be the end of UNRRA's help to Italy.

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All these goods have been delivered free of cost to the Italian Government for sale to the Italian people. The decisions of the Fifth Council at Geneva will bring to an end this period of free help.

This means that Italy must be ready to take over the business of procuring, and paying for, supplies from abroad before the end of the year. If there is to be no break in the flow of essential commodities, Italy has not a moment to lose.

Let us take one example - wheat - and study the situation as it is now, and as it is likely to be in the first half of next year. While I was at Geneva I heard much praise of the signal effort Italy had made this year to increase the amount of wheat delivered to the people's granaries. In spite of the failure of some provinces to achieve their quota, the ammassi figures for Italy as a whole are good.

And they need to be, for I must warn you that the period of world grain shortage is by no means over. Whether Italy has enough bread to eat in the sale atura of 1947 is by no means only a question of finance - but of whether there will be grain enough to buy.

Everyone in Italy knows that Italy must import grain from abroad, if the people of Italy are to have bread. If the ammassi campaign proves 100 per cent. successful - and I hope it will - there will be grain enough only to meet about 60 per cent. of the country's needs. Very nearly 2,000,000 tons must still come from abroad.

I have told you in an earlier broadcast, that of this amount UNRRA hopes to secure, and pay for, 750,000 tons. I am reasonably confident that we shall ultimately succeed in doing so.

But the last UNRRA cargo will have been made into flour, delivered to the bakers and eaten as bread long before the first ear of wheat in Italy has begun to ripen.

Funds will be needed, plans must be laid to buy the grain and other essential commodities which Italy needs to carry on when the period of free UNRRA aid comes to an end.

That is the problem set by Geneva. I greatly hope that Italy will be able to secure the loans, which she will certainly need. But the surest road to recovery must always be increased exports. In the months that remain the Mission will do whatever it can to help Italy to re-establish her exports, by doing so far as we can in the rehabilitation of Italian industry and agriculture.

We are particularly anxious that the accumulated experience of inter-

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We are particularly anxious that the accumulated experience of international experts who have worked with our organisation shall be available to the Italian people; and we have asked the Government for the fullest collaboration of their own technicians, in order that the experience of UNRRA shall be of lasting benefit to Italy.

UNRRA will start to go in about six months. I hope by then Italian organisations, both Government and private, will be in the field ready to carry on. Good evening.

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H-4. MONTHLY REPORT FOR THE BUREAU OF REQUIREMENTS AND DISTRIBUTION FOR AUGUST, 1946.

INTRODUCTION.

1. The Chief of the Bureau accompanied the Chief of Mission to the Geneva Conference, together with the Chief of the Sub-Bureau of Relief Supply. In addition to useful discussions on the administrative arrangements for the gradual tapering off of the Mission's work, and general discussions on some of the pending resolutions, a series of useful sessions was held in Geneva with Mr. Cairns and Mr. Henson; in which agreement was reached, among other things, on the detailed composition of the food budget for the remainder of the operations. The use of the proceeds of sale also came under discussion, and a memorandum on the use of the Lire Fund in Italy was submitted by the Chief of Mission to General Gale and Commander Jackson.

2. The textile program really got on the rails during the month. The Government decided to adopt a previous UNRRA recommendation, that cotton be processed "on account" and the resulting fabrics distributed directly to organizations which could reach the neediest parts of the population and sell them the clothing at low cost. A decree has now been passed by the Government setting up "UNRRA TESSILI", an executive committee for the cotton program on which the UNRRA mission will be represented.

3. A great step forward during August has been made towards solving of problems of distribution through discussions and work with the ERO Distribution Control Unit. A Distribution Report No. 1 giving basic back-ground descriptions of allocation and distribution operations was worked out and brought near to completion. Work was started at the same time on "Distribution Report No. 2" which is to consolidate information on distribution activities during the month of July. A revised Procedural Instruction was issued for the preparation of monthly reports, together with a supplement instruction for the section on distribution (see Section VI). In accordance with this instruction, the usual appendices of Sub-Bureau reports are omitted, with inclusion of the information in the more-detailed overall Bureau Report.

I. MAJOR PROBLEMS AND ACCOMPLISHMENTS.

A. FOOD.

4. Problems involved in the pending agreement with the Italian Government of a revision of existing ration scales for food can be under three headings - first, the unification of ration scales throughout the country; second, the simplification, if possible, of the existing scales, particularly with a view to reduction in the numbers for supplementary feeding; third, and in many ways the most important, the devising of plans for the continuance of some form of welfare feeding after UNRRA operations cease. Several meetings

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5. Appointments of Regional Food Distribution Officers, as agreed at the Regional Directors' Conference held in June, are virtually completed. Six have started their duties in accordance with formal instructions, agreed with the High Commissioner for Food's office, with special reference to reporting procedure.

6. The utilization of minor cereals other than wheat (i.e., oats, barley and corn) which have continued to come in becomes a problem which is aggravated by the fact that certain quantities of indigenous rye and barley are now available, and the Italian corn crop will shortly be coming into distribution. The Italian Government found some opposition in the Province to the practice of mixing these cereals with wheat flour which was done increasingly prior to the harvest to augment scanty wheat supplies. When the new harvest came in, the natural reaction was to go back to a purer wheat flour and pasta. Continued utilization of minor cereals was presented to the Italian Government as essential, not only from the point of view of world opinion, but also because the total availability of cereals in Italy for the bread and pasta ration includes the minor cereals and if they were not utilized early in the new harvest year there would be a considerable excess of minor cereals and an increasing deficiency of wheat later on.

7. Provinces have now been instructed to start using these minor cereals again in areas where they are available, especially where such use has been normal use in the last few years. The instructions wisely recommended use of a smaller percentage than was prevalent just prior to the harvest, to be gradually increased until the maximum practical amount is reached.

8. Research has continued on the rationing position and food cost in the first semester of 1946. A summary on labor effort in Italian Agriculture was made for the visiting committee to examine Italy's food and agricultural position, headed by the U.S. Under-Secretary for Agriculture. A questionnaire sent out by the old Combined Food Board (now the International Emergency Food Council) with regard to Italy's prospective cereal position in 1946/47 was completed and sent to Washington, indicating that at the present rate of consumption and with the present harvest and amassing prospects, Italy will require imports of cereals to the extent of about two million tons during this consumption year.

B. AGRICULTURE.

9. After two and a half months of wheat amassing, results are very satisfactory. As of 27 August, 1,958,556 metric tons of wheat had been collected. The collection has been very good in the Central Region and in the North of Italy, excluding Lombardia and Piemonte, where the Government has been finding some opposition to amassing which is also true in general, of the South and Sicily. Energetic action is still being taken to improve the amassing in these areas and in Sicily - for example - where total amount is still disappointing, though progress has been made during August. To date only 29,991 metric tons of

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10. The latest revision of production and amassing figures now completed in conjunction with the Italian Government provides for a wheat production of 6,089,340 metric tons and an amassing goal of 2,577,652 metric tons.

11. It is estimated that the corn harvest will amount to 2,238,300 tons. Rice production is now estimated at 550,000 tons, due principally to a considerable increase over last year's acreage. This, however, is still about 28% below the pre-war average.

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12. The sugar beet harvest is now in full swing and considerable quantities of beets have already reached the processing factories. The present official estimate amounts to 2,373,000 tons of beets, but reports coming from the field indicate that the crop will probably be slightly higher. With this quantity, it is estimated that 270,000 tons of sugar will be produced.

13. The final estimate of the potato crop is 3,063,000 tons. Fruit is plentiful - the apple and pear crop is lower than last year owing to Aphid infestation. Peaches are approximately equal to last year's production, i.e. 218,000 tons. In limited areas of the North, grapes have been injured by hail and in some of the Northern and Central provinces by mildew, but it is estimated that this year's crop will be at least equal to last year's, approximately 5,120,000 tons.

14. Some late sown corn, forage crops, vegetables and pasture have been affected by drought and dry soil has made plowing difficult in many areas. (See also Section VII B).

C. SUPPLY OPERATIONS.

15. The Supply Record Branch has been reorganized and expanded and under ERO Directive, activity is being concentrated upon centralization of supply records and documentation. Arrival of a new Supply Records Officer will facilitate this operation which has been handicapped by personnel deficiency and lack of complete understanding between this Mission and ERO reference the problems involved. Receipts from the Italian Government for imported supplies are now on a current basis except for packaged POL, the Status of which is being clarified with the Army and Navy Petroleum Board (ANPB) and the Military.

16. In cooperation with the Italian Government and the Military a Central Transport Committee was established under the Chairmanship of the Italian Ministry of Transport. The main functions of this Committee are to coordinate demands with transport facilities on a national basis, to effect diversion of supply movements in critical areas from rail to forms of transport not at present fully employed, i.e., road, coasters and inland waterways, and to study means by which transport facilities can best be rehabilitated and capacities increased. (See also Section III).

D. COTTON TEXTILES.

17. Agreement has been finally concluded for the processing of the cotton imported by UNRRA and distribution of the finished product to various classes of consumers according to need and ability to pay. An UNRRA Tessili Committee has been established, on which the Mission will have two representatives, which will have the responsibility of carrying out this plan. This Committee will operate along the lines of the UNRRA CASAS organization and will be charged with the processing of UNRRA cotton, wool and hides. The distribution of these goods will be handled by the various appropriate agencies, e.g., the Ministry for Post-War Assistance, the Italian Delegation, etc. (See Section

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18. An exchange has been arranged whereby Allied Military Government, Venezia Giulia-Udine will provide the United Nations Nationals Displaced Persons Camps with 60,000 blankets against a supply of raw cotton from UNRRA. The quantity of cotton will be fixed by balancing cotton, at 130 lire per kilogram, against the landed cost of the blankets.

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E. HOUSING.

19. A report on the housing situation in Italy has now been completed, the results of which reveal the extent of Italy's housing problem, in that 3,200,000 new rooms are needed, the estimated cost of which is 640 million lire. The report includes chapters on the housing situation in Italy before World War II, the War damage and destruction to houses (1940-45), the housing reconstruction problem, and UNRRA's contribution towards housing reconstruction (1945). The last refers particularly to the UNRRA/CASAS housing projects which are a small beginning to help in this field. The implications of a possible increase in the housing program using the Lire Fund, are important to the general industrial and economic rehabilitation of the country, since the building industry is the largest consumer of industrial goods, of which the reviving Italian industry is beginning to produce enough to justify a more comprehensive housing program.

F. COAL.

20. The receipt of supplies created a record this month, with a total of more than 1,150,000 tons. 114 ships carried coal alone, a total of 888,000 tons. Allocations from the European Coal Organization for August were 540,000 tons, with average expectations for the four remaining months at 600,000 tons per month.

G. 1946 PROGRAM OF IMPORTS.

21. The final revision of the Mission Import Program for 1946 is nearing completion. All detailed information available in the Mission for past expenditures and remaining funds on each commodity is now available in the readily accessible form of a visible card-index system.

H. STATISTICAL REPORTING.

22. Emphasis is being placed on the refining of existing statistical reporting and on the provision of a more frequent series of reports covering wider fields. Dissemination is now channelled through the loose-leaf collection of Requirements and Distribution Statistics, distributed in some 120 copies in and out of UNRRA. New series compiled and distributed included a detailed summary of UNRRA imports for the period 1 January - 30 June to replace the previous monthly reports, a vessel clearance report which is issued almost daily, and a resume of the regular receipts-against-program report now issued in 10-day intervals.

23. Special statistical studies included investigations on the distribution costs of POL and foodstuffs to determine the amounts which accrue to the Lire Fund; on the checking of the cost of food purchased locally against the UNRRA Welfare program in 1945 and 1946; and on the checking of UNRRA import figures as submitted by ICE (Istituto Commercio Estero - Foreign Trade Institute), the Government's receiving agent.

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J. PRICE CONTROL.

24. Price Committee meetings after exhaustive study and considerable discussion in each case, have fixed the prices of the following commodities: POL, colophony, corn syrup, rubber, denatured alcohol, forage pea seed, benzol, toluol, tin plate, opencast coal, and three-bottom and two-bottom plows. (See Section VI, Distribution and appendix for details). Special Sub-Committees were established to

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investigate the price of chemicals, copra and wheat and to discuss the overhead expenses of the Federconsorzii (Federation of Agricultural Institutes).

K. MISCELLANEOUS.

25. Work is continuing on a report listing the commodities which may be imported or exported in accordance with the terms of the various commercial and payments agreements concluded between Italy and other countries. In addition, a report has been prepared summarizing the Italian Government regulations of the import and export trades. This will be used as a basis in the advisory work being done on the post-UNRRA period.

26. The status of the transfer of supplies for Camps, Welfare and Administrative Services has been almost completed. The procedure for further procurement of supplies for Camps, Welfare and Administrative Services has been established by the publication of Administrative Order No. 150.

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II. REQUIREMENTS AND PROGRAM

A. 1946 UNRRA AND ABOVE UNRRA

1. Food

27. At the beginning of the month the problems connected with the UNRRA Food Import Program for the second half of 1946 became acute. As a result of shipments of unprogrammed commodities and some over-shipments of programmed items, it became obvious that the most essential item in the Second Half Import Program, i.e. cereals, was in danger of not being fulfilled because of lack of funds in the Food Budget. There also appears danger of further quantities of unwanted items being shipped and of some programmed items, other than wheat, being shipped in excess of the quantity originally requested. The position was reviewed in the Mission; as a result of this and consequent visits by Mission personnel to Geneva for personal discussions with Mr. Cairns, what appears to be a satisfactory solution has been reached. First - the food items yet to be shipped will conform to a very large extent to the pattern of the balance of the 1946 program not yet shipped. Second - We are assured that the 750,000 tons of cereals on the original program for the second half of 1946 will be sent, even if procurement and shipping have to be carried out after the 31 December, 1946. This will mean the total Food Budget for the year going up to 211,200,000 dollars, an increase of 15,500,000 dollars on the former figure of 195,700,000 dollars. It has been agreed that the money will be transferred from other commodity Budgets to meet this extra commitment.

Agriculture

28. Final revisions were agreed with the Italian Government during the month with respect to the Agricultural Import Program and major changes were notified to Washington. These were chiefly in the fields of seeds, where imports of seed potatoes were reduced; fertilizers, where a saving is being effected by a reduction in the requirements of potash fertiliser; farm machinery, where tractor requirements were reestimated; and several other miscellaneous items found to be in excess of Italian requirements.

Medical Supplies

29. Word has finally been received that Dobbin's sprayers which are fundamentally necessary to the operation of the Sardinia Malaria Eradication Program, are unprocurable. The Rockefeller Foundation, which sponsored the operation, has been notified, as lack of these spares may make it impossible to complete the plans for the first year's operation. Further studies are being made of requirements for the second half year's operation.

Procurement of Surplus Property

30. A report by the representative who attended the Paris Surplus Conference and Allocation Board Meetings revealed that an unexpectedly high percentage of surplus property, particularly port equipment, [illegible]

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Industrial Supplies

31. The two most important arrivals in the chemical field during the month were 4,000 tons of calcined petroleum coke for the production of carbon electrodes and 100 tons of alcohol for medical uses.

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32. The first samples of margarine produced from UNRRA imported copra have been examined, and tests have proved very satisfactory. A total 10,412 tons of copra has actually arrived and the processing into margarine should commence during the early part of September.

33. The Ministry of Industry and Commerce decided at a meeting held on 6 August 1946 that a total of 3,000 tons of tin plate would be produced in Italy during September and October.

34. Shipments received during the month of gasoline, kerosene and diesel oil equalled the full quantities due in. Fuel oil receipts made up for the short deliveries for July, and, with the exception of one ship, also covered the "dues in" for August. Several lots of packed lubricants and greases arrived, the details of which are at present being checked. The backlog which at one time was extremely heavy is now almost cleared.

B. POST UNRRA

35. A working committee has been formed of UNRRA and Italian Government representatives to advise the Government on the establishment of programs for commercial shipments and Government importations during the last quarter of 1946 and especially after January 1947, with the object of avoiding any break in the supply lines of essential commodities. Weekly meetings with the Italian Government on this subject are being held.

36. Worksheets containing estimates of total Italian import requirements for 1947 have been despatched to the North Italy Industrial Office and all Regional Directors, as well as to the appropriate Italian Government Ministries for the purpose of obtaining the widest possible cross-section of thinking on this subject. A great deal of research and study has also been made on Italy's possible export trade for 1947, based not only upon her import needs, but upon the export business resulting from indigenously produced raw materials. A revision of Italy's post-UNRRA needs in the fields of food and agriculture was submitted to the Council at Geneva early in the month, and further justifications in greater detail are being prepared.

C. LIRE FUND PROJECTS

37. In cooperation with the Italian Delegation, work has commenced on an estimation of the size of the Lire Fund at the end of UNRRA operations. While attending the Council Meeting at Geneva, the Chief of Mission presented his views on the use of the Lire Fund to the Personal Representative of the Director General. Using this memorandum as a basis, all Divisions of the Bureau have been requested to submit comments which are now awaited.

38. The chief project handled during the month was the preparation of the application to the Lire Fund Control Committee for the immediate grant of 1,650 million lire and the agreement, in principle, to the ultimate granting of an estimated 3,000 million lire; these sums to form successively a revolving fund to finance the manufacture of, first, the 8,000 tons of cotton (See Section VI - E) and finally

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and diesel oil equalled the full quantities due in. Fuel oil receipts made up for the short deliveries for July, and, with the exception of one ship, also covered the "dues in" for August. Several lots of packed lubricants and greases arrived, the details of which are at present being checked. The backlog which at one time was extremely heavy is now almost cleared.

B. POST UNRRA

35. A working committee has been formed of UNRRA and Italian Government representatives to advise the Government on the establishment of programs for commercial shipments and Government importations during the last quarter of 1946 and especially after January 1947, with the object of avoiding any break in the supply lines of essential commodities. Weekly meetings with the Italian Government on this subject are being held.

36. Worksheets containing estimates of total Italian import requirements for 1947 have been despatched to the North Italy Industrial Office and all Regional Directors, as well as to the appropriate Italian Government Ministries for the purpose of obtaining the widest possible cross-section of thinking on this subject. A great deal of research and study has also been made on Italy's possible export trade for 1947, based not only upon her import needs, but upon the export business resulting from indigenously produced raw materials. A revision of Italy's post-UNRRA needs in the fields of food and agriculture was submitted to the Council at Geneva early in the month, and further justifications in greater detail are being prepared.

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III. PORT AND SHIPPING ACTIVITIES

39. August receipts of supplies imported through Italian ports total well over one million tons, representing acceptance of some

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175 vessels of which over 75% were total or partial UNRRA cargoes. Advance estimates of September arrivals indicate next month's reception will be even greater with coal receipts expected to reach 750,000 tons.

40. The heavy import program coincidental with internal rail movements of agricultural and manufactured goods resulted in serious difficulties in port clearance. Due to shortage of rail cars backpiles of coal were built up in Venice, where 52,000 tons accumulated, and smaller amounts in other ports. Immediate action was taken by UNRRA, and is continuing in conjunction with the Italian Government, to secure more rail wagons for the import program as well as move cargo whenever possible by truck, coasters and barges.

41. The survey of requirements of Italian ports was completed and co-ordinated with the investigation of available equipment in the European theater. The Divisional Representative sent to France to inspect, procure and arrange for delivery of cargo handling and warehouse equipment available within the ETO surplus allocation for Italy, completed his work and is now collaborating with the Italian Government on the preparation of distribution and allocation plans. Shipment of approximately 2,500 tons of port and warehouse gear is expected from Paris SURPROP during the next month. This, in addition to the surplus port equipment transferred to the Italian Government from Allied Military sources, will, when distributed, increase Italian port efficiency to a considerable extent.

42. Naples warehouses continue to be somewhat congested by miscellaneous unprogrammed and unwanted items for which distribution plans are necessarily delayed. Increased use is being made of coasters in this area for port clearance of supplies to other coastal points from which on-movement can be made by road. Plan for processing of UNRRA imported cotton, upon which agreement has been reached between this Mission and the Italian Government, is expediting clarification of warehouse situation in Genoa. It is estimated that by the end of next month the Genoa cotton warehousing problem will have been solved.

IV. TRANSPORTATION

A. RAIL

43. The chief limiting factor in the movement of goods is still the short supply of rail wagons, and it is only by strict observance of priorities, continual attention to economy in wagon use and careful distribution that it has been possible to keep essential traffic moving. The average daily loading during August was 5,499 wagons, a slight decrease over July's high figure of 5,800.

44. The constant increase in demand for rail transport has made it necessary to review and re-organize procedure with the object of co-ordinating all demands for transport with all means of transport. This will ensure that the fullest use is made of services other than by rail (viz. road, canal and sea) thus relieving the burden on railways and enabling them better to accomodate traffic which must be rail-

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45. No serious operational difficulties arose. Locomotive power was in sufficient supply and co-operation of the Ministry of Transport and the Italian State Railways with respect to transport of UNRRA supplies continued effectively.

B. ROAD

46. A survey of local road transport conditions was completed for Southern, Toscana and Abruzzi regions and Sicily.

47. During the month, by Governmental decree, a new agency, ENTE AUTOTRASPORTI, (EAT - Institute of Auto Transport), was set up to

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replace ENTE NAZIONALE AUTOTRASPORTI COSE (ENAC - National Auto Transport Institute). The new agency takes over ENAC offices, retains part of its personnel, and is responsible for the distribution of POL and tyres to truck operators. ENAC will also control trucks originating from captured enemy material assigned to private firms or individuals.

48. Several meetings were held during the month to plan greater utilization of road transport for docks clearance. It is anticipated that within a week or two Italian Government Pools (GRA), will be using the greater part of their fleets on this work. The port of Genoa is now clearing about 30% by road and it is proposed to employ road transport for limited radius clearance of all ports handling large tonnages.

V. PURCHASES WITHIN MISSION TERRITORY AND INTER-MISSION TRADE

49. The most important activities this month have been relative to the proposed procurement of some 42,700 tons of seed wheat against equal replacement of milling wheat plus a bonus in free funds to cover the cost differential. A liaison visit was made to this Mission by Mr. E.F. Darke, Chief Agricultural Supply Officer, ERO and Mrs. E. Pattison, Seed Expert from Headquarters, for the purpose of discussing this negotiation. A number of meetings were held with representatives of Italian Ministries concerned. Final agreement reached was that Italy should furnish 10,000 tons of seed wheat against a ton for ton replacement of good quality milling wheat plus an ERO proposed bonus of $ 36 per ton; transport and handling expenses to be paid out of lire proceeds of sale. ERO has been requested to increase the differential payment to $ 40 per ton and procurement has begun.

