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10000/109/806
(VOL. X)

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MONTHLY REPORTS, UNRRA
AUG., SEPT. 1946

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

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UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

ITALIAN MISSION

Chief of Mission's Narrative Report for the Month of

September 1946

CONTENTS

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This report consists of a brief summary of the Italian Mission's major activities during the month of September 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.

EC 3.57 - 19/10/46

1 - EC
4 - Econ Sec.
1 - PR Branch.

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Distribution:

Allied Commission,
Brazilian Embassy,
British Embassy,
Chinese Embassy,
French Embassy,
Albania,
Austria,
Cairo,
Caserta,
Greece,

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Caserta,
Greece,
Yugoslavia,
Italy (All Divisions, Camps and Regional Offices).
Czechoslovakia
Germany.

See n-1

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(Second Mail)

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A. INTRODUCT_ _

1. September was a gloomy month for Italy. All eyes were on Paris and the news from there got worse day by day. For a time the headlines mentioned reparations as huge as the total National wealth of the Country All of this bickering and delay reflected itself in threatened Governmental crises in Italy. The Lire sagged to new low levels, reaching at one point a rate of nearly 600 against the official 225 to the dollar.

2. The August decisions about UNRRA at Geneva did not help the matter. This Mission emphasized whenever possible that on 1 September only 54% of UNRRA supplies had arrived and the remainder would be coming in steadily not only to the end of the year, but well through the first quarter. Local pessimists in the Press, however, talked about UNRRA folding by 31 December and emphasized that all arrangements to follow were being held up by the delays in Paris.

POST-UNRRA PLANS

3. There is plenty of ground for uncertainty about the period after UNRRA supplies finish. This Mission, however, is doing everything it can to press the Government to be ready to act on each important commodity the moment UNRRA quits buying. To this end papers have been prepared on the three basic commodities of wheat, coal and POL, planning for the continuation of these supplies through the first half of 1947. These papers are being discussed with the economic advisers in the Embassies and with the Government.

4. The decisions at Geneva, however, gave this Mission some urgent chores for the month. Each Division was in fact invited to plan to knock down the sand castle it had been building in the last few months. This program had been authorized only at the beginning of the year and supplies had begun to arrive in quantity only in March, so that instructions to plan demobilization by September seemed a bit hasty, especially since only 54% of the supplies program had arrived by 1 September.

5. It was recognized by ERO that this Mission would be operating at top speed in the fourth quarter, but we were asked to reduce personnel by not less than 10%. The figure actually achieved in the plan is 15%. There will be heavier reduction of course in the first quarter, and final closure will come by the middle of the year.

DISPLACED PERSONS

6. There have been special discussions with Col. Katzin about the plans for Displaced Persons. It has been agreed that this structure should be left as it is for the time, with the objective of turning it over to IRO (International Refugee Organization) as early as possible in 1947. Except for the Chinese, who departed rejoicingly from Italy after a battle of more than six months for transport, very few people in Italy want to go home. Less than 1,000 of those in UNRRA care have indicated that they wish to be repatriated. Nearly all the rest want to go to Palestine. Apart from the future movement of transients through Italy, the Displaced Persons' operation is in the doldrums. The chances [illegible] Poland and Austria, there will be more

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PREPARATIONS FOR WASHINGTON SUPPLY CONFERENCE

7. Much of September's supply work has been pointed toward the Washington Conference in the middle of October. Caution is the word of the hour: first we are told that rises in prices will reduce the buying power of the Italian budget by perhaps 10 million dollars; then a final 2% of the budget is frozen just to make sure. What we want to know is which of the supplies we have ordered will be available and when, and how to keep the unwanted supplies to a minimum. As one of the latest supply programs, our position is, of course, peculiarly vulnerable. Only when the supply situation is more accurately known, can we plan the final stages of reception and distribution.

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THE FOOD SITUATION

8. This is one of the quieter food months. With the exception of Sicily, which has amassed only 35% of its goal, and is already yelling for imported wheat from the mainland in order to maintain the ration for its cities, the situation is quiet. This is the season when Ministries of Food become optimistic and promise a little expansion here and a litt there to cut down the cost of living, hoping that somehow or other wheat and money for it, will be found sometime before the next harvest. One of the effects of the shipping strike will be that wheat for deficit centers such as Naples will have to be cross-hauled in Italy.. Progress on the amassing since last month has been relatively modest. The total amount of wheat collected as of 30 September, 1946 is 85.6% of the origin goal of 2,378,852 tons. That goal has been revised to 2,577,652 tons.

9. The new sugar crop is expected to yield 270,000 tons, and the firs major distribution of it occurs in this month. The black market price of sugar has dropped from 11-1200 lire to 550-660 lire a kilo.

COAL

10. UNRRA coal arrivals in September amounted to 649,399 tons as against 600,000 allocated. The gap in shipping arrivals caused by the September strike, however, was welcome in most of the ports, because this interval allowed time for clearing away stockpiles that had accumulated because of the serious shortage of freight cars. If the October strike doesn't drag out for more than two weeks, the coal supply at the rate of 600,000 tons a month can be kept going. Of this supply, the first trickle of 15,000 tons came in September from Silesia. Slowly the European sources are being restored--but it appears that at least half of Italy's coal will have to be hauled across the Atlantic, at leas during the first half of 1947.

TEXTILES

11. The plan for processing cottons is going ahead rapidly, and the papers are writing enthusiastically about the prospects of cotton goods that the people can afford. The broad plan, as explained in previous reports, is to assign one-third of some 30,000 tons of cotton to the very poor to be given away, and to sell the remainder at low fixed prices. There should be enough for a half dozen yards a head for the lowest one-third of the population. A similar plan for processing the wool is under way, but less advanced. Every effort is being made to meet the most urgent needs before winter.

REPORT ON TARGETS FOR SEPTEMBER

12. (a) To complete the fourth quarter budget.

Completed on time.

(b) To prepare phased plan for "run down" of Mission in first half of 1947

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REPORT ON TARGETS FOR SEPTEMBER

12. (a) To complete the fourth quarter budget.

Completed on time.

(b) To prepare phased plan for "run down" of Mission in first half of 1947.

First draft submitted with fourth quarter budget, revisions to be ready October 10th.

(c) To work out an agreement with Washington on procedures for payment of line charges for cost of discharge of UNRRA ships in Italy.

In hand. (It is important that back charges be presented promptly.)

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(d) To accelerate work on first stage of housing Program and to draw tentative plan for its extension.

Good progress on first stage; beginnings of additional plans made.

(e) To continue development plan for clothing distribution and to complete plan for layette distribution.

Excellent progress, including assembly of first layettes.

(f) To get operations for mosquito eradication in Sardinia under way, including assistance in setup of Italian organization and transfer of vehicles.

Progress satisfactory.

(g) To halve the UNRRA emergency truck fleet and transfer it to CASAS.

Being completed.

(h) To start work with the Government on plan for use of total Lire Fund.

Numerous projects examined: criteria being worked on and all proposals being assembled for screening.

(i) To review the supply position in light of announced cut and to prepare revisions for discussion at Washington Supply Conference in October.

Done.

(j) To expedite the production of Operational Analysis papers for ERO series.

Progress satisfactory.

TARGETS FOR OCTOBER

13. (a) To revise Supply Program in light of Washington Supply Conference findings.
(b) To continue work with the Government on data for post-UNRRA period.
(c) To accelerate plans for the Lire Fund.
(d) To speed up transfer of transport to the Government Agencies, especially ambulances.
(e) To review all Health Projects including aid to hospitals and distribution of all medical and sanitary supplies.
(f) To press for distribution of raw materials essential to rail and road transport.

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UNRRA's Role in the Italian Economy.

14. The sale of UNRRA-imported supplies came under discussion this month in terms of their effects on the delicate monetary situation in Italy and their relation to today's cost of living. The Lire Fund which is being built up is considered a powerful factor not only in terms of the concrete objects into which it can be converted but also in terms of its effect on the inflationary picture.

15. It is expected that the free distribution and sale of textiles manufactured from UNRRA-imported raw materials will probably result in lower prices of other textiles. On the other hand this month has seen slight rises in the prices of many industrial raw materials, especially building materials, probably indicating mistrust of what will happen

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with the imminent diminution of UNRRA supplies as well as apprehension with the general economic situation.

16. The Italian Government this month imported approximately 65,000 to of supplies and private commerce about 40,000 tons; the balance of approximately 900,000 tons was imported by UNRRA, a figure which gives a minimum indication of the void which normal channels will have to fill as UNRRA receipts begin to decrease. The Government continued importi rock phosphate from French North Africa and a small amount of petroleum coke from the Persian Gulf. Private industry brought in a small amount of coal from Yugoslavia, 5,000 tons of copra from South Africa, and smal amounts of textile raw materials and general cargo from various sources. Thus the pre-war channels are slowly being re-opened. One important pre-war coal channel was widened this month by UNRRA with the import of about 16,000 tons of coal from Poland, an import which may be expanded t 30,000 tons monthly and may be taken over by the Government under a trade agreement now under negotiation.

17. The supplies being imported by UNRRA are less and less for sheer relief and more and more those which will start and feed the industrial production cycle so that Italy will be able to provide itself with necessary goods. Imports of grain and grain products dropped to about 30,000 tons plus 7,000 tons of corn received as a gift from Argentina, transport for which was provided by UNRRA. Another 1,000 tons of eagerly-awaited rubber arrived, 5,000 tons of manganese ore, 5,000 tons of raw wool, 400 tons of tin-plate in which to preserve this year's harvest. Six hundred and fifty thousand tons of coal arrived on UNRRA account compared to 36,000 available to the mainland from Sardinia production and 25,000 imported by the Government and private industry; this tonnage will allow the planned allocation plus a certain amount to be added to the stockpiles. At the moment, port facilities and personn are being prepared to receive the huge jam of supplies that accumulated in the loading ports during the U.S. maritime strike and are now arrivin here.

18. Continued study is being made of the transition period during whic imports will have to be taken over from UNRRA by the Government and private commercial channels pending the outcome of current negotiations for large-scale internal financing of the 1947 program. A draft plan in this connection has been prepared by UNRRA for coal, POL, and wheat, the three basic commodities, and this plan will be rounded out in further discussions among UNRRA, the Government, and the British and American Embassies.

B. RELATIONSHIP WITH THE ITALIAN GOVERNMENT.

Supplementary Agreements Negotiated or in Progress.

19. With a letter of 30 September 1946 Mr. Keeny informed Mr. Lyon, Acting Director of the Congregational Christian Service Committee in Italy of the Italian Government's approval to the terms stipulated in the letter of 27 June and of a cable received on 17 September from UNRRA HQ in Washington communicating the Director General's approval to the proposed Agreement with the CCSC. The Agreement became effecti

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20. An agreement between UNRRA Italian Mission and the Catholic Committee for Relief Abroad (CCRA) is being negotiated. As soon as the terms of the proposed agreement are accepted by Mrs. Digby Beste, CCRA representative in Italy, the agreement will be submitted to the Director General of UNRRA and the Italian Government for final approval.

General Problems of Relationship.

21. A number of difficulties came to light in the relations between th Italian Government Delegation and some of the Ministries interested in the UNRRA program. The Ministry of Industry and Commerce issued two decrees for the purpose of regulating the processing and distribution of

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UNRRA-imported textiles. The first of these decrees set up a committee called UNRRA-Tessile, which will be entrusted with the execution of the UNRRA textile program, while the second gave the Ministry broad powers to control the manufacture of textiles and set up special commissions for this purpose. The Delegation objected to the action of the Ministry on the ground that, although the Lire Fund was involved, the Delegation had not been consulted in the formulation of these decrees. Consequently the second decree is now being held up and re-examined within the Government. The jurisdictional dispute between the Delegation and the Ministry, however, seems to be subsiding; the UNRRA-Tessile Committee has already held its first two meetings and is making progress.

22. Another delicate problem has arisen in connection with the UNRRA Welfare Program. On 31 July the Chief of Mission wrote a letter to the Prime Minister proposing that the Welfare Program which had been carried out by UNRRA and the Government should be continued on a permanent basis by the Government after the termination of UNRRA's activities in Italy. The letter has not yet been answered because the organization of a unified Governmental Welfare Program brought about another jurisdictional conflict between the Ministry of Post-War Assistance, the High Commissioner for Food and the Delegation.

23. A few hours before the expiration of the Welfare Program, which had been planned only through September, the Presidency of the Council requested the Mission that the present program be continued, and the Mission agreed to extend it through October. In the meantime it is hoped that the wider question of the Governmental set up after the termination of UNRRA will be satisfactorily solved.

24. The Mission wrote a letter to the Government taking issue with a decision by the highest Italian Administrative Tribunal which partially annulled the requisition of the Quirinale Hotel ordered by the Italian Government for the purpose of providing accommodation for UNRRA personnel. The Mission's letter, which is still awaiting a reply, raised a series of objections to the decision both on legal and political grounds.

25. The American Consulate in Rome raised the question of the loss of American citizenship by naturalized American citizens of Italian origin after two years of residence in this country. The Mission is seriously concerned with this possibility because it might mean that a number of key officials would have to be repatriated to the US in order not to lose their American citizenship. In an effort to clarify the status of these UNRRA officials a letter was addressed to the Italian Government and it is hoped that it will not be necessary to return the officials concerned to their home stations. The question is also being referred to Washington HQ in order that the necessary action may be taken with the State Department.

26. The whole problem of the Lire Fund has been reviewed during the month, and the question of the most judicious way in which it should be re-employed has been considered. It has been decided to obtain the view of all persons concerned with the Mission, and criteria have been submitted by the Bureau of Requirements and Distribution and by the

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27. Discussions have taken place with Italian experts on the State Budget and a breakdown of the pertinent sections of the budget have been studied.

28. Probable repercussions of certain policies and events have been considered, such as: the period in which the Lire Fund is to be used; the effect on the Treasury cash position if a large proportion of the Fund is to be spent rapidly; the necessity of rapid price adjustments in the event of a serious devaluation of the lire; and the possibility of best stimulating the body economic by spending at certain crucial points. An attempt is being made to prepare a broad, tentative budget, bearing in mind as many of these factors as possible, to serve as a

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basis of discussion with the Government. It is hoped that general agreement, subject to Washington's approval, will be reached before the end of the year.

29. At the Tenth Meeting of the Lire Fund Control Committee, held on 19 September 1946, the following appropriations were recommended for approval by the Joint Presidents:

a) Lit. 16,000,000 - for the costs incurred by transporting supplies from contributing countries through Italian territory for other Missions.

b) Lit.138,000,000 - to be allocated to the Delegation as a contingency fund for financing the procurement of 10,000 tons of seed wheat in exchange for the same quantity of imported grain, plus a bonus of $3% per ton.

c) Lit. 30,000,000 - to be allocated to the Italian Delegation to meet the higher cost of production, by reason of increased costs of labor in respec of the processing of about 2,000 tons of cotton imported under the 1945 program.

C. RELATIONSHIP WITH OTHER AGENCIES

30. The acquisition of the British Military establishment - the 197 Air Lift Camp and 43 GT Company Warehouse, in Bari, has come to a standstill. The Mission urgently needs these premises for the Displace Persons Program, but they contain certain fixed assets priced by the military at approximately £85,000. In accordance with the Administration's Agreement with the Italian Government, the Government has been asked to acquire these premises for the use of displaced persons under UNRRA care. The Italian Government is prepared to acquire the camp through lire purchase and make it available to UNRRA. The British Military GHQ interpretation of Article III Section III of the SACMED Agreement (which reads: "In accordance with standard procedures for the procurement of military surpluses from the Government concerned") is that the Administration is committed to purchase. The position of the Mission is that the camp was not used by the military as a displaced persons' installation previously, and thus does not come within the orbit of the SACMED Displaced Persons' Agreement. Action has been requested of ERO to contact the War Office officials who have authority to agree to the release of property to the Italian Government, explainin UNRRA's obligation to acquire all property through the Italian Governmen The matter is urgent as the premises require rehabilitation for early occupancy and winter use.

31. During the month the US Military authorities instituted a system of "script" money for the use of American military personnel, and decreed that only script would be accepted in payment for any purchases made in military-controlled institutions and the use of similarly controlled facilities. As Category II civilians, UNRRA personnel are not allowed to purchase this new currency, and are consequently unable

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Italian territory for other Missions.

b) Lit.138,000,000 - to be allocated to the Delegation as a contingency fund for financing the procurement of 10,000 tons of seed wheat in exchange for the same quantity of imported grain, plus a bonus of $36 per ton.

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C. RELATIONSHIP WITH OTHER AGENCIES

30. The acquisition of the British Military establishment - the 197 Air Lift Camp and 43 GT Company Warehouse, in Bari, has come to a standstill. The Mission urgently needs these premises for the Displace Persons Program, but they contain certain fixed assets priced by the military at approximately £85,000. In accordance with the Administration's Agreement with the Italian Government, the Government has been asked to acquire these premises for the use of displaced persons under UNRRA care. The Italian Government is prepared to acquire the camp through lire purchase and make it available to UNRRA. The British Military GHQ interpretation of Article III Section III of the SACMED Agreement (which reads: "In accordance with standard procedures for the procurement of military surpluses from the Government concerned") is that the Administration is committed to purchase. The position of the Mission is that the camp was not used by the military as a displaced persons' installation previously, and thus does not come within the orbit of the SACMED Displaced Persons' Agreement. Action has been re-requested of ERO to contact the War Office officials who have authority to agree to the release of property to the Italian Government, explainin UNRRA's obligation to acquire all property through the Italian Governmen The matter is urgent as the premises require rehabilitation for early occupancy and winter use.

31. During the month the US Military authorities instituted a system of "script" money for the use of American military personnel, and decreed that only script would be accepted in payment for any purchases made in military-controlled institutions and the use of similarly controlled facilities. As Category II civilians, UNRRA personnel are not allowed to purchase this new currency, and are consequently unable to enjoy the privileges formerly extended by the Military. US military controlled airlines have been unable to supply any passages because of the inability of the Mission to produce "script". This matter has been taken up at a high level, and a satisfactory local solution has now been obtained.

32. Information has been received from AG Branch MTOUSA that APO facil ties will be withdrawn from the Mission with effect from 1 November 1946 After this date the normal International Postal Service will have to be used by US personnel.

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D. SUPPLY AND DISTRIBUTION.

Requirements

33. In collaboration with the Sub-Bureaus work has continued on the coordination of the final revisions of the Mission Import Program for 1946.

34. A fresh survey of outstanding requirements of the Sardinia Malaria Eradication Program was made in cooperation with the Rockfeller Foundation. The long-awaited Dobbins Sprayers were finally cancelled, first in favor of another US product and more recently for a sprayer of local manufacture for which early delivery is foreseen. Responsibilities for procurement of locally-available supplies were vested in the Regional Committee for Malaria Eradication in Sardinia.

35. The flow of wheat to the ammassi is continuously decreasing, but from the 1 to 20 September it averaged approximately 3,400 metric tons per day. Up to this date 2,048,246 tons had been ammassed, representing 79.5% of the latest revised ammassing goal.

36. The Ministry of Agriculture is continuing its pressure on farmers to fulfil their ammassing obligations, with some results especially in Piemonte and Lombardia. However there are recent reports of resistance in the form of burning the records of the Provincial Union of Agricultural Statistics by rural populations in Piemonte.

37. The ammassing of rye and barley is not progressing satisfactorily, with a total ammasso of only 39,435 metric tons to 23 September.

38. One of the main problems with which the Food Division has been confronted is the rapidly increasing difficulty of maintaining cereal stocks in provinces with production deficits. The small amount of cereals arriving from abroad has necessitated these being supplied entirely by indigenous grain surplus areas. This has not only proved to be a transport burden at a time when there was considerable movement of coal with high priority, but it has caused resentment and misgiving in those areas.

39. Although preliminary discussions with the High Commissioner for Food took place over a month ago regarding the ration scales to be applied in the operation of the Welfare Feeding Program, no further progress has been made, due to the lack of agreement in the Government on the basic policy for future relief programs. A reply from the Government is still awaited to the Chief of Mission's letter of 31 July 1946 on this subject.

Shipments Received and Purchases within Mission Territory.

40. Supplies received and discharged during September in Italian Ports again exceeded one million tons, and involved handling some 160 vessels. Of this total about 800,000 tons represented coal discharged. A sharp drop in receipts occurred during the last third of the month due to the maritime strike in the US, without which September

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charged. A sharp drop in receipts occurred during the last third of the month due to the maritime strike in the US, without which September operations would have broken all post-war records for reception of imports. While the effects of the strike will be felt during the early days of the next month, an extremely heavy loading program indicated that receipts during October will at least equal those of August or September, provided further threatened US strikes do not materialise.

41. Procurement of the 10,000 tons of seed wheat reported on last month has been delayed by difficulty in obtaining firm agreement on related charges to be borne by the Lire Fund, contracted availabilities and the arrival of a Greek Government representative with revised requirements. However, a Contingency Fund of 138,300,000 Lire has been recommended for the covering of approved handling, transport and miscellaneous costs and approximately 3,400 tons of seed have been ordered for shipment to Greece.

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42. Austria advises that as fruits and vegetables have been received from Czechoslovakia and Yugoslavia, purchase from Italy is no longer contemplated.

43. Completed purchases:

5 tons Lotus Corniculatus for Greece
2,000 doses Anti-snake serum for Albania under procurement.

Under Procurement:

3,400 tons Seed Wheat for Greece.

Negotiations in Process:

Spare parts for Albania
8,000 tons sulphur for Czechoslovakia
50,000 sheets sericulture paper for Greece
293 tons cork for China, Dodecanese, Greece, Yugoslavia and Poland.
367 tons carbon bisulphide for Austria, Albania and Yugoslavi
Electrical equipment for Dodecanese
Packing materials for refectory bricks for Greece

Distribution

44. With the exception of the two following cases no divergence from the normal basic system of distribution was made during September. A large number of US Quartermaster surplus ration accessory packs arrived, each pack containing 12 separate items, including 4,000 cigarettes, 200 bars of chocolate and 200 boxes of matches. The distribution of these packs presented numerous difficulties. The items were extremely attractive to black market operators; the sale of matches and cigarettes is under the control of the State Monopoly in Italy; the packs were obviously designed to form part of a normal ration for an organized body of men. It was not possible to hand this item to the Italian Armed Forces owing to the fact that UNRRA is prohibited from supplying them. After a long series of negotiations it was decided, after the needs of the Division of Displaced Persons and Administrative Services Division had been met, to dispose of these packs through the National Consumer Goods Cooperative Association for State Employees to state employees other than the armed forces. The Association undertook to break each pack into 20 parcels and to sell each parcel for 1,000 lire. Both permanent and semi-permanent civil servants will be included in the distribution, and thus a body of people who for the most part are today in especially difficult financial circumstances will benefit.

45. In addition, the Mission has agreed to a special distribution of 1,000 grams per head of maccaroni, rice, etc., to workers, municipal employees and unemployed, and to the families of these categories in specified areas. The areas selected are those with the highest density of industrial workers, and the distribution will be limited to 6,000 tons of pasta. A similar distribution of tinned meat and fish has been [illegible] but the actual quantities to be distributed have

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46. Difficulty is still being encountered in fixing prices and agreeing upon plans of distribution for some of the items such as candy bars and cookies which have been shipped under the food budget. However, negotiations are in progress with the High Commissioner for Food and the Italian Delegation for Relations with UNRRA to formulate a scheme to distribute candy bars to school children, the sick in hospitals and the various cooperative of workers, other than State employees, who will benefit under the distribution of Quartermaster ration accessory packs as mentioned above.

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47. During month the only alteration in . ..oning was the plan for increasing as from October the ration for the public security agents and the other categories in the police group, in order to bring them in line with the scale of the Carabinieri. The integration of the varia police organizations makes this amendment by the High Commissioner for Food a logical one and is in line with Government steps to improve publi security standards.

48. Examination of the plan of allocation of sugar for all Italy duri the three months ending October, on the basis of 300 grams a month has been carried out against the latest coordinated statistical return.

49. During the month of September, Regional Food Distribution Officers commenced operations in all regions except Sardinia.

Industrial Rehabilitation

50. A Pharmaceutical Committee is being formed with the Government to galvanize Government action on the distribution and price planning for the imports of raw drugs, which are beginning to arrive in considerable proportions.

51. Negotiations and discussions with the Wool Association have resulted in reaching basic agreement for the processing of UNRRA-imported wool. These agreements will follow rather closely those reached in connection with the processing of cotton.

52. The only existing use of the Lire Fund in the Industrial Rehabilitation field is for the initial financing of UNRRA-Tessili whereby funds will be made available to the manufacturers to process UNRRA cotton, wool and leather for controlled distribution. The Lire Fund should, of course, eventually recoup these expenditures.

Agricultural Rehabilitation

53. While the crops of Corn, Rice, Beans, Potatoes, Tomatoes, Alfalfa, Grapes, Olives, Citrus, Almonds and Figs, are reported as satisfactory, there has been considerable damage from drought, plant diseases, hail and wind.

54. An important Veterinary Conference, held at Milan, was attended by UNRRA representatives. Considerable progress was made in proposals for the reorganization of Italian veterinary medicine. Agricultural representatives visited various animal-breeding stations to ascertain their fitness to receive livestock imported by UNRRA. All artificial insemination stations were satisfactory, whereas certain other institutes will have to be overhauled before UNRRA stock is committed to them.

55. Review is continuing on proposed Agricultural Lire Fund Projects with concentration on plans which will restore land-productivity particularly in war-damaged areas, with resultant increase in food production, and reduction in unemployment.

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E. SERVICES PROVIDED WITH UNRRA RESOURCES

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Welfare and Relief Projects

Services, Programs and Kind of Groups Given Services

56. Corrected reports received from the Italian Delegation Office for the distribution of food for assistance purposes for July show that a total of 1,803,344 persons were fed during that month. Of this number 1,052,077 persons received the food through cooked meals and 751,267 received it through raw distribution. The figures for August are still incomplete, but to date show that a total of approximately 1,817,361 persons received UNRRA foods during that month.

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57. The distribution of contributed used-clothing to war-sufferers, refugees and bombed-out persons continued during the month of September. More difficulties are still encountered in the distribution of clothing than are encountered in the distribution of food.

58. The majority of the summer colonies closed by the end of September concluding a fairly successful summer program for children. In almost all instances improvement in the health of the children was noted, and a major result of the colony program was that it demonstrated that there could be a united community effort toward a common goal.

59. A total of 58 workshops and two warehouses operated during the month. This is a reduction on the previous month, as nine workshops were either closed or without work, while three new ones were opened - one at Ostia for new production; one each at Bagnaia and Florence for knitting pullovers. Of 835,359 garments sorted during the month 260,398 were repaired. The output of repaired garments reached a new peak (last month the figure was 240,943) due to the considerably-increased output in the workshops at Palermo, Gubbio and the Union of Italian Women in Florence. The slight decrease in the number of garmen sorted (August 930,140) was due to the granting of an annual paid vacation of seven days to the workers in the Buon Pastore Workshop.

60. The number of items cut for new production during the month was 228,994, whereas 261,124 garments were made.

61. The number of pairs of shoes sorted and repaired during the month shows a reduction in the figures from the previous month, but this is due to the greatly-diminished quantity of work in the John E. Lynch workshop, which has almost finished processing the first consignment of army boots, and is now working on a restricted scale in order to keep going until the next consignment arrives. The number of pairs sorted during the month was 140,126, of which 75,586 were repaired. The production of sandals ceased during the month, after having produced 13,480 pairs, at an average cost of 55 lire per paid.

62. During the period 15 August to 15 September, 636,718 clothing items, 163,393 clothing units, 27,462 shoes and 3,850 bedding items were released from the warehouse for distribution to Italian Refugees and needy homeless persons. In addition, during the same period, 8,052 clothing items, 996 clothing units, 10,550 shoes and eight bedding items were released to Camps Division for Non-Italian Displaced Persons.

63. Work is now in progress on 24 out of the 25 contracts approved by the Executive Committee for the Repair and Reconstruction Program, i.e. a total of 680 apartments. The competition for the remaining contract (Cotignola) - which was delayed owing to the lack of response to the first competition - will be held within a short time. The number of rooms repaired during the month is approximately the same as during the previous period, but there has been an increase in the number in the course of repair.

Voluntary Agency Matters

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Voluntary Agency Matters

64. A representative of the Unitarian Committee arrived in Italy to make plans for a project to be undertaken in Italy by that Committee. Plans originally considered by the Committee in the US contemplated the provision of direct sanitary assistance in Italian Displaced Persons Camps. This plan is now being reconsidered in favor of a plan for scholarships for the training of sanitary engineers.

NON-ITALIAN DISPLACED PERSONS

Registration, Repatriation and Resettlement

65. Repatriation activities for the month out of Italy include the following:-

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580 Chinese to China
489 Poles to Poland
18 Austrians to Austria
14 Czechs to Czechoslovakia
66 Greeks to Greece
40 Yugoslavs to Yugoslavia
78 Jewish mixed families to South America

66. In addition, UNRRA has also cooperated with AC in procuring passport facilities in the return of 400 Italians to their former Italian colony Eritrea, and 125 Somalis to Somaliland.

67. Elements which left the country during the month through our passport facilities, transit facilities and actual repatriation number 1,781 DP's.

Maintenance and Care

68. The ever-present feeding problem still requires a great deal of our attention from HQ down into the field and the feeding habits of the DP's, from a personal as well as from a religious point of view keeps us very much alive to the necessity for procuring foodstuffs which will make for the greatest general acceptance.

69. The single serious definiency is the lack of fresh meat. This can be met by increasing the consumption of fish and other protein items in addition to the tinned meat. We are now starting to explore the possibility of having SEPRAL make the basic items available, while through Post-Bellica we hope to work out an arrangement whereby the items paid for in Lire, such as fresh foods etc., may be handled by that organization directly in the field.

70. A plan was agreed, effective as of 1 October 1946 whereby those DP's receiving camp care and needed to carry on camp activities are employed on a DP wage scale of 4,000, 5,000 and 6,000 lire per month.

71. The only exception regarding the employment of non-Italians is made in the case of doctors and dentists, who because of the highly critical nature of their work, and the necessity for continuity on that phase of our program, will be paid the regular Italian Class II rates for their professional services, and who, of course, if receiving camp feeding and housing services will have a deduction made from their salaries.

72. The number of out-of-camps care recipients is now reduced to 7,325.

HEALTH

Major Results and Problems

73. Progress is being made on the schemes which are being developed by the Mission for re-employment of the Lira Fund. The plans for malaria, tuberculosis and trachoma control are being completed. Schemes are also being developed for the treatment and control of ankylostomiasis (hookworm) and for the improvement and development of nurse-teaching [illegible] is being compiled for proposals to rehabilitate

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74. The failure of penicillin to arrive in Italy since the last consignment during June, distribution of which took place in July and August, has resulted in a problem of first magnitude. Italy now is solely depending upon UNRRA for its supply of the drug. Washington has been urgently requested to expedite shipments which should have arrived in July, August and September.

75. A request was made to ERO for 600 doses of yellow fever vaccine required for the immunization of DP's returning to their homes in China. This request was later transferred from ERO to Washington. A second

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request to Washington for 200 bottles of yellow fever vaccine, each of 10 c.c., on half of the total quantity to be delivered immediately and the second half by 1 December, was made to meet the demands which will arise before the end of the year.

76. The first part of the fourth general distribution of relief medical supplies, consisting of approximately 850 tons with a value of 1,134,366 dollars, made excellent headway during the month and will be completed during the first days of October.

77. Fourteen 40-bed hospital units were delivered to civil hospitals in various provinces.

78. Distribution of 89 ambulances is still being held up by the shortage of skilled mechanics for processing the vehicles prior to delivery to the Italian Government. Fifteen additional ambulances have been received by the Mission and a plan for their distribution is being formulated.

79. The following distribution plans submitted by the High Commissioner for Hygiene and Public Health during September have received the approval of the Health Division:

a) Chloride of lime, 53 tons
b) Narcotics, valued at about 7,800 dollars
c) Surgical instruments, 100 cases, each containing four sets of surgical instruments
d) Nurses' uniforms, 10,624, for distribution to Public Health nurses throughout Italy and for nurses' training schools
e) DDT, 20 tons 100% and 36 tons 10%, for disinfestation program
f) Sprayers, 400, for disinfestation program

80. The distribution of 962 dozen X-ray films, chest size, valued at approximately 34,400 dollars, has been completed.

81. Approximately 280 tons of medical supplies were received in September by the Foreign Trade Institute on behalf of the Italian Government.

82. From the inception of the program to 25 September, a total of 4,135,215.73 square meters of hospital linen had been dispatched for use in hospitals or health programs, according to information received on 25 September in Cable No.5136 from Milan.

RESUME OF GENERAL HEALTH CONDITIONS

83. The general health of the people of Italy remains satisfactory. Two major outbreaks of enteric fever have been reported (see Attachment H-6-a paras. 13-14) and two smaller outbreaks have occurred at Taranto and Trapani (Sicily). In each instance, control measures were taken and the outbreaks are on the wane. With the exception of six cases of typhus fever and 22 cases of smallpox mentioned in Attachment H-6-a para.12, no notifications of important infectious diseases have been received.

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F. PUBLIC RELATIONS

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

84. H. Hynd, a Member of the British Parliament, was among the distinguished visitors who visited the Mission during the month.

Major Results and Problems

85. A comprehensive campaign on distribution of UNRRA goods in Italy has been formulated in order to promote more active distribution and

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utilization of imported supplies. A basic pro[illegible]ctus has been worked out with Requ[illegible]ents and Distribution Divisio[illegible] covering objectives of this campaign, the media to be used and "copy" policy for the most important supplies.

86. Reductions in staff are being planned, some of which will be effected by the end of October. The work from then on will be mainly with Italian press and public, but foreign correspondents will also be serviced with material which has previously found its greatest outlet for publication in the United States and the United Kingdom.

87. Fairs have been or are being held in Milan, Palermo, Venice, Mantua, Genoa and around Florence. Enlarged pictures of the Mostra at the Rome Fair and other collections showing UNRRA at work were sent to these Fairs, as it was soon evident that it would be impossible for UNRRA to put on any such exhibits as that set up in Rome, because of the expense involved.

88. Photographic output continues to expand, and there will probably be more demand for picturization during the ensuing months. During -September a total of 1,286 photographs were furnished by the Information Division.

89. The month has again shown ECONOMIC NOTES in a very excellent light, both in Italy and abroad. Complete articles have been used by both local and foreign correspondents, and the circulation has reached 11,000 copies. Letters of appreciation have been received from England and the United States.

90. Increased activity is being shown by Information officers assigned to the regional offices. Since more will be expected of these officers during the ensuing months, they will speed up their efforts with the co-operation of HQ in order to turn out a greater volume of work.