50. The procedure followed with regard to documentation of procurements for other Missions has been set down for record purposes and agreed with the Italian Government. The question of transportation and handling charges for commodities purchased in Italy for other Missions has been the subject of numerous discussions between this Bureau and the Italian Delegation. A recommendation has been forwarded to the Lire Fund Control Committee that a contingency fund of 100 million lire be established to cover such charges. No decision has yet been reached.

Completed purchases:

X Ray tube for Albania, cost 39,000 lire.

Purchase agreed and under procurement:

10,000 tons seed wheat.

Negotiations in process:

Diesel and miscellaneous spare parts for Albania (total requirements $ 380,777)
8,000 tons sulphur for Czechoslovakia
2,000 doses antisnake serum for Albania
367 tons carbon bisulphide for Austria, Albania,

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2,000 doses antisnake serum for Albania
367 tons carbon bisulphide for Austria, Albania, Jugoslavia
5 tons lotus corniculatus for Greece
400 bicycles for Greece, Jugoslavia and Albania
298 tons cork for China, Greece, Jugoslavia, Dodecanese, Poland
Electrical equipment for Dodecanese
Paper for sericulture (50,000 sheets) for Greece
2,500 tons alfalfa
1,000 plough shares for Dodecanese (not yet authorized)
100 tons hemp seed for Czechoslovakia, Jugoslavia

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51. Enquiries have been received from Austria reference 1,000 tons of lemons, 300 tons of onions and 800 tons of tomatoes. Prices have been quoted.

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VI. DISTRIBUTION.

DISTRIBUTION REPORT NO. 3.

Background.

52. The work of expanding and standardizing reporting on the distribution of UNRRA supplies in Italy got well under way during August. Detailed instructions for reporting data in accordance with requirements from ERO were issued to the sub-bureaux and a revised outline for monthly reporting by the sub-bureaux was prepared to provide for consolidating this data in one section of the Bureau Monthly Report. This section will have a monthly supplement containing statistical and other supporting data for which there is a necessary time lag. Plans have been made for continuous refining of data to be presented in these reports and investigations are currently under way to determine the cases in which the distribution of supplies can be traced to the final consumer. The program of standardizing regional reporting along the lines required by revised distribution reporting got under way with a discussion of the new procedures at the Headquarters conference of the Agricultural Regional Specialists.

53. Each distribution section of the monthly report will be numbered beginning with this "Distribution Report No. 3". "Distribution Report No. 1" which describes the basic allocation and distribution procedures and provides a framework for the monthly reports was brought near completion during August. In addition, work was begun on "Distribution Report Number 2" a consolidated report of distribution problems and accomplishments through the month of July.

54. The Observation of Distribution Unit from ERO visited the Mission during the month. Miss Shufeldt, Mr. Petrov and Mr. Anker were interested in the entire procedure for distribution of relief and rehabilitation supplies brought to Italy by UNRRA. They were particularly concerned with the application of Council Resolutions Nos. 2 and 7 and with the Mission's arrangements for observing and checking the distribution of supplies.

55. The Unit visited Southern and Northern Italy and talked with dozens of people - Mission personnel, Italian Government and Embassy officials and Italian citizens in many occupations.

56. The Unit emphasized in final conversations with the Mission it's concern about the cost-of-living squeeze which makes it possible for the average consumer to buy only an insufficient quantity of food, and to fill virtually no consumption needs outside the food category.

57. Of particular concern to the Unit was the lack of control of certain basic items (indigenously produced) such as clothing and shoes and some foods. On this score, the Mission's recent agreement with the Government for the production and distribution of low-cost clothing made of UNRRA-imported cotton was reassuring. It is expected that the distribution of this clothing to selected low-income groups will help bring down the price of other clothing items.

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58. A similar plan is under consideration for production and distribution of shoes from UNRRA-imported leather.

59. The black market in gasoline brought criticism from the Unit which felt that this could be cracked if the Government took stern measures. Since by far the largest part of this gasoline comes from military sources, military assistance would probably be required to clean up the black market.

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60. As for Mission organization to observe distribution, the work of the Regional Officers was pointed out as of particular interest. The instructions to the Food, Industrial and Agricultural Specialists emphasize that they are to check continually on the distribution of supplies and to report any breakdown in distribution or indications of unfair allocations or deliberate attempts to misdirect UNRRA supplies.

61. In addition, it was pointed out that the main job of the operating divisions is to see to it that supplies are distributed according to allocations plans that abide by UNRRA principles. A group recently set up in the office of the Deputy Chief of Mission and Chief, Bureau of Requirements and Distribution, will coordinate and check still further on distribution policies and plans.

62. The Unit apparently found no evidence that UNRRA supplies were being used for political purposes or misdirected in any way contrary to UNRRA principles.

A. FOODSTUFFS.

Attention in System of Distribution.

63. No alterations in the system of distribution were effected during the month for basic food items, except in the case of indigenous sugar now being produced. The distribution of this sugar from manufacturer to wholesaler and retailer is in the hands of the Supply of Beet and Sale of Sugar Institute (Associazione Approvvigionamento Bietole e Vendita Zucchero) in place of the Federconsorzi, which handles only imported sugar. The system of allocations and release authorizations remains unchanged.

Allocation Procedures for Corn Syrup and Copra.

64. Slight departures from the normal allocating procedure have been necessary in regard to corn syrup and copra.

a. Corn syrup has been imported against the UNRRA-Italian food budget, and as a considerable proportion of the total (some 20,000 tons) can only be consumed as a sweetening element in industrial food processing, the allocations to industries are the responsibilities of the Ministry of Industry and Commerce and subject to agreement by the High Commissioner for Food and UNRRA. Bulk releases for industries are then made by the High Commissioner for Food. Allocations to individual industrial firms are made through the machinery of the Ministry of Industry and Commerce.

b. Copra has also been imported on the food budget, although it is a primary industrial material. In this case the SNAC

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b. Copra has also been imported on the food budget, although it is a primary industrial material. In this case the SNAG (Societa' Nazionale Approvvigionamenti Grassi - National Association for Oils and Fats) allocates, in agreement with the High Commissioner for Food and UNRRA, to the processing firms. The control of the copra during manufacture, and of the finished products, has also been vested in SNAG. The final allocation to provinces and distribution to consumers of the fats produced will follow the normal procedure.

Disposal of Spoiling Foodstuff.

65. The procedure for disposal of spoiled and spoiling foodstuffs has been instigated by the High Commissioner for Food. A new circular of instructions has been issued to all the Italian agencies concerned down to provincial levels.

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66. The National Commission, established at the suggestion of UNRRA on 27 June 1946 to clear up outstanding questions regarding food spoilages, continues its work. This Commission is composed of representatives of the High Commissioner for Food, the Italian Treasury, the Federconsorzi, the Italian Delegation and UNRRA, and has full authority to act on the spot. The most recent meeting of this Commission was held on 28 August at Bari.

Allocation Plans.

67. Principal new allocations of imported foodstuffs made during August were:

Commodity	UNRRA "Assistance in kind" Program	Quantity (in net metric tons) Normal Consumers (Including supplementary rations)	Special Classes
Meat, Fish	689 tons	—	1,399
Powdered Eggs	690 "	—	—
Dried Vegetables	69 "	—	2,411
Powdered Milk	2,600 "	—	—
Sugar	585 "	13,498 x	2,470 x

x = Indigenous new crop sugar.

Prices Fixed and Principles Involved.(1)

68. The only food prices fixed during August were the prices for corn syrup.

a. The prices fixed were as follows:

35 lire per kilogram ex warehouse, for direct consumption,
50 lire per kilogram ex warehouse, for industrial uses.

b. The factors taken into account in establishing the price of corn syrup for direct consumption were the strangeness of the product to the Italian consumer; the sweetening value, which is 50% less than that of sugar; and the price of the new crop of indigenous sugar. As far as industrial use was concerned, the acute shortage of sweetening agents available for manufacturers, and their greater ability in employing various types of sweetening agents, justified a higher price than that for direct consumption. The lower sweetening value and the price of indigenous sugar was also taken into consideration.

Observation of Distribution.

69. The following action was taken by the Food Division during the month to implement the observation of food distribution:

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Commodity	UNRRA "Assistance in kind" Program	Quantity (in net metric tons) Normal Consumers (Including supplementary rations)	Special Classes
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Observation of Distribution.

69. The following action was taken by the Food Division during the month to implement the observation of food distribution:

a. Instructions (agreed in detail with the High Commissioner for Food) to Regional Food Distribution Officers, outlining their duties and reporting procedure, were sent to all Regions.

b. A complete list of up-to-date food prices is appended to this report.

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c. Six Regional Food Distribution Officers were appointed, three of whom were former Harvest Liaison Officers and two of whom were former Field Supply Officers. Those Food Distribution Officers who had not had much previous experience in observing food distribution in the field spent a period attached to the different branches of the Food Division at Headquarters prior to taking up their appointments. It is considered that this period of instruction will prove valuable both to them and to the Mission in regard to their carrying out their work in the Regions.

d. During the month all regions were regularly supplied with the latest information from the High Commissioner for Food on receipts of imported foodstuffs, movement of foodstuffs from port and/or national warehouses, and allocations to Seprals, Provincial Welfare Committees, and ministerial and industrial "co-operative" entitled to receive direct allocations.

Irregularities in Distribution and Remedial Steps Taken.

70. The only reported irregularities in distribution during August related to the Prefect of Cremona Province, who had authorized the milling of flour for bread at an 80% extraction rate. On 26 August a letter was written to the High Commissioner for Food bringing the matter to his attention and suggesting that rigorous action be taken.

Measures to Ensure Full Use of Indigenous Sugar and Cereals.

71. Steps taken during the month to ensure full and equitable use of indigenous supplies related to sugar and to cereals.

a. A national plan for the distribution of indigenous sugar has been prepared by the High Commissioner for Food, covering the four months period August through November. The plan is based on a normal consumer's ration of 300 grams per month, plus existing supplementary scales and special classes requirements. A total of some 48,000 tons of sugar is involved in this distribution.

b. A comprehensive plan for the distribution of indigenous bread cereals is awaited. It has not been possible to date for the office of the High Commissioner to draw this up, as it is yet too early accurately to forecast the final result of wheat arossai. However, on the basis of provisional plans, interregional movements from surplus to deficit areas, in order to maintain the ration, are already under way. During the period 1 July to 8 August 40,000 tons of wheat was moved in this manner.

Action Against the Black Market.

[illegible] reported during the month

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Action Against the Black Market.

72. Listed below are a few of the major cases reported during the month, of action taken against the Black Market:

a. The Reggio Provincial Economic Police, in a brilliant raid in collaboration with the Public Safety Department, identified a vast organization of black marketeers who were carrying on illicit traffic in flour on a vast scale. One of the culprits arrested confessed naming various millers in Reggio Province through whom flour had been procured in large quantities and sold to the black market.

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b. The police of Ferrara Province seized the following goods:

1,559 quintals of wheat, 339 quintals of barley, 449 quintals of flour and 63 quintals of pasta.

c. At Modena from the beginning of the wheat drive the police detailed for the black market campaign seized the following quantities of cereals :

284 quintals of wheat, 49 quintals of barley, 13 quintals of maize and 138 quintals of wheat flour.

d. The rationing police closed in Bologna a bakery where rationed bread was being sold at 35 lire per kilogram and pasta without coupons at 110 lire per kilogram.

B. AGRICULTURAL SUPPLIES.

Allocation Procedures for Nitrogenous Fertilizers.

73. While no alteration was made in the basic sys of distribution, at the suggestion of UNRRA distribution of nitrogenous fertilizers was again placed by the Italian Government under the "buono" or coupon system. This was done to prevent speculation arising from inadequacies of supplies on hand to meet current requirements and in an attempt to assure that fertilizer will be used on the autumn cereals subject to the assi.

Allocation Plans for Ammonium Nitrate and Red Clover Seed.

74. a. During the month allocations plans were prepared for 9,533 tons of ammonium nitrate arriving from the US. The overall plan for the distribution of red clover seed was prepared and the seed, which is arriving in small lots, will be shipped to the provinces in accordance with this plan.

b. Tractor Pools: Planning of tractor pools was carried into its final stages. UNRRA-imported tractors will all be used in the pools. Final plans of operation of pools are now awaiting signature of the Ministry. In these discussions visiting experts assisted the Ministry with information on methods in the UK and in Jugoslavia. UNRRA experts toured Italy, getting samples of the farmers' reactions and wishes on this subject.

Prices Fixed and Principles Involved. (1).

75. The only new prices fixed during August were for two-bottom and three-bottom plows, established at 55,000 and 80,000 lire apiece, respectively. These prices were based on weight and quality. They also represent a compromise between the price suggested by UNRRA and domestic prices.

76. In addition, the price of forage pea seed, previously limited

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284 quintals of wheat, 49 quintals of barley, 13 quintals of maize and 138 quintals of wheat flour.

d. The rationing police closed in Bologna a bakery where rationed bread was being sold at 35 lire per kilogram and pasta without coupons at 110 lire per kilogram.

B. AGRICULTURAL SUPPLIES.

Allocation Procedures for Nitrogenous Fertilizers.

73. While no alteration was made in the basic system of distribution, at the suggestion of UNRRA distribution of nitrogenous fertilizers was again placed by the Italian Government under the "buono" or coupon system. This was done to prevent speculation arising from inadequacies of supplies on hand to meet current requirements and in an attempt to assure that fertilizer will be used on the autumn cereals subject to the ammasi.

Allocation Plans for Ammonium Nitrate and Red Clover Seed.

74. a. During the month allocations plans were prepared for 9,533 tons of ammonium nitrate arriving from the US. The overall plan for the distribution of red clover seed was prepared and the seed, which is arriving in small lots, will be shipped to the provinces in accordance with this plan.

b. Tractor Pools: Planning of tractor pools was carried into its final stages. UNRRA-imported tractors will all be used in the pools. Final plans of operation of pools are now awaiting signature of the Ministry. In these discussions visiting experts assisted the Ministry with information on methods in the UK and in Jugoslavia. UNRRA experts toured Italy, getting samples of the farmers' reactions and wishes on this subject.

Prices Fixed and Principles Involved. (1).

75. The only new prices fixed during August were for two-bottom and three-bottom plows, established at 55,000 and 80,000 lire apiece, respectively. These prices were based on weight and quality. They also represent a compromise between the price suggested by UNRRA and domestic prices.

76. In addition, the price of forage pea seed, previously limited to 31 July, was extended to 15 September.

Observation of Distribution.

77. A specialist from the Agricultural Division in Rome checked at Genoa and Naples the arrival of farm machinery, fertilizers and seed. The Ministry has not yet decided on the plans for the distribution of machinery arrived during the month of August.

(1) A complete list of up-to-date food prices is appended to this report.

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78. Spot checks of the distribution of seeds and fertilizers were made at provincial communal warehouses by the Regional Agricultural Specialists in Tuscany, Emilia, Liguria, Piemonte, Lombardia and Venezia. No irregularities or objectionable practices were discovered.

Measures to Ensure Full Use of Indigenous Superphosphate.

79. In an attempt to secure full and prompt use of domestically produced phosphate, UNRRA and the Government have agreed to the removal of rationing, retaining, however, a ceiling price for the product ex factory. Requirements and supply should approximately balance at 600,000 tons for the autumn season.

80. This action to free the superphosphate market was taken in view of large stocks on hand and pessimistic estimates of the probable sale (taken in view of its price. Its use is being watched, and further steps will be if necessary. In addition, the distribution plans of the Government for domestically produced nitrogenous fertilizers have been reviewed by UNRRA and agreement, in principle, reached that the distribution of imported fertilizers would be integrated with the distribution plans for the domestically produced fertilizers in order to minimize the transportation problem and, at the same time, effect maximum results from the fertilizers.

C. COAL.

Allocations.

81. Allocations for the month of August were based on the minimum expectations conforming with ECC allocations of 540,000 tons allotted to the Italian economy. The excess was stockpiled pending a decision as to supplementary allotments as between the railways and other civil consumers.

82. The allocation for the month of September was made on a basis of 600,000 tons; it was suggested that this figure be the basis for future monthly allocations for the months of October, November and December, it being the average of availabilities for this period.

Spontaneous Combustion Problems.

83. Spontaneous combustion difficulties were effectively checked in the Naples area by the issue of old stocks and the withholding of further incoming supplies for railways and general civil use. An exception was made in the case of presumed coking coals destined for ultimate use by Societa' Ilva at Bagnoli. At Venice, ignited stocks also presented difficulties which were aggravated by port clearance hindrances arising out of the shortage of railcars. The situation was promptly reviewed. With the assistance of road transport vehicles and by lightering fresh supplies to Padua where a new dump was created, the position was substantially eased.

Prices.

[redacted] made upon coal from the UK was fixed at

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Prices.

84. The price of low-grade open cast coal from the UK was fixed at 2,450 lire per ton, at port to manufacturer. This price was fixed in relation to the calorific content of coal.

D. P.O.L.

Reactivation of Italian Oil Refineries.

5569

85. During the month negotiations between the British and American Embassies and the Italian Government proceeded to a point where final concurrence was reached on policy matters concerning the reactivation of Italian oil refineries. These negotiations settled all points

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pertinent to the terms of settlement to be followed in connection with foreign-owned properties in Italy. Also, the Army and Navy Petroleum Board, working with Peninsular Base Section (PBS), developed a satisfactory plan for the release of the necessary tankage by the Military to permit immediate operation of the Naples and Bari refineries. As a result of the completion of the above negotiations, necessary crude oil for starting the operation in these plants has been ordered, and it is hoped that sufficient stock will be on hand early in October to permit the initiating of production. The satisfactory completion of these negotiations concludes a rather long and difficult problem in the activation of this portion of Italian Industry.

Prices.

86. The following retail prices were established for POL during the month effective as of the first of September :

Diesel oil, 24 lire per litre

Gasoline, H.B., 27 lire per litre

Kerosene, 28.50 lire per kilogram

Fuel Oil, 8 lire per kilogram

87. These prices were set in view of estimated prices to be paid for similar imports in the post-UNRRA period and at a level which would permit refineries to operate without a loss. This latter is an important consideration as the importation of cheaper crude oil in place of refined oil releases foreign exchange for other uses.

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E. MEDICAL SUPPLIES.

Alterations in System of Distribution.

88. The one change made during the month in the system of distribution of finished medical supplies was the assumption by the Italian Government of the monthly distribution of penicillin, hitherto undertaken by the Medical Division. The expected distribution for August is 200,000 vials. This shift was the result of large increases in the amounts to be distributed, which the Medical Division is not equipped to handle, and the desire to transfer all functions possible to the Italian Government as UNRRA prepares to withdraw.

Beginning of the Fourth Distribution.

89. The third distribution of medical supplies has been completed, and the fourth is currently under way. A plan for the first part, the "general" distribution has been agreed upon by UNRRA and the Italian Government, and actual distribution has begun. Lists of items making up the second part, the "special" distribution, have been submitted to the Italian Government in order that allocation plans may be drawn up. The plans are expected to be completed at an early date and actual distribution will commence shortly thereafter.

Prices (1).

90. No prices for medical supplies were fixed during the month.

Operation of Distribution.

91. Observation of distribution in the provinces continued to be maintained by Regional Medical Officers with no irregularities in distribution reported.

F. CLOTHING, TEXTILES, AND FOOTWEAR.

THE COTTON TEXTILE PROGRAM.

92. During the month the cotton textile program moved well ahead. A preliminary agreement was signed by the Italian Cotton Association with the Ministry of Commerce and Industry for manufacturing the 31,000 tons of raw cotton imported in the 1946 program at an average price of 245 lire per kilo of finished textiles. The manufacturers agreed to undertake delivery of the finished material commencing in October 1946 and continuing through June 1947.

93. The Ministry of Industry and Commerce agreed that approximately one-third of the finished materials resulting from overall manufacture will be distributed free of charge to needy persons, hospitals, and other institutes. The remaining two-thirds will be sold at controlled prices to low-income groups, institutions etc. It is expected that the selling prices of the latter quantity will cover the manufacturing costs of the total quantity, but will recover nothing on the original cost of the raw cotton. The operation is therefore being subsidized by the fact of not recovering in the Lire Fund any of the cost of the raw material. Plans to establish the exact number and

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94. Agreement was reached with the Ministry of Industry and Commerce for the first 8,000 tons of cotton to be made into cotton sheeting, shirting, madapolam for women's underwear, and flannelette for babies. It was estimated that the 700,000 kilos of cotton laid aside for babies' flannelette would be more than sufficient to take care of the specific Health program which is to provide 300,000 complete layettes for babies.

(1) A complete list of up-to-date prices for medical supplies is appended to this report.

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95. To manufacture 31,000 tons of cotton which, calculated at 84% yield, would produce approximately 26,040 tons of finished materials, would require the expenditure of 6,379,800,000 lire for the entire processing. Since returns from early sales can be used to pay the manufacturing costs during later months, it was calculated that the entire operation could be financed by a revolving sum of considerably less. The Lire Fund Control Committee was therefore asked for an immediate grant of 1,650,000 lire and the agreement, in principle, to the ultimate granting of an estimated 3,000 million lire; these sums to form successively a revolving fund to finance the manufacture of, first, the 8,000 tons and finally the total quantity of UNRRA cotton.

UNRRA - TESSILI

96. At the suggestion of UNRRA a special UNRRA-Tessili Committee was established by decree of the President of the Council of Ministers, to collaborate with UNRRA in carrying out the textile production and distribution program. This agency - similarly to CASAS - will supervize all details of production even after the time that the Italian Mission ceases its activity. It will also be charged with the supervision of processing wool and hides. It is composed of government representatives, including representatives of the Ministry of Industry and Commerce, the Ministry of the Treasury, and the Ministry of Post-War Assistance; two representatives of the Italian Delegation for Relations with UNRRA, and two representatives of the UNRRA Italian Mission.

FINISHED CLOTHING

97. See Report of Sub-Bureau of Relief Services.

C. OTHER INDUSTRIAL ITEMS

TIN PLATE

98. The latest arrivals of tin plate bring the total quantity imported into Italy up to 1,228 metric tons, of which 500 have been allocated and distributed to the fish canning industry. A thorough study of the tin plate production industry has recently been completed at the request of the Food Division, whose concern at the possible loss through deterioration of over 300,000 tons of food available for processing in 1946 due to a lack of tin plate for canning, formed the basis for the field study. The Ministry of Industry and Commerce decided at a meeting held on 6 August 1946 that a total of 3,000 tons of tin plate would be produced in Italy during September and October from imported ingots.