G. ORGANIZATION AND ADMINISTRATION OF THE MISSION

Major Organizational Changes

91. In accordance with instructions contained in ERO Order No. 55, preliminary phasing plans have been drawn up for the scaling down of Mission personnel as a result of the decisions taken at the Council Meeting in Geneva. Work on these plans continues in order to ensure that the closing of the Mission is speedy and efficient.

Personnel

92. As of 30 September 1946 the Mission Staff consisted of 535 Class I (regular), 3,797 Class II (locally employed), and 106 Class III (Voluntary Agency) employees, - a total of 4,438 persons. Of the Class I employees 268 are British, 189 from the United States, 27 South Africans, 12 Canadians, 6 Palestinians, 3 Australians, 3 New Zealanders, 3 Danes, 3 Indians, 3 Russians, 3 Stateless, 2 French, 2 Poles, 2 Swiss and one each from Egypt, El Salvador, Greece, Haiti, Iceland, Iran and Yugoslavia.

Administrative Problems

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UNRRA to put on any such exhibits as that set up in Rome, because of the expense involved.

88. Photographic output continues to expand, and there will probably be more demand for picturization during the ensuing months. During -September a total of 1,286 photographs were furnished by the Information Division.

89. The month has again shown ECONOMIC NOTES in a very excellent light, both in Italy and abroad. Complete articles have been used by both local and foreign correspondents, and the circulation has reached 11,000 copies. Letters of appreciation have been received from England and the United States.

90. Increased activity is being shown by Information officers assigned to the regional offices. Since more will be expected of these officers during the ensuing months, they will speed up their efforts with the cooperation of HQ in order to turn out a greater volume of work.

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Administrative Problems

93. The question of foreign currency for the use of travellers returning home is still acute, but a small amount of Swiss and French francs have been obtained sufficient to provide travellers with the means to buy one meal in both Switzerland and France. Duty travellers' cheques cannot be used for this purpose, as they are only cashable in the sterling area in the case of sterling cheques, and only in the USA in the case of dollar cheques.

94. Repatriation to the USA has come to a standstill due to the strike in the USA and the consequent non-arrival of scheduled ships. No forecast has been made as to what the situation will be in October. At present no dates of sailings can be given by the shipping companies, or bookings accepted.

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95. The situation with regard to spare parts still continues acute. A small quantity has been received from Britain, 15 cases in all. Recent visits to British Ordnance Depots in the Naples area revealed that there are quantities of spare parts available in good condition. It is hoped that some authority will be given by ETO to purchase some of these spare parts. The matter is urgent, as towards the end of October the contents of the Ordnance Depots will be turned over to the Italian Government. The situation with regard to tires is now satisfactory, with the exception of tires for Heavy Utility Personnels. Washington and London are aware of the shortage of this particular size tire, and it is hoped that a shipment will be received shortly.

96. The long-outstanding problem as to whether personnel seconded from HQ Forces should participate in the Provident Fund Scheme has finally been resolved by ETO. It has been ruled that this category of personnel may not share in the benefits of the Scheme.

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H. LIST OF ATLACHMENTS.

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

H-1-a. Minutes of 8th Meeting of Lire Fund Control Committee.
H-1-b. Minutes of 8th Meeting of Price Committee.
H-1-c. Minutes of 9th Meeting of Lire Fund Control Committee.
H-1-d. Amendment to 9th Meeting of the Lire Fund Control Committee.
H-1-e. Minutes of 9th Meeting of Price Committee.
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H-1-k. Report on activities of Claims Committee.
H-1-l. Agreement with Congregational Christian Service Committee.
H-1-m. Minutes of Meeting between Chief of Mission and President of the Delegation 14, 16 and 17 September.

H-2. Brief Summary of the Main Economic Development in Italy during September 1946.

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

H-3-a. "Weekly Bulletin", Vol.2, No.32, dated 4 September, 1946.
H-3-b. "Weekly Bulletin", Vol.2, No.33, dated 11 September, 1946.
H-3-c. "Weekly Bulletin", Vol.2, No.34, dated 18 September, 1946.
H-3-d. "Weekly Bulletin", Vol.2, No.35, dated 25 September, 1946.

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

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

H-5-a. Lire Fund Projects - Criteria, 1 October, 1946.
H-5-b. "Thoughts on the Lire Fund," 28 September, 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 MSR-1.

H-8. "Economic Notes".

H-8-a. Vol.1, No.34, dated 6 September, 1946.
H-8-b. Vol.1, No.35, dated 13 September, 1946.
H-8-c. Vol.1, No.36, dated 20 September, 1946.
H-8-d. Vol.1, No.37, dated 27 September, 1946.

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H-1-f. Minutes of 10th Meeting of Lire Fund Control Committee.
H-1-g. Minutes of Special Meeting on Basic Slag.
H-1-h. Decree issued by Ministry of Industry and Commerce.
H-1-i. Letter to Delegation regarding requisition of Quirinale Hotel.
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H-9. Form EF-2. Amount and Utilization of Proceeds from Sale of UNRRA Supplies. (For Washington and London only).

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MONTHLY REPORT OF THE

SPECIAL ASSISTANT TO THE CHIEF OF MISSION FOR

THE MONTH OF SEPTEMBER 1946.

RELATIONSHIP WITH THE ITALIAN GOVERNMENT

General Situation

1. The month of September was characterized by a general state of uneasiness both in the political and the economic field. The Government weathered a cabinet crisis which for a while threatened to disrupt the coalition of the four major parties. The crisis was brought about by the resignation of the Minister of the Treasury, Corbino, who left his post after a series of bitter attacks from the Leftist Parties. After prolonged negotiations Premier De Gasperi appointed a man of his own party, the Christian Democrat Bertone, to the very delicate position.

2. The cabinet crisis, added to the general state of uneasiness and suspension due to the decisions reached at Paris as regards peace with Italy, brought about some rather serious disturbances, such as the Partisans agitation in Northern Italy and the strikes of workers as well as Government and Public Utilities employees. One of the consequences of this state of affairs was the drop in the value of the lira, which, around the middle of September, reached its lowest point in respect to the dollar and sterling.

Problems of Relationships with the Government.

3. A number of difficulties came to light in the relations between the Italian Government Delegation and some of the Ministries interested in the UNRRA program. The Ministry of Industry and Commerce issued two decrees for the purpose of regulating the processing and distribution of UNRRA-imported textiles. The first of these decrees (Attachment H-1-H) set up a Committee called UNRRA-Tessile, which will be entrusted with the execution of the UNRRA textile program. The second gave the Ministry broad powers to control the manufacture of textiles and set up special commissions for this purpose. The Delegation objected to the action of the Ministry on the ground that, although the Lire Fund was involved, the Delegation had not been consulted in the formulation of these decrees. Consequently the second decree is now being held up and re-examined within the Government. The jurisdictional dispute between the Delegation and the Ministry, however, seems to be subsiding; the UNRRA-Tessile Committee has already held its first two meetings, and is making progress.

4. Another delicate problem has arisen in connection with the UNRRA Welfare Program. On 31 July the Chief of Mission wrote a letter to the Prime Minister proposing that the Welfare Program which had been carried out by UNRRA and the Government, should be continued on a permanent basis by the Government after the termination of UNRRA's activities in Italy. The letter has not yet been answered because the organization of a unified Governmental Welfare Program brought about another jurisdictional conflict between the Ministry of Post-War Assistance, the High Commissioner for [illegible] the Delegation.

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5. A few hours before the expiration of the Welfare Program, which had been planned only through September, the Presidency of the Council requested the Mission that the present program be continued, and the Mission agreed to extend it throughout October. In the meantime it is hoped that the wider question of the Governmental setup after the termination of UNRRA will be solved satisfactorily.

6. A considerable number of pending questions were threshed out in a meeting between the Chief of Mission and the President of the Delegation which lasted for three consecutive mornings. (Attachment H-1-[illegible]).

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LEGAL [illegible]

Consiglio di Stato's Decision.

7. The Mission wrote a letter to the Government taking issue with a decision by the Consiglio di Stato (the highest Italian Administrative Tribunal) which partially annulled the requisition of the Quirinale Hotel ordered by the Italian Government for the purpose of providing accommodation for UNRRA personnel. The Consiglio di Stato's decision touched on a number of important problems such as the validity of the UNRRA/Italy Agreements in the internal legislation of the country. The Mission's letter, which is still awaiting a reply, raised a series of objections to the decision both on legal and political grounds. (Attachment H-1-I).

Re-Acquisition of Italian Citizenship.

8. The American Consulate in Rome raised the question of the loss of American citizenship by naturalized American citizens of Italian origin, after two years of residence in t is country. The Mission is seriously concerned with this possibility because it might mean that a number of key officials would have to be repatriated to the United States in order not to lose their American citizenship. In an effort to clarify the status of these UNRRA officials a letter w s addressed to the Italian Government (Attachment H-1-J), and it is hoped that it will not be necessary to return the officials concerned to their home station. This question is also being referred to Washington HQ in order that the necessary action may be taken with the State Department.

CL IMS COMMITTEE

9. The Special Assistant submitted to the Chief of ission a report on the activities of the Claims Committee up to 20th August (Attachment H-1-K). The report explained the policies followed by the Committee in the handling of all cases involving actual or potential claims by or against UNRRA, and presented a statistical table of the cases discussed by the Committee and the amounts of money involved.

AGREEMENTS NEGOTIATED OR IN PROGRESS

Agreement with CCSC (Congregational Christian Service Committee).

10. With a letter of 30 September 1946, Mr. Keery informed Mr. Lyon, Acting Director of CCSC in Ital , of the Italian Government's approval to the terms stipulated in the letter of 27 June, and of a cable received on 17 September from UNRRA Headquarters in Washington communicating the Director General's approval to the proposed Agreement with CCSC. The Agreement became effective on 30 September, 1946. (Attachment H-1-L).

11. Agreement with CCRA (Catholic Committee for Relief Abroad).

An agreement between UNRRA Italian Mission and CCRA is being negotiated. As soon as the terms of the proposed agreement are accepted by Mrs. Digby Reste, CCRA representative in Ital , the agreement will be submitted to the Director General of UNRRA and the It lian Government for final approval.

JOINT COMMITTEES

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JOINT COMMITTEES

Price Committee

12. The Price Committee continued to make progress during the month of September, and held its 8th and 9th meetings, plus a special meeting to fix the price of basic slag. (Attachments H-1-B, H-1-E and H-1-G). The pri es for some important commodities were fixed including POL and pig tin.

Lire Fund Control Committee

13. The 8th 9th and 10th meetings of the Lire Fund Committee were held. The Minutes of these are attached (Attachments H-1-A, H-1-C and H-1-F).

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ATTACHMENTS.

H-1-A Minutes of 8th Meeting of Lire Fund Control Committee

H-1-B Minutes of 8th Meeting of Price Committee

H-1-C Minutes of 9th Meeting of Lire Fund Control Committee

H-1-D Amendment to 9th Meeting of the Lire Fund Control Committee

H-1-E Minutes of 9th Meeting of Price Committee

H-1-F Minutes of 10th Meeting of Lire Fund Control Committee

H-1-G Minutes of Special Meeting on Basic Slag

H-1-H Decree issued by Ministry of Industry and Commerce

H-1-I Letter to Delegation regarding requisition of Quirinale Hotel

H-1-J Letter to Presidency of the Council regarding Italian citizenshi

H-1-K Report on activities of Claims Committee

H-1-L Agreement with Congregational Christian Service Committee

H-1-M Minutes of Meeting between Chief of Mission and President of the Delegation 14, ~~15~~ 16 and ~~16~~ 17 September.

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H-1-D	Amendment to 9th Meeting of the Aire Fund Control Committee
H-1-E	Minutes of 9th Meeting of Price Committee
H-1-F	Minutes of 10th Meeting of Aire Fund Control Committee
H-1-G	Minutes of Special Meeting on Basic Slag
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UNRRA - ITALIAN MISSION Attachment H-1-a
Central Secretariat

LIRE FUND CONTROL COMMITTEE

Minutes of the Eighth Meeting
held at 10 a.m. 28 August 1946

PRESENT FOR UNRRA:

Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
Mr. Luzzatto	R & D, Sub-Bur. of Industrial Rehab.
Mr. Peterson	R & D, Sub-Bur. of Supply Operations
Mr. Landsberg	R & D, Div. of Program Coord. & Statist.
Mr. Arnoldy	R & D, Div. of Local Resources
Mr. Verdirame	R & D, Div. of Program Coord. & Statist.
Mr. Hopkins	Financial Adviser (LIRE FUND)
Mr. Travers	Office of the Financial Adviser (LIRE FUND)
Mr. Pedinelli	Office of the Special Ass't to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Della Negra	Italian Delegation
Mr. Chiodelli	Italian Delegation
Mr. Poffano	Ministry of Treasury
Mr. Scala	Institute of Foreign Trade
Mr. Degli Alberti	Institute of Foreign Trade
Mr. Fracca	Institute of Foreign Trade
Mr. Alfacci	Institute of Foreign Trade

A G E N D A:

1. Approval of Minutes of Seventh Meeting.

2. (a) Request for Additional Appropriation for Processing of Cotton for Assistance Programs. (Delegation).

   (b) Request for Additional Appropriation for Processing of Medical Cotton (Delegation).

   (c) Request for Additional Appropriation for Processing of Cotton Thread (Delegation).

3. Report of UNRRA Mission on Distribution Costs of Grain, Flour and Codfish (UNRRA).

4. Consideration of Delegation's Budget for the Period

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Held at 10 a.m. 28 August 1946

PRESENT FOR UNRRA:

Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
Mr. Luzzatto	R & D, Sub-Bur. of Industrial Rehab.
Mr. Peterson	R & D, Sub-Bur. of Supply Operations
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Mr. Chiodelli	Italian Delegation
Mr. Poffano	Ministry of Treasury
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Mr. Prosca	Institute of Foreign Trade
Mr. Alfocci	Institute of Foreign Trade

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3. Report of UNRRA Mission on Distribution Costs of Grain, Flour and Codfish (UNRRA).

4. Consideration of Delegation's Budget for the Period 1st April - 30th September 1946 (UNRRA). 82

5. Payment for Bunkering of Foreign Vessels (UNRRA).

6. Any other Business.

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

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I. Approval of Minutes of Previous Meeting.

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

2. MR. DELLA TORRE requested that the approval of the minutes be postponed until the next meeting, since he received the text in Italian only the night before.

3. It was agreed to postpone the approval of the minutes until the next meeting.

I. (c) Criteria and budget for Lire Fund (Fifth Session of the Council) (Document No. 20).

4. MR. HOPKINS then called upon MR. CLEVELAND who reported on what transpired in Geneva in connection with the Lire Fund.

5. MR. CLEVELAND said that the talks in Geneva on this subject were inconclusive but interesting. There were two separate resolutions presented. The first resolution was submitted by the Director General, primarily as a result of discussions he had had in Rome, in which he asked for authority to discuss with the Central Committee of UNRRA the problem of what criteria should be followed in using the proceeds of sale fund and then consult on the basis of such agreed criteria with the various receiving countries in which proceeds of sale were being funded. The other resolution was submitted by the U.S.Delegation. It provided for the continuation of United Nations interest in these proceeds of sale after UNRRA, as an organization had been abolished. In the course of the discussion on these two resolutions there were a number of comments on the possibility of using the funds for various purposes. Most frequently mentioned were (1) productive purposes - that some form of revolving fund for agricultural and industrial loans be set up, and (2) welfare purposes, which were particularly emphasized by the Delegation of the U.K.

6. MR. CLEVELAND continued saying that there was one thing at the beginning of the meeting which was not sufficiently realized by all the people speaking at Geneva, namely that in most of the countries receiving UNRRA assistance the Agreement between the Government and UNRRA provides merely for consultation between the Government and UNRRA, but does not provide (as is provided in the Italian Agreement) for agreement between UNRRA and the receiving Government on the use to be made of proceeds of sale. Therefore, in a sense, United Nations interest in the proceeds of sale can be considered greater - or more specific - in the case of Italy than in the case of other receiv-

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7. MR. CLEVELAND said that as a result of the discussions, a resolution was passed which does two things: it provides that the Director General will consult with the various Governments on the use of proceeds of sale, and it provides that United Nations interest in these funds, varying in intensity from country to

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country, will be continued by the United Nations itself after UNRRA has gone. This resolution was not passed unanimously. The Polish and Yugoslavian Government, supported by the U.S.S.R., took the position that it was unnecessary to pass the resolution and indicated that they were not enthusiastic about an increase in United Nations interest and participation in the use to which the proceeds of sale were to be put. MR. CLEVELAND requested that a copy of the Resolution be included for the record in the Minutes (See Document No. 20 attached).

II. (a) Request for Additional Appropriation for Processing of Cotton for Assistance Programs. (Doc. No. 21).

8. MR. HOPKINS opened the discussion on Item 2 (a) of the Agenda stating that the Delegation had requested an appropriation of 30,000,000 lire in addition to the sum of 457,000,000 lire allocated for the processing of 2,000 tons of cotton imported against the 1945 program.

9. MR. DELLA NEGRA explained that when the contracts were made, the Committee established for the purpose of handling the processing of cotton, had accepted the clause proposed by the industrialists that the contract price would be revised in the event wages should be increased by more than 10%. Since then increases in the cost of labour have occurred as specified in Document No. 21, and the Italian Delegation recommended, therefore, that an adjustment be made in the prices shown in the original contracts.

10. MR. LUZZATTO inquired what the relationship was between the price of these contracts and the price of the contracts for the new program.

11. MR. DELLA NEGRA said he had no idea what the new rate for the 1946 program would be.

12. MR. LUZZATTO then proposed that a decision be postponed until the new Committee which will handle the 1946 program, had had an opportunity of analysing the new costs.

13. MR. DELLA NEGRA replied that there was no relationship between the 1945 and 1946 programs and that increases had been stipulated at the time the contracts were made. Therefore, the matter should not depend on conditions made for the 1946 program.

14. MR. HOPKINS said that he felt that the subject should be thoroughly investigated and a decision reached at the next meeting.

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the proceeds of sale were to be put. MR. CLEVELAND requested that a copy of the Resolution be included for the record in the Minutes (See Document No. 20 attached).

II. (a) Request for Additional Appropriation for Processing of Cotton for Assistance Programs. (Doc. No. 21).

8. MR. HOPKINS opened the discussion on Item 2 (a) of the Agenda stating that the Delegation had requested an appropriation of 30,000,000 lire in addition to the sum of 457,000,000 lire allocated for the processing of 2,000 tons of cotton imported against the 1945 program.

9. MR. DELLA NEGRA explained that when the contracts were made, the Committee established for the purpose of handling the processing of cotton, had accepted the clause proposed by the industrialists that the contract price would be revised in the event wages should be increased by more than 10%. Since then increases in the cost of labour have occurred as specified in Document No. 21, and the Italian Delegation recommended, therefore, that an adjustment be made in the prices shown in the original contracts.

10. MR. LUZZATTO inquired what the relationship was between the price of these contracts and the price of the contracts for the new program.

11. MR. DELLA NEGRA said he had no idea what the new rate for the 1946 program would be.

12. MR. LUZZATTO then proposed that a decision be postponed until the new Committee which will handle the 1946 program, had had an opportunity of analysing the new costs.

13. MR. DELLA NEGRA replied that there was no relationship between the 1945 and 1946 programs and that increases had been stipulated at the time the contracts were made. Therefore, the matter should not depend on conditions made for the 1946 program.

14. MR. HOPKINS said that he felt that the subject should be thoroughly investigated and a decision reached at the next meeting. He requested that MR. LUZZATTO consult with the Delegation on this matter prior to the next meeting. (ACTION: R & D and ITALIAN DELEGATION).

15. MR. DELLA NEGRA had no objection, provided the matter was not considered in relation to the 1946 program.

II. (b) Request for Additional Appropriation for Processing of Medical Cotton. (Documents No. 22 & 23).

16. MR. DELLA NEGRA recommended that an allocation of 2,600,000 lire be made for payment to firms which are processing cotton into cotton

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wool, including 500,000 lire for packing and transport. This was in accordance with decisions reached some time before between UNRRA, the High Commissariat of Health and Hygiene and the Delegation.

17. MR. HOPKINS referred to the Delegation's document in support of this request and noted that "the contracts were about to be signed".

18. MR. DELLA NEGRA replied that the cotton is being processed, bids have already been made, but that final contracts had not yet been signed.

19. MR. HOPKINS replied that he trusted the contracts would not be signed, as had happened in another instance, until general agreement had been reached.

20. MR. DELLA NEGRA said that the Committee established for the purpose of handling the processing of cotton, would present to the Lire Fund Control Committee a complete report explaining the situation.

21. MR. CLEVELAND asked what the Delegation's reaction would be to a proposal that these various textile problems should now be turned over, for whatever implementation remains to be made, to the textile group which is going to administer the 1946 program. He added that two representatives from the Delegation would be on this Commission. MR. CLEVELAND said that the frequency with which these problems come up in the Lire Fund Control Committee, had led him to believe it might be a continuing problem, and he felt that administering contracts and doing final accounting could most profitably be done as a general problem rather than handling each item seperately.

22. MR. HOPKINS said that he supported MR. CLEVELAND's suggestion.

23. MR. DELLA NEGRA said that the Delegation agreed to adopt this principle, but only for what concerned the development of the new program. He did not see the necessity for the Committee to review the work that had already been completed.

24. MR. PEDICELLI explained to MR. DELLA NEGRA that the task of the new Committee would not be to review those cases that have been completed, but to control the work that is still to be done.

25. MR. CLEVELAND said the matter could be discussed outside of this Committee, between the Sub-Bureau of Industrial Rehabili-

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24. MR. PEDICELLI explained to MR. DELLA NEGRA that the task of the new Committee would not be to review those cases that have been completed, but to control the work that is still to be done.

25. MR. CLEVELAND said the matter could be discussed outside of this Committee, between the Sub-Bureau of Industrial Rehabilitation and the Delegation, since he felt that the new organization might usefully take over the control of the work that remains to be done.

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26. MR. HOPKINS asked if the medical cotton would be part of the Public Health budget which is in process of preparation.

27. MR. DELLA NEGRA replied that as far as processing is concerned, the expense belonged to the general budget, but distribution

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expenses belonged to the Health budget.

28. MR. HOPKINS stated he felt it rightfully belonged to the Public Health and proposed that the 2,600,000 lire be appropriated, but that it be a part of the Health budget now being prepared for submission to the Lire Fund Control Committee.

29. MR. DELLA NEGRA disagreed with this view, stating that the sum of 2,600,000 lire was additional to the sum of 457,667,508 lire allocated for the processing of cotton in general. He furthermore said that some of the cotton is to be used on the assistance program, some for medical supplies, but that altogether it should be part of a single general budget.

30. MR. HOPKINS agreed and asked the Delegation, whether all the requests for additional appropriations in item 2 (a), (b) and (c) of the Agenda, totalling approximately 40,000,000 lire, were necessary to complete the manufacture of the first 2,000 tons. MR. DELLA NEGRA said that this was so. MR. HOPKINS recommended that all these items be referred to the next meeting.

31. MR. DELLA NEGRA agreed that the matter be postponed until the next meeting, but pointed out the necessity of arriving at a decision without delay, in order to avoid the maturing of passive interests, that would accumulate if the firms were not paid within the period of time agreed.

32. MR. CLEVELAND pointed out that this and similar problems could be avoided if the appropriations were made before the contracts were stipulated.

33. MR. HOPKINS said that in case of the processing of clothing, for which the Ministry of Post-War Assistance had made a request of approximately 81,000,000 lire, the contracts had been signed before the funds had been requested from the Lire Fund Control Committee. He added that about two weeks before, the contracts had been submitted for revision to a Sub-Committee, and asked the Delegation what the present status of the question was.

34. MR. DELLA NEGRA REPLIED that he was not prepared to answer this question, as the matter had not been included in the Agenda.

35. MR. HOPKINS stated that the revision of these contracts is of great interest to UNRRA and he hoped that it would be treated as urgent.

36. MR. DELLA NEGRA answered that a special Sub-Committee was taking care of this matter, and that it would be requested to report.

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the sum of 2,640,000 lire was additional to the sum of 457,667,508 lire allocated for the processing of cotton in general. He furthermore said that some of the cotton is to be used on the assistance program, some for medical supplies, but that altogether it should be part of a single general budget.

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32. MR. CLEVELAND pointed out that this and similar problems could be avoided if the appropriations were made before the contracts were stipulated.

33. MR. HOPKINS said that in case of the processing of clothing, for which the Ministry of Post-War Assistance had made a request of approximately 61,000,000 lire, the contracts had been signed before the funds had been requested from the Lire Fund Control Committee. He added that about two weeks before, the contracts had been submitted for revision to a Sub-Committee, and asked the Delegation what the present status of the question was.

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35. MR. HOPKINS stated that the revision of these contracts is of great interest to UNRRA and he hoped that it would be treated as urgent.

36. MR. DELLA NEGRA answered that a special Sub-Committee was taking care of this matter, and that it would be requested to report.

37. MR. HOPKINS asked whether the Delegation was represented in this Sub-Committee and MR. DELLA NEGRA said it was.

38. It was agreed to postpone item 2 (a), 2 (b) and 2 (c) until the next meeting.

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III. Report of UNRRA Mission on Distribution Costs of Grain, Flour and Codfish. (Document No. 24).

39. MR. DEAN NEGRI submitted a document and advised that the following Monday (September 2) a group of inspectors would visit the various ports to examine distribution costs submitted by the Federconsorzi Agrari. The group will include representatives from the High Commissariat of Food, Ministry of Treasury and the Delegation, and they will be assisted at the ports by the I.C.C. and Federconsorzi representatives.

IV. Consideration of Delegation's budget for the period 1st April - 30th September 1946.

40. MR. HOPKINS stated that the Sub-Committee which had been formed to look into the Delegation's budget had not yet met, since Col. Waters, who is a member, had just returned from London. This committee will meet, however, prior to the next meeting and will then present their recommendations.

V. Payment for Bunkering of Foreign Vessels.

41. MR. HOPKINS stated that in the July 31 meeting of the Lire Fund Control Committee the matter of bunkering expenses was dealt with (item VI - 1 of the Agenda of the 6th meeting of Lire Fund Control Committee). At that meeting it had been agreed that bunkering expenses should be paid out of the Lire Fund. However it seemed unnecessary to involve the Lire Fund and MR. HOPKINS asked MR. CLEVELAND to put the case to the Committee.

42. MR. CLEVELAND said the position was quite simple. A certain amount of UNRRA coal had been sold to foreign vessels, which is in itself a violation of the policy agreed between UNRRA and the Italian Government that UNRRA-imported supplies would not be re-exported. MR. CLEVELAND hoped that this situation would not arise again and said the problem now is to clear up the present question. What actually happened, he continued, was that the foreign vessels received coal and gave dollars or sterling in exchange for it. However, the Captains of the Ports involved took this money and held it for future determination, not knowing whether the individual coal merchants who were selling the coal to foreign vessels were actually entitled to receive foreign exchange in return. The problem of payment in lire, therefore, arises only with respect to the coal merchants who paid for the coal in lire and who should be reimbursed accordingly. The position is, MR. CLEVELAND continued, that the Coal Association has presented a request for reimbursement and that the Port Captains are holding a suspension fund of foreign exchange. He felt that, although at the last meeting of the Lire Fund Control Committee it

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they will be assisted at the ports by the I.C.E. and Federconsarzi representatives.

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43. It was then agreed that the question of payment for bunkering of foreign vessels will be dealt with directly by the Delegation or the Treasury outside of the Lire Fund Control Committee (ACTION: ITALIAN DELEGATION).

VI. Any other Business.

1. Transit Charges. (Documents Nos. 25 & 26).

44. MR. HOPKINS referred to the recommendations submitted by UNRRA Mission on transit charges.

45. MR. DELLA TORRE asked if these recommendations were prepared by the Italian Mission or whether they were proposed by UNRRA Washington.

46. MR. CLEVELAND replied that these recommendations were based on rules established by Washington and applying to all countries, not only Italy, so that any amendment brought to these proposals, would put Italy into a more favorable position than any other receiving country.

47. MR. DELLA TORRE stated that the recommendation submitted by the Mission should be re-examined to confirm that they were in line with the Agreements between UNRRA and the Italian Government.

48. MR. CLEVELAND said that point (a) of the recommendations was specifically covered in the Agreement of 17 January 1946 between the Italian Government and UNRRA, whereas points (b) and (c) were not specifically covered in this Agreement. However, UNRRA had received rulings from Headquarters in Washington making it advisable to agree items (b) and (c) formally with the Italian Government.

49. MR. DELLA TORRE said he would like to study the recommendation prepared by the Mission and suggested that the question be placed on the Agenda for the next meeting of the Lire Fund Control Committee.

50. MR. CLEVELAND added that the new element was not the policy statement, but the estimate by the Mission as to how much ought to be put into a contingency fund for the purpose, and that data supporting the proposal that 100,000,000 lire be appropriated was incorporated in the recommendation.

51. It was then agreed that the Delegation will examine the recommendation on transit charges submitted by the Mission (ACTION: DELEGATION).

2. Seed Wheat.

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51. It was then agreed that the Delegation will examine the recommendation on transit charges submitted by the Mission (ACTION: DELEGATION).

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2. Seed Wheat.

52. MR. CLEVELAND, in response to a question on the status of seed wheat, said there had been a tentative agreement between the Mission and the Government (outside the framework of the Lire Fund Control Committee) that costs in connection with seed wheat not covered by the foreign exchange made available by UNRRA and by sale of grain would be borne out of the Lire Fund. The specific question involved was that those costs would be not only transport and handling charges, which were covered in the policy statement

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on Transport Charges, but part of the cost of the material itself since the London office was not willing to cover all the cost of the material with dollars and sterling. MR. CLEVELAND was of the opinion that this raised the necessity for a special Lire Fund ruling for this purpose. In negotiations with DR.CARPILLI, Minister of Foreign Trade, at which ERO representatives were present, the Italian Mission stated that payment could come out of the Lire Fund. In addition, the Mission stated they would attempt to increase the dollars and sterling amounts as much as possible from the $ 30.00 originally proposed.

53. To this end, MR. ARNOLDY reported that a cable had been sent to London requesting that the figure be raised to $ 40.00. However, before this cable was received, MR. ARNOLDY had a telephone call from MR. DARKE, ERO, agreeing to raise the price to $ 36.00, to include cost of sacks. MR. ARNOLDY had requested MR. DARKE to reconsider this decision, in view of the information in the cable, which MR. DARKE said would be considered, but at the moment the price remained fixed at $ 36.00. Furthermore, MR. DARKE advised that the transfer of exchange in dollars would be made immediately.

54. MR. CLEVELAND added that he thought the only action to be taken by the Committee at this time was to note the contingent liability on the Lire Fund for this purpose, and to approve the principles, so the Government could finalize its contracts with the seed wheat producers with whom the Government has options. MR. CLEVELAND suggested that a detailed budget be presented by the Government at the next meeting of the Committee.

3. Intermission Trade.

55. MR. DELLA NEGRA recommended an appropriation of 250,000,000 lire from the Lire Fund for the purchase by the Delegation of commodities destined to other countries assisted by UNRRA, and for expenses incurred in this connection, such expenditure to be refunded to the Lire Fund when payment in foreign exchange was made. This was to enable I.C.E. to pay the suppliers within 30 days, as dealers were sometimes forced to wait as long as 90 days to be paid by I.C.E.

56. MR. CLEVELAND asked why the Lire Fund should be involved - why the Treasury did not make the loan - was it a matter of delays in getting foreign exchange to them?

57. MR. HOPKINS said that, if necessary, payments could be made from the Delegation's administrative account, for which 150,000,000 lire had been recently appropriated.

78.

58. MR. DELLA NEGRA said the request of the Delegation was for a revolving fund only to cover expenses actually incurred, then to reimburse the fund as soon as payment in foreign exchange was made.

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59. MR. ARNOLDY said that 150,000,000 lire might not be sufficient to cover expenses of the items now programmed, such as cork, sulphur, hemp, etc., since these alone would be well over the amount and suppliers have to be paid on delivery of the merchandise.

60. MR. CLEVELAND said that during the days of the Allied Commission I.C.E. had conducted the same kind of operation and he could not understand why the Delegation found itself in a different position.

61. The I.C.E. representative replied that in those days the same difficulties existed as exist now, and that they had always been forced to let the supplier wait for payment for extended periods. The request was made to avoid a continuance of the problem encountered in A.C. days.

62. MR. HOPKINS proposed that this subject be gone into extensively outside of the Lire Fund Control Committee to see what the difficulties were.

63. This was agreed.

4. I.C.E. Budget.

64. MR. DELLA REGIA recommended that an allocation should be made immediately since it had been necessary to obtain funds on loan from various banks and delay in payment would necessitate paying larger interest charges. He stated that the I.C.E. budget had been submitted to both the Italian Delegation and the Mission.

65. MR. LANDSBERG noted that the document submitted was not a budget, but a list of some minor I.C.E. expenses, commissions and custom duty payments. Custom duty (L.23,000,000) was recoverable and the other items required checking.

66. It was the opinion of UNRRA's representatives that there was no need to appropriate the 50,000,000 lire requested by I.C.E. at this time in view of the fact that the custom duties should not have been paid and this 23,000,000 lire should be returned by the Ministry of Finance. It was decided, therefore, that a special investigation should be made of I.C.E.'s present financial situation in respect to debts incurred, and that a Sub-Committee composed of MR. LANDSBERG and MR. HOPKINS for UNRRA, and representatives of the Delegation, Treasury and the Ministry of Finance should meet the following day at 10.30 a.m. for this purpose. In addition, the I.C.E. representatives were requested to bring all material and financial statements.

67. The meeting adjourned at 12.30 a.m.

ATTACHMENTS: Doc.Nos. 20, 21, 22, 23, 24, 25, 26.

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UNRRA - ITALIAN MISSION
CENTRAL SECRETARIAT

Attachment H-1-b

PRICE COMMITTEE

Minutes of the Eighth Meeting
held at 10 a.m. 7th September 1946.