PRICES OF MISCELLANEOUS INDUSTRIAL ITEMS (1)

99. During the month the following prices were fixed:

a) Denatured Alcohol, 200 lire per liter ex consignee's warehouse

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PRICES OF MISCELLANEOUS INDUSTRIAL ITEMS (1)

99. During the month the following prices were fixed:

a) Denatured Alcohol, 200 lire per liter ex consignee's warehouse (drums free). This price was based on the probable future price of domestic products and the need to sell it quickly.

b) Rubber MS/I standard quality (crude), 200 lire per kilogram, ex consignee's warehouse. This was based on the probable landed cost import price as of six months from now.

c) Colophony, 100 lire per kilogram ex consignee's warehouse, net weight including packing. This price took into consideration similar goods already on the market slightly undercutting open market and YT prices.

(1) A complete list of up-to-date prices for industrial supplies is appended to this report.

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d) Benzuol, 55 lire per kilogram, FOB tanks - Toluol, 75 lire per kilogram, FOB tanks. These prices were fixed at a level somewhat lower than free market prices in an effort to bring prices down.

e) Tin Plate, 100 lire per kilogram, FOB seller's warehouse. This price was established in relation to the price of tin plate indigenously produced, at a level to encourage maximum domestic production ,domestic production being the most important factor in the tin plate program.

VII. AGRICULTURAL REHABILITATION ACTIVITIES (OTHER THAN DISTRIBUTION)

STATUS

100. The farm machinery industry is rapidly approaching complete self-sufficiency but always dependent on arrivals of coal. The estimated output of some items of machinery for 1946 are as under:

Mowers	Hay Tedders	Hay Rakes	Binders	Garden Tractors
10,600	650	2,000	350	340

Combined Seed Drills	Farm Tractors
4,000	3,130

Prices remain very high - mowers around 70,000 lire, 45 H.P. wheeled tractor 800,000 lire.

Livestock and Feeds

101. 5,078 tons of undecorticated cotton cake was imported from Egypt. Experiments were carried out on the processing of this cake in Italy and these experiments proved successful. The cake will therefore now be sold at 1,000 lire a quintal to 38 feed-mixing plants. The processed cake will be mixed with milling offals and pulses to ration formulas prepared by provincial inspectors. This high protein balancing cake will be invaluable for milk production rations. Distribution to the mixing plants is now taking place and the feed will be ready to commence autumn feeding of cows. A further 4,000 tons it is hoped will be imported from the same source. Italy was requested by Washington to stockpile in refrigeration 100,000 doses of rinderpest vaccine for use in Mediterranean countries. The request was reluctantly refused as refrigeration space is not available here. Prices of stock remains very high - oxen seen up to 400,000 lire a pair; good milk cows up to 90,000 lire a head.

B. MAJOR PROBLEMS AND ACCOMPLISHMENTS DURING THE MONTH

Revision of Import Program

102. The import program was completely revised with the Ministry experts. Dr. Hammond, world famous livestock expert of Cambridge

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a. Foundation stock to restock Government Institutes;

b. Male stock for use in breeding stations where bulls are kept for service for hire. Stallions in stallion depositories, from which the stallions go out for [illegible].

c. Artificial Insemination stations.

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d. Private Breeders. Male stock will be sold to selected private breeders at favorable prices on a contract that gives the pick of the male progeny to the state for five years for stallions and bulls and three years for rams and boars. The numbers, selection and prices of such male progeny will be arranged by a joint commission of Ministry experts and breeders.

Farm Machinery Assistance

a. UNRRA experts supervised the erection of combine harvesters, ran demonstrations of machines, and gave courses of instruction to Italian mechanics.

b. UNRRA experts carried out demonstrations of UNRRA-imported two-furrow tractor plows.

Conference of Agricultural Specialists Regionals

103. A second two-day conference of Regional Agricultural Specialists was held - Regional requirements were discussed and regulations for more stringent supervision of supplies were laid down. Enquiries to be made into fertilizer utilization and a method of checking POL requirements were also discussed at the Conference in detail. A recommendation from the conference on inadequate control of Agriculture POL is being sent to the Ministry.

Livestock

104. A serious outbreak of hog cholera was reported in Lazio. An UNRRA vet. surgeon investigated and found in the commune most infected that no veterinary surgeon was available. He, therefore, personally took charge of the situation, and much serious loss was averted. Arrangements were made for air transport of 100 liters of foot and mouth disease vaccine to Austria; this was done on a request to this Mission by A.M.G. Austria.

Fertilizer Investigation and Action Taken

105. Detailed investigations have been carried out on requirements, supplies and farmers' demands for fertilizer, particularly as regards the complete utilization of phosphates in this autumn planting. Comparative prices, farmers' opinions on buying at present prices and commercial opinion on possible demand have all been investigated. Buying of phosphate was being held up by high price, rail wagon shortage and bottle-necks by controls.

106. Action taken has been UNRRA agreement with the Ministry to free the phosphate market from controls, retaining price control only, so allowing commercial channels to operate establishment of a price ex-factory unbagged which has dropped the price one third, and placing of a priority on rail movement of all fertilizers. A continued close watch is now being maintained to gauge the volume of sales during a trial period.

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107. A full conference with the Ministry is arranged for 15 September and UNRRA is preparing for its investigations to be ready for this date.

VIII. INDUSTRIAL REHABILITATION ACTIVITIES (OTHER THAN DISTRIBUTION)

A. STATUS

108. The constant recurrence of problems of industrial reactivation and their impact on the Italian economy as a whole has made necessary the institution of an office of Industrial Economics, within the Sub-Bureau of Industrial Rehabilitation, which is charged with the responsibility of carrying out economic and technical industrial

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studies in conjunction with the various technical Divisions. Active studies are at present going on in the field of the iron and steel industry, one of the most complicated rehabilitation problems which faces Italian economy today. Efforts are being made to lay down criteria for the calculation of general industrial indices in order that some sensible and reasonably accurate gauge may be available to estimate the degree of reactivation of each individual industry from time to time.

B. MAJOR PROBLEMS AND ACCOMPLISHMENTS DURING THE MONTH

109. The outstanding achievements have been (1) completion of the organization of the UNRRA-Tessili Committee and the finalization of the agreement with the Government (See Sections I-D and VI-E for more details); (2) concurrences of the British and American Embassies and the Italian Government on the reactivation of the Italian oil refineries (See Section VI-D for more details); and (3) the progress made in the penicillin plant project.

110. Based upon information obtained in Toronto, Canada, at the penicillin plant of the Connaught Laboratories, the design of a building for housing the plant which UNRRA is furnishing to Italy has been started by the engineering staff of the Institute of Public Health. This work will thus be able to go forward during the three months' training period of Italian technicians in Toronto, who will be able to acquire full technical knowledge of the equipment and operation of the plant while in training. It is hoped that the first shipments of equipment of this plant will occur during September.

HARLAN CLEVELAND,
Deputy Chief of Mission,
Chief, Bureau of Requirements
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UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
ITALIAN MISSION - ROME

Appendix to Section VI

4 September 1946

PRICES OF UNRRA SUPPLIES
as agreed upon
by the Italian Government & the United Italian Mission

COMMODITY	PRICES IN LIRE	REMARKS
General		
1. Tinplate	45 per Kg.	To canning manufacturers. (This price was limited to t 300 tons imported for the preservation of fish. All 300 tons have been sold.)
	100 a/ per Kg.	FOB seller's warehouse.
2. Trailers, one-ton cargo, two wheels with tires	55,000 each	Ex-distribution centers
Food.		
1. Corn Syrup	35 per Kg.	For direct food consumption with controlled distribution. Price valid to 30.11.46 (See also Industrial Rehabilitati.
Agricultural Rehabilitation (All sales to farmers, and prices ex-consignee's warehouse unless otherwise stated)		
1. Ammonium Nitrate, base 31-35%	2,400 per quintal	Original weight including packing.
2. Binders, Wheat (Deering, Massey-Harris)	70,000 each 85,000 "	With cutting bar of 1.52 " " " " 2.10 These prices valid to 15/7/46
3. Cotton Seed Cake	1,000 per quintal	FOB feed-mixing plants.
4. Mowers (Deering, Bamford, Cockshutt)	35,000 each	
5. Ploughs (Massey-Harris,	55,000 each	

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2. Binders, Wheat (Deering, Massey-Harris)	70,000 each 85,000 "	With cutting bar of 1.52 " " " " 2.10 These prices valid to 15/7/46
3. Cotton Seed Cake	1,000 per quintal	FOB feed-mixing plants.
4. Mowers (Deering, Bamford, Cockshutt)	35,000 each	
5. Ploughs (Massey-Harris, 2-bottomed model)	55,000 each	
6. Three botton Ploughs, Tractor drawn, 570 Kg. each	80,000 each	

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COMMODITY	PRICES IN LIRE	REMARKS
7. Reaper Attachments (Deering)	3,000 each	Sale limited to bona fide farmers who have more grai to harvest, after which it will be re-examined for th balance of goods in stock Price valid to 15/7/46
8. Seed Potatoes	3,250 per quintal	This price includes all handling & distribution charges.
9. Flax Seed	5,500 per quintal	
10. Forage Pea Seed	25,000 per MT	Price valid to 15/9/46
11. Vetch Seed	45,000 per MT	
12. Forage Seed Corn	25,000 per MT	
13. Sudan Grass	4,000 per quintal	Original weight including packing
Clothing, Textiles & Footwear		
1. Cotton Goods		To consumer
Sheeting for sheets & pillow cases	70 per sq. meter	For imports against
Towelling	75 " " "	1945 program
Material for diapers & napkins	60 " " "	
Medical		
1. Insulin	12 per 100 unit vial 5cc.	To consumer
	18 " 100 " " 10 "	
	18 " 200 " " 5 "	
	23 " 200 " " 10 "	
	29 " 400 " " 5 "	
	35 " 400 " " 10 "	
	58 " 800 " " 12 "	
2. Penicillin	235 per 100,000 unit vial	
	450 " 200,000 " "	

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			will be re-examined for th balance of goods in stock Price valid to 15/7/46
8.	Seed Potatoes	3,250 per quintal	This price includes all handling & distribution charges.
9.	Flax Seed	5,500 per quintal	
10.	Forage Pea Seed	25,000 per MT	Price valid to 15/9/46
11.	Vetch Seed	45,000 per MT	
12.	Forage Seed Corn	25,000 per MT	
13.	Sudan Grass	4,000 per quintal	Original weight including packing

Clothing, Textiles & Footwear

1.	Cotton Goods		To consumer
	Sheeting for sheets & pillow cases	70 per sq. meter	For imports against 1945 program
	Towelling	75 " " "	
	Material for diapers & napkins	60 " " "	

Medical

1.	Insulin	12 per 100 unit vial 5cc.	To consumer
		18 " 100 " " 10 "	
		18 " 200 " " 5 "	
		23 " 200 " " 10 "	
		29 " 400 " " 5 "	
		35 " 400 " " 10 "	
		58 " 800 " " 12 "	
2.	Penicillin	235 per 100,000 unit vial	
		450 " 200,000 " "	

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COMMODITY	PRICE LINE	REMARKS
Industrial Rehabilitation		
1. Anthracite for Electrodes	5,250 per ton	At port
2. Benzol	55 per Kg.	Benzol Industrial FOB works
	60 per Kg.	Benzol Nitration Grade FOB tanks, in bulk
3. Coal	2,600 per ton	At port to public utilities & railroads (excluding handling costs)
	3,500 per ton	At port to manufacturers (excluding handling costs)
4. Opencast Coal	2,450 per ton	At port. To manufacturers
5. Colophony	100 per Kg.	Ex consignee's warehouse, net weight, including packin
6. Corn Syrup	50 per Kg.	For industrial purposes. Ex consignee's warehouse. Price valid to 30/11/46 (see also Food)
7. Diesel Oil	24 per liter	Retail price
8. Fuel Oil	8 per Kg.	Retail price
9. Gasoline H.B.	27 per liter	Retail price
10. Kerosene	28.50 per Kg.	Retail price
11. Denatured Alcohol	200 per liter	Ex consignee's warehouse (drums free)
12. Petroleum Coke	4,375 per ton	At port
13. Rubber	200 per kg.	MS/I Standard quality (crude ex consignee's warehouse.

		60 per Kg.	Benzol Nitration Grade FOB tanks, in bulk
3.	Coal	2,600 per ton	At port to public utilities & railroads (excluding handling costs)
		3,500 per ton	At port to manufacturers (exluding handling costs)
4.	Opencast Coal	2,450 per ton	At port. To manufacturers
5.	Colophony	100 per Kg.	Ex consignee's warehouse, net weight, including packin
6.	Corn Syrup	50 per Kg.	For industrial purposes. Ex consignee's warehouse. Price valid to 30/11/46 (see also Food)
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10.	Kerosene	28.50 per Kg.	Retail price
11.	Denatured Alcohol	200 per liter	Ex consignee's warehouse (drums free)
12.	Petroleum Coke	4,375 per ton	At port
13.	Rubber	200 per kg.	MS/I Standard quality (crude ex consignee's warehouse.
14.	Toluol	75 per Kg.	FOB tanks, in bulk

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MONTHLY REPORT OF THE BUREAU FINANCE AND ADMINISTRATION FOR AUGUST, 1946.

RELATIONSHIP WITH THE GOVERNMENT.

1. The following resolution on policy concerning the use of proceeds of the local sale of UNRRA supplies, and the question of transfer to the United Nations of UNRRA's interest in local currency Proceeds of Sale was passed at the Fifth Session of the Council at Geneva. The Council recommended that :

(a) The functions and responsibilities of the Administration in regard to the utilization of local proceeds or equivalent sums for such relief and rehabilitation work, as set out in the relevant agreements, be transferred at the appropriate time to the United Nations, or to such specialized body as may be designated by the United Nations, and that the United Nations, or such specialized body, undertake these functions; and

(b) The governments which have concluded agreements with the Administration be requested to agree to the assumption by the United Nations, or such specialized agencies, of the functions hitherto exercised by the Administration under those agreements.

The Director General will consult with the appropriate authorities of the United Nations with a view to arranging for implementation of the recommendation in (a) and (b) above.

2. The Chief of Mission presented a statement to the Personal Representative of the Director General which reflected the views of this Mission on the use of the Lire Fund (Attachment H-5-(a)).

3. The Financial Adviser (Lire Fund), in collaboration with the Government, prepared a memorandum concerning the relationship of the Lire Fund to the Italian State Budget. Unfortunately, it was not possible to prepare this memorandum in time for it to be submitted to the Chief of Mission at Geneva. (Attachment H-5-(b)).

4. A statement of the consolidated Lire Fund with Notes as at 28 August will be found in Attachment H-5-(d)).

5. A report was submitted by ICE (Istituto Commercio Estero - Institute of Foreign Trade) on UNRRA commodities sold during June 1946 as follows:-

	Sales	Credited to Special A/C.
Grain	1,587,508,444	
Flour (Wheat)	86,150,268	
Flour (Rye)	35,664,951	

Council recommended that :

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Grain	1,587,508,444	
Flour (Wheat)	86,150,268	
Flour (Rye)	35,664,951	
Flour (Soya)	15,120,384	
Codfish	81,877,675	
Oats & Rolled Oats	67,739,551	
Maize	3,775,661	
Lard	16,182,868	
Evaporated Milk	2,320,676	
Canned Fish	4,006,555	
Pasta	1,217,585	
Sausages	1,020,162	5503
Soap	37,506	
Sugar	384,382,813	500,000,000
Lit.	2,287,005,099	Lit. 500,000,000

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The difference between Proceeds of Sale of foodstuffs and the amount credited to the Special Account has been retained by the Federazione Consorzi Agrari on account of distribution costs yet to be determined. The amount of Lit. 3,455,512,716 has been so retained to date for distribution costs of imports from sales of foodstuffs to 30 June 1946, amounting to Lit. 5,905,512,716.

6. In addition to sales of foodstuffs, the following amounts have been credited to the Special Account to date as advance payments on account of sales:-

Raw Rubber	36,279,095	
Copra	55,158,750	
Pig Iron	16,500,000	Lit. 107,937,845

7. Further amounts were credited by CIP (Comitato Italiano Petroli:) as follows:-

(i) Lit. 322,834,663 in respect of Sales during April 1946.
(ii) Lit. 400,000,000 in respect of Sales during May and June 1946.
(iii) Lit. 200,000,000 being part repayment of sums retained by CIP during February and March 1946 on account of distribution costs.
(iv) Lit. 150,000,000 on account of sales during August 1946.

Items (i) and (ii) above were paid in, in addition to the sum of Lit. 450,000,000 already credited for the months of April - June 1946 inclusive.

8. Following upon the agreement reached between the Joint Presidents, the Lire Fund Control Committee at the seventh meeting held on 14 August 1946 recommended in principle that a loan be granted from the Lire Fund for financing the manufacture and distribution of finished textiles to be made from 31,000 tons of raw cotton which is being imported by UNRRA in the 1946 Supply Program. The first instalment of such loan is to be in the amount of Lit. 1,650,000,000 to finance the immediate manufacture of approximately 8,000 tons of cotton, and it is anticipated that the total loan required for this project will be about Lit. 3,000,000,000.

9. At the seventh meeting, the Lire Fund Control Committee also considered the administrative budget of the Italian Delegation which was in the sum of Lit. 1,345,450,000 for the six months period 1 April - 30 September, 1946. It was agreed to approve the budget in principle, and a Joint Sub-Committee was set up to examine the budget in detail.

10. At the eighth meeting of the Lire Fund Control Committee held on 28 August 1946, the question of payment of [illegible]

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10. At the eighth meeting of the Lire Fund Control Committee held on 28 August 1946, the question of payment of transit charges on UNRRA supplies passing through Italy was discussed. This incorporated transport of :-

(a) Supplies purchased by UNRRA in Italy for other Missions;

(b) Supplies in transit through Italy from foreign countries and reshipment to other Missions;

(c) Supplies purchased in Insular Italy for other Missions and routed via the Italian mainland.

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It was proposed that the sum of Lit. 100,000,000 be appropriated to a contingency fund to provide for expenses enumerated above and the Italian Government expressed the desire to study this proposal, prior to the matter being brought up at the next meeting of the Lire Fund Control Committee.

11. Several meetings of the Joint Sub-Committee were held to consider the position as regards determination of distribution costs of foodstuffs imported by UNRRA under the 1946 Supply Program. As a result, an Inspection Committee has been set up by the Italian Government including representatives from the Ministry of the Treasury, the Food Commission and the Italian Delegation. This Committee will visit all the major ports to carry out their investigations and will report their findings to the Joint Sub-Committee.

12. A Joint Sub-Committee has held several meetings for the purpose of deciding a proper basis for deduction of distribution costs of POL imports from resulting sales, and for determination of the price of POL based on the dollar exchange rate of Lit. 225. The question of reimbursement to the Lire Fund of the sales tax levied by the Italian Government on transfer or sale of POL was discussed, and this is to be reviewed in the light of the agreement in force between Italian Government and UNRRA. A procedure is to be addressed to the Italian Government for approval, whereby the civilian population do not bear the distribution costs of POL supplied to the Allied Forces.

13. The sum of Lit. 25,000,000 has been advanced to ICE for the financing of their administrative and operating expenses in connection with UNRRA supplies, from the amount of Lit. 50,000,000 provisionally appropriated for this purpose by the Lire Fund Control Committee on 13 June 1946, pending submission by ICE of a detailed budget. This budget has not been submitted to date, and ICE have undertaken to prepare a detailed budget by 20 September 1946, based on their administrative and operating expenses during the period 1 February 1946 - 30 June 1946, relative to handling of UNRRA supplies.

RELATIONSHIP WITH THE MILITARY AUTHORITIES.

14. As a result of the derequisitioning of premises under military requisition mentioned in the July Report (H-5, Para. 7), the Italian Delegation is acquiring premises which the Administration still desires to occupy. Stipulation for contracts on all hotels in use by the Administration have been submitted to the Delegation, with the request to regularise UNRRA occupancy with the owners. The number of camp premises which are being derequisitioned by the military number over 550. Some 475 are in the Lecce Group, where whole villages are occupied almost entirely by displaced persons. Lists of these camp premises have been obtained from the various Town Majors in the HQ 3 District. These are being processed by Camps Operations for submission to the Italian Government Delegation, in order that derequisition by the Army and acquisition by the Delegation for UNRRA may proceed in accordance with the UNRRA/SACMED Agreement.

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ORGANIZATIONAL CHANGES.

15. The main organisational changes during the month have taken place within the Bureau of Requirements and Distribution. The handling of surplus property matters has been transferred from the Local Resources Division to the Division of Program Co-ordination and Statistics. This function will, in future include all responsibilities of the Bureau in connection with the disposal of UNRRA surplus. The Commodity Accounting Branch is no longer attached to the Program Co-ordination and Statistics Division, but as a Staff Branch to the Office of the Chief, Sub-Bureau of Supply Operations. In future it will be known as the Supply Records Branch.

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16. The functions of the Price Office of the Bureau have been transferred to the Program Co-ordination and Statistics Division. This function includes co-ordination of the price work of the Bureau, acting as the technical secretariat for the Joint Price Committee, and representation of the Bureau on the Lire Fund Control Committee. As noted in the July Report (H-5, Para. 8) the Program Co-ordination and Statistics Division has been transferred from the Sub-Bureau of Supply Operations to the Office of the Chief of Bureau.

PROBLEMS.

17. Many requests have been received by personnel travelling to England and the States, either on duty or for repatriation, for French and Swiss francs. Because of lack of currency it has not always been possible to assist travellers. As a result of representations to ERO it is hoped to acquire a small supply of these currencies in the near future.

18. As mentioned in the July Report (H-5, Para. 13) the decision not to supply cash to other Mission personnel on leave in Italy is causing considerable inconvenience due to the difficulties experienced by personnel in obtaining personal funds from the countries of their home stations.

19. The question of participation in the Provident Fund Scheme by personnel seconded from H.M. Forces is still under discussion as far as non-Regular officers are concerned.

20. The supply of Leave Travellers' Cheques for use in Switzerland, Belgium, Denmark, France, USA (in case of Dollar Cheques), and England and sterling area (in case of sterling cheques) is running low and ERO has been cabled for a further supply.

21. The Division of Vehicle Control and Maintenance has received schedules showing the spare parts available for British vehicles. Immediate contact was made with Ordnance, who suggested that the matter be held over until the Ministry of Supply assumed responsibility. This defeats the whole object of the scheme for acquiring these spare parts. The position of spare parts for American vehicles is likewise unsatisfactory. For some months it was understood that procurement was being made in the United States. Now, apparently, procurement has been stopped as difficulty has arisen over the confusion of R. & D. requirements and requirements for the Italian Mission administrative vehicles. Cables have been sent asking for clarification of the position.

MAJOR ACTIVITIES CURRENT AND PROPOSED.

22. During the month 44 traffic accidents were reported (16 major and 28 minor) giving rise to six claims against the Administration. The Claims Committee met twice during the month and reviewed a total of 38 cases, of which 34 concerned traffic accidents.

23. Physical inventories of all non-expendable administrative property

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22. During the month 44 traffic accidents were reported (16 major and 28 minor) giving rise to six claims against the Administration. The Claims Committee met twice during the month and reviewed a total of 38 cases, of which 34 concerned traffic accidents.

23. Physical inventories of all non-expendable administrative property as of 30 June have been prepared (with the exception of Lecce Camp Group), and turned over to the Division of Accounts for evaluation. The completed report will be submitted to ZRO as soon as possible. A Property Survey Committee has been instituted and several meetings have taken place.

24. During August the total issue of rations throughout the Mission for mid-shift meals, snack bar, workshops, outside messes for Class II personnel, and for the hotels for Class I personnel, amounted to 164,118 rations. 389 persons were billetted in the Rome hotels from 1 to 27 August, and 275 transients passed through the Rome hotels.

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25. Every effort is being made to bring both Regions and Camps up to their vehicle establishment as authorized by ERO. Fifty Class C jeeps have been cannibalized, and this has enabled more jeeps to be put back on the road. The further 27 jeeps that were authorized have not yet been procured as UNRRA/AFHQ were not satisfied that the cable received was sufficient authority. With the exception of these there are no further personnel vehicles to be collected and no load-carriers.

26. The Mission Conference Secretariat has covered 19 conferences during the month, involving 46 hours of verbatim note-taking. In addition assistance was lent for the preparation of the Mission's revised Personnel Establishment, and for the answering of correspondence on behalf of the Director General. Secretarial assistance was also provided for the Office of the Chief of Mission and the Welfare Division, involving 206 secretary hours.

PERSONNEL STATISTICS.

27. As of 31 August 1946 the Mission staff consisted of 557 Class I (regular), 3,833 Class II (locally employed), and 111 Class III (Voluntary Agency) employees - a total of 4,501 persons. Of the Class I employees 278 are British, 200 from the United States, 27 South Africans, 13 Canadians, 8 Palestinians, 3 Australians, 3 New Zealanders, 3 Danes, 3 Indians, 3 Russians, 3 Stateless, 2 Frenchmen, 2 Poles, 2 Swiss, and one each from Egypt, Greece, Iceland, Haiti, Iran, El Salvador and Yugoslavia.

28. These statistics reflect the people in positions as at 30 August, but it should be noted that 10 Class I positions vacated during August might be filled in the succeeding month with Class I incumbents should ERO authorise this action.

C.B. HODGETTS,
Deputy Chief of Mission
Chief, Bureau of Finance
and Administration.

Attachments:

H-5-(a). Statement on the Use of the Lire Fund, 15 August 1946.
H-5-(b). Memorandum on the Relationship of the Lire Fund to the Italian State Budget, 13 August 1946.
H-5-(c). Minutes of a Meeting Concerning Distribution Costs Incurred by the Federazione Consorzi Agrari, 21 August 1946.
H-5-(d). Statement of the Consolidated Lire Fund as at 28 August 1946.

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Attachment H-5-(a).

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

ITALIAN MISSION

15th August, 1946.

TO : P.R.D.G.

FROM : S.M. Keeny, Chief of Mission, Italy.

SUBJECT : Use of Lire Fund.

1. In his oral report to the Council, the Director General indicated that he would request certain actions affecting the disposition of local currencies. This matter had previously been discussed in Rome, and a memo given to me asking me to inform the Government that no part of the Lire Fund should be spent in subsidising the bread ration - a measure that the Government had previously pressed upon the Mission, and which I had agreed to "in principle" provided the Government took energetic action on the collection of grain; abolished the black market; and took all possible steps to increase indigenous grain production.

2. It will be recalled that under the present agreement with Italy the expenditure of these funds is determined by the Italian Government in agreement with UNRRA. I believe that in most other agreements, the Government only receives the views of UNRRA and is free to act as it wishes. Even under the Italian Agreement, however, the money cannot be assigned without the agreement of the Government. I assume that no directive on the use of local currencies is contemplated which will not fall within the present agreement. If this assumption is correct, I take it that any directive would be advisory rather than mandatory.

3. The Director General's suggestions for use of the Lire Fund have included (a) the idea of a revolving fund and (b) the suggestion that the money be used at least in part for industrial loans at low rates of interest.

a. On the first point it is suggested that the Italian currency is not yet stable enough to provide any assurance for the establishment of a permanent Capital Fund. It is suggested, therefore, that any fund so set up should be planned for expenditure for a limited number of years - say 10. It would not seem desirable to tie up a high percentage of the money for such purposes. Five or ten percent as a maximum should cover any reasonable plan for training schools, scholarships and so on.

b. The use of this money for industrial loans seems open to considerable question. The money would be eagerly sought after especially by persons who expect inflation and who would like to incur debts which they can later pay off easily in inflated currency. Without an extremely carefully planned policy and a rigid method of selection,

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SUBJECT : Use of Lire Fund.

1. In his oral report to the Council, the Director General indicated that he would request certain actions affecting the disposition of local currencies. This matter had previously been discussed in Rome, and a memo given to me asking me to inform the Government that no part of the Lire Fund should be spent in subsidising the bread ration - a measure that the Government had previously pressed upon the Mission, and which I had agreed to "in principle" provided the Government took energetic action on the collection of grain; abolished the black market; and took all possible steps to increase indigenous grain production.

2. It will be recalled that under the present agreement with Italy the expenditure of these funds is determined by the Italian Government in agreement with UNRRA. I believe that in most other agreements, the Government only receives the views of UNRRA and is free to act as it wishes. Even under the Italian Agreement, however, the money cannot be assigned without the agreement of the Government. I assume that no directive on the use of local currencies is contemplated which will not fall within the present agreement. If this assumption is correct, I take it that any directive would be advisory rather than mandatory.

3. The Director General's suggestions for use of the Lire Fund have included (a) the idea of a revolving fund and (b) the suggestion that the money be used at least in part for industrial loans at low rates of interest.

a. On the first point it is suggested that the Italian currency is not yet stable enough to provide any assurance for the establishment of a permanent Capital Fund. It is suggested, therefore, that any fund so set up should be planned for expenditure for a limited number of years - say 10. It would not seem desirable to tie up a high percentage of the money for such purposes. Five or ten percent as a maximum should cover any reasonable plan for training schools, scholarships and so on.

b. The use of this money for industrial loans seems open to considerable question. The money would be eagerly sought after especially by persons who expect inflation and who would like to incur debts which they can later pay off easily in inflated currency. Without an extremely carefully planned policy and a rigid method of selection, such a system of loans would be open to serious abuse.

4. It is the view of the Italy Mission and of the Italian Delegation that the Funds should be used to complete the projects of the type that have already been begun, with a special emphasis on health services, child

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welfare and re-housing the homeless. A fuller statement of our view on the purposes to which the Fund should be devoted is attached.

5. On the assumption that there will be 60,000 million lire available to spend, my own suggestion for the use of it would be approximately as follows, (please note that these are only rough personal estimates, and have no standing in any agreements between the Italian Government and UNRRA):

a. For commitments on processing textiles and other commitments already made (including administration)..... 15,000 million (some of this to be reimbursed when proceeds of final textile sales come in).

b. For health services including campaign against tuberculosis and malaria, and the repair and re-equipment of hospitals ..... 10,000 million

c. For continuance of child feeding and rehabilitation of children's institutions ..... 10,000 million

d. For re-housing the homeless ..... 20,000 million

e. Other uses ..... 5,000 million

6. While the Italian Government has not yet made any official recommendation as to how the Lire Fund as a whole should be used, the President of the Italian Government Delegation for Relations with UNRRA (who is the Italian Observer at the Geneva Conference) has indicated informally his general agreement to approach outlined in the preceeding paragraphs.

7. I think that a case can be made for a bread subsidy in that it is a direct contribution to reduce the cost of living for the population and is directly in line with the Government's main drive to reduce the cost of living rather than to raise wages. One grant, however, would tend to lead to another and a large part of the Fund might be used for such subsidies, which would be a mistake. It would seem preferable not to use the Fund for subsidizing the price of bread, and to use the money instead for such purposes as the building and repair of houses.

8. The Italian Mission needs to know whether the use of lire for this particular subsidy is recommended by UNRRA H.Q. or not. The present situation is that the Prime Minister has been told that the Director General disapproves of the use of lire for this purpose. Should we assume that this is a definitive ruling?

9. The two draft Resolutions now before the Committee on Policy appear to be steps in the direction of making firm plans for the use of the various "proceeds of sale" funds. From the Director-General having

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9. The two draft Resolutions now before the Committee on Policy appear to be steps in the direction of making firm plans for the use of the various "proceeds of sale" funds. When the Director General begins discussions on the actual criteria to be adopted for local currency projects, I strongly recommend that our Mission participate in the discussions preceding any decision - both because our relationship with the Government in Italy on this question is unique, and because we have given the matter considerable thought during the last few months. We further urge that these discussions start immediately, and be brought to a conclusion soon. If action is not taken quickly, the working relationships between the Mission and the Government will inevitably result in large commitments of the Fund in the near future. We cannot be in the position of stalling action by the Government if we have no policy "line" of our own.

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10 . The Mission also needs guidance as to how the Fund is to be supervised after the Mission is closed. The simplest solution would be to have the Mission and the Government make sure that the total amount of money is flowing into the proper account, and draw up a budget for its use; thereafter changes in the budget and supervision of the United Nation's interest in it might most appropriately be undertaken by a Committee of members of the various Rome Embassies interested, presumably under the general aegis of the United Nations.

/S/ S.V. Keeny
Chief of Mission

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/S/ S.M. Keeny
Chief of Mission

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NOTES ON THE USE OF THE LIRE FUND IN ITALY

1. General

The purposes for which the Lire Fund are to be used are set forth in the Supplementary Agreement of 19th January, 1946, between UNRRA and the Italian Government. Briefly the Lire Fund (made up of the proceeds of sale of UNRRA-Imported Supplies) is to be used for relief and rehabilitation projects within a period of three years; these projects can only be undertaken by the Italian Government with the concurrence of UNRRA or whatever successor agency is designated by UNRRA to continue consultations with the Italian Government on this point. It is noteworthy that the Italian Agreement is the only UNRRA agreement, with any receiving country, which provides that the Government will not only consult UNRRA on the use of the proceeds of sale, but must also agree that use with UNRRA.

The basic thinking, of both the Italian Government and the UNRRA Mission in Rome, is that the Lire Fund should not be used as a substitute for normal budget expenditures of the Government (a prohibition to this effect even appears in the January Agreement) but rather to subsidise and build up those activities which would not in the normal course of events be able to command substantial financial support from either private or public sources. In any country the organisations responsible for meeting basic needs of the "low third" of the population (including health and welfare services) have difficulty getting adequate appropriations. Therefore the purposes of the Lire Fund might be defined as follows:-

To supplement the UNRRA Import Programme in enabling the Italian Government to meet the basic needs of the Italian population for food, clothing and shelter - with particular emphasis on the low-income sectors of the population.

2. Food

With the UNRRA Import-Programme, we are trying to close the gap between Italian production of essential foods and the minimum requirements of the people for those foods. With some exceptions and limitations due to the food crisis, this objective is being reached. However, the problem of getting food to the people who need it is not wholly a supply problem; it is also a financial problem - for the individual and for his Government. The average wage-earner in Italy spends 80% or more of his current income for food alone; the person with a low fixed income (including people on relief, pensioners, etc.) is in an even worse condition, since the income does not rise proportionately to the progressive rise in the cost of living.

UNRRA's original programme, in 1945, comprised as a basic element the welfare distribution of food - especially for children and for pregnant and nursing mothers. One central purpose of the use of the Lire Fund should be to make sure that no financial limitation, either in the income of the individual or the Budget appropriations of the Government, interferes with the continuing availability of essential foods to the people who can pay very little or nothing at all for them. This would include developing and expanding the school-lunch programme, a programme for various types of

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In addition to aiding the distribution of food, there have also been some preliminary discussions on the possibility of using the Lire Fund to help re-establish agricultural services and thereby aid also in food production. These conversations have not yet produced any specific proposals for policy consideration.

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3. Clothing

UNRRA does not import clothing into Italy (except for some old clothes and special diversions at the request of Headquarters.) The Italian textile industry can itself make all the clothing required by the Italian people, and still have sufficient capacity to export twice as much textiles again. The raw materials, however, must be largely imported. The same thing is true, with a more limited export possibility, of the leather and shoe manufacturing industry. UNRRA is therefore importing into Italy some 35,000 tons of cotton, 13,000 tons of wool, and 2,000 tons of hides (out of 11,000 tons of hides requested). The economics of the textile and leather industries, however, are such that it is impossible to sell the raw materials to the manufacturers and expect low cost, high quality goods to become available quickly for popular distribution and sale. On the contrary, if the material were sold to manufacturers it would be (a) exported as luxury goods (b) manufactured into goods for high price sale on the Italian market or (c) held in warehouses in order not to break the artificially high textile and leather price structure.

A plan has therefore been developed by the Government in co-operation with UNRRA which involves processing these materials "on account", retaining Government title to these materials during the entire period of their manufacture. The resulting fabrics and shoes will then be put into controlled distribution channels. Perhaps one third of the goods will be given away to needy people; the remainder will be sold at prices which will cover the cost of processing the entire quantity, but which will recover nothing on the original cost of the materials themselves. The operation is therefore being subsidised by the fact of not recovering in the Lire Fund any of the cost of raw materials. In addition, a Lire Fund appropriation is required on a loan basis to defray the costs of processing - this loan to be reimbursed out of the proceeds of sale of the finished products. In this way the Lire Fund is used to complement the import programme to make sure that distribution is according to Resolution 7 of the UNRRA Council.

4. Shelter

Although the lack of adequate or in some cases any housing, is one of the most acute shortages in the Italian economy, there is relatively little that UNRRA can do about it through an import programme. UNRRA's chief imported contribution to meeting the housing problem is in providing coal that is required for the manufacture of cement, bricks, and tile, and in helping the transport system to get back on its feet (through the production of additional railway rolling stock and motor vehicles, and the provision of fuel to run both railroad and motor transport), so that it can move the building materials to where they are needed.

Once the basic problems of making the building materials and transporting them from place to place are well on their way to solution, the limiting factor in getting houses built is the fact that house-building is not profitable - and very few people have the money to build a new house, or even to repair a war-damaged structure. This is a typical problem for the use of the Lire Fund. The Government, with UNRRA's concurrence, has already set up a housing organisation, known as CASAS, which

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[illegible] 55,000 tons of cotton, 18,000 tons of wool, and 2,000 tons of hides (out of 11,000 tons of hides requested). The economics of the textile and leather industries, however, are such that it is impossible to sell the raw materials to the manufacturers and expect low cost, high quality goods to become available quickly for popular distribution and sale. On the contrary, if the material were sold to manufacturers it would be (a) exported as luxury goods (b) manufactured into goods for high price sale on the Italian market or (c) held in warehouses in order not to break the artificially high textile and leather price structure.

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5. Health.

UNRRA has already imported considerable quantities of finished medical supplies, mostly for free distribution to hospitals. The 1946 programme calls largely for pharmaceutical raw materials, plus a few special finished products such as penicillin and insulin. The distribution of these supplies is a great help to the hospital and other medical services in getting back on their feet; but they are greatly handicapped by lack of adequate funds to purchase such fundamental equipment as beds, to rebuild buildings, and to acquire the medical supplies themselves.

Here again lire can be used to complement the relief and rehabilitation effort started by the importation of essential supplies. Appropriations have already been made from the Lire Fund, by agreement between the Italian Government and UNRRA, for malaria control and eradication, for tuberculosis control, and for transport for the Government's provincial medical officials. Similar and larger appropriations are now under consideration.

UNRRA Italian Mission - H.C.
Geneva, 15 August 1946

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Attachment E-5-c

MINUTES OF A MEETING CONCERNING DISTRIBUTION COSTS INCURRED BY THE FEDERAZIONE CONSORZI AGRARI, HELD ON 21 AUGUST 1946, at 10.30 a.m.

Those present:-

G.Hopkins	Financial Adviser (Lire Fund)
L.Travers	Office of Financial Adviser.
H.Landsberg	Programme Co-ordinating & Statistician
C.Lester	Division of Ports & Shipping
Mr.Della Negra	Italian Government Delegation
Mr.Ermini	Italian Government Delegation
Mr.Bottai	Federazione Consorzi Agrari
Mr.Calcani	Federazione Consorzi Agrari
Mr.Degli Alberti	I.C.E.
Mr.Bianchini	I.C.E.
Mr.Belluco	I.C.E.
Mr.Foffano	Ministry of the Treasury.

DISTRIBUTION:-

All those present,

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Mr.Degli Alberti	I.C.E.
Mr.Bianchini	I.C.E.
Mr.Belluco	I.C.E.
Mr.Poffano	Ministry of the Treasury.

DISTRIBUTION:-

All those present,
Chief, Bureau of Finance & Administration.
Office of Chief of Mission.
Special Assistant to Chief of Mission.

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1. At the opening of the meeting a representative of the Treasury was not present; it was decided, however, to start in his absence.

2. MR. HOPKINS reminded the Committee that some time ago the Federazione Consorzi Agrari prepared a report on the distribution costs, which they submitted to the Lire Fund Control Committee. The Committee, however, decided that independent checks would be made on the Federazione's report by the Delegation on the one hand and the Mission on the other. The matter, continued MR. HOPKINS, had been continually before the Lire Fund Control Committee, and had been adjourned from meeting to meeting, as the Mission had not completed its investigation. The present meeting of this Sub-Committee had been called, as the Mission was now in a position to discuss the matter.

3. MR. HOPKINS suggested that it might be a simpler procedure to go through the report submitted by the Mission, and compare the two particularly as the Delegation's report was not at all clear on certain specific points. He explained that the Mission had tackled the problem by instituting a "spot check" at Leghorn. He asked MR. LESTER, who had conducted this check, to report on the findings.

4. MR. LESTER reported that he had taken three grain ships at random, and checked the actual bills, which were available in the Federazione Consorzi Agrari's offices. On the basis of the three ships, continued MR. LESTER, the average discharge cost per quintal was arrived at. Specific items of difference between the two reports were Offloading charges, which are now in all cases paid by the UNRRA Italian Mission - he added that there had been instances in the past where these charges had been paid by the Federazione, but these will have to be accounted for one by one, and cannot appear in future estimates for discharge.

Bagging. The charge for bagging, stated MR. LESTER, was estimated at Lit.19.45 per quintal, whereas the tariff for bagging at Leghorn and in most other ports is Lit.9.40 per quintal.

Transport. Charges had been included for transport to the warehouses and the loading of grain from warehouses. MR. LESTER stated that in Leghorn the grain did not go through the Federazione warehouses, and therefore there was absolutely no basis for these particular charges. MR. LESTER continued, saying that in addition to the charges for cloth usage being excessive, there was duplication in the figures.

String. This item, for bagging, is charged on the estimate of 1½ Lit. per quintal, whereas the actual amount in Leghorn shown on the bills is .23 Lit. per quintal.

Guards. The guards in the hold and on the wharf were charged at 3 Lit. per quintal. MR. LESTER stated that neither the Federazione Consorzi Agrari nor any Italian Government Agency had the right to put guards into the holds, therefore there was no basis for these charges.

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Opening and closing hatches. This item was stated to be part of the off-loading, and therefore could not be charged by the Federazione.

5. MR. LESTER stated that the figure arrived at by the Mission investigators was an average of Lit.53.26 per quintal against a figure of Lit.129.35 per quintal as charged by the Federazione. Taking these figures in terms of a full ship of 8,000 tons of grain, the Federazione charge would be 10.4 million Lire against 4.3 million Lire, the actual amount of their expenditure. The general expenses, i.e. telephone etc. continued MR. LESTER, had been taken at the figure supplied by the Federazione, as there was no way of checking these. From the above remarks it will be seen that the charges are more than 100% too high.

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6. MR. LANDSBERG stated that the figures quoted by MR.LESTER applied to Leghorn only, and there appeared to be some discrepancy in figures for the other ports, in as much as overtime amounted to 75% of the offloading charges. This, he added, could not be accepted without further justification. He asked that in future reports the separate amounts for mechanical and manual work in offloading should be itemized.

7. Regarding railway and trucking expenses, continued MR. LANDSBERG, these had been checked with the official Italian State Railway charges. He stated that the Federazione charge of 116 Lit. per quintal corresponded to an average railway haul of 1,000 kilometres, plus a truck haulage at each end of 10 km. MR.LANDSBERG pointed out that the average distance travelled by the grain was not 1,000 km., in addition to which trucking was not necessary at each end in all cases. He then referred to the charge for porterage, 39 Lit. per quintal. The correct figure for this was 15 Lit., he stated, and if a higher figure was going to be charged, justification would have to be given.

8. MR.LANDSBERG further stated that the charges submitted were based on periods prior to UNRRA's main operations, the port expenses referring to ships arriving between September 1944 and the end of February 1946, and the other items being based from 1st March 1945 to 31st July 1945. During these periods, continued MR.LANDSBERG the south was more important than the north, and charges were higher in that part of the country, therefore too much stress on the figures for the south automatically brought the figures higher. MR.LANDSBERG concluded, saying that an overcharge of 1 Lit. per quintal in accounting amounted to 10,000,000 Lit. on the grain which had been brought into Italy to date, and therefore no case of overcharging should escape notice.

9. MR.HOPKINS suggested that the Federazione should defer their discussion of this report, as this might possibly become rather lengthy, adding that he intended to pass the report to the Treasury and the Delegation at an early date. He stated that the discrepancies in the findings of the two reports were most disturbing, adding that another point which needed clarification was that the Federazione Consorzi Agrari were withholding a sum of approximately 3½ billion Lire on sales of approximately 6 billion Lit. He asked the Delegation to give some information on this position.