PRESENT FOR UNRRA:

Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
Mr. Lamsberg	R & D, Program Coord. & Statist.
Mr. Verdirame	R & D, Program Coord. & Statist.
Mr. Consolo	R & D, Program Coord. & Statist.
Mr. Lurie	R & D, Sub-Bur. of Relief Supply, Asst. Chief
Mr. Sullam	R & D, Sub-Bur. of Relief Supply, Anal. Sect.
Mr. Sinclair	R & D, Sub-Bur. of Relief Supply
Mr. Cardani	R & D, Sub-Bur. of Relief Supply
Mr. Luzzatto	R & D, Sub-Bur. of Ind. Rehab., Chief
Mr. Hight	R & D, Sub-Bur. of Ind. Rehab.
Mr. Bingham	R & D, Sub-Bur. of Ind. Rehab., Fuels Div.
Mr. Rylance	R & D, Sub-Bur. of Ind. Rehab., Food Process.
Mr. Scriven	R & D, Sub-Bur. of Ind. Rehab., Coal Branch
Mr. Farmer	R & D, Sub-Bur. of Ind. Rehab., Eng. & Power
Mr. Eyre	R & D, Sub-Bur. of Ind. Rehab., POL Branch
Mr. d'Ayala Valva	R & D, Sub-Bur. of Ind. Rehab.
Mrs. Hight	R & D
Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. La Penna	Office of the Spec. Ass't to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Foglietti	Interministerial Committee on Prices
Mr. Della Negra	Italian Government Delegation to UNRRA
Mr. Martini	Italian Government Delegation to UNRRA
Mr. Mastromarino	High Commissariat of Food
Mr. Gonbioli	Ministry of Agriculture
Mr. Schipani	Ministry of Foreign Trade
Mr. Genzini	Ministry of Industry and Commerce
Mr. Odoni	CIP

A G E N D A.

1. Approval of Minutes of the 7th Meeting and Special Meeting on POL

2. Interim Report of Special Sub-Committee on Copra

3. Confirmation of Distribution Costs on Coal

4. Distribution Costs of Tinplate

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Mr. Sullam	R & D, Sub-Bur.of Relief Supply,Anal.Sect.
Mr. Sinclair	R & D, Sub-Bur. of Relief Supply
Mr. Cardoni	R & D, Sub-Bur. of Relief Supply
Mr. Luzzatto	R & D, Sub-Bur. of Ind.Rehab., Chief
Mr. Hight	R & D, Sub-Bur. of Ind.Rehab.
Mr. Bingham	R & D, Sub-Bur. of Ind.Rehab.,Fuels Div.
Mr. Rylance	R & D, Sub-Bur.of Ind.Rehab.,Food Process.
Mr. Scriven	R & D, Sub-Bur. of Ind.Rehab.,Coal Branch
Mr. Farmer	R & D, Sub-Bur. of Ind.Rehab.,Eng.& Power
Mr. Eyre	R & D, Sub-Bur. of Ind.Rehab.,POL Branch
Mr. d'Ayala Valva	R & D, Sub-Bur. of Ind.Rehab.
Mrs.Hight	R & D
Mr. Hopkins	Financial Adviser (Lire Fund)
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AGENDA.

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2. Interim Report of Special Sub-Committee on Copra
3. Confirmation of Distribution Costs on Coal
4. Distribution Costs of Tinplate
5. Ratification of Schedule of POL Prices
6. Approval of Pricing and Distribution Plan of Ration Accessory Packs
7. New Items for Price Fixing:
   (a) Zinc Phosphide
   (b) Basic Slag
   (c) Pig Tin
8. 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 of the 7th Meeting and Special Meeting on POL.

2. The minutes of the 7th Meeting and the Minutes of the Special Meeting on POL (which had been held ad interim because of the urgency of the decision on petroleum prices) were both unanimously approved.

II. Interim Report of Special Sub-Committee on Copra. (Doc.No. 34 A).

3. MR. CLEVELAND said that he assumed that the memorandum, circulated as Document No. 34 A, was simply an interim report, and it was not to be considered as a final recommendation.

4. MR. PYLANDT stated that the Sub-Committee did, in fact, recommend a price for copra, because it had been thought that, even if the price of margarine (the final product) varied according to the cost of manufacture, the price of the copra itself would always remain the same. Therefore, the Joint Price Committee would be in a position to fix the price of copra.

5. MR. ELRIE said that a price of 100 lire per kilo for margarine was reached by taking into consideration the landed cost of copra and the cost of processing, the latter being subject to review.

6. MR. CLEVELAND pointed out that a firm recommendation was made by the Sub-Committee for the price of copra ex Consorzio Port Warehouses to be fixed at 3,400 lire per quintal, of which 500 lire per quintal represented an estimate of the Consorzio's handling charges subject to review by the Lire Fund Control Committee.

7. MR. FOGLIETTI said that there were different elements to be taken into consideration: the cost of the margarine to the consumer, and the price of copra as established by UNRRA. If the processing charges between copra and the finished product were considered satisfactory, then the Committee would fix the price of margarine for the consumer.

8. MR. CLEVELAND asked whether margarine was going to be under price control, and MR. CASTRONUOVO stated that the distribution was controlled.

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8. MR. CLEVELAND asked whether margarine was going to be under price control, and MR. CASTROGIOVANNI stated that the distribution was controlled.

9. MR. CLEVELAND enquired whether MR. FOGLIETTI wished the Price Committee to fix a price for margarine, and MR. FOGLIETTI suggested postponing the fixing of this price, this matter being strictly connected with a plan for the distribution of fats.

10. MR. CLEVELAND asked MR. LARIE whether he agreed that the price of margarine should be fixed by the Committee. MR. LARIE replied that he considered it a matter for the respective Ministries to decide.

11. MR. FOGLIETTI stated that he could not agree to fixing an immediate price at 100 lire per kilo, since he was unable to anticipate the distribution of this margarine.

12. MR. LARIE said that the margarine would be issued direct to the consumer as food. He added that one of the two by-products, oil cake, would be distributed for food.

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13. MR. LARIE then emphasized that, if margarine were sold at a higher price, there would be greater accrual to the Lire Fund. On the other hand, selling this product at below the average market price will be an opportunity to strike a blow for the consumer, without surrendering the principle of charging landed cost plus distribution cost. He said that in this case there should not be any accrual to the Lire Fund apart from landed cost.

14. MR. FOGLIETTI commented that there would be an amount of 2,000 tons of edible products from copra, which would go direct to the consumer by means of controlled distribution.

15. MR. LARIE pointed out that this referred only to copra which had already arrived, and stated that, when the whole product under UNRRA program had arrived, 6,000 tons of margarine could be produced.

16. MR. CLEVELAND pointed out that, as the finished product was to be sold on a controlled market and as it was possible to fix a price of about 100 lire per kilo, the Committee had sufficient basis for setting a price on copra.

17. MR. LUZZATTO asked what were the relative prices of the various competitive fats.

18. MR. MASTROMARINO replied that all fats distributed on a ration-controlled system should be taken into consideration. The only one now available, he added, was olive oil at 219 lire per kilo.

19. MR. LUZZATTO suggested that margarine be compared with butter rather than with olive oil. He pointed out that a ration scheme exists for the southern region, but none for the North, where olive oil is rarely used in cooking.

20. MR. CLEVELAND asked whether the Sub-Committee has considered any of these questions, and it was confirmed that they had studied only the cost of production.

21. MR. CLEVELAND then enquired when margarine would become available for distribution under this program.

22. MR. MASTROMARINO stated that a small quantity had already been processed and a definite decision on the price was now awaited, to start production on a full scale.

23. MR. DELLA NEGRA stated that it had already been established that the price of the finished product should first be fixed by the Price Committee, and then the processing costs deducted to reach the price of the raw material. He therefore suggested that the price of margarine be decided upon, and from that the price of copra could be calculated.

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24. MR. POGLIETTI suggested postponing action for a period in view of imminent decisions of the Government on the oil crushing campaign and the distribution of fats.

25. MR. LIRIE pointed out that the problem might be solved by:

(a) fixing a final price in relation to that of similar imported products and of other fats in Italy, in connection with the cost of processing. Or:

(b) by establishing a price below normal, in order to fulfil the Government's aim of providing food through controlled channels at the lowest possible price.

26. MR. CLEVELAND agreed that this was an opportunity of attacking Italy's chief economic problem - the high cost of living, especially food, to the average consumer. He added that setting

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the price of margarine in relation to uncontrolled prices of other fats, seemed a very self-defeating policy to adopt in a situation where the chief economic problem facing the Government was to lower the cost of living.

27. MR. POGLIETTI said that the question of margarine should be included in the general problem of fats and oil now under consideration by the Government.

28. MR. CASTROMARINO was of the opinion that the problem should be considered in the light of the present situation, and that the price of the finished product should be lower than the fixed price of UNRRA - imported solid fats such as lard, which were now being distributed.

29. MR. POGLIETTI raised the question of the rate of exchange, saying that lard sold at 70 lire per kilo, based on 100 lire to the dollar.

30. MR. CLEVELAND recognized that some UNRRA goods were still being sold at the old AC price. He suggested that the question of fats be referred for discussion between the Food Division of the Sub-Bureau of Relief Supply and the High Commissariat for Food. He asked MR. LURIE to hold a meeting, with a view to making a joint recommendation on a price for the various types of fats including margarine, to be submitted to the Price Committee in a week's time.

31. This was agreed. (ACTION: R & D).

32. MR. CLEVELAND further suggested that the extent of control and the price at which the olive oil will be given to the "ammassi" was a question beyond the competence of the Price Committee. MR. CLEVELAND added, that any price questions involved in the decisions on the "ammassi" of olive oil should be brought to the attention of the Committee.

33. This was agreed.

34. MR. CLEVELAND proposed that, when a tentative agreement had been reached on the price of various UNRRA imported fats, including margarine from copra, another meeting of the Special Sub-Committee be held to establish distribution costs.

35. MR. LURIE pointed out that a meeting of the Special Sub-Committee was to be held on 10th September.

36. MR. LUZZATTO remarked that the by-products, such as food-cake for cattle, would affect the price of margarine.

37. MR. LUZZATTO asked whether margarine processing had been delayed due to the fact that the price of copra had not yet been

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37. MR. LUZZATTO asked whether margarine processing had been delayed due to the fact that the price of copra had not yet been fixed. After some discussion it was established that delay had been caused by hot weather, and processing was expected to begin about the end of September or the beginning of October 1946.

III. Confirmation of Distribution Costs on Coal.

38. MR. CLEVELAND reminded those present that a Sub-Committee composed of UNRRA and Italian Government technicians was now studying the price of coal. MR. CLEVELAND emphasized that, while the Committee had ratified the price of coal at 3,500 lire per ton to industry, and 2,600 lire per ton to public utilities, as established in a decision prior to the Committee's formation, the question of distribution costs, not included in those prices, was never examined.

39. On MR. CLEVELAND's suggestion it was agreed, that the UNRRA Coal Branch and the Italian Government technicians, together with the Inter-Ministerial Committee on Prices, will submit to

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the Committee's next meeting a schedule of the distribution costs in effect during the last few months. This schedule, when approved, is to be part of the record of the Price Committee.

40. This was agreed. (ACTION: R & D AND ITALIAN GOVERNMENT).

IV. Distribution Costs of Timplate. (Doc.No. 40 A).

41. MR. CLEVELAND stated that the Committee had already set the price of timplate at 100 lire per kilo. The Sub-Committee which had studied the price, had been asked to submit to the Committee an estimate of the handling charges, in order to establish the accrual to the Lire Fund.

42. MR. CLEVELAND informed the Committee that the proposed handling charges are 5 lire per kilo, leaving 95 lire per kilo accruing to the Lire Fund.

43. It was pointed out that this figure was based on the previous price of 45 lire per kilo. The ICE commission, if fixed on this price, might have to be changed in conformity with the new price of 100 lire.

44. MR. CLEVELAND stated that the re-examination of the ICE commission had not been concluded. Consideration could be given to this question after a basic decision on the matter has been reached.

45. MR. HOPKINS queried the charge of 1.40 lire for "Customs statistics and administration", saying that Custom charges were reimbursable and should be excluded, making the figure 3.60 lire for handling charges.

46. MR. HYLANCE stated that the figures had been obtained from ICE and were based on the 300 tons allocated last May. He was informed that this was a necessary charge on all goods arriving through the Customs, and that it was not a tax but a charge to cover Customs administration.

47. MR. CLEVELAND pointed out that, since the Customs had no jurisdiction over UNRRA goods, there appeared no point in paying the Customs for handling them.

48. MR. CLEVELAND summarized that there was some confusion concerning the commission charge of ICE and the item "Customs statistics and administration", and also, as to whether the latter represented the tax to be charged on UNRRA goods. This point, he suggested, should be considered a question of policy, affecting all UNRRA imports through ICE.

49. MR. DELLA NEGRA agreed and suggested that this point be referred to the Lire Fund Control Committee. On MR. CLEVELAND's

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49. MR. DELLA NEGRA agreed and suggested that this point be referred to the Lire Fund Control Committee. On MR. CLEVELAND's suggestion it was agreed, that this matter be discussed by the same group now dealing with the ICE and Customs problems. (ACTION: R & D, F & A, ITALIAN GOVERNMENT).

V. Ratification of Schedule of POL Prices. (Doc.Nos.45 & 45 a).

50. MR. CLEVELAND stated that, in a special meeting on POL, prices for the four main petroleum products were recommended on the basis of 225 lire to the dollar. On that occasion, he added, it was also agreed that prices for other petroleum sub-products should be fixed on a new basis proportionate to the prices of the basic items.

51. On MR. CLEVELAND's suggestion it was agreed that circular No. 64 of 30 August 1946, of the Inter-Ministerial Price Committee, publishing the total price schedule, be made part of the records

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of the Price Committee subject to review by UNRRA experts (ACTION: R & D).

VI. Approval of Pricing and Distribution Plan of Ration Accessory Packs. (Document No. 46).

52. On MR. CLEVELAND's invitation, MR. DRIE described the nature of these ration packs, containing a large number of miscellaneous items, some of which were extremely valuable and difficult to distribute. The first problem, he said, was to agree on the method of distribution.

53. As the result of many meetings with the Ministry of Food, the Ministry of the Treasury and other branches of the Italian Government, it was decided that these packs should be distributed to State employees through CONDAS (Consorzio Nazionale Cooperative di Consumo fra Dipendenti delle Amministrazioni Statali).

54. Each pack, 40,000 of which were set aside under this scheme, MR. DRIE continued, would be divided into 20 parcels. There would then be 800,000 parcels, as shown in the Food Division report (Doc.No.46), one for each person entitled and a further 40,000 parcels containing other items, which could not be split up individually, but would be sold through the same organization.

55. MR. DRIE finally stated that prices fixed for these items, though reasonable, were sufficiently high to prevent resale on the black market. The yield in lire represented a 50 per cent increase over landed costs, and meant a total accrual to the Lire Fund of about 800,000,000 lire.

56. After some discussion, it was agreed that the price for ration accessory packs to the consumer be fixed as follows:

REC.No.32. (A) Ration accessory packs:

Lire 19,500 per pack Port Warehouse to CONDAS.

(B) Price of individual parcel to consumer:

1. 800,000 parcels composed as follows:

200 cigarettes	Lire 4,--	each	lire	800,--
10 bars of chocolate	" 15,-	"	"	150,--
10 boxes of matches	" 2,-	"	"	20,--
5 pcks.chewing gum	free			-----
1 bar of soap, OR:				
1 tube toothpaste, OR:				
1 tube shav.cream	" 30,-	"	"	30,--
			Price:	lire 1,000,--

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5 pcks.chewing gum	free			
1 bar of soap, OR:				
1 tube toothpaste,OR:				
1 tube shav.cream	" 30,-	"	"	30,—

Price: lire 1,000,—
to the consumer.

2. 40,000 parcels (residue items) composed as follows:

1 razor	Lire 30,-	each	lire	30,—
6 pcks.razor blades	" 30,-	"	"	180,-
3 toothbrushes	" 20,-	"	"	60,-
8 pcks.tobacco	" 60,-	"		480,—
2 " chew.tobacco	" 30,-	"	"	60,—
1 soap, OR:				
toothpaste, OR:				
shaving cream	" 30,-	....	"	30,—

Price: lire 840,—

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57. It was further agreed that accrual to the Lire Fund would be 19,250 lire per pack, CONDAS retaining 250 lire per pack plus the proceeds of the 40,000 parcels under (B) 2.

VII. New Items for Price Fixing.

(a) Zinc Phosphide (Doc.No. 47),
(b) Basic Slag (Doc.No. 48),
(c) Pig Tin (Doc.No. 49).

58. MR. CLEVELAND asked whether the Government received the relevant documents in time to discuss these items at the present meeting. MR. DELLA NEGRA replied that there had only been time to translate the documents on (a) zinc phosphide, and that, unless these items required urgent action, the Government would like to postpone them.

59. Referring to (b) basic slag, MR. CLEVELAND pointed out that, distribution of this item being rather urgent, an agreement on price should be reached during the next few days directly between UNRRA officials and Italian Government representatives, to be ratified at the next meeting of the Price Committee.

60. This was agreed. (ACTION: R & D AND ITALIAN GOVERNMENT).

61. With reference to (c) pig tin, MR. FOGLIETTI reminded the Committee of the recommendation submitted by him at the previous meeting. In consideration of the fact that prices vary from 100 lire per kilo for UNRRA tinplate to 105 lire for local products, and that the price of pig tin for the latter is fixed at 600 Lit.per kg, the price of UNRRA pig tin should be fixed at 550 lire plus 50 lire handling charges.

62. MR.CLEVELAND pointed out that the recommendation from the Sub-Bureau of Industrial Rehabilitation was 600 lire for industrial purposes generally and 400 lire to State-controlled or such industries the finished product of which had a controlled price. He asked whether MR. FOGLIETTI agreed with this recommendation.

63. MR. FOGLIETTI opposed the principle of establishing two prices.

64. MR. LUZZATTO agreed with MR. FOGLIETTI that a price should be fixed only for the amount which had arrived in Italy and not for the future imports, in view of unknown future market conditions.

65. In view of the danger of tin drifting into the black market,

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64. MR. LUZZATTO agreed with MR. FOGLIETTI that a price should be fixed only for the amount which had arrived in Italy and not for the future imports, in view of unknown future market conditions.