10. MR.DELLA NEGRA said that in his opinion the report of the investigation carried out by MR.LESTER should be sent to the Federazione Consorzi Agrari, with a request for details of actual expenses. From this, added MR.DELLA NEGRA, it would be possible to know the exact amount which should be paid into the Lire Fund.

11. MR.HOPKINS agreed with this suggestion, but stated that this would not cover the whole problem. He stated that spot checks should be taken at all the ports; UNRRA had not the staff to undertake this work, and he asked what body within the Government would be the competent authority to do this - the Treasury, Court of Accounts, etc.

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Railway Charges. He stated that the Federazione charge of 116 Lit. per quintal corresponded to an average railway haul of 1,000 kilometres, plus a truck haulage at each end of 10 km. MR.LANDSBERG pointed out that the average distance travelled by the grain was not 1,000 km., in addition to which trucking was not necessary at each end in all cases. He then referred to the charge for porterage, 39 Lit. per quintal. The correct figure for this was 15 Lit., he stated, and if a higher figure was going to be charged, justification would have to be given.

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9. MR.HOPKINS suggested that the Federazione should defer their discussion of this report, as this might possibly become rather lengthy, adding that he intended to pass the report to the Treasury and the Delegation at an early date. He stated that the discrepancies in the findings of the two reports were most disturbing, adding that another point which needed clarification was that the Federazione Consorzi Agrari were withholding a sum of approximately 3½ billion Lire on sales of approximately 6 billion Lit. He asked the Delegation to give some information on this position.

10. MR.DELLA NEGRA said that in his opinion the report of the investigation carried out by MR.LESTER should be sent to the Federazione Consorzi Agrari, with a request for details of actual expenses. From this, added MR.DELLA NEGRA, it would be possible to know the exact amount which should be paid into the Lire Fund.

11. MR.HOPKINS agreed with this suggestion, but stated that this would not cover the whole problem. He stated that spot checks should be taken at all the ports; UNRRA had not the staff to undertake this work, and he asked what body within the Government would be the competent authority to do this - the Treasury, Court of Accounts, etc.

12. MR. DELLA NEGRA said that the costs of distribution should be determined as soon as possible, and in the meantime he had suggested to the Lire Fund Control Committee that ICE should hand over more money pending the distribution costs investigation.

13. MR.HOPKINS asked for a specific suggestion as to this request that some body within the Government should undertake investigation of distribution costs.

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14. MR.DELLA NEGRA stated that as the accounts dealt with matters concerning UNRRA, the investigation should be carried out by an expert from the Mission, the Delegation, the Federazione Consorzi Agrari and ICE. MR.HOPKINS agreed that it would be advisable to have a standing Committee to consider the reports submitted as a result of investigation at the Ports, but the actual investigation must be carried out by the Government. He stated that five people appointed to do this work would be useless, and suggested that at least 25/30 persons should be employed. The investigation, he added, should be undertaken by the Treasury, and the Committee would merely oversee this work.

15. MR.POFFANO stated that the Treasury audited accounts when statements were submitted, but in the case of UNRRA imported goods there were no statements. He referred to the decree No.586 issued by the Government, which dealt with this matter. MR.HOPKINS asked that this be produced, and MR.POFFANO said he would bring it to the next meeting.

16. MR.POFFANO stated that the Government had authorised the Federazione to retain 25% of the proceeds of sale against the distribution costs, and when the Federazione submitted statements an investigation would be held and the actual amount due to them determined.

17. MR.HOPKINS summarised the decision of the meeting by saying that it had been proposed that a Committee be immediately set up with a representative from each of the following:- The Delegation, Federazione Consorzi Agrari, Alimentazione, the Italian Mission and ICE, with a representative from the Treasury. He asked whether the suggestion was that these representatives should move around from port to port in order to conduct their investigations.

18. MR.POFFANO stated that there were only five ports in use. MR.DELLA NEGRA stated that each of the bodies represented on the Committee already had representatives at the ports, and the work of the sub-committee would consist in checking their reports. MR.LANDSBERG expressed doubt that this system would work, asking how it could be explained that the reports from Leghorn submitted by the Government and the Mission were at such variance.

19. MR.DELLA NEGRA suggested that a questionnaire be sent out to the port representatives. MR.LESTER stated that so far as the UNRRA port representatives were concerned, they would not have time available to be concerned in this work. MR.HOPKINS stated that Committees should set up in each port, and his main concern was to arrive at the actual distribution costs. He further stated that as grain, flour and cod fish up to the 30th April were the first proceeds into the Lire Fund, it should not be too difficult a matter to ascertain the actual distribution costs now. He asked whether the Federazione's remmeration had been agreed upon, and MR.DELLA NEGRA stated that this had not yet been agreed.

20. MR.HOPKINS asked that the Sub-committee which it had been decided to form, should meet at the earliest possible moment. He suggested that MR.TRAVERS should sit in at the first meeting as his representative. He asked MR.DELLA NEGRA, on behalf of the Delegation, to consider the matter of the Federazione's remmeration at an early

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21. MR. LANDSBERG suggested that the Sub-committee should set out a provisional figure, and each month carry the actual accounting forward. He said they should determine what the actual costs were through 30 April and put out a figure to be current for the next period. There was general agreement on this point.

22. The first meeting of the Sub-Committee was arranged for 10 am on Friday, 23rd instant.

23. The meeting rose at 12.35 pm.

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REPORT OF MEETING OF SUB-COMMITTEE ON DISTRIBUTION COSTS
August 23, 1946 10:00 A.M.

Present:

Mr. Travers	UNRRA
Mr. Landsberg	UNRRA
Mr. Lester	UNRRA
Mr. Bianchini	I.C.E.
Mr. Belluco	I.C.E.
Mr. Paladino	Ministry of Treasury
Mr. Dettei	Federazione Consorzi Agrari
Mr. Calvani	Federazione Consorzi Agrari
Mr. Ermini	Italian Government Delegation
Mr. Della Negra	Italian Government Delegation

1. MR. TRAVERS presided at the first meeting of the sub-committee. He informed the members that it was the purpose of the sub-committee to consider ways and means of obtaining accurate distribution costs of UNRRA commodities. It was UNRRA's desire, continued MR. TRAVERS, that the Italian Government or the Italian Government's agency assume the responsibility of obtaining the actual figures of such distribution costs. As stated in the previous meeting, UNRRA would not be in a position to do more than assist in this work. MR. TRAVERS asked MR. PALADINO, who had been deputized by the Ministry of Treasury to attend the meeting, if the Treasury or appropriate Government Department had considered this matter and were prepared to set up the necessary staff for the purpose.

2. MR. PALADINO stated he was unable to answer for the Treasury and that MR. SARACINO, for whom he was substituting, would be the Treasury's representative at future meetings. He stated also that MR. SARACINO represents the Treasury on the Federazione Consorzi Agrari.

3. MR. DELLA NEGRA said the High Commissariat for Food would be glad to cooperate in providing staff for such investigations when the methods or plans for obtaining the information were set up. He added that it was a question of establishing the rules for the work, the information desired, etc.

4. MR. LESTER recalled the decision at the previous meeting that figures should first be obtained of actual costs of distribution up to April 30th as a starting point.

5. MR. TRAVERS asked the F.C.A. representative if they could not prepare a report of actual costs with respect to sales and imports up to April 30th, as all data for such a report must certainly be available by this time.

6. MR. LESTER felt it would be best to have the F.C.A. prepare the report, then have a Commission go from port to port to check on the figures submitted by the Federazione.

7. MR. DETTEI said the F.C.A. is presently doing the accounting for the welfare program of UNRRA covering the period up to June 30, and that they are trying to divide the various costs by type of program, i.e., welfare program,

Mr.	Paladino	Ministry of Treasury
Mr.	Bettei	Federazione Consorzi Agrari
Mr.	Calvani	Federazione Consorzi Agrari
Mr.	Ermini	Italian Government Delegation
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7. MR. BETTEI said the F.C.A. is presently doing the accounting for the welfare program of UNRRA covering the period up to June 30, and they are trying to divide the various costs by type of program, i.e., welfare program, 1946 program, Allied Commission, etc. This would be completed sometime in September. However, if it were necessary to obtain figures by type of commodity, it would be a long and difficult job. MR. BETTEI also said that the actual costs do not reflect certain expenditures which would have to be made in the future. It was agreed by the meeting, however, that this would present no difficulty as such unpaid costs could be noted separately, to be included when average costs were estimated.

8. MR. LESTER added that accounts should be rendered by all ports individually, consolidated and submitted directly to the agency or body investigating the costs, and should not be consolidated at the main office of the F.C.A. Also, that such accountings should be concerned only with UNRRA commodities, bearing in mind that F.C.A. has many other activities.

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9. MR. ESTEI said that the work on the port expenses through June 30th was nine-tenths complete. In addition, they have figures for the Provincial Consorzi, but only on the assistance program. He hoped it would not be necessary to request the same work for the second program.

10. MR. TRAVERS reiterated that it was UNRRA's desire to have an official Government agency, preferably the Treasury, undertake this investigation. However, as pointed out by MR. DELLA NEGRA, only the Federazione Consorzi Agrari has all the necessary documents on which to base calculations and it would mean duplication of their work if the Government were to set up a separate staff for this purpose. MR. DELLA NEGRA added that the Treasury is currently controlling and auditing the Federazione's accounts.

11. MR. TRAVERS said that if the Government did not nominate their own agency for the investigation but wished to delegate the Federazione port representatives to prepare the figures, so well and good, but he wanted to stress the fact that the responsibility lay with the Government, not with U.N.R.A.

12. MR. DELLA NEGRA said he was not prepared to state which agency in Government would be responsible for the work. However, he would personally discuss with the Treasury and would inform MR. TRAVERS on Monday, August 26, of the decision reached and submit a plan for obtaining the information required.

13. It was MR. ESTEI's view that since the Provincial Consorzi had been requested to submit figures covering internal costs up to June 30, it would be best to use those figures, rather than make a separate report up to April 30, especially since the added coverage would permit more accurate estimates. MR. TRAVERS agreed that this would be satisfactory.

14. MR. LESTER suggested that figures should be shown of stocks on hand at the first of the year, as well as stocks on hand as of June 30, in order to arrive at an accurate figure for distribution costs.

15. MR. TRAVERS stressed the fact that it was very necessary to have reliable figures on distribution costs as quickly as possible in view of UNRRA's limited remaining time in Italy. He asked that MR. DELLA NEGRA, on behalf of the Delegation, make representation to the Italian Government that sufficient staff be set up for this purpose; then when some concrete body was delegated to do the work, the necessary plans for implementation be made.

16. MR. DELLA NEGRA agreed to study the matter with the Treasury and submit a definite plan of operation by Monday.

17. The meeting adjourned at 11:50 A.M.

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Chief, Bureau of Finance & Administration

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Office of Chief of Mission
Special Assistant to Chief of Mission

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Attachment H-5-(_8)

CONSOLIDATED LIRE FUND AS AT 20th AUGUST 1946

Contribution by Italian Government matching $ 50,000,000			5,000,000,000
Proceeds of Sale to 30 June, 1946.			
(a) Grain		4,025,968,318	
Flour (Wheat)		175,907,703	
Flour (Rye)		74,542,242	
Flour (Soya)		15,120,384	
Codfish		240,000,250	
Corn		5,200,202	
Oats and Rolled Oats		126,455,942	
Sugar		408,143,100	
Lard		17,426,091	
Evaporated Milk		2,320,676	
Canned Fish		4,006,555	
Soap		37,506	
Sausages		1,020,162	
Pasta		1,217,585	
		5,905,512,716	
Less Retained by Federazione Consorzi to Date		3,455,512,716	2,450,000,000
(b) Seed Potatoes		321,182,876	
Less Distribution costs and subsidy		230,263,415	
		90,919,460	
Less Deducted - I.T. Programme		14,443,347	76,476,113
(c) Coal			5,000,000,000
(d) P.O.L. to 31 July		5,020,633,650	
Less Customs Duties February to April Inc		1,102,806,936	
		3,917,826,714	
Less Retained by C.I.P. on account of Distribution Costs Feb - April inc.		2,091,669,539	1,826,157,175
(e) Raw Rubber			36,279,095
(f) Copra (on account)			55,158,750
(g) Iron			16,500,000
			14,460,571,133

Less Appropriations:

(1) CASAS	1,000,000,000	
(2) Sardinian Malarial Project	300,000,000	
(3) Cotton Manufacture	457,667,508	
(4) Naples Cave Dwellers	5,500,000	
(5) Clothing Processing	112,500,000	
(6) Public Health Vehicles	18,850,000	
(7) CASAS Transport	167,066,000	
(8) I.C.E. Advance for Financing		

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	Corn	5,288,202	
	Oats and Rolled Oats	126,455,942	
	Sugar	408,143,100	
	Lard	17,426,091	
	Evaporated Milk	2,320,676	
	Canned Fish	4,006,555	
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(6)	Public Health Vehicles	18,850,000	
(7)	CASAS Transport	167,066,000	
(8)	I.C.E. Advance for Financing Operations	50,000,000	
(9)	Sardinian Locust Campaign	500,000,000	
(10)	Federazione Consorzi : 1945 Programme	245,000,000	
(11)	Sardinian & Brown Coal Subsidy	500,000,000	
(12)	Federazione Consorzi : Plan "P" Welfare Programme	155,000,000	
(13)	Mission Administrative Expenses	3,000,000,000	6,511,583,508
	Balance to be Appropriated		7,948,987,535
Loan for Cotton Manufacture 1946 Programme			1,650,000,000

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19

28th August, 1946.

NOTES ON CONSOLIDATED LIRE FUND STATEMENT.

(1) The amount of Lire 1,102,006,936 paid in respect of Customs duties on P.O.L. imports during February - April 1946 is reimbursable by the Ministry of the Treasury to the Lire Special Proceeds of Sale account.

(2) The sum of Lire 3,455,512,716 withheld by the Federazione Consorzi Agrari in respect of distributions costs yet to be determined is based on foodstuffs imported and bears little relationship to the sum of Lire 5,905,512,716 shewn as sales to 30 June, 1946.

(3) The sum of Lire 3,000,000,000 appropriated for the Mission includes expenses in respect of the Non Italian Program. The position in regard to this appropriation as at 28 August, 1946 is as follows:-

Cash in Hand	800,000,000
Advances to Trieste and reimbursable	464,000,000
Non Italian Program	500,000,000
Loan to Central Industrial Commission	45,000,000
Mission Expenses	1,191,000,000
	3,000,000,000

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GL 7041

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H-6. MONTHLY REPORT OF THE BUREAU OF RELIEF SERVICES FOR AUGUST, 1946.

FORMATION OF MINISTRY OF WELFARE.

1. Since the inception of the Mission, it has been obvious that there has been a great need of co-ordination of welfare activities in the Italian Government, and we have carried on many discussions with Government authorities, including the Delegation, on this subject. Unfortunately, since a more-or-less permanent Government was not established until after the June elections this year, no action was possible, although there was general agreement with us regarding the need of such a development.

2. During the past few weeks, some encouraging action has been started. We have held several discussions with the new Minister of Post-War Assistance, Mr. Sereni, who apparently has had some support from the Government for the plan of developing a coordinated Ministry of Social Welfare. He is appointing a Committee from within his Ministry to study the subject and to prepare a general proposal for the consideration of the Presidency of the Council of Ministers. He has asked the Deputy Chief of Mission for Relief Services to act as consultant and observer to this Committee, and, at my suggestion, he is also including a representative of the Italian Delegation.

3. It is hoped that, within a few weeks, the Minister will present the proposals of the Committee to the Presidency for their action. At this point, the Government will have to determine whether it will take a firm stand against the objections which will undoubtedly be raised by the various parastatal and ministerial welfare agencies among which the welfare work of the Government is at present unequally divided. If such a stand is taken by the Government, a definite working-party can be established to study the question in detail and to prepare the necessary legislation. It is impossible at this moment to predict the success of the enterprise, but this is the first concrete result of many months of discussion.

DISPLACED PERSONS.

4. There has been considerable comment in the Press lately concerning the proposal made by the American Embassy in Rome to the Italian Government to permit 25,000 Jewish displaced persons to be brought into Italy from Austria. We first learned of the proposal from the newspapers, and we have at no time been officially consulted, either by the American Embassy or the Italian Government. The former has not been able to consult us, since all cables and documents they received on this subject were of a "Secret" nature. We have, however, been kept informed unofficially by the Embassy, but have refrained from taking any policy stands with them, since we have not had instructions from ERO. We have learned that the Italian Government presented a carefully-reasoned reply to the Embassy, in which they indicated the impossibility of agreeing to this request in view of the large number of displaced persons now in Italy, the difficult economic situation, and

including the Delegation, on this subject. Unfortunately, since a more-or-less permanent Government was not established until after the June elections this year, no action was possible, although there was general agreement with us regarding the need of such a development.

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5. Our own position has been stated to ERO in a cable sent at the end of August, indicating that we could undertake the care of some 5,000 displaced persons with our present camps, or we could take about 9,000 with the additional camps we are planning to acquire. In the latter case, however, unless the additional camps would serve as substitutes for some existing camps, we would not have sufficient staff. The question has also been raised by the Bureau of Requirements and Distribution about necessary food supplies, and their comments have been indicated in the same cable.

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6. It should be noted that, as the Italian Government becomes increasingly responsible for its problems, it is taking a firmer stand on them. It is only recently that the Government has been given the responsibility of decision with regard to admission into Italy of foreigners, and, except in a few instances, it is taking a negative position. It is impossible to tell how many aliens are in Italy who are not under the care and jurisdiction of either military agencies or UNRRA, but the number is large and disturbing to the Italian Government. This is particularly true since normal control of individuals through registration with the police, etc., is still not properly in effect.

UNRRA COUNCIL RESOLUTIONS (GENEVA).

7. We have reviewed the Resolutions passed at the Geneva Meeting of the UNRRA Council.

8. The Resolution on displaced persons will, of course, have the greatest immediate effect. We have compared the provisions of the Draft Constitution of the International Refugee Organization (IRO) with the eligibility rules of UNRRA, and while it appears generally that the former are more extensive than the latter, it is difficult to make any judgments because of the variety of interpretations which are possible under the IRO definitions. It is our understanding that ERO is reviewing this matter, and that no action is to be taken in the field until we receive instructions from London. It should be borne in mind, however, that the military authorities have already begun to press us, since, in their opinion, this Resolution implies that many of the displaced persons found ineligible in our Spring survey will now be eligible, and the Army will be able to transfer them to our care.

9. We were generally pleased with the provisions of the displaced persons, health and welfare Resolutions, since they indicated a reasonably early and practical approach to the problems of transition from UNRRA to the United Nations Organizations concerned with these problems.

DISTRIBUTION OF COTTON CLOTH.

10. A plan has been worked out by the Mission through the Bureau of R. & D. for the manufacture of various kinds of cotton cloth from the 30,000 tons of imported cotton. By agreement with the Government, this cotton will be manufactured into cloth at a cost calculated to provide for the sale of 20,000 tons at a modest price, still permitting the free distribution of 10,000 tons. The Bureau of Relief Services, in conjunction with the Italian Delegation, has held a series of meetings with the appropriate Government Ministries, and has developed a plan for the allocation of these 10,000 tons to meet the needs of institutions and individuals under the care of these Ministries. Under this plan, a unit of issue has been established of per bed for various kinds of institutions and per individual according to five groupings on an age and sex basis. These issues are limited, but will nevertheless go a long way towards meeting the needs of these groups.

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11. The agencies participating are the Office of the High Commissioner for Health and Hygiene, the Ministry of Post-War Assistance, the Ministry of Labor, the Ministry of the Interior, the ONMI (Opera Nazionale Maternita e Infanzia - National Maternal and Child Welfare Institute), the Ministry of Education and the Ministry of Justice. It is expected that, out of the 10,000 tons allocated for free distribution, some 45,000,000 square meters of various kinds of cloth will be manufactured to meet the needs, on the unit basis mentioned above, of some 5,500,000 individuals and for some 640,000 beds in public institutions.

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12. We have transmitted these requirements to the Bureau of R. & D. which is carrying out the entire plan of processing, in conjunction with the Italian Government. We have also started discussions concerning actual plans of distribution with the Ministries concerned.

LIQUIDATION PLANS.

13. We have had some preliminary discussion with the Chief of Mission concerning the proposed Liquidation Plans from Washington. In our opinion, these Plans do not take into consideration the fact that the various Divisions of the Bureau of Relief Services are responsible for distribution of considerable quantities of supplies. The Liquidation Plans, therefore, do not take into consideration the necessity of a period between the receipt of supplies and the execution of plans for distribution of supplies. Curiously enough, this period is allowed for under the headings of Food, Textiles, Industrial and Agricultural Rehabilitation Supplies, etc., but is not allowed for some of the very same items for whose distribution the Bureau of Relief Services is responsible. It is imperative that adjustment be made to make the Plan coherent and consistent. It is important also - if not more important - to bear in mind that the major aspects of programs such as Health, Welfare and CASAS are those of ensuring proper continuation of Government programs along similar or improved lines.

14. In the case of Health, the biggest aspect of the work will be the successful launching of the large Lire Fund projects for epidemic control, reconstitution of health services, etc. In the case of Welfare, this involves the assurance of the continuation of child feeding programs and the possible initiation of the Ministry of Social Welfare. In the case of CASAS, this will involve the launching of the 1947 Government program of repair and building of houses under complete Government auspices.

15. None of these programs will require full staff during the early part of 1947, but all of them will require the presence of a small number of personnel to bring to a reasonably successful culmination the work undertaken by the Bureau, and to ensure the proper undertaking of the initial steps for the larger programs to be carried out subsequently by the Italian Government.

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Deputy Chief of Mission and Chief,
Bureau of Relief Services.

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H-6-a. MONTHLY REPORT OF THE HEALTH DIVISION

FOR AUGUST, 1946.

RELATIONS WITH ITALIAN GOVERNMENT.

Medical Supply Program.

1. The third general distribution of relief medical supplies consisting of 521 tons, valued at $ 561,930, was completed during August.

2. A plan for the first part of the fourth general distribution of relief medical supplies, consisting of approximately 700 tons with a value of $ 1,184,386, was completed and approved by this Division. Distribution started during the month and 100 tons have been dispatched to 13 Provinces in Italy. This distribution includes a large quantity of expendable items such as sulfa drugs, gauze, absorbent cotton, adhesive plaster, hypodermic needles and syringes, suture material, rubber gloves, pajamas, bathrobes, towels, toilet and laundry soap, blankets, and a number of surgical supplies.

3. A final plan for the distribution of the remaining 20 40-bed hospital units has been agreed upon by the High Commissioner for Hygiene and Public Health and this Division after completion of a survey of war-damaged hospitals throughout the country. In addition, 350 hospital beds and mattresses are being distributed in the immediate future to hospitals which do not need complete units. When distribution is completed, UNRRA will have given a total of six 200-bed units and 35 40-bed units to hospitals which have suffered war-damage in Sicily, Sardinia and the Italian mainland. A need for hospital beds and mattresses and for surgical instruments still exists. This need will be met by a further distribution of 3,000 beds which are available in excess of the requirements for hospital units and by the procurement of mattresses from Army surplus or other sources. It will not be possible to meet the requirements for surgical instruments in full, but this need will be met in part by the distribution of instruments which have already been procured from Army surplus.

4. This Division has approved a plan, submitted by the High Commissioner for Hygiene and Public Health, for the distribution of 32 of the remaining 44 laboratory units. Proposals have been received for the distribution of laboratory supplies and equipment to 12 other places, but slight modifications in the distribution will be necessary before delivery can be effected.

5. As mentioned in the Monthly Report of the Health Division for July 1946 (Attachment H-6-a, para. 4), distribution of ambulances is delayed due to shortage of skilled mechanics to carry out final inspection prior to delivery. Of the six ambulances delivered to Provincial Health Offices in August, one each was sent to Genoa and Imperia and two each to Bari and Turin.

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6. During August this Division approved a plan for the immediate distribution of 962 dozen X-ray films, chest size, valued at approximately $ 30,822, for use by sanatoria and tuberculosis sections of general hospitals throughout the country. It is anticipated that delivery of the film will be effected in September.

7. Approximately 436 tons of medical supplies were received in August by the ICE (Istituto Commercio Estero - Foreign Trade Institute) on behalf of the Italian Government. 5489

8. From inception of the program to 29 August 1946, a total of 3,622,142.74 square meters of hospital linen had been dispatched for use in hospitals or health programs, according to verbal information received from a representative of the Italian Delegation.

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STATEMENT OF ACTIONS REQUESTED OF ERO.

9. No action requests were made to ERO during the month.

IMMEDIATE WORK PROGRAM.

10. The activities of the Health Division are continuous and do not lend themselves to description under this heading. They are described under Sections devoted to "Relations with Italian Government" and " Major Activities" (paras. 1-7 and 11-34 respectively).

MAJOR ACTIVITIES.

Headquarters Staff.

11. Nursing Activities. The 27 Italian nurses selected for the UNRRA Nurse-Teacher-Training Program sailed for the United States on 4 August. They are reported to have arrived safely in Washington, D.C. and are going forward with their studies.

12. Medical Supply Activities. In accordance with a plan approved by this Division, the distribution of penicillin throughout Italy, Sicily and Sardinia has been transferred from UNRRA to the Italian Government. This transfer has coincided with an increase in the monthly allotment of the drug available for distribution in the country from 20,000 vials in July to 200,000 vials in August. This increase in the quantity of the drug makes it possible for an increased number of diseases caused by penicillin-sensitive organisms to be listed for treatment, and for penicillin to be distributed in bulk to approved hospitals and clinics. The control of the distribution is retained by the High Commissioner for Hygiene and Public Health and strict supervision will continue to be exercised on the clinical use of the drug. Each vial of penicillin will be accounted for to the High Commissioner for Hygiene and Public Health through local medical committees which are responsible for the supervision of its clinical use.

Epidemiology.

13. No cases of plague or typhus fever were notified during the month. During July, there were 77 reported cases of smallpox, of which 64 occurred in Bari, seven in Naples, four in Reggio Calabria and two in Salerno.

14. Typhoid. The usual seasonal incidence of enteric fever is reported from a number of Italian Provinces, but the disease has appeared in epidemic form in the Provinces of Imperia and Sassari (Sardinia).

15. In the town of Diana Marina, Imperia Province, 389 cases of typh id fever were reported from the outbreak of the epidemic, in the last week of July, to 8 August. The outbreak was due to contamination of the water supply by overflow from a cesspool containing infected fecal matter, which percolated through a faulty pipe in the aqueduct. Action taken by this Division included the immediate release of two ambulances to assist in the transportation of the sick.

16. In a report from the Office of the High Commissioner for Hygiene and

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16. In a report from the Office of the High Commissioner for Hygiene and Public Health, dated 29 August, it is stated that the typhoid epidemic in Diana Marina is decreasing. The total number of reported cases as of 29 August is 505 with 27 deaths. Measures taken by the Italian health authorities to stamp out the disease include the provision of large quantities of water-sterilizing powder, the dispatch of 6,000 doses of typhoid vaccine, and the allocation of 3,000,000 Lit. for medical services. In addition, the Ministry of Public Works has promised immediate repair of the faulty aqueduct at Diana Marina.

17. The outbreak of typhoid fever at Diana Marina gave rise to a number of cases in the Province of Bolzano which maintains a seaside colony for

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children at Diana Marina. A group of the children returned from the colony on 27 July and were sent to their homes. During the first 10 days of August, 22 children in this group, one of whom died, developed typhoid fever. The second group which returned to Bolzano on 5 August, and which have since been maintained in quarantine in a summer colonly in that Province, has shown no signs of infection.

18. The typhoid epidemic at Sassari, Sardinia, occurred in the second 10 days of August when 230 cases were notified. The number of cases notified during the first 10 days of August was 7. This epidemic is again due to infection of water supply in a spring of unknown source which provided water to one particular section of the town in which the majority of cases have occurred. Action by this Division included the immediate air shipment of calcium hypochlorite to Sassari for treatment of the infected water supply and shipment by sea of blankets, pajamas, and equipment for an emergency hospital set up to handle the large number of cases.

Malaria Control.

19. The main operation of the Sanitary Engineering Section of this Division - the control of malaria in Italy by residual spraying with 5% DDT - was completed during the first week in August. The operation is summarized in a report prepared by this Division for release to the Information Branch which is quoted in its entirety below:

20. " UNRRA field sanitary engineers have completed six months of continuous work in the fight against malaria in many parts of Sicily and Continental Italy. The campaign was planned during the last quarter of 1945; and in January, 1946, the first UNRRA team, headed by Italian engineers trained by the Sanitary Section of the Health Division, arrived in Sicily. They were equipped with vehicles, spraying apparatus and also DDT and kerosene - unobtainable from other sources.

21. "During the three months the team spent in Sicily, it carried out residual spraying with DDT in 25 scattered areas. ('Residual spraying' is designed to ensure even spreading on walls and ceilings of DDT solution in a strength of between one and one-and-a-half grams per square meter). At the same time, other teams and engineers similarly equipped, began control work in the Province of Frosinone, including war-damaged Cassino.

22. "On completion of their work in Frosinone, these teams, augmented by additional engineers and vehicles, were diverted to the highly malarious coastal strip of Central Italy, extending from south of the Volturno River to a point north of Rome in the neighbourhood of Lake Bracciano. This area comprises about 1,000 square miles and includes the major portion of the Province of Latina and parts of the Provinces of Rome and Caserta.

23. "When this work was finished, the engineers, equipment and vehicles were transferred to two large areas in Veneto and the Province of Udine and also to the delta of the River Po. The teams which had been working

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23. "When this work was finished, the engineers, equipment and vehicles were transferred to two large areas in Veneto and the Province of Udine and also to the delta of the River Po. The teams which had been working in Sicily, after carrying out spraying in a small number of areas in Southern Italy, were also transferred to the north east. By the middle of June, five UNRRA engineers, numerous teams of workers and 21 vehicles were carrying out malaria control measures over some 530 square miles in this area.

24. "In the entire operation, covering continental Italy and Sicily, the UNRRA Italian Mission has supplied expert technical supervision through its trained field engineers. It has also provided 25 vehicles, 50 tons of pure DDT, 216,000 gallons of kerosene, 8,000 gallons of concentrated DDT emulsion, the necessary sprayers and other equipment. In the course of the operation UNRRA vehicles have covered 203,150 miles.

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25. "The work was carried out with the approval of the High Commissioner for Hygiene and Public Health and with the cooperation of the Medici Provinciali and Anti-malaria Committees, who provided local labor and supplementary means of transport. In some inaccessible areas teams had to use ox-carts, pack animals, rowing boats and barges. Without this cooperation, work on a large scale would have been impossible. The local labor was trained and supervised by the UNRRA field engineers and the number of persons engaged in spraying ranged from 25 to 150 in each area treated.

26. "Owing to the limited amount of DDT and transport available at the time it was necessary to exercise careful selection of the regions in which residual spraying was carried out. The areas chosen have been those in which the incidence of malaria in the civil population is highest, as well as those which are important food-producing regions. The areas included under these two headings comprise approximately one-third of the total malarious territories of Italy, excluding Sardinia.

27. "Figures for the work done are as follows:-

(1) Total area sprayed ..... 1,890 square miles
(2) Number of houses sprayed 50,000
(3) " " straw huts sprayed 20,000
(4) " " rooms sprayed in (2) & (3) above ...523,000
(5) " " stables sprayed 23,000
(6) " " pig pens and other out-houses sprayed ..... 100,000 (approx.)
(7) Total area of internal wall space sprayed .. 31,405,049 square meters

28. "The UNRRA anti-malarial campaign finished a program which was begun in Italy by Allied Military and other agencies, who demonstrated for the first time to Italian malariologists the technique of using DDT in the control of malaria. Italian malariologists, who hitherto had always relied upon Paris Green for their preventive measures, soon came to appreciate the value of this new insecticide, and decided to adopt it in their own anti-malaria campaign.

29. "As a result, publicity has recently been given to a campaign for the control of malaria, relying upon residual DDT as its principal weapon, which is to be carried out in 1947 on a nation-wide basis throughout Italy. UNRRA will leave in the country sufficient DDT to carry out this 1947 program. The necessary transport, kerosene and apparatus will, it is expected, be provided through a contribution of approximately 400,000,000 lire from the Lire Fund, created by the sale of UNRRA supplies in Italy and utilized for relief and rehabilitation projects agreed upon by UNRRA and the Italian Government.

30. "Although no conclusion can, as yet, be drawn from the results of the residual spraying in 1946, reports from the treated regions indicate that the incidence of malaria will be considerably reduced. There is every reason to believe that, if the same scheme is carried out in

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31. Disinfestation. The scheme for the disinfestation of residential institutions in Italy is expected to start on 1 September in those parts of the country from which the necessary information has been received.

Tuberculosis.

32. The Consultant in Tuberculosis, who had recently returned to Rome after temporary assignment in Austria, Poland and Germany, has been recalled to the European Regional Office. The valuable work initiated by h[illegible],

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in the full development of existing Italian tuberculosis services and their coordination under the High Commissioner for Hygiene and Public Health, will be continued by the Assistant Consultant in Tuberculosis, an Italian doctor, who has worked with this Division since the inception of the program and who is fully conversant with the existing Italian tuberculosis schemes and with the aims of the UNRRA Health Division.

Staff Medical Care.

33. Recommendations have been made to the Mission regarding the medical care of Class I and III Regional staff and these recommendations will be implemented when approval has been given by the Mission.

34. Health Division Dispensary attendance in Rome for the month of August is summarized below:

Type of Service	Class I and III	Class II	All Classes
Misc. attendances (nursing treatments, minor surgical interventions, claims)	109	623	732
Immunizations			21
First attendances (Dispensary and home)	125	284	409
Repeat " " " "	164	427	591
Physical examinations	3	413	416
Deliveries	-	-	-
X-rays (UNRRA film)	9	49	58
Laboratory tests			53
Dental treatments	93	194	287
Major surgical operations	2	-	2
First aid (Breda and non-UNRRA patients)	2	5	7
TOTALS	507	1,995	2,576

Regional Staff.

35. The recommendation that Regional Medical Supply Officers should be appointed to assist in the rapid and equitable distribution of relief medical supplies to Provincial institutions has received the approval of this Mission and officers have been appointed in the five Regions of Sardinia, Naples, Rome, Florence and Milan.

36. Regional Medical Officers report satisfaction with the present medical supply position and several of them have drawn comparisons between the condition of hospitals last year and the early months of this year - when many essential supplies were unobtainable - and the condition now when the majority of medical institutions are adequately supplied with their immediate needs.

37. The Regional Medical Officer for Sardinia has drawn attention to the water shortage in the Province of Cagliari. As a result of his recommendation, five hypochlorinators and 10 canvas water-storage tanks have been dispatched to the Medico Provinciale of that Province to

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Physical examinations	3	413	416
Deliveries	-	-	-
X-rays (UNRRA film)	9	49	58
Laboratory tests			53
Dental treatments	93	194	287
Major surgical operations	2	-	2
First aid (Breda and non-UNRRA patients)	2	5	7
TOTALS	507	1,995	2,576

Regional Staff.

35. The recommendation that Regional Medical Supply Officers should be appointed to assist in the rapid and equitable distribution of relief medical supplies to Provincial institutions has received the approval of this Mission and officers have been appointed in the five Regions of Sardinia, Naples, Rome, Florence and Milan.

36. Regional Medical Officers report satisfaction with the present medical supply position and several of them have drawn comparisons between the condition of hospitals last year and the early months of this year - when many essential supplies were unobtainable - and the condition now when the majority of medical institutions are adequately supplied with their immediate needs.

37. The Regional Medical Officer for Sardinia has drawn attention to the water shortage in the Province of Cagliari. As a result of his recommendation, five hypochlorinators and 10 canvas water-storage tanks have been dispatched to the Medico Provinciale of that Province to remedy the situation.

38. An excerpt from the August Monthly Report submitted by the Regional Medical Officer for Emilia and Toscana is quoted below as an item of interest:

"TOURS

"Castelnuovo in Garfagnana - Here I was met on arrival by the surgeon, the president of the hospital and by the Sindaco, Professor Loris Biagioni, Deputato al Parlamento, a young man of 30 - evidently a person with great local influence and authority. I was given a

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dinner at the Albergo Globo by these three dignitaries and my arrival having been announced, the whole population of the town and the town band assembled in the piazza outside the hotel. After dinner and excerpts of music of a martial character, I appeared on the balcony accompanied by the Sindaco and the surgeon. The former introduced me to the crowd assembled below and I was given a considerable ovation. I attempted a few words in Italian without much success, and continued in English, which was translated via an interpreter by the Sindaco. Later, we went out into the piazza to where the 'musica' was performing and were warmly greeted by the crowd. Altogether quite a surprising reception, thanks to the UNRRA gift of a hospital unit to the hospital."

MAJOR RESULTS AND PROBLEMS.

39. Major results of Health Division activities have been discussed in other sections of this report (paras. 1-7, 11-12 and 14-19 respectively).

GENERAL HEALTH CONDITIONS IN ITALY.

40. The general health of the people of Italy remains satisfactory, with the exception of seasonal increase in enteric fever of which two outbreaks have been noted above (paras. 14-18 respectively), and the persistence of milk smallpox in Southern Italy, particularly in the Province of Bari.

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Attachment H_6_b

MONTHLY REPORT OF THE WELFARE DIVISION FOR

AUGUST 1946

INTRODUCTION

1) The absence of many government officials because of holidays during August had the effect of slowing, to a certain extent, progress on the accomplishment of the goals which we set for ourselves last month. No additional progress was made in the planning for future welfare services, but considerable progress was made during the month in clarifying our relationships with the Ministry of Post-War Assistance and in enlisting the more active interest of that Ministry in overall welfare planning.

2) Our major accomplishments during the month of August were as follows:

a) The completion of an allocation plan for the distribution of 10,000 tons of raw cotton which UNRRA is importing into Italy.

b) The reaching of an agreement with the Ministry of Post-War Assistance on the services which UNRRA might provide to that Ministry, and the holding of several meetings with that Ministry in which UNRRA presented its analysis of steps which needed to be taken toward the solution of the Italian Displaced Persons problem.

c) The completion of plans for the Summer Social Service Institute to be held in the north and the completion of plans for the Nutrition conferences which are to be held in Turin and Milan during September.

d) The completion of the agreement with the Mennonite Service Committee.

e) The completion of all travel arrangements for persons chosen for UNRRA's Social Service Fellowships.

FOOD AND CLOTHING DISTRIBUTION

3) Corrected reports received from the Italian Delegation office for the distribution of food for assistance purposes during June show that a total of 1,806,066 persons were fed during that month. Of this number 1,026,905 received the food through cooked meals and 779,161 received it through raw distribution.

4) The figures for July are still provisional and incomplete and show only a total of 1,791,069 receiving food to date. This total figure will probably be higher when complete reports are returned, but will probably not be as high as figures reported for May and April. Five provinces, Carbonia, two in Sicily and the cities of Naples and Rome, show a decrease in the number of persons fed during July as against May, and half of the decrease seems to have occurred in Naples. Welfare Division is at the present time awaiting explanations for such decrease both from the Italian Delegation and the Regional Office in Naples.

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5) Again during the month of August difficulties were encountered as a result of the new system of using the regular SEPRAL supply system for the movement of supplementary foods to provinces as opposed to the system used last year and earlier this year, whereby goods for assistance purposes were moved through a separate supply line. Nearly every province in the Toscana region reported delays during the month of August in the receipt of foods and as a result great anxiety developed over the provisioning of summer colonies, and a great deal of emergency buying and borrowing of food was necessary.

6) Plans are nearing completion for the distribution of 150,000 dollars worth of food contributed by the Maritime Catholic Committee

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for Relief of Europe. All of these foods have not as yet arrived, but about 8,000 cases purchased under this plan are now in Italy. Plans to date call for this food being distributed between 15 December and 15 January in selected industrial communities where there is a high rate of unemployment. It will be distributed in established feeding centers through the regular Provincial Committee organization but with the Pontifical Commission for Assistance participating actively in the selection of persons to receive the contributed foods.

7) Tentative plans were also made during the month of August for the distribution of the supplementary foods contributed by organizations in the United States. This contribution from the United States will amount to about 32,000 cases of tinned foods and about 250,000 dollars for the purchase of other foods. We have recommended that the money be used to purchase in the order of priority pasta, flour and evaporated milk, or a combination of the three.

8) Plans made to date call for the distribution of these foods during the Fall and Winter months in those devastated mountain communes where the UNRRA supplementary feeding program has not been able to meet all needs of persons eligible to receive UNRRA foods.

ITALIAN DISPLACED PERSONS

9) On 10 August we held a meeting with representatives of the Ministry of Post-War Assistance and the Italian Delegation, the purpose of which was (a) to procure from the Ministry of Post-War Assistance a firm statement of its program, (b) to view together the problems which could be expected to arise in connection with Italian Displaced Persons, and (c) to formulate a cooperative plan for the next four to six months to solve these problems. While the Minister of Post-War Assistance was unable to attend the meeting, he sent a deputy and also the chiefs of each of the operating divisions of the Ministry. Shortly after the meeting, an individual conference was held with the Minister to follow up the points discussed.

10) While the Ministry representatives were not able to present at this meeting as firm a statement of program as we should have appreciated receiving, we did learn that the Ministry was taking steps to expand its activities to the field of general welfare looking toward the possible establishment of a Ministry of Welfare. In this regard, the advice and consultant service of UNRRA will be requested, and we contemplate that considerable work with the Ministry of Post-War Assistance will be necessary. While the idea of a central Ministry of Welfare is a good one, it can be of more harm than good unless program is clearly defined and unless organization and supervisory plans are considerably more clear cut, and more carefully thought out, than they now are with the Ministry of Post-War Assistance.

11) UNRRA representatives at this meeting had opportunity to review, on the basis of experience to date, problems encountered in work with Italian displaced persons, and to make definite suggestions as to steps that might be taken in solving these problems. Again we indicated that the ultimate objective was to get Italian displaced persons back to their home towns, and more particularly to arrange for their removal from the camps so that they might live a normal and

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12) With respect to housing, it was recommended that (a) the Ministry of Post-War Assistance ask the Ministry of Public Works to set aside a percentage of rooms in modest houses and in small houses for camp residents; (b) the plan to subsidize camp residents in order to make the maximum use of the CASAS scheme for their rehousing be agreed upon as soon as possible; and (c) the officials of the larger communes such as Rome, Florence and Naples be approached to enforce laws for numerous people living in the same house to make the maximum use of space in these communes to house refugees and camp residents just as this has been done in some cities of the North.

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13) In regard to repatriation or emigration to other countries, it was recommended that the Camps Division of the Ministry in Rome set up an office to provide information on repatriation and emigration to all the assisted of the Ministry including those in the camp.

14) With respect to employment, it was recommended that efforts be made to interest the Ministry of Public Works in setting aside a limited number of jobs for camp residents in the reconstruction program now going on in the devastated communes from which many of these camp residents originally came.

15) In regard to the chronically ill and incapacitated in camps, it was recommended that a review be made of all facilities for such care available in Italy, institutional or otherwise, and that a method be developed whereby these facilities might be made available to camp residents.

16) Shortly after this meeting, a survey which UNRRA had made in one Italian displaced persons camp was completed, and the results of this survey were made available to the Ministry of Post-War Assistance. The findings in this survey supported the recommendations for action made at the time of the meeting, and the relation of the recommendations to specific cases should help the Ministry initiate action.

17) During August, considerable movement of Italians from Venezia Giulia to Italy was reported, and this will increase the difficulties already present in solving the Italian displaced persons problems. As yet, we do not have specific numbers on this movement, but should have more information next month.

REACTIVATION OF SOCIAL SERVICES AND COORDINATION OF COMMUNITY ACTIVITY FOR WELFARE PURPOSES

18) As has been indicated, no additional progress in reaching a firm decision as to the future welfare program was made during the month of August. Two factors account for this. One, the absence on holidays of many Government officials during August and two, the increasing interest in future planning expressed by Government Ministries in addition to the Italian Delegation which has resulted in a reconsideration of many of the plans originally proposed. The latter we interpret as an extemely healthy attitude, but it will mean that more time will be required to work out with all interested groups and individuals a plan which will be satisfactory and approvable to everyone.