65. In view of the danger of tin drifting into the black market, it was agreed that this item be distributed to industry on a monthly basis, according to requirements.

REC.NO. 22. 66. After discussion it was agreed that the price of pig tin be fixed at 600 lire per kilo ex seller's warehouse. This price should remain valid to 31 December 1946, and should be limited to the amount of tin actually used within this period.

67. MR. CLEVELAND suggested that the determination of handling charges be postponed until a joint recommendation submitted to the Committee, was agreed upon.

VIII. Any other Business.

68. MR. CARBONE referred to the question of trailers and stated that, as no demand had been made by the Ministry of Industry and Commerce, the Ministry of Agriculture considered them to be at their disposal.

69. MR. CLEVELAND pointed out that the Committee had agreed that the trailers were all to be disposed of for industrial purposes and that, if they were to have been used for agricultural purposes, a different and lower price would have been set.

70. MR. CAMBIONE said that the difference in price was not considered important.

71. MR. CLEVELAND stressed that this had now become a distribution question for the Ministry of Agriculture to work out with the Ministry of Industry.

72. MR. SULLOM strongly recommended that MR. CAMBIONE's proposal be reconsidered. MR. CLEVELAND suggested that he raise the matter directly with the Ministry of Agriculture.

73. There being no other business to discuss, the meeting rose at 12 a.m.

ATTACHMENTS: Doc.Nos. 34 A, 40 A, 45, 45 A, 47, 48, 49.

DISTRIBUTION: All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Div.Operational Analysis
Bur. R & D (2)
" P & A (2)
" R S (2)
Div.Progr.Coord.& Statist. - S/S of Supply Operat.
Price Office - Bur. R & D
Spec.Asst to C o M (2)
Conference Secret. (2)
Histor.& Reports Br. - Mr. Ferris
Regional Directors (9)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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the matter directly with the Ministry of Agriculture.

73. There being no other business to discuss, the meeting rose at 12 a.m.

ATTACHMENTS: Doc.Nos. 34 A, 40 A, 45, 45 A, 47, 48, 49.

DISTRIBUTION: All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Div.Operational Analysis
Bur. R & D (2)
" P & A (2)
" R S (2)
Div.Progr.Coord.& Statist. - S/B of Supply Operat.
Price Office - Bur. R & D
Spec.Asst to C o M (2)
Conference Secret. (2)
Histor.& Reports Br. - Mr. Ferris
Regional Directors (9)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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Attachment H-1-c

UNRRA - ITALIAN MISSION
Central Secretariat

LIRE FUND CONTROL COMMITTEE

Minutes of the Ninth Meeting held at
10:00 a.m., 11 September 1946.

PRESENT FOR UNRRA:

Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. Travers	Office of the Financial Adviser (Lire Fund)
Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
Mr. Peterson	R & D, Sub-Bur. of Supply Operations
Mr. Regan	R & D, Sub-Bur. of Supply Operations
Mr. Pewings	R & D, Sub-Bur. of Ind. Rehabilitation
Mr. Arnoldy	R & D, Div. of Local Resources
Mr. Landsberg	R & D, Div. of Program Coord. & Statistics
Mr. Verdirame	R & D, Div. of Program Coord. & Statistics
Mr. Pedinelli	Office of the Special Asst to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Scheda	Italian Delegation
Mr. Tozzi	Italian Delegation
Mr. Chiodelli	Italian Delegation
Mr. Marcolini	Ministry of Treasury
Mr. Scala	I.C.E.
Mr. Degli Alberti	I.C.E.
Mr. Alfani	I.C.E.

A G E N D A:

1. Approval of Minutes of Seventh and Eigth Meetings.

2. (a) Request for Additional Appropriation for Processing of Cotton for Assistance Programs. (DELEGATION).

   (b) Request for Additional Appropriation for Processing of Medical Cotton. (DELEGATION).

   (c) Request for Additional Appropriation for Processing of Cotton Thread. (DELEGATION).

3. Approval of the Delegation's Budget. (UNRRA).

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10:00 a.m., 11 September 1946.

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Mr. Peterson	R & D, Sub-Bur. of Supply Operations
Mr. Regan	R & D, Sub-Bur. of Supply Operations
Mr. Fewings	R & D, Sub-Bur. of Ind. Rehabilitation
Mr. Arnoldy	R & D, Div. of Local Resources
Mr. Landsberg	R & D, Div. of Program Coord. & Statistics
Mr. Verdirame	R & D, Div. of Program Coord. & Statistics
Mr. Pedinelli	Office of the Special Asst to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Scheda	Italian Delegation
Mr. Tozzi	Italian Delegation
Mr. Chiodelli	Italian Delegation
Mr. Marcolini	Ministry of Treasury
Mr. Scala	I.C.E.
Mr. Degli Alberti	I.C.E.
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   (b) Request for Additional Appropriation for Processing of Medical Cotton. (DELEGATION).

   (c) Request for Additional Appropriation for Processing of Cotton Thread. (DELEGATION).

3. Approval of the Delegation's Budget. (UNRRA).

4. Transit Charges for Transport of UNRRA Supplies and of Supplies Purchased in Italy and Destined to Other Receiving Countries. (DELEGATION).

5. Any Other Business.

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I. Approval of Minutes of Seventh and Eighth Meetings.

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

2. It was pointed out that the Italian minutes of the 8th meeting in paragraph 39 omitted the fact that I.C.E. would assist the representatives from the High Commissariat for Food, Ministry of the Treasury and the Delegation in their examination of distribution costs submitted by the Federconsorzi Agrari.

3. It was agreed that the Italian text would be amended to include I.C.E., and the minutes of the 7th and 8th meetings were approved. (ACTION: ITALIAN GOVERNMENT).

II. (a) Request for Additional Appropriation for Processing of Cotton for Assistance Programs (Doc.No.27)

(b) Request for Additional Appropriation for Processing of Medical Cotton

(c) Request for Additional Appropriation for Processing of Cotton Thread

4. MR. HOPKINS stated that MR. FEARINGS would present UNRRA's point of view on this matter.

5. MR. FEARINGS referred to a letter dated 13 March 1946 to Avv. Montini, quoting para 2) which reads:

> "before final settlement (of contracts) is effected, costs, quantities of finished goods and residual products should be reviewed",

and para 4) reading as follows:

> " UNRRA reserved the right of review of the contract".

MR. FEARINGS stated that, although copies of these contracts were requested, so far they had not been received, and therefore UNRRA could not agree to any further allocation until it had an opportunity to examine in what way costs had been increased to the manufacturers.

6. MR. CHIODELLI replied that the contracts had been made in agreement with the Mission which had been informed of all the clauses of the contracts. Furthermore, the above-mentioned letter was subsequent to the last Joint Committee Meeting of March 8th, at which a sum of 475,667,508 lire for processing 2,000 tons of cotton had been appropriated. He further stated that the contracts contained a clause providing for revision [illegible] labor increases

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examination of distribution costs submitted by the Federconsorzi Agrari.

3. It was agreed that the Italian text would be amended to include I.C.E., and the minutes of the 7th and 8th meetings were approved. (ACTION: ITALIAN GOVERNMENT).

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7. MR. CLEVELAND asked if there were any objections to the Mission obtaining a copy of the contracts.

8. MR. CHIODELLI said there was no objection, but that he was of the impression that the Mission had a copy of the contract in its possession.

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9. MR. ARNOLDI stated that the only copies were those on which the Government was working.

10. MR. HOPKINS requested the Delegation to produce copies as early as possible, and a special meeting of the Lire Fund Control Committee would be called after UNRRA had had a chance to review the contracts.

11. It was agreed that copies of the contracts would be submitted to the Mission by the Delegation. (ACTION: DELEGATION).

III. Approval of the Delegation's Budget.

12. MR. HOPKINS reported that the Sub-Committee had been working not only on the Delegation's budget for the period under review (1st April - 30th September 1946), but also on the preparation of their budget for the coming six months (beginning October 1st). In the past, MR. HOPKINS continued, the Delegation had prepared their budgets along the lines of Italian budgetary procedure, which is to separate the budget into two parts - one being ordinary expenditure and the other extra-ordinary. The Delegation had made more than ample provision for extra-ordinary expenditure at the commencement of its operations. They have now agreed to follow UNRRA practice, which is to relate ordinary expenditure to fact. This was now possible owing to the knowledge gathered over the past three budgets. If and when extra-ordinary expenditure arose, it would be submitted as a supplementary budget. The Sub-Committee will report to the Lire Fund Control Committee when it has completed this work.

13. This was agreed.

IV. Transit Charges for Transport of UNRRA Supplies and of Supplies Purchased in Italy and Destined to Other Receiving Countries.

14. MR. HOPKINS recalled that this subject was tabled at the last meeting. The Delegation had requested time to study the proposal (Document No. 25). He asked MR. SCHEDA to present the Delegation's views.

15. MR. SCHEDA stated that the Delegation agreed in principle to transport charges of supplies destined to other Missions in transit through Italian territory being borne by the Italian Government. This point, MR. SCHEDA added, was already covered by the agreement of 19 January 1946 between the Italian Government and UNRRA. However, it was important to determine the limits of contribution on the part of the Government. Further-

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16. MR. CLEVELAND replied that as far as an estimate was concerned, there was one in the memorandum (Document No. 25) submitted at the last meeting - namely that a contingency fund of 100,000,000 lire be established to cover all three types of transport charges of UNRRA supplies in Italian territory. MR. CLEVELAND agreed that it was necessary to use as

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much as possible of the Lire Fund for relief and rehabilitation purposes. This was one of the Mission's major concerns. However, there were certain prior claims on the Lire Fund arising directly from the actual operation of the UNRRA supply program for Italy and other countries. In order to make the UNRRA program a success in Europe generally, each receiving country is making a certain contribution for such expenditures, and these expenditures must necessarily be regarded as prior claims on the various proceeds of sale funds in the receiving countries. MR. CLEVELAND added that this contingency fund, which will cover transport expenses, was relatively small, but that a far greater sum will be required to meet, in lire, discharge and other shipping costs. As regards the question raised by MR. SCHEDA that a balance be determined between Italy's contribution towards transport expenses and those of other receiving countries, MR. CLEVELAND said that an attempt could be made to obtain sufficient figures to indicate an approximate balance. However, he was of the opinion that any "balancing arrangements" should not be considered a prior condition to determining Italy's contribution, as this might delay the transit of relief supplies through Italian territory. Italy's contribution under all three headings in the memorandum, would almost certainly be greater than that of any other UNRRA - receiving country in Europe. On the other hand, MR. CLEVELAND stated, Italy benefits by disproportionately large appropriations from the Central Ocean Freight Fund over and above the $25,000,000 dollar program, due to the bulk nature of most UNRRA - imported supplies. MR. CLEVELAND felt that, in view of this advantage, the Government should be reluctant to raise the question of balance on this relatively small expenditure and risk that, for example Czechoslovakia or the Ukraine, which have very small bulk programs and therefore receive a limited appropriation from the Central Ocean Freight Fund, might raise with UNRRA Headquarters similar objections in other more important fields, to the possible detriment of the UNRRA program.

17. MR. SCHEDA replied that he was in agreement with MR. CLEVELAND's statement and that his major concern was to obtain information as to the amount of expenses which would be incurred. He suggested that the Delegation and the Mission representatives meet outside of the Lire Fund Committee, in order to examine and analyse the above expenses. The Lire Fund Committee will then review the whole question of transport charges at its next meeting. (ACTION: DELEGATION, UNRRA).

18. MR. CLEVELAND asked whether the question of principle involved in point (a) of the recommendation could be passed

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18. MR. CLEVELAND asked whether the question of principle involved in point (a) of the recommendation could be passed by the Lire Fund Committee.

19. This was agreed.

20. MR. CLEVELAND then enquired about the background of the 77,000,000 lire figure.

21. MR. PETTERSON said he assumed this matter had been discussed previously and that MR. DELLA NEGRA and MR. TOZZI at the last meeting were asked to discuss the matter prior to the present meeting.

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22. MR. TOZZI said he had seen the breakdown of the 77,000,000 figure, but was of the opinion that it referred only to Inter-Mission trade.

23. MR. CLEVELAND agreed that the question of the estimate should be further reviewed outside the Lire Fund Committee.

24. MR. HOPKINS requested that a Sub-Committee formed of representatives of the Delegation and the Mission meet as soon as possible, so that their findings could be submitted to the Special Meeting of the Lire Fund Committee. (ACTION: SECRETARIAT).

25. It was agreed that MR. PETERSON would represent UNRRA, and MR. ERMINI the Delegation.

26. MR. SCHEDA said the Delegation was of the opinion that points (b) and (c) were not covered by the Agreement between UNRRA and the Government dated 19 January 1946. Moreover he considered that it was not commercial practice for transport expenses to be borne by the supplier.

27. MR. CLEVELAND stated that, broadly speaking, the UNRRA program for Italy was twice that of any other country in Europe during 1946. He added, that it was sometimes more convenient for UNRRA to buy goods in a receiving country. In fact, the Italian Government had pressed, on previous occasions, to export through UNRRA goods in excess of production in Italy. As regards points (b) and (c) of the recommendation, he stated that the UNRRA policy with regard to payment of transport charges was, that expenses incurred for the movement of goods purchased by UNRRA ex seller's warehouse to port, should be considered in the same class with expenditures which had already been agreed in principle under point (a). To pay in foreign exchange for expenditures described under points (b) and (c) would mean that UNRRA would be treating Italy more favorably with respect to these expenditures than any other receiving country. MR. CLEVELAND again pointed out that it would be bad strategy for the Italian Government to raise the question of transit costs, which are not very large, and thus leave the door open to objections on the part of other receiving countries to other advantages received by the Italian Government. Assuming that the principle in point (a) was agreed - that transit costs will be borne by the Italian Government - then it logically follows that the transport and handling costs of goods purchased in Italy should also be paid out of the Lire Fund.

28. MR. MARCOLINI said that having just received the minutes of the previous meetings he had had no time in which to exa-

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28. MR. MANCOLINI said that having just received the minutes of the previous meetings he had had no time in which to examine this matter. He requested postponement of the question to the Special Meeting.

29. MR. HOPKINS replied that the minutes had been sent to the Delegation four days before the meeting. He suggested that the Delegation hasten their distribution of minutes to all concerned.

30. MR. CLEVELAND remarked that the same problem had arisen at one of the previous Price Committee meetings. At that time it was discovered that the Delegation took several days before getting out the minutes in Italian. It was suggested, and agreed by MR. DELLA NEGRA, that a member of the Delegation sit in the UNRRA building charged only with Price Committee

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41. MR. TOZZI said that a letter had been sent to the Federazione Consorzi Agrari, requesting it to advance 200,000,000 lire. The Treasury had approved this letter and had sent a telegram to the Federconsorzi on the same matter. The Federconsorzi had not replied to this telegram, MR. TOZZI said, and he was now informed, for the first time, that there will probably be difficulty in their advancing the money.

42. MR. CLEVELAND asked if the Federconsorzi had any free will on the question should the Treasury order payment.

43. MR. MAROLLINI replied that the Treasury was not in a position to force the Federconsorzi to appropriate funds, because the Federconsorzi is the Government's agent only for the reception of supplies. However, from figures he had, it was evident that the Federconsorzi still retained funds which have not been paid into the Lire Fund. If the matter were very urgent, MR. MAROLLINI suggested that a loan be made from the Lire Fund.

44. MR. CLEVELAND said this brought the subject right back to dead center. At the last meeting, he continued, this suggestion had been made by MR. POFFANO (Treasury). However, the reasons against taking the money from the Lire Fund were just as good now as they were two weeks ago.

45. MR. MAROLLINI said it was his opinion that the Federconsorzi could pay the 200,000,000 lire, but had stated its inability to make such payment. However, he felt that the Federconsorzi possessed funds, due to the fact that only 2,500,000,000 lire had been paid into the Lire Fund out of 7,500,000,000 lire received on account of sales. Anyhow, in order to expedite this transaction, the solution would be to appropriate the 200,000,000 lire out of the Lire Fund and then obtain repayment from the Federconsorzi later.

46. MR. CHIODELLI referred to a letter he had with him, part of which he read, and said the Delegation had received the document only the previous night. It was his opinion that the question was not who should pay the lire 200,000,000, but to examine the breakdown of the Federconsorzi's figures as shown in the document.

47. MR. HOPKINS felt this could not be accepted, as the Delegation and all concerned had been present at numerous discussions on this subject.

48. MR. CLEVELAND suggested that MR. MAROLLINI review the Treasury's action, and get the Federconsorzi to raise the relatively small amount involved for so short a time and go forward with the contracts on seed wheat.

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48. MR. CLEVELAND suggested that MR. MARCOLINI review the Treasury's action, and get the Federconsorzi to raise the relatively small amount involved for so short a time and go forward with the contracts on seed wheat.

49. MR. MARCOLINI said that he would examine the whole question with the Federconsorzi. However, he still recommended that the 200,000,000 lire be advanced out of the Lire Fund.

50. MR. CLEVELAND was reluctant to make a break out of the Lire Fund in order to conduct short-term transactions for which the Government should be able to provide the necessary funds direct.

51. MR. MARCOLINI again stated that he would confer with the Federconsorzi that day, and that by the following day he would

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matters. This member would help produce the minutes in Italian at the same time as they were being produced in English, and would send the minutes directly to all the Ministries concerned. MR. CLEVELAND suggested a similar arrangement for the Lire Fund Control Committee.