19) The summer colony program was well under way during the month of August. On the whole, the program has been well organized and has resulted in definite benefits to the children participating in it. In most of the colonies an improvement in the general health of the children and increase in weight have been observed. Regional welfare officers have been active in visiting the colonies

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20) In most of the regions disappointment has been expressed over the manner in which the Gioventi Italiana organized its colonies. While this organization has some of the best equipment and buildings, its program generally has reflected the authoritarian methods of the Fascist party under which it was originally organized. The emphasis in these colonies has been largely on the provision of food, and outside of this there seems to be an unawareness of other objectives of a summer camp program for children, and how such objectives might be achieved. In these colonies in particular there is a great need for a planned program of camp education and recreation. 5485

21) In Genoa, the program for the "boys of the street" to combat

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the problem of juvenile delinquency, is making considerable progress. This program was developed by the Silesian Fathers, with the assistance of the Secretary of the Genoa Provincial Committee. In the City of Genoa many young boys were found on the streets leading a hand-to-mouth existence. They were street entertainers, beggars, pilferers, procurers, small black marketeers and, in fact, dealers and middle men in all kinds of vice. The Silesian Fathers procured a bombed-out and devastated hospital in which a noonday meal was offered with UNRRA foods. At first the boys were reluctant to go to the center, but now 200 of them remain there all day. The boys themselves are clearing the rubble and doing minor repairs on the building, and recreation and educative programs have been organized. In the fall the boys will be referred to appropriate vocational and regular schools.

22) Plans for the Milan Social Service Institute have been completed and the dates of the Institute from the 15 September to the 2 October have been established. Representatives of UNRRA will participate with Italian authorities in the meetings of the Institute.

WORK OF HEADQUARTERS NUTRITIONISTS

23) During the month of August plans were practically completed for two regional nutrition conferences to be held in Turin and Milan. The conference in Milan will be from 15 September to 20 September and that in Turin will be from 29 September to 3 October. Immediately after the conference in Milan, the Nutrition Section of the Welfare Division will undertake an experiment which it has not tried to date in Italy. For two days after the Milan nutrition conference a demonstration for the general public of the care and use of dried milk, dried eggs and dried soup will take place in three or four large kitchens provided by Milan municipal authorities. Municipal authorities and representatives of the Ministry of Food are extremely interested in this demonstration because SEPRAL, the rationing agency in Milan, found that people were not buying these imported foods since they did not know how to use them.

24) The Nutrition Branch of the Welfare Division also participated during August in a review with the Food Division and the Italian Ministry of Food of all the ration scales now in effect in Italy. An attempt is being made to reduce the number of ration scales and to integrate into the general ration plan the present assistance scales.

RELATIONS WITH VOLUNTARY AGENCIES

25) The agreement between UNRRA and the Mennonite Service Committee was completed during the month of August and was sent to Washington Headquarters for final approval. The agreement with the Congregational Service Unit was completed the preceding month. At the present time work is progressing on the formation of an agreement with the Catholic Committee for Relief Abroad.

RELATIONS WITH THE GOVERNMENT

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RELATIONS WITH THE GOVERNMENT

26) There was more contact than usual during the month of August with the Ministries of the Government having an interest in social welfare plans. The Ministries with whom we worked during this month were the Ministry of the Interior, Education and Justice, as well as the Ministry of Post-War Assistance and the Italian Delegation for Relations with UNRRA. The help of all the above Ministries was enlisted in the preparation of an allocation plan for the distribution of cotton cloth and in addition, all of these Ministries are at present giving thought and consideration to suggestions for future welfare plans for the country. Our working relations with these Ministries as well as with the Italian Delegation continue to be good.

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IMMEDIATE WORK PROGRAM

27) Our major immediate objectives are:-

a) The completion of the distribution plan for approximately 10,000 tons of cotton to be distributed free.

b) The completion of arrangements for the distribution of the foods contributed by the Maritime Catholic Committee.

c) The holding of Nutrition conferences in Milan and Turin.

d) The holding of a Social Service Institute in Milan.

e) The implementation of the camp evacuation order prepared by the Ministry of Post-War Assistance.

f) The integration of the assistance ration scales with the country's general ration plan.

g) The reaching of a decision with the Government with respect to future welfare services.

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CM 6989

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Attachment H-6-c

10

MONTHLY REPORT OF THE SPECIAL RELIEF PROJECTS DIVISION

BUREAU OF RELIEF SERVICES

FOR AUGUST, 1946

RELATIONSHIP WITH NATIONAL GOVERNMENT

1. Routine meetings concerning CASAS (Comitato Amministrativo Soccorso ai Senzatetto) and the Processing Section continue to be held with and between the relevant Government Ministries.

2. A Committee has been formed of representatives of the Ministry of Post-War Assistance, CASAS and UNRRA Division of Welfare and Division of Special Relief Projects to clarify and to put into immediate effect actions requiring the collaboration of the three organizations on camp evacuation.

RELATIONSHIP WITH OTHER AGENCIES

3. Noteworthy event of the month was a conference of the CASAS District Engineers, the UNRRA personnel and the members of Voluntary Society Agencies working on the CASAS project. This conference was exceptional in that it was attended by representatives of American, British and Swiss Agencies and afforded therefore an example of practical international collaboration which is probably unique in the world to-day.

SUMMARY OF OPERATIONS

Processing Section

General

4. The month has been a successful one. Our ability to furnish all sorting points with enough material to process, and the improvement of the electricity supply, has permitted greater activity all round. The interruption in the delivery of cloth from the Italian Delegation has, however, continued with consequent delay in the work of new production.

5. A total of 64 workshops and two warehouses were operated during the month. New workshops were opened at Ostia (2) Castel Gandolfo (1) Acquasanta (1) and Florence (1) (on New Production) and at Naples (2) Nemi (1) Chieti (1) and Florence (1) (for Clothing repairs).

Used Clothing

6. The number of garments sorted during month 930,140
" " " repaired " " 240,943

The increases shown during recent months have, therefore, been maintained. The increase over the July figures for "garments sorted"

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Used Clothing

6. The number of garments sorted during month 930,140
" " " " repaired " " 240,943

The increases shown during recent months have, therefore, been maintained. The increase over the July figures for "garments sorted" is almost 30%, while for "repairs" it is 50%. Comparative figures are as follows:

	May	June	July
Garments sorted	489,915	516,321	635,620
" repaired	77,268	125,349	159,676

The large increase during the period under review has chiefly been due to two factors (1) it has been possible to supply all workshops with enough material to process (2) the newly-organized sorting point near Palermo has, for the first time, been working during the whole period.

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New Production

7. Despite the fact that during a large part of the month there was a shortage of material - and consequently it was necessary to turn some of the new production workshops over to clothing repairs - there has been an increase in the number of items produced. Figures for the month are as follows:

Number of items cut	164,446
" " garments made	327,245

Shoes

8. The processing of about 370,000 pairs of mis-mated army boots assigned to this section came to an end during the period covered by this report - four weeks earlier than had been originally anticipated. In consequence the number of pairs "processed" was less than last month. However, the number of pairs "repaired" increased by more than 25%, due mainly to the electricity supply returning to normal, and to the increased capacity of the John E. Lynch Workshop. The repairs necessary were more difficult, due to the poor quality of shoes received.

Number of pairs sorted during month	163,672
" " " repaired " "	104,464

9. The production of sandals from unrepairable army boots continues. With the addition of rubber soling, two pairs of sandals are being made from each pair of boots. To date 6,250 pairs of sandals have been produced.

Salvage

10. The delivery of salvage material has ceased, and the number of items produced during the month has therefore decreased. As mentioned in the last report (see H-6-(c)) three of the original workshops employed on salvage have now been closed, and the remaining one at Torre Annunziata has been changed over to clothing repairs.

Number of items produced during the month	66,086
" " " " to date	402,798

Distribution

11. With the exception of Sicily, which will receive the clothing for distribution in that region from the newly-organized sorting point at Palermo, the Spring Distribution to 600,000 persons has been completed.

12. The following tables show the quantities of goods which have been released from warehouses for distribution to Italian refugees and needy homeless persons:

	Clothing Items	Clothing Units	Shoes	Bedding Items

Number of items cut	164.446
" " garments made	327.245

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" " " " to date	402,798

Distribution

11. With the exception of Sicily, which will receive the clothing for distribution in that region from the newly-organized sorting point at Palermo, the Spring Distribution to 600,000 persons has been completed.

12. The following tables show the quantities of goods which have been released from warehouses for distribution to Italian refugees and needy homeless persons:

	Clothing Items	Clothing Units	Shoes	Bedding Items
Month to 15 Aug. '46	550.913	166.571	69,167	58,426
From commencement	3,935.378	1,090.160	792,148	85,547

In addition the following quantities have been released to Camps Division for Non-Italian Displaced Persons:

	Clothing Items	Clothing Units	Shoes	Bedding Items
Month to 15 Aug. '46	4.274	64	---	---
From commencement	217,068	43.188	[illegible]	2,918

CC: [illegible]

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Other production Statistics

13.	Employees in Italian camps	932
	" in Non-Italian camps	337
	" in Religious Institutions	246
	" assisted outside camps	662
	" skilled (mainly on shoe repairs)	451
	" administrative	79
	Total employees	2,707
	Number of workshops and warehouses	66

14. The number of employees has increased from 2,573 last month, despite the reduction in number of workshops. This increase is due to the inclusion of approximately 220 workers, under the responsibility of U.D.I. (Unione Donne Italiane - Union of Italian Women) employed on the manufacture of underwear. While these women do not belong to the categories of persons especially sponsored by the Ministry of Post-War Assistance, nevertheless they do live in one of the most war-torn areas, and desperately need the additional income that they obtain from the work. This, indeed, is patently true in all areas, and an extension of the relief project idea on a home industry basis is in our opinion, possible, economically sound and urgently necessary.

REPAIR AND CONSTRUCTION PROGRAM - CASAS

New Construction

15. Work is now in progress on 17 out of the total of 21 contracts approved by the Executive Committee (i.e. on a total of 480 apartments). Work has been delayed, however both at Torre Annunziata and at Cassino following unwarranted protests from local citizens. At Torre Annunziata a last minute objection by the owners of the proposed new site has been met with an expropriation order from the Prefect. At Cassino a last minute objection to a site agreed upon months ago by everyone concerned by the mayor and council of the town has forced us to postpone works until another competition is held for the smaller number of buildings that can be constructed on the less convenient site that is now offered.

Repairs

16. Considerable progress has been made during the month both in the administrative machinery and in the output of work. It will be noted that the repair rate has almost doubled during August (Rooms repaired in July were 4,210 in August 7,373).

17. The number of personnel now employed by CASAS is 655, of whom 104 are office staff and directing personnel.

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Total employees	2,707
Number of workshops and warehouses	66

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17. The number of personnel now employed by CASAS is 655, of whom 104 are office staff and directing personnel.

18. Hitherto the program has suffered from an over-concentration by the CASAS Executive Committee on the new construction side of the program, but after considerable persuasion from the Mission, the Committee now fully appreciates the urgency of the repair work. Consequent upon this re-adjustment of outlook is the appointment of H.Q. Departments with particular responsibility for "Repairs" and "Supply", the granting of a wider responsibility to the District Engineers in the spending of funds, and the agreement to extend the program to areas other than those of the Gustav and Gothic Lines. Even more important is the Committee's agreement in principle to the establishment of a revolving fund to overcome the "bottleneck" to the supply of "anticipated materials" occasioned by the habitual shortage of funds in the offices of local Genio Civile.

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19. Plans for the use of a portion of this revolving fund for "anticipating" labor charges in the same way as the cost of material is "anticipated" have been worked out, and will, it is hoped, be put into effect this month. It is believed that these plans will go far towards the elimination of the most persistent of all the "bottlenecks" - that of poverty.

20. With the dual aims of making possible the functioning of the above plan and of taking over and expanding the work within the Communes currently undertaken by Voluntary Society members it is also planned to appoint CASAS representatives in all such Communes in our areas of operation where the amount of devastation justifies special attention.

Statistics (Repair Program)

21. A summary of the repair work to date is attached. Certain adjustments have been made in the figures shown in previous reports owing to a review and consolidation of reporting methods.

22. An important point to recognize in an examination of these statistics is that the longer we work in an area the more difficult the work becomes for the obvious reason that in the initial period we are repairing lightly damaged houses while at a later date we are often reconstructing homes from their foundations. Thus in Bologna where we have been working for a few months only the average weight of material required to repair a house is now approximately two tons, while in the Abruzzi where we have been working for a considerable period the average weight is approximately six tons.

23. Additionally the geography of an area has a considerable bearing upon our out-put rate. Thus in some areas the communes are reasonably accessible, and the fornaci strategically situated, while in other areas (e.g. Lucca and Carrara) we are helping mountain communes which in many cases are only accessible by mule track and where building materials have to be carried much farther.

Collaboration with Ministry of Post-War Assistance

24. For several months we have been assisting the Ministry of Post-War Assistance, mainly with free transport in their "Martyred Village Scheme" in Apennia. Discussions have taken place during the month, both on the extension of this collaboration, and on the increase of collaboration on camp evacuation, reported in para. 2 above. Currently, however, we have considerable criticism of the Ministry's program, and it will be necessary for this to be considerably adjusted before we shall offer our full support.

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GUIDO NARZO
DIRECTOR,
SPECIAL RELIEF PROJECTS
DIVISION.

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ROOMS REPAIRED

	Up to 30 Nov 45	Dec 45	Jan 46	Feb 46	Mar 46	Apr 46	May 46	Jun 46	Jul 46	Aug
Latina	110		50	60	40	25	390	1,216	545	
Frosinone	1,050	222	345	203	309	302	197	153	299	
Abruzzi	1,888	180	196	175	356	317	450	817	789	
Castel di Sangro										
Porto S. Stefano		50	54	64	65	60	56	18	78	
Apuania	326	218	398	399	429	49	336	762	1,020	1,
Bologna						221	425	642	1,450	2,
Ravenna									29	
Totals - monthly	3,374	670	1,043	901	1,199	1,498	1,854	3,608	4,210	7
Totals - progressive		4,044	5,087	5,988	7,187	8,685	10,537	14,145	18,355	25

COMMUNES ASSISTED

	Up to 30 Nov 45	Dec 45	Jan 46	Feb 46	Mar 46	Apr 46	May 46	Jun 46	Jul 46	Au
Latina	2	2	2	2	2	3	4	5	5	
Frosinone	12	14	16	29	29	29	29	29	29	
Abruzzi	14	14	14	14	16	21	23	30	34	
Castel di Sangro										
Porto S. Stefano		1	1	1	1	1	1	1	1	
Apuania	8	8	11	16	16	16	16	21	21	
Bologna			1	5	5	8	12	11	20	
Ravenna								3	7	
Totals	36	39	45	67	69	78	85	100	118	

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ROOMS REPAIRED

Up to 30 Nov 45	Dec 45	Jan 46	Feb 46	Mar 46	Apr 46	May 46	Jun 46	Jul 46	Aug 46	Totals
110		50	60	40	25	390	1,216	545	777	3,213
1,050	222	345	203	309	302	197	153	299	848	3,928
1,888	180	196	175	356	317	450	817	789	760	5,995
									820	820
	50	54	64	65	64	56	18	78	23	472
326	218	398	399	429	497	336	762	1,020	1,251	5,636
					221	425	642	1,450	2,715	5,453
								29	179	208
3,374	670	1,043	901	1,199	1,495	1,854	3,608	4,210	7,373	
vo	4,044	5,087	5,988	7,187	8,682	10,537	14,145	18,355	25,728	25,728

COMMUNITIES ASSISTED

Up to 30 Nov 45	Dec 45	Jan 46	Feb 46	Mar 46	Apr 46	May 46	Jun 46	Jul 46	Aug 46
2	2	2	2	2	3	4	5	5	5
12	14	16	29	29	29	29	29	29	29
14	14	14	14	16	21	23	30	34	34
									12
	1	1	1	1	1	1	1	1	1
8	8	11	16	16	16	16	21	21	21
		1	5	5	8	12	11	20	25
							3	7	14
36	39	45	67	69	78	85	100	118	141

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PEOPLE REHOUSED

	Up to 30 Nov 45	Dec 45	Jan 46	Feb 46	Mar 46	Apr 46	May 46	Jun 46	Jul 46	A
Latina	212		97	116	77	48	760	2,347	1,090	
Frosinone	2,207	428	667	392	596	583	380	295	467	
Abruzzi	3,644	347	378	338	687	747	868	1,577	1,523	
Castel di Sangro										
Porto S. Stefano		97	104	124	126	124	108	35	150	
Apunnia	629	421	768	770	828	959	648	1,471	1,969	
Bologna						427	821	1,239	2,798	
Ravenna									56	
Totals - monthly	6,772	1,293	2,014	1,740	2,314	2,888	3,585	6,964	8,053	
Totals - progressive		8,065	10,079	11,819	14,133	17,021	20,606	27,570	35,623	

MATERIALS CARRIED (in tons)

	Up to 30 Nov 45	Dec 45	Jan 46	Feb 46	Mar 46	Apr 46	May 46	Jun 46	Jul 46	A
Latina	685		360	350	945	257	1,818	3,036	3,190	
Frosinone	4,600	960	277	729	664	760	183	979	2,554	
Abruzzi	9,440	1,085	1,437	1,284	1,717	7,953	7,553	7,725	6,552	
Castel di Sangro										
Porto S. Stefano		205	186	195	197	172	93	162	277	
Apuglia	824	636	706	853	1,565	3,649	3,206	2,339	2,703	
Bologna			80	210	1,498	2,201	1,572	1,034	1,459	
Ravenna								20	625	
Totals - monthly	15,549	2,886	3,126	3,621	6,586	14,992	14,425	15,295	17,440	3
Totals - progressive		18,435	21,561	25,182	31,768	46,760	61,185	76,480	93,920	13

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PEOPLE REHOUSED

Up to 30 Nov 45	Dec 45	Jan 46	Feb 46	Mar 46	Apr 46	May 46	Jun 46	Jul 46	Aug 46	Totals
212		97	116	77	48	760	2,347	1,090	1,392	6,139
2,287	428	667	392	596	583	380	295	467	1,223	7,318
3,644	347	378	338	687	747	868	1,577	1,523	1,240	11,349
									1,086	1,086
	97	104	124	126	124	108	35	150	37	905
629	421	768	770	828	959	648	1,471	1,969	1,660	10,123
					427	821	1,239	2,798	3,029	8,314
								56	199	255
6,772	1,293	2,014	1,740	2,314	2,888	3,585	6,964	8,053	9,366	
	8,065	10,079	11,819	14,133	17,021	20,606	27,570	35,623	45,489	45,489

MATERIALS CARRIED (in tons)

Up to 30 Nov 45	Dec 45	Jan 46	Feb 46	Mar 46	Apr 46	May 46	Jun 46	Jul 46	Aug 46	Totals
685		360	350	945	257	1,818	3,036	3,190	5,268	15,909
4,600	960	277	729	664	760	183	979	2,554	5,089	16,795
9,440	1,085	1,437	1,284	1,717	7,953	7,553	7,725	6,552	8,930	53,676
									3,605	3,605
	205	186	195	197	172	93	162	277	168	1,655
824	636	706	853	1,565	3,649	3,206	2,339	2,783	3,964	20,605
		80	210	1,498	2,201	1,572	1,034	1,459	1,926	9,980
							20	625	2,194	2,839
15,549	2,886	3,126	3,621	6,586	14,992	14,425	15,295	17,440	31,144	
	18,435	21,561	25,182	31,768	46,760	61,185	76,480	93,920	125,064	125,064

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H-6-4. MONTHLY REPORT OF THE DISPLACED PERSONS

DIVISION FOR AUGUST, 1946.

RELATIONSHIP WITH THE ITALIAN GOVERNMENT.

1. Negotiations are proceeding, as outlined in Article 3, paragraph 2 of the UNRRA/SHAEF Agreement, for dorequisition by the Military and rorequisition by the Italian Government of immovable property required by the Division for its operations on behalf of displaced persons. The task is complicated by such problems as the 470 individual dwellings comprising the Lecce Group of four village camps and the question as to whether certain Italian military barracks now in process of dorequisition by the Allied Military Authorities can be made available for UNRRA camps. It had been hoped that the addition of several such facilities would enable the Division to consolidate its camp program and, at the same time, release to the Italian community vitally needed residential and school property.

2. The various branches of the Division continue to receive numerous enquiries regarding non-Italian persons, possibly eligible for UNRRA care as displaced persons, who are detained by the Italian Government at the Fossoli di Carpi camp for aliens, in the province of Modena. These persons are presumably under arrest for infraction of the Italian law, and therefore UNRRA is unable to intervene on their behalf.

RELATIONSHIP WITH THE MILITARY AUTHORITIES.

3. AFHQ has received persistent reports of undue pressure on anti-Franco Spaniards to return to Spain. We have been asked by the Military Authorities to make a careful investigation of these reports as they affect the Spanish displaced persons receiving UNRRA care. We have re-interviewed each of these Spaniards and there appears to be no reason to believe that any pressure is being exerted on them to return to Spain. The Spaniards in UNRRA camps are mostly Republicans who were in France at the outbreak of World War II and were later either interned, or deported by action of the enemy.

RELATIONSHIP WITH MEMBER GOVERNMENTS.

4. Repatriation of displaced persons to France to north-western European countries via France has been upset by changes in procedure. The Villefranche Transit Camp was closed by the French authorities and non-French displaced persons carrying military D.P. cards are no longer accepted for free transit to French territory. Because of this, the orderly movement of French and Belgian displaced persons from our Cinecitta camp was interrupted in July and August and it was only by special negotiation to relieve the overcrowded conditions in that Camp, that the French authorities permitted entry into France of some 243 French citizens and privileges, and a group of 9 Belgians. We are now awaiting new instructions from the French and Belgian authorities in Italy as to how we are to proceed in the future.

...by the Italian Government of immovable property required by the Division for its operations on behalf of displaced persons. The task is complicated by such problems as the 470 individual dwellings comprising the Lecce Group of four village camps and the question as to whether certain Italian military barracks now in process of derequisition by the Allied Military Authorities can be made available for UNRRA camps. It had been hoped that the addition of several such facilities would enable the Division to consolidate its camp program and, at the same time, release to the Italian community vitally needed residential and school property.

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5. Regarding the Greek mixed families at Bari, we have still had no favorable reply from the Greek authorities as to the admission of these families to Greece.

MAINTENANCE AND CARE OF DISPLACED PERSONS.