31. MR. SCHEDA agreed that such an arrangement would be worked out with the two Secretariats. (ACTION: SECRETARIAT).

32. MR. HOPKINS said MR. CLEVELAND had made an important statement with regard to both policy and strategy on transit charges, and felt that it was worthy of the Government's serious consideration and that before points (b) and (c) were referred to the Sub-Committee, these points should be agreed in principle in the same way that point (a) was.

33. MR. MARCOLINI suggested that all technical questions relating to points (b) and (c) should be examined by the previously appointed Sub-Committee and should be referred back to this committee for agreement in principle.

34. MR. HOPKINS asked MR. MARCOLINI to attend the meeting of the Sub-Committee which will examine these problems.

35. MR. MARCOLINI suggested that a representative of the Ministry of Transport should also be present at the meeting, as the Ministry might bear some of the expenses incurred in the transport of supplies, thus saving money from the Lire Fund.

36. It was agreed that the Lire Fund Control Committee will convene again on Tuesday, 17 September, at 10 a.m., in order to re-examine the question both of transport charges and additional appropriation for the processing of cotton.

V. Any Other Business.

1. Seed Wheat (Doc. No. 28).

37. MR. HOPKINS stated the documents on Seed Wheat had been presented to the Delegation only the previous evening.

38. MR. CHIODELLI said that the financial aspects of the question had not yet been examined by the Government and proposed that the matter be re-examined at the next meeting of the Committee.

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39. MR. CLEVELAND stated that several meetings had been held on seed wheat with the Delegation, I.C.E and MR. CAMPILLI, Minister of Foreign Trade, and that principles had been

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39. MR. CLEVELAND stated that several meetings had been held on seed wheat with the Delegation, I.C.E and MR. CAMPILLI, Minister of Foreign Trade, and that principles had been discussed and agreed by the Mission and the Government. This question had also been examined at the last meeting of the Lire Fund Control Committee, at which I.C.E. had been pressing for money. MR. CLEVELAND saw no reason for further discussion as long as the contracts went forward and the seed wheat purchased and shipped.

40. MR. ALPANI pointed out that the important question was to obtain funds in order to finance the purchase of seed wheat and to establish a price.

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inform the Mission whether the Federconsorzi would be in a position to pay or whether, at the present moment, it had no disposable funds.

52. It was agreed that the 200,000,000 lire should not be advanced from the Lire Fund at this time, but that further action on the question be postponed until MR. MARCOLINI's findings were made known. (ACTION: ITALIAN GOVERNMENT).

53. MR. CHIODELLI said the Delegation would study the handling charges in connection with seed wheat, and would examine the breakdown of the 138,000,000 lire and report to the next Lire Fund meeting.

54. MR. CLEVELAND stated that, according to a memorandum from MR. ARNOLDY, the sum recommended was 100,000,000 lire and not 138,000,000 lire, for the reason that such charges would probably be reduced.

55. It was agreed that this question be placed on the Agenda of Tuesday's meeting. (ACTION: SECRETARIAT).

56. MR. ALFANI said that I.C.E. would like to put on record that, if the price of seed wheat was not established and if the question of financing the transaction was unsolved, I.C.E. would not be in a position to carry out the transaction in time.

57. MR. CLEVELAND pointed out that the price had already been established by the Government and therefore he did not see why such a question should arise.

58. MR. ALFANI replied that the price would also include cost of transport and other expenses, and I.C.E. should know when payment would be made for the seed wheat as, in similar cases, money had not been available in time to make payments in the period stipulated in the contracts.

59. MR. CLEVELAND asked if there were any reason why I.C.E. could not buy the seed wheat and make the contracts at the ruling price.

60. MR. ALFANI replied that they are still requesting the various dealers to furnish information as to seed wheat, but have gone no further than that. In addition, they wrote to the Delegation but received no reply.

61. MR. TOZZI said that the Delegation had requested information on the national price of seed wheat.

63. MR. ARNOLDY explained that I.C.E. was worried about not having the money in hand before signing contracts, but they had repeatedly been assured to go ahead with the assurance that the money was forthcoming. The price, as far as UNRRA was concerned, was set at 37,780 lire per ton, plus 1,400 lire for sacks. He

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64. MR. ALPANI stated that the Seed Dealers Association wished to know in advance whether transport charges would be reimbursed, otherwise many dealers would not accept the contracts.

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65. MR. MARCOLINI suggested that the various dealers be informed by telegram of the acceptance of the seed wheat at the official price. He furthermore recommended that all additional expenses, including distribution costs, handling charges, etc., be established within a very short time.

66. MR. CLEVELAND advised the Delegation to authorize I.C.E. to go ahead with the contracts and effect purchase, otherwise the seed wheat would not be available.

67. MR. HOPKINS stated that a letter from the Delegation to I.C.E. should be sent that day, and that the matter be discussed at the next Lire Fund meeting.

68. This was agreed. (ACTION: DELEGATION).

2. Lire Fund Estimate.

69. MR. MARCOLINI said that the Delegation and the Mission were working together in order to ascertain the amount in the Lire Fund up to 30 June 1946. This work was now completed by the Delegation and he asked that the Mission expedite its work so that the estimate could be agreed by both sides. With respect to the Delegation's estimate, he continued, the Lire Fund should have 21000 million-L., not including cotton and wool, but it appeared that only 14000 million L. had been paid into the Lire Fund. It was MR. MARCOLINI's opinion that, when these figures were available, the Delegation would be in a stronger position to request the Federconsorzi to pay into the Lire Fund the amount owed.

70. MR. LANDSBERG replied that the Mission's estimate of the second half would be completed before the next meeting. As for a check on the first half, he pointed out that I.C.E. was in the best position to say how much had been imported and how much been distributed by 30th June.

71. MR. MARCOLINI suggested that in the preparation of its Lire Fund estimate the Mission work closely with I.C.E.

72. MR. HOPKINS recommended that a meeting be called for Friday, 13 September 1946, at 10 a.m., with MR. MARCOLINI, MR. SCHEDA, MR. LANDSBERG, I.C.E. representatives and himself, together with all the necessary documents. (ACTION: UNRRA).

73. MR. MARCOLINI asked to be excused in view of his work for the Peace Conference. It was agreed that he should send a representative with the necessary papers and knowledge of the facts.

74. MR. SCHEDA called attention to the fact that the figure of 21000 million L. did not represent actual proceeds of sale, [illegible] estimated value of imported supplies, not

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67. MR. HOPKINS stated that a letter from the Delegation to I.C.E. should be sent that day, and that the matter be discussed at the next Lire Fund meeting.

68. This was agreed. (ACTION: DELEGATION).

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70. MR. LANDSBERG replied that the Mission's estimate of the second half would be completed before the next meeting. As for a check on the first half, he pointed out that I.C.E. was in the best position to say how much had been imported and how much been distributed by 30th June.

71. MR. MARCOLINI suggested that in the preparation of its Lire Fund estimate the Mission work closely with I.C.E.

72. MR. HOPKINS recommended that a meeting be called for Friday, 13 September 1946, at 10 a.m., with MR. MARCOLINI, MR. SCHEDA, MR. LANDSBERG, I.C.E. representatives and himself, together with all the necessary documents. (ACTION: UNRRA).

73. MR. MARCOLINI asked to be excused in view of his work for the Peace Conference. It was agreed that he should send a representative with the necessary papers and knowledge of the facts.

74. MR. SCHEDA called attention to the fact that the figure of 21000 million L. did not represent actual proceeds of sale, but referred to the estimated value of imported supplies, not all of which had been sold.

75. MR. LANDSBERG requested that he be supplied with copies of the Delegation's documents prior to the meeting in order to have time to study them. MR. SCHEDA gave his copy of the Delegation's [illegible] manual.

76. It was agreed that a meeting be held on this matter at 10 a.m. on Friday, 13 September 1946.

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77. The meeting rose at 12:35 p.m.

ATTACHMENTS: Doc.Nos. 27 and 28.

DISTRIBUTION: All those present
Chief of Mission
Industrial Adviser
Legal Advisor
Public Information
Divis.of Operational Analysis
Reports & Statist.Br. - Mr. Perris
Bureau R & D (2)
" P & A (2)
" R S (2)
Divis.of Progr.Coord.& Statist.
(S/B of Supply Operations)
Price Office - Bureau R & D
Spec.Asst to C o M (2)
Conference Secretariat (2)
Regional Directors (9)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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

Attachment I-1-d

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
ITALIAN MISSION

20 September 1946.

TO: DISTRIBUTION

SUBJECT: AMENDMENT TO MINUTES OF THE LIRE FUND CONTROL SUB-COMMITTEE'S MEETING RECONCILING PROCEEDS OF SALE IN LIRE FUND (13 September 1946).

Please take note that the heading of the above minutes reading:

PRICE COMMITTEE"

should be deleted and substituted by:

"LIRE FUND CONTROL COMMITTEE"
Sub-Committee

DISTRIBUTION:

Financial Adviser (Lire Fund)
Office of Financial Adviser (Lire Fund) - Mr.Travers
Div.Progr.Coord.& Statist. - Mr. Landsberg
Div.Progr.Coord.& Statist. - S/B of Supply Operations
Italian Delegation - Mr. Scheda
I.C.E. - Mr. Degli Alberti
Ministry of Treasury - Mr. Fonti
Chief of Mission
Industrial Adviser
Legal Adviser
Div. of Operational Analysis
Reports & Statist.Br. - Mr. Ferris
Public Information
Bur. R & D (2)
" F & A (2)
" R S (2)
Price Office - Bur. R & D
Spec.Asst. to C o M (2)
Conference Secret. (2)
Regional Directors (8)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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

SUB-COMMITTEE'S MEETING RECONCILING PROCEEDS OF SALE IN LIRE FUND (13 September 1946).

Please take note that the heading of the above minutes reading:

PRICE COMMITTEE"

should be deleted and substituted by:

"LIRE FUND CONTROL COMMITTEE"
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DISTRIBUTION:

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I.C.E. - Mr. Degli Alberti
Ministry of Treasury - Mr. Fonti
Chief of Mission
Industrial Adviser
Legal Adviser
Div. of Operational Analysis
Reports & Statist.Br. - Mr. Ferris
Public Information
Bur. R & D (2)
" F & A (2)
" R S (2)
Price Office - Bur. R & D
Spec.Asst. to C o M (2)
Conference Secret. (2)
Regional Directors (8)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quintin Hill.

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UNRRA - ITALIAN MISSION
Central Secretariat

PRICE COMMITTEE

Minutes of Sub-Committee Meeting Reconciling Proceeds of Sale in Lire Fund (Italian Mission and Italian Delegation Figures), Held on Friday, 13 September 1946 at 10.00 a.m.

PRESENT FOR UNRRA:

Mr. C. Hopkins	Financial Adviser, Lire Fund
Mr. H. Landsberg	Div. of Program Coord. & Statistics
Mr. L. Travers	Office of Financial Adviser, Lire Fund

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Scheda	Italian Delegation
Mr. Degli Alberti	I.C.E.
Mr. Fenti	Ministry of Treasury

Distribution:

All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Div. of Operational Analysis
Reports & Statistics Br. Mr. Ferris
Public Information
Bur. R & D (2)
Bur. P & A (2)
Bur. R.S. (2)
Prog. Coord. & Statist.
(Sub-Bur. of Supply Operat.)
Price Office - R & D
Spec. Ass't to C of M (2)
Conference Secretariat (2)
Registry (2)
Amer. Embassy - Mr. L. Hunt
Brit. Embassy - Sir Q. Hill

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

PRESENT FOR UNRRA:

Mr. G. Hopkins	Financial Adviser, Lire Fund
Mr. H. Landsberg	Div. of Program Coord. & Statistics
Mr. L. Travers	Office of Financial Adviser, Lire Fund

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Scheda	Italian Delegation
Mr. Degli Alberti	I.C.E.
Mr. Fenti	Ministry of Treasury

Distribution:

All those present
Chief of Mission
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Legal Adviser
Div. of Operational Analysis
Reports & Statistics Br. Mr. Ferris
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Bur. R & D (2)
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Bur. R.S. (2)
Prog. Coord. & Statist.
(Sub-Bur. of Supply Operat.)
Price Office - R & D
Spec. Ass't to C of M (2)
Conference Secretariat (2)
Registry (2)
Amer. Embassy - Mr. L. Hunt
Brit. Embassy - Sir Q. Hill

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1. MR. HOPKINS advised that the purpose of the meeting was to reconcile the Delegation's figure on proceeds of sale as of June 30th (21,000,000,000 lire) with the Mission's figure in view of the large discrepancy mentioned at the Ninth Lire Fund Control Meeting.

2. MR. SCHEDA said that the Delegation's figure did not represent money already paid into the Lire Fund but rather the total amount of goods imported up to June 30 1946, including goods which had not been distributed or sold.

3. MR. LANDSBERG advised that he had checked the Delegation's figures and noted the following discrepancies:

1. Customs duties on POL should be added (approx. 5,000,000,000)

2. Distribution costs of 20% on coal were shown (the coal price excludes distribution charges)

3. A decimal error under foodstuffs was made (should be 200,000,000)

These items accounted for about 3,500,000 lire.

4. It was agreed that, with these corrections, the Delegation's figure should be 25,000,000,000 as a basis for discussion.

5. UNRRA's figure was 9,000,000,000 lire paid into the Fund as at the end of August for sales up to June 30, 1946. This figure corresponded with the amount shown in the Delegation's estimate.

6. It was agreed that the figures would be reconciled as of 30 June 1946.

7. MR. HOPKINS referred to the largest discrepancy - 5,000,000,000 lire customs duties on POL and asked what steps had been taken to get a refund from the Ministry of Finance.

8. MR. DEGLI ALBERTI replied that as to customs, I.C.E. handled all commodities with the exception of foodstuffs, coal and POL. I.C.E. had written the Ministry of Finance requesting refunds on customs duties in the amount of 30,000,000,000. In addition, an agreement had been made that no further customs duties would be paid on commodities to come.

9. MR. SCHEDA reported that the Delegation had written a letter the previous night to the Ministry of Finance, with a copy to UNRRA, requesting that no customs duties should be paid on petroleum supposed to go inland. A monthly report will be sent by C.I.P. to the Ministry showing the quantity of POL for UNRRA and the quantity for other purposes, such as Italian Government and Allied Forces, but only UNRRA POL is duty free.

10. MR. HOPKINS asked to be informed of further developments in this matter.

11. MR. LANDSBERG said the Delegation's figures included roughly 9,000,000,000 lire [illegible]

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1. Customs duties on POL should be added (approx. 5,000,000,000)

2. Distribution costs of 20% on coal were shown (the coal price excludes distribution charges)

3. A decimal error under foodstuffs was made (should be 200,000,000)

These items accounted for about 3,500,000 lire.

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10. MR. HOPKINS asked to be informed of further developments in this matter.

11. MR. LANDSBERG said the Delegation's figures included roughly 9,000,000,000 lire actually paid into the Fund up to June 30 and 5,000,000,000 for POL customs, leaving a figure of 11,000,000,000 to reconcile.

Foodstuffs

12. MR. DEGLI ALBERTI said that by the end of July the Federconsorzi had sold 8,000,000,000 lire of goods and had turned over 2,000,000,000. Therefore they had retained 6,000,000,000 (based presumably on 30% for distribution costs on total arrivals of 18,000,000,000) on the theory that costs begin with the actual arrival of the commodities.

13. The Mission's figure on distribution costs was 1,600,000,000

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(based on 20% distribution costs on amounts sold). This accounted for a discrepancy of roughly 4,000,000,000.

14. The remaining discrepancies of over 6,000,000,000 lire were explained by MR. SCHEDA as being caused for the following reasons:

1. No prices fixed and goods being held (Food alone was almost 2,000,000,000 of which coffee represented 1,000,000,000)

2. Distribution lags

3. Lack of time for distribution of arrivals in June

15. MR. HOPKINS asked what was being done to reduce the amount retained by the Federconsorzi Agrari for distribution costs to some realistic figure and to get the Federconsorzi to pay the balance into the Lire Fund.

16. MR. SCHEDA replied that the Federconsorzi had already submitted a list of expenses regarding grain, flour and codfish, presently being examined by I.C.E., the Delegation and the Mission. In addition, a group composed of representatives from I.C.E., the Delegation, Federconsorzi, Treasury and local representatives of the Mission are at the Ports of Naples and Leghorn investigating actual distribution expenses.

17. MR. HOPKINS stressed the importance of arriving at a realistic figure and asked that DR. DELLA NEGRA be requested to follow up with the Federconsorzi and have them submit figures on overhead and administrative expenses as soon as possible.

18. MR. LANDSBERG said that the difference between total goods imported and goods sold was so large that great discrepancies would almost certainly exist until this distribution cost problem is settled. He pointed out that the Delegation's computations are based on five categories:

1. UNRRA fixed price

2. Sold at Allied Commission price or national price existing

3. Not sold but computed under Allied Commission price - amounting to approx. 2,000,000,000 lire.

4. Not sold but computed at landed cost

5. No price computed at all

19. MR. HOPKINS recommended that all commodities under items 3, 4, and 5 above should be listed and sent to the Price Committee for pricing as soon as possible in order that the commodities could get into distribution. (See Appendix A attached).

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3. Lack of time for distribution of arrivals in June

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2. Sold at Allied Commission price or national price existing

3. Not sold but computed under Allied Commission price - amounting to approx. 2,000,000,000 lire.

4. Not sold but computed at landed cost

5. No price computed at all

19. MR. HOPKINS recommended that all commodities under items 3, 4, and 5 above should be listed and sent to the Price Committee for pricing as soon as possible in order that the commodities could get into distribution. (See Appendix A attached).

20. MR. HOPKINS also recommended that the Price Committee should be requested to review all commodities being sold at Allied Commission prices (cf. Item 2 above - Appendix B).

21. MR. LANDSBERG said that in addition to being priced, the list of commodities should be sent to R & D to take up the matter of their distribution.

22. These recommendations were agreed.

3. The meeting rose at 11.30 A.M.

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APPENDIX "A"

LIST OF GOODS AND APPROXIMATE QUANTITIES ARRIVED BY 1) 30 JUNE FOR WHICH NO UNRRA PRICES EXIST

Not distributed because no price exists

1. No AC or other national price, nor landed cost known (Red dot)

Pearl Barley	130
Canned Ham Products	260
Hatching Eggs	1
Peas	800
Date pudding	250
Candy	600
Dessert Powder	70
Malted Milk Tablets	20
Corn Flour	156
Bouillon Cubes	20
Vinegar	30
Hominy grits	900
Parts for binders	26
Clothing	1,000
Mattresses	3

2. AC prices known (Col. C 1)

Pemmican	2
Canned Meat	3,600
Meat Paste	260
Canned Fish	3,300
Mackerel	240
Herring	40
Salted Sardines	9
Powder Milk	4,600
Beans, dried	180
Margarine	390
Dried Soup	5,300
Coffee	4,300
Copper Sulphate	10,000
Zinc Phosphide	7

3. Landed Cost known (Col. C 2)

Oatmeal	170
Cornmeal	130
Pulses, other than peas and beans	80
Fruit Bars	480
Marmalade	3,100

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1. No AC or other national price, nor landed cost known (Red dot)

Pearl Barley	130
Canned Ham Products	260
Hatching Eggs	1
Peas	800
Date pudding	250
Candy	600
Dessert Powder	70
Malted Milk Tablets	20
Corn Flour	156
Bouillon Cubes	20
Vinegar	30
Hominy grits	900
Parts for binders	26
Clothing	1,000
Mattresses	3

2. AC prices known (Col. C 1)

Pemmican	2
Canned Meat	3,600
Meat Paste	260
Canned Fish	3,300
Mackerel	240
Herring	40
Salted Sardines	9
Powder Milk	4,600
Beans, dried	180
Margarine	390
Dried Soup	5,300
Coffee	4,300
Copper Sulphate	10,000
Zinc Phosphide	7

3. Landed Cost known (Col. C 2)

Oatmeal	170
Cornmeal	130
Pulses, other than peas and beans	80
Fruit Bars	480
Marmalade	3,100
Fat cuts	32
Shortening	90
Toilet soap	850
Cinnamon	2
Paprica	2
Yeast	9
Cocoa	23
Biscuits	200
Bouillon Powder	14
Lemon Extract	1
Asbestos	1,300
Steel	760
Electrolytic Copper	1,720

1) All quantities in net metric tons.

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APPENDIX "B"

LIST OF GOODS AND APPROXIMATE QUANTITIES [1] ARRIVED BY 30 JUNE FOR WHICH NO UNRRA PRICES EXIST

Being sold at non-UNRRA prices (col.b)

Corn (Maize)	12,000
Oats	33,000
Rolled Oats	7,000
Rye	8,000
Wheat	550,000
Wheat Flour	40,000
Rye Flour	900
Soy Flour	9,000
Spaghetti, etc.	900
Sausages	2,000
Codfish	9,000
Salmon	100
Evaporated Milk	26,000
Sugar	20,000
Lard	6,000
Laundry Soap	3,000
Oleo	800

1) All quantities in net metric tons.

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Being sold at non-[illegible] prices [illegible]

Corn: (Maize)	18,000
Oats	83,000
Rolled Oats	7,000
Rye	8,000
Wheat	550,000
Wheat Flour	40,000
Rye Flour	900
Soy Flour	9,000
Spaghetti, etc.	900
Sausages	2,000
Codfish	9,000
Salmon	100
Evaporated Milk	26,000
Sugar	20,000
Lard	6,000
Laundry Soap	3,000
Oleo	800

1) All quantities in net metric tons.

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Attachment H-1-e

PRICE COMMITTEE

Minutes of the Ninth Meeting
held at 10.00 a.m. 21st September 1946.

PRESENT FOR UNRRA:

Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
Mr. Bingham	R & D, Sub-Bur. of Ind.Rehab.,Fuels Div.
Mr. Checchi	R & D, Program Coord.& Statistics Div.
Mr. Verdiramo	R & D, Program Coord.& Statistics Div.
Mr. Hight	R & D, Sub-Bur. of Ind.Rehab.
Mr. Scriven	R & D, Sub-Bur. of Ind.Rehab.,Coal Br.
Mr. Rylance	R & D, Sub-Bur. of Ind.Rehab.,Food Process.
Mr. Cardani	R & D, Sub-Bur. of Relief Supply
Miss Graw	R & D, Program Coord.& Statistics Div.
Mr. Rogers	R & D, Sub-Bur. of Relief Supply
Mr. d'Ayala Valva	R & D, Sub-Bur. of Ind.Rehab.
Mr. Contini	Special Assistant to Chief of Mission
Mr. La Penna	Office of the Special Asst.to Chief of Mission
Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. Orpen	Office of Financial Adviser (Lire Fund)

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Foglietti	Interministerial Price Committee
Mr. Chiodelli	Italian Government Delegation
Mr. Menzione	Italian Government Delegation
Mr. Schipani	Ministry of Foreign Trade
Mr. Polacco	High Commissariat for Food
Mr. Robustelli	High Commissariat for Food.

A G E N D A

1. Approval of Minutes of the 8th Meeting and the Special Meeting of 14th September 1946.

2. Confirmation and Recording of Coal Distribution Costs.

3. Recording of P.O.I Schedules.

4. Report of the Special Sub-Committee on Copra.

5. New Items for Price Fixing:

   (a) Zinc Phosphide,
   (b) Sealing Compound,
   (c) Nickel,
   (d) Pig Iron,
   (e) Bitumen,
   (f) Refined Copper.

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Mr. Bingham	R & D, Sub-Bur.of Ind.Rehab.,Fuels Div.
Mr. Checchi	R & D, Program Coord.& Statistics Div.
Mr. Verdiramo	R & D, Program Coord.& Statistics Div.
Mr. Hight	R & D, Sub-Bur. of Ind.Rehab.
Mr. Scriven	R & D, Sub-Bur. of Ind.Rehab.,Coal Br.
Mr. Rylance	R & D, Sub-Bur. of Ind.Rehab.,Food Process.
Mr. Cardani	R & D, Sub-Bur. of Relief Supply
Miss Graw	R & D, Program Coord.& Statistics Div.
Mr. Rogers	R & D, Sub-Bur. of Relief Supply
Mr. d'Ayala Valva	R & D, Sub-Bur. of Ind.Rehab.
Mr. Contini	Special Assistant to Chief of Mission
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Mr. Orpen	Office of Financial Adviser (Lire Fund)

PRESENT ON ITALIAN GOVERNMENT:

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Mr. Chiodelli	Italian Government Delegation
Mr. Lenzione	Italian Government Delegation
Mr. Schipani	Ministry of Foreign Trade
Mr. Polacco	High Commissariat for Food
Mr. Robustelli	High Commissariat for Food.

A G E N D A.

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6. Price to be Re-Examined:
   Forage Pea Seed.
7. Any Other Business.

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1. MR. CLEVELAND opened the meeting and introduced the first item on the Agenda.

I. Approval of Minutes of the 8th Meeting and the Special Meeting of 14th September 1946.

2. The minutes of the 8th Meeting and the minutes of the Special Meeting of 14th September 1946 were approved unanimously.

II. Confirmation and Recording of Coal Distribution Costs. (Document No. 61).

3. MR. SCRIVEN referred to para 2 of the covering memo to Document No. 61, stating that since last March there have been changes in discharge expenses and transport charges, and alteration in the basic allowances for profit and expenses to the various intermediaries, retailers etc. Italy was importing from the Ruhr five or six different qualities of coal at various prices, and from the U.K. three different qualities at three different prices: in the last few days the price of South African coal had increased by two or three shillings per ton. - Since March coal agreements had been made with Poland, tentative agreements had been reached with Yugoslavia, and there was a possibility that coal might be obtained from Turkey. The import price of these supplies would be generally lower than the bulk of Italy's supplies which are brought in from the U.S. at about 20 dollars per ton and sold at 3,500 lire per ton for industry and 2,600 lire per ton for railways and public utilities.

4. MR. SCRIVEN suggested that there be detailed examination of C.I.F. prices in conjunction with MR. FOGLIETTI, and that these be adjusted in accordance with quality characteristics and U.S. coal quotations at the moment.

5. MR. CLEVELAND pointed out that two different questions were involved:

(a) establishing the determination of the distribution costs which had, in fact, been charged during the last few months;

(b) the necessity for reviewing the price of coal itself, taking into consideration the suggestion made by MR. SCRIVEN that the price be no longer a standard price, but varying according to the sources and the actual prices at which the coal was imported.

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MR. CLEVELAND therefore suggested that Document No. 61, being simply a statement which had in fact been made on charges, be incorporated into the records of the Committee, and that a

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...the 6th Meeting and the minutes of the Special Meeting of 14th September 1946 were approved unanimously.

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MR. CLEVELAND therefore suggested that Document No. 61, being simply a statement which had in fact been made on charges, be incorporated into the records of the Committee, and that a Sub-Committee be set up to work specifically on the revised price of coal.

6. MR. CONTINI raised the following two points:

(a) whether Document No. 61, being an analysis of distribution costs, should be submitted to the Lire Fund Control Committee for scrutiny;

(b) whether the policy to be followed in the establishment of the new price of coal would be such as to fix the new quotation to include handling charges, or whether it would follow the past practice of establishing the price exclusive of those charges.

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7. MR. FOGLIETTI considered that, in view of the fact that the accrual to the Lire Fund was made on the basis of the C.I.F. price, it would not be necessary to examine the distribution charges which, on the other hand, vary according to the location of ports, the system of loading, etc. Therefore he stated that it would be impossible to reach a price including handling charges.

8. MR. CLEVELAND pointed out that the distribution costs - which had been in effect since March - had at that time been agreed upon between the experts in the Mission and the officials of the Government. Therefore, the Committee was now only formally recording an agreement which had already taken place about six months ago, and had been effective since that time.

9. MR. CLEVELAND suggested that a Special Sub-Committee of coal experts of the Mission and of the Government, including MR. FOGLIETTI, should review the coal problem taking into consideration the following three points:

(a) to determine a C.I.F. price of coal, which should be in line with that at the end of the UNRRA period (originally estimated at an average of 15 dollars per ton) and taking into consideration MR. SCRIVEN's suggestion;

(b) to review distribution costs, with a view to making sure that they were justified;

(c) to examine the transport situation as it will appear as the result of a meeting within the next few days between the Ministry of Transport, the Ministry of Industry & Commerce and UNRRA on the difficulty of moving large amounts of coal through the ports.

Some arrangement might be made to move coal not only by rail, but also by barge and truck. This, MR. CLEVELAND said, would entail a separate series of negotiations through the transport channel, and the result of these negotiations should be taken into consideration by the Coal Sub-Committee.

10. MR. FOGLIETTI asked for some information as to what time MR. CLEVELAND referred to when he said: "the end of the UNRRA period". MR. CLEVELAND defined this to be about January 1947, so far as coal was concerned.

11. MR. CLEVELAND stated that the price, or a group of differential prices, should be set for the remaining few months of UNRRA import of coal, in such a way that a considerable difference in the price should not arise when the supply of UNRRA coal ceased. The price, MR. CLEVELAND added, should be equalised now, so that there should be no drastic difference at the transition from UNRRA coal to other imported coal.

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12. MR. FOGLIETTI felt it was more important that prices be set according to the different types or qualities of coal, instead of according to its source of supply. He felt that it would be unjust to charge the consumer more for low-grade coal imported from America than for high-grade Ruhr coal.

13. MR. SCRIVEN pointed out that the U.S. was bound to be the source of 75/80 of Italy's coal for the next year, and since ocean freight rates were likely to be maintained, there appeared little hope of coal reaching Italy from the U.S. at very much less than 20 dollars per ton.

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14. MR. CLEVELAND suggested that, at the present meeting, the Committee should decide on the principles for establishing prices, taking into consideration:

(a) the economic price based on sources, and

(b) the different qualities of coal.

15. MR. FOGLIETTI considered that the Government should take action in view of the distorted situation, in order to prevent the consumer having to pay more for coal from the U.S. than for better coal from the Ruhr.

16. MR. CLEVELAND approved that principle. He said that probably there would be differentiated prices in the private coal market, but so far as Government purchases of coal in the Ruhr and the U.S. and from other sources were concerned, it seemed that MR. FOGLIETTI's principle of trying to make the differential an internal one, was sound.

17. MR. SCRIVEN commented that Ruhr coal was 20% higher in calorific value in most cases, and could be imported at 5 dollars per ton cheaper than U.S. coal.

18. MR. CLEVELAND suggested that the Committee approve as a general principle the point of view expressed by MR. FOGLIETTI that the price be based on internal usefulness rather than strict costs. He proposed that the Coal Sub-Committee be instructed to operate on the basis suggested by MR. FOGLIETTI.

19. MR. CLEVELAND summarized as follows the decisions taken by the Committee:-

(a) that a Sub-Committee will be formed, to review the cost of coal taking into consideration its C.I.F. price, distribution costs (as in Document No. 61), and any decision made between UNRRA and the Italian Government regarding the special transport problem of coal from the ports;

(b) that this Sub-Committee should work on the C.I.F. price as the basis for equalizing the prices from the various sources, making their differentials on the quality and the utility of coal.

20. MR. CLEVELAND appointed MR. SCRIVEN to represent UNRRA in this Sub-Committee, with the participation of a representative of the Sub-Bureau of Supply Operations for problems relating to transport. In connection with the distribution cost angle, he recommended that MR. HOPKINS and MR. OPPEN should sit on this Sub-Committee. MR. CLEVELAND asked MR. SCRIVEN to make arrangements with MR. FOGLIETTI for the first meeting of this group. (ACTION: R & D and ITALIAN GOVERNMENT).

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III. Recording of P.O.L. Schedule. (Doc.No. 45 A).

21. MR. CLEVELAND said that this was simply a schedule for the records of the Committee of the individual prices for lubricants and other petroleum products set by the experts in relation to the prices already approved for the four basic bulk products.

22. After some discussion and explanation, the detailed POL schedule was unanimously approved.

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IV. Report of the Special Sub-Committee on [illegible]a. (Doc.No. 34 A).

23. MR. RYLANCE reminded those present that at the last meeting the Committee had decided not to fix the price of copra until the price of the resulting margarine could be examined in line with similar fats imported by UNRRA. As the actual prices for other UNRRA imported fats had not yet been fixed by the Committee, it was suggested by the Sub-Bureau of Relief Supply that a special Price Committee meeting be held, possibly on Saturday 28th September, when the price of copra could be discussed in relation to the prices of other fats.

24. MR. RYLANCE stated that since the last meeting of the Price Committee two meetings of the Special Sub-Committee had been held. At the first meeting three of the industrialists working on copra and a representative from S.N.A.G. - the organization controlling production - were present, and the actual costs involved in production were examined in detail. The point was arrived at where, given the price of margarine, it would be easy to work back by mathematical calculation to the exact price of copra. At the second meeting, the Special Sub-Committee agreed on the actual figures for production. The question of the sale of oleine, one of the by-products of copra, was raised by the Ministry of Industry & Commerce. Whereas previously a price of 300 lire per kilo had been recommended for the sale of this product, the Ministry of Industry & Commerce stated that, as they wished to use oleine for the production of surgical and babies' soap, to be distributed on a ration basis, this price was too high. After discussion, the Sub-Committee finally recommended that a price of 200 lire per kilo be fixed for oleine. MR. RYLANCE suggested that this item be submitted to the Price Committee at the next meeting for price fixing, the fixing of this price being relevant to the establishing of a price for copra. (ACTION: SECRETARIAT)

25. MR. FOGLIETTI emphasized his remarks made at a previous meeting on the advisability of correlating prices of imported fats, including copra, to the price of locally produced fats. He stated that there was now a firm indication that the Government would decide to control all locally produced fats and distribute them through the rationing system. Consequently there would be an official price for all the main fats (butter, oil, etc.). Therefore, MR. FOGLIETTI concluded, the question of correlating the price of margarine merely to the prices of other UNRRA imported fats should be extended to correlate them to the price of locally produced fats.

26. MR. CLEVELAND pointed out that it was impossible for the Committee to agree on any general policy line in the absence of information resulting from the study now being carried out on the relationship of the prices of all fats. However, so far

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26. MR. CLEVELAND pointed out that it was impossible for the Committee to agree on any general policy line in the absence of information resulting from the study now being carried out on the relationship of the prices of all fats. However, so far as UNRRA was concerned, the governing principle was as expressed in Resolution 7, namely, that the subordination of prices of UNRRA imported products to prices of nationally produced products could only be effected where the principles expressed in Resolution 7 were not thereby violated. MR. CLEVELAND added, that the Italian Government representatives on the Committee were also bound to look at the question from this standpoint, because Resolution 7 had been officially accepted by the Government in the Agreement of January 1946.

27. MR. CLEVELAND suggested that the group working on fats and oils should bear in mind MR. FOGLIETTI's suggestion, but should also make sure that they follow the precepts of price policies as set forth in the Council Resolutions, especially Resolution No. 