6. The change-over from military-supplied rations to UNRRA stores, as projected in the UNRRA/SACMED Agreement, was accomplished smoothly and since 1 August, all camps have been receiving established UNRRA dry rations, supplemented by fresh fruit and vegetables daily, and fresh fish twice weekly procured at the Group level. Some difficulties were encountered at first but most of these were overcome during the month of August and, generally speaking, displaced persons find the

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present menus more varied and appetizing than those prepared from the military rations. The single serious deficiency is fresh meat. Negotiations to obtain ERO authorization for the expenditure of other than lire funds for the procurement of this item from Allied Military sources have not yet been successful.

7. The change-over in payment of salaries for locally-employed camps staff proved to be quite complicated. Prior to 1 August, such staff was paid from Assistenza Post Bellica lire funds made available to the Allied Commission. In addition, UNRRA had developed two other categories of local employees - those working on so-called industrial projects and persons employed by the camp committee from the community lire fund. The introduction on 1 August of regular Mission Class II budget lines for some of the old AC-paid positions applying, as they did, in some cases to D.P. camp residents and in other cases to Italian residents in the area, brought additional discrepancies to a situation which had already become quite confused. As a result of the Camp Directors' conference in the Lecce Group, attended by HQ personnel, a new basic wage plan was worked out. This plan, effective in the Lecce Group 1 September and proposed for the other camps effective 1 October, provides that all displaced persons residing in the camps and employed on Class II budget lines on industrial projects, or in community services positions, will be paid on a special D.P. wage scale, depending on the classification of the job, plus full subsistence. Employment in these positions provides for about 17% of the total camp population. Persons not enjoying D.P. status but essential to the functioning of the camp will be employed, but only to fill established Class II budget lines; they will be paid the prevailing Class II scale but will, of course, be expected to provide for their own maintenance. It is hoped that this scheme will eliminate at least a part of the discrepancies and, at the same time, provide an incentive for constructive work in the camp community, which is made up, in many cases, of D.Ps. whose future is so uncertain that there is little motivation for spontaneous and voluntary contribution to the community.

8. In addition to the 10 camps UNRRA accepted from the Allied Commission, we have now ready for occupancy the Rivoli camp near Turin, which can accommodate about 1,500 people. Negotiations for the use of the Bari Airlift camp as a D.P. camp are proceeding and consideration has been given to the possibility of securing the Eugenia Barracks in Milan. This should provide adequate facilities to house D.Ps. now living in the village camps of the Lecce Group, should it be decided to close these dispersed and uneconomic units. We should also now have space to provide for such additional displaced persons as may be found in Italy but who have not yet applied for UNRRA Camp care.

9. It should be recalled that the Division is providing assistance in the form of food, clothing, medical care and cash grants to a maximum of 7,500 persons residing in some 60 AJDC sponsored vocational training centers. As a result of reports about overcrowding and unsatisfactory living conditions in certain of these camps, a meeting was held on 1 August between AJDC and HQ staff of this Division, to suggest possible improvements in this program. It was decided at this meeting that,

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categories of local employees - those working on so-called industrial projects and persons employed by the camp committee from the community lire fund. The introduction on 1 August of regular Mission Class II budget lines for some of the old AC-paid positions applying, as they did, in some cases to D.P. camp residents and in other cases to Italian residents in the area, brought additional discrepancies to a situation which had already become quite confused. As a result of the Camp Directors' conference in the Lecce Group, attended by HQ personnel, a new basic wage plan was worked out. This plan, effective in the Lecce Group 1 September and proposed for the other camps effective 1 October, provides that all displaced persons residing in the camps and employed on Class II budget lines on industrial projects, or in community services positions, will be paid on a special D.P. wage scale, depending on the classification of the job, plus full subsistence. Employment in these positions provides for about 17% of the total camp population. Persons not enjoying D.P. status but essential to the functioning of the camp will be employed, but only to fill established Class II budget lines; they will be paid the prevailing Class II scale but will, of course, be expected to provide for their own maintenance. It is hoped that this scheme will eliminate at least a part of the discrepancies and, at the same time, provide an incentive for constructive work in the camp community, which is made up, in many cases, of D.Ps. whose future is so uncertain that there is little motivation for spontaneous and voluntary contribution to the community.

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(a) an initial inspection would be made by a sanitation expert from the Medical Branch of this Division, in the company of an AJDC representative and the D.P. Field Welfare Officer in the area, to determine whether the centers meet minimum standards of hygiene, justifying their continued existence as training camps and providing this is the case, to establish the maximum capacity for the camp,

(AJDC = American Joint Distribution Committee)

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(b) periodic inspections would be made by the U.N.R.R.A. Field Welfare Officer serving the area in which the center is located, to determine that the capacity is not exceeded and that the roster of D.Ps. actually in residence in the camp corresponds to the list of persons certified by this office for UNRRA assistance,

(c) an UNRRA welfare worker would be posted to each group of vocational training centers, who would be responsible to the Field Welfare Officer, and who would assist the residents in developing their training program and provide the Field Welfare Officer with progress reports.

This three-fold plan has now been in effect for several weeks and conditions in the vocational training centers have already shown considerable improvement.

WELFARE BRANCH.

10. Field reports indicate a significant decline in D.P. morale due, possibly, to the overall political situation and to other factors beyond the control of UNRRA. This increases the responsibility resting upon this Division and more specifically upon the Welfare Branch, to anticipate and eliminate wherever possible all causes of minor irritation, and to intensify education and employment planning. Indeed, if we are to forestall serious difficulties within the next few months, each UNRRA worker, whatever his function in the camp, must be prepared to exercise in the performance of his duties even greater forebearance and tolerance than before.

11. Vocational training is receiving increasing emphasis in all camps, despite material shortages. Electro-mechanics, machine knitting, tinsmithing, blacksmithing, sewing, carpentry, auto-mechanics, gardening, stone masonry, shoe repairing, tailoring, cooking and baking, nursing, are some of the activities in which instruction was given during the month of August in one or more camps. A 5-weeks training course for physical education instructors recruited from all the southern camps is in progress at Bari. It is planned to extend this type of centralized project.

12. Recommendations have been made by this Branch that out-of-camps assistance clients be advised now that all grants will cease at the close of this year. In the meantime, effective in the month of September, a new scale of assistance has been established for all of Italy - a flat Lit. 3,000 per person in those areas in which food packages are not issued and Lit. 1,400 per person in areas where food is distributed (Rome, Naples, Bari). This is still not wholly equitable, since the food issued is considered to be of substantially greater value than is indicated by the difference in grants.

MEDICAL BRANCH.

13. Reports indicate that hygiene conditions of the northern group are very good. In the south, there are continuing difficulties due, in part, to the unsatisfactory arrangements for the employment of D.P. workers.

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in developing their training program and provide the Field Welfare Officer with progress reports.

This three-fold plan has now been in effect for several weeks and conditions in the vocational training centers have already shown considerable improvement.

WELFARE BRANCH.

10. Field reports indicate a significant decline in D.P. morale due, possibly, to the overall political situation and to other factors beyond the control of UNRRA. This increases the responsibility resting upon this Division and more specifically upon the Welfare Branch, to anticipate and eliminate wherever possible all causes of minor irritation, and to intensify education and employment planning. Indeed, if we are to forestall serious difficulties within the next few months, each UNRRA worker, whatever his function in the camp, must be prepared to exercise in the performance of his duties even greater forebearance and tolerance than before.

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MEDICAL BRANCH.

13. Reports indicate that hygiene conditions of the northern group are very good. In the south, there are continuing difficulties due, in part, to the unsatisfactory arrangements for the employment of D.P. workers. Except for the outbreak of seven cases of primary malaria at the Di Bagni camp and a limited epidemic of what is suspected to be sand-fly fever at the same camp, there has been no serious incidence in the camps of communicable diseases.

14. The dental condition of the majority of D.Ps. is reported to be bad, owing to the hardships they have suffered in recent years. In treating these people, there is a bottleneck in the provision of dentures, e.g., in Turin Camp, which has a population of 617, the dentist reports that nearly 100 of these people need artificial teeth. The maximum output of a dental technician using the dental laboratory equipment supplied by UNRRA

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is 20 sets of dentures per month. Therefore, in Turin camp alone, the demands would keep one of the two dental technicians on the Milan Group budget occupied for four months, and this not considering the fact that the camp population is constantly changing. We have had difficulty too, in finding competent dentists who are prepared to work in camps. Regarding out-of-camps dental care, the cost of dental requirements of "Out-of-Camps" population is considerably in excess of that allowed for in the budget; e.g., in the Rome area during July, 22 sets of dentures were provided at a cost of Lit. 258,000. To meet the demands made in the Rome area, it is estimated that twice this number of dentures would be necessary. In the Rome area, 112 conservative dental treatments were carried out at a cost of Lit. 72,000. To fully meet demands, it is estimated that an expenditure of approximately Lit. 200,000 on this service would be necessary. If this dental care is to be made satisfactory, it will mean,

(a) the provision of more budget lines for dentists and dental technicians to deal with "In Camps" care,

(b) the doubling of the amount of money at present spent on "Out-of-Camps" dental care, so that dentures can be bought at a considerable expense on a virtually uncontrolled market.

15. The question of hospitalization of T.B. patients from the southern group of camps has become a problem. These patients will no longer remain in T.B. hospitals but will temporarily be accommodated at the Leuca hospital, which is not adequate for T.B. care. Arrangements have been made for 50 beds to be placed at the disposal of UNRRA in a new T.B. hospital in the province of Sondrio, and it is planned to transfer the patients to this hospital as soon as possible.

REPATRIATION AND RECORDS BRANCH.

16. The final tabulation of the 19,231 REOC forms was completed during this period and the resultant figures cabled to London. That portion of the survey which dealt with the repatriation or emigration intention of these 19,231 displaced persons revealed two important items,

(a) only 755 of the total desired repatriation either by way of return to their countries of origin, or to place of former residence,

(b) of the remaining 18,476 not desiring repatriation, 12,200 expressed a desire to go to Palestine.

The classification according to occupation showed that the vocations of these D.Ps. could be grouped under one or another of 152 skills. The largest group, that of tailors, numbered 2,557, while the next largest, 1,826, were classified as farmers (egg, chicken, animal). Two other compilations have been made, viz, to discuss what number of these 19,231 displaced persons claim to be Jewish and what number of these Jewish displaced persons are permanently incapacitated for work. The former classification revealed that out of the 19,231

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were carried out at a cost of Lit. 72,000. To fully meet demands, it is estimated that an expenditure of approximately Lit. 200,000 on this service would be necessary. If this dental care is to be made satisfactory, it will mean,

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(b) the doubling of the amount of money at present spent on "Out-of-Camps" dental care, so that dentures can be bought at a considerable expense on a virtually uncontrolled market.

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17. Lists of displaced persons claiming Ecuadorian, Peruvian, Dutch, Mexican and Argentinian nationality and desiring return to those countries, were presented to the respective consular offices in Rome. Appropriate consular action on most of these cases was promised.

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18. During the period reported upon, 987 displaced persons have been repatriated from Italy. This number is divided as follows,

(a) individual movements numbering 224, and

(b) 7 group movements, totalling 763 persons, as follows,

56 Czechoslovaks to Czechoslovakia
143 Yugoslavs to Yugoslavia (3 moves)
208 Poles to Poland
9 Belgians to Belgium
99 Greeks to Greece
243 French to France

With regard to the Polish move, there had been some delays in securing the necessary clearance from the Military authorities in Austria. It is hoped that in the case of future moves, the securing of clearance and transportation will be expedited.

19. On 28 August, a meeting attended by Major Findlay of UNRRA Cairo, was held at Rome HQ, to coordinate the projected repatriation via Italy of 900 Polish displaced persons in the Middle East. This Division is prepared to lend its full support, including welfare escort personnel, to this move, which is expected to reach Naples, Italy, early in October. If a direct train from Italy to Poland cannot be arranged, the group will be moved to Tarvisio by Italian railroad facilities, where they will be transferred to a Polish-bound train originating at Villach in the British zone of Austria.

DAVID R. HUNTER,
Acting Director,
Displaced Persons Division.

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DAVID R. HUNTER,
Acting Director,
Displaced Persons Division.

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REPORT UNIT - ITALIAN MISSION H-7 FORM S - 50

Code	Commodity Group	Acquisitions	Issues It.Govt.	Field Operation
	1	3	5	6
010	Grains,Cereals & Preparations	64,418	64,136	282
030	Meats & Meat Products	5,523	5,461	62
040	Fish, Shellfish & Products	576	526	50
050	Eggs & Dairy Products	13,049	12,842	207
060	Vegetables Fruits	10,487	10,425	62
070	Sugar & Products	12,595	12,506	89
080	Soap, Oils & Fats	11,167	11,160	7
090	Miscellaneous Foods	693	693	
110	Finished Garments	155	154	1
160	Basic Leather Materials	144	135	9
170	Hides	415	415	
180	Unmanufactured Fibres	6,609	6,609	
200	Medical Supplies & Equipment	86	80	6
610	Seeds & Plants	96	96	
620	Fertilizers	7,721	7,721	
660 & 670	Agricultural Machinery	515	515	
740	Rubber Products	247	244	3
810	Solid Fuels	894,002	894,002	
910	Crude Products	8,514	8,514	
920	Wood & Paper Materials	1,163	1,163	
930	Chemicals	4,345	4,345	
940	Iron & Alloys	1,422	1,422	
950-57	Steel	4,457	4,457	
		1,048,399	1,047,621	778

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REPORT UNIT - ITALIAN MISSION H-7 FORM S - 50 Month August 1946

Commodity Group	Acquisitions	Issues It.Govt.	Field Operations	Remarks
1	3	5	6	
Cereals & Preparations	64,418	64,136	282	1. Expressed gross Long Tons
Meat Products	5,523	5,461	62	
Shellfish & Products	576	526	50	
Dairy Products	13,049	12,842	207	2. Based on Manifest Cables
Dried Fruits	10,487	10,425	62	
Sugar Products	12,595	12,506	89	
Oils & Fats	11,167	11,160	7	3. Adjustments July 46 S-50
Miscellaneous Foods	693	693		
Tea & Currents	155	154	1	
Leather Materials	144	135	9	+ Col. 5. Code 010 1
	415	415		050 30
Manufactured Fibres	6,609	6,609		080 58
Medical Supplies & Equipment	86	80	6	
Metal Plants	96	96		- Col 6. Code 010 1
Metals	7,721	7,721		050 30
Agricultural Machinery	515	515		080 58
Metal Products	247	244	3	
Petroleum	894,002	894,002		4. Does not include P.O.L. Acquisitio
Rubber Products	8,514	8,514		
Miscellaneous Paper Materials	1,163	1,163		
Textiles	4,345	4,345		
Non-ferrous Alloys	1,422	1,422		
Miscellaneous	4,457	4,457		
	1,048,399	1,047,621	778	

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UNRRA

Country, Italy
Month covered by
report, August 1946

A. DISTRIBUTION OF SUPPLIES

Note: In accordance with instructions from Washington, Form S-50 (attachment H-7) has been substituted for Section A, Item 1, 2 and 3 of form M.S.R. - 1.

4. a. Supplies received from UNRRA by outright transfer and distributed by the Government:

1. Total turned over by the Government for further distribution (sum of items b-e)

(a) To private distributive trade channels: Nil
(b) To industrial users including government enterprise for further processing: Nil
(c) To non-profit voluntary agencies (list) Nil
(d) To cooperative distributions: Nil
(e) To Governmental distribution agencies (list)
Istituto Commercio Estero.

Commodity Class	Long Tons
0	1,367,661
1	57,214
2	4,190
3	57
4	275
5	150
6	47,351
7	612
8 (excluding P.O.L.)	2,869,418
9	52,296
	4,399,224

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

Note: In accordance with instructions from Washington, Form S-50 (attachment H-7) has been substituted for Section A, Item 1, 2 and 3 of form M.S.R. - 1.

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5	150
6	47,351
7	612
8 (excluding P.O.L.)	2,869,418
9	52,296
	4,399,224

2. Stocks on hand in Government's control not yet released to above agencies for distribution: Nil

3. Total received (sum of items 1 and 2); 4,399,224 Long Tons.

b. Equipment (not included in Item 4.a) leased by Government from UNRRA, total to date: Nil

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4.c.(1)	Supplies distributed by Government to 30 June for which proceeds were received.... This figure includes sales of 294,363 tons of P.O.L. during February - April 1946 inclusive. Further P.O.L. Sales have yet to be established ...	2,295,085 Met. tons	
(2)	Approximate balance of supplies excluding P.O.L. handed over to Italian Government to 30 June 1946 for which no proceeds were received ..... Some of these supplies have already been distributed and it is anticipated that proceeds in respect of all will be received in due course.	328,929 Met. tons	
(3)	Proceeds received by Italian Government in respect of sales under (1) above ...	14,656,900,116 Lire	
1. B. (2)	Proceeds of Sale of supplies under 4.c.(2).....	14,656,900,116	"
	P.O.L. (On account of Sales 1 May 1946 - 30 August 1946 until actual determinations)...	1,000,000,000	"
	Coal (on account of Sales July, 1946).....	740,449,125	"
	Credited on account of Sales not yet effected :		
	Raw Rubber	36,279,095	"
	Pig Iron	16,500,000	"
	Copra	55,153,750	"
		16,505,281,086	"
	Less: Retained by Federazione Consorzi on account of distribution costs to be determined 3,455,532,716		
	Customs duties on P.O.L. February - April 1946 inclusive and reimbursable to Lire Fund 1,102,806,936		
	Retained by C.I.P. on account of distribution costs for P.O.L. during February - April 1946 inclusive yet to be determined 1,891,669,539		
	Distribution costs of seed potatoes... 118,590,600		
	Quota for equalising unified price of imported Seed Potatoes 111,672,815	6,680,272,606	"
	Balance paid into Special Proceeds of Sale Account	9,825,014,480	"

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	1946 for which no proceeds were received ..... Some of these supplies have already been distributed and it is anticipated that proceeds in respect of all will be received in due course.	328,929 Met. tons	
	(3) Proceeds received by Italian Government in respect of sales under (1) above ...	14,656,900,116 Lire	
1. B. (a)	Proceeds of Sale of supplies under A.4.(a).....	14,656,900,116	"
	P.O.L. (on account of Sales 1 May 1946 - 30 August 1946 until actual determinations)...	1,000,000,000	"
	Coal (on account of Sales July, 1946).....	740,449,125	"
	Credited on account of Sales not yet effected :		
	Raw Rubber	36,279,095	"
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	Distribution costs of seed potatoes... 118,590,600		
	Quota for equalising unified price of imported Seed Potatoes 111,672,815	6,680,272,606	"
	Balance paid into Special Proceeds of Sale Account	9,825,014,480	"
	(b) Amounts expended out of proceeds under B.1.....	2,275,000,000	"
		7,550,014,480	"
	Recommended and approved appropriations not yet paid over 2,760,916,000		
	Recommended appropriations awaiting approval of Joint Presidents - expected by 8 September 1946 500,000,000	3,260,916,000	"

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C. REGISTRATION, REPATRIATION AND CARE OF DISPLACED PERSONS.

Items C-1 through C-5 are covered in Attachment H-6-d-(iv), and are therefore omitted from Attachment H-8, in accordance with London's Cable No. 1134.

Note: Statistics in Items C-6 through C-11 are for the period 21 July to 17 August, 1946, inclusive, and cover all ten camps in which medical care was an UNRRA responsibility during the period (Bari No. 1 Transit Camp, Cine Citta Camp, and the Lecce and Milan Camp Groups).

6. Total number of patient days in UNRRA-operated hospitals: 5,145

7. Total number of clinic visits to UNRRA-operated clinics: 9,345

8. Number of UNRRA-operated camps or other UNRRA-operated institutions in which services reported in Items C-6 and C-7 were provided during the period : 19.
(10 camp clinics, 8 camp hospitals and 1 central hospital).

9. Number serving these hospitals and clinics at end of period under review: A. Doctors: 29. B. Nurses: 50.

10. Total number of immunizations under UNRRA direction during the period: 4,030.

11. Total number of child health examinations under UNRRA direction during the period: 1,094.

D. PERSONNEL OF MISSION AS OF 31 AUGUST, 1946.

1. Classification of employees on pay-roll at end of month by service:	Class I	Class II	Class III (Vol. Ag.)
a. Displaced Persons	55	259	51
b. Health	9	30	-
c. Welfare	12	10	6
d. Agricultural Rehabilitation	16	23	-
e. Industrial Rehabilitation	34	79	-
f. Requirements & Supply (exoluding Divs. of Inland Tpt., Indust. Rehab. & Agr. Rehab.)	85	136	-
g. Inland Transport (Bur. of R. & D.)	5	12	-
h. Camps Operations	94	977	-
i. Finance & Administration (except Divs. of Personnel & Vehicle Control	85	484	-
j. Personnel	10	42	-
k. Vehicle Control and Maintenance	15	750	-
l. Office of Chief of Mission (excluding Information Division)	19	131	-

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j. Personnel	10	42	-
k. Vehicle Control and Maintenance	15	750	-
l. Office of Chief of Mission (excluding Information Division)	19	131	-
m. Information Division	11	11	-
n. Regional Staff	107	889	54
TOTAL:	557	3,833	111

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D. 2. Nationalities of Class I Employees as of August 31, 1946.

American	200
Australian	3
British	278
Canadian	13
Danish	3
Egyptian	1
French	2
Greek	1
Icelandic	1
Indian	3
Haitian	1
Iranian	1
New Zealander	3
Palestinian	8
Polish	2
Russian	3
El Salvadoran	1
South African	27
Stateless	3
Swiss	2
Yugo-Slav	1
Total	557

D. 3. Employment of Personnel as of 31 August, 1946 by Sex.

Sex	CLASS I	CLASS II	CLASS III
Male	361	2,828	74
Female	196	1,005	37
	557	3,833	111

D. 4. Employment of Class I Personnel as of 31 August, 1946 by Grade.

Grade 1 - 1.	Grade 6 - 51.	Grade 11 - 48.
" 2 - 1.	" 7 - 73.	" 12 - 31.
" 3 - 1.	" 8 - 80.	" 13 - 9.
" 4 - 58.	" 9 - 86.	" 14 - 4.
" 5 - 43.	" 10 - 70.	" 15 - 1.

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Danish	3
Egyptian	1
French	2
Greek	1
Icelandic	1
Indian	3
Haitian	1
Iranian	1
New Zealander	3
Palestinian	8
Polish	2
Russian	3
El Salvadoran	1
South African	27
Stateless	3
Swiss	2
Yugo-Slav	1
Total	557

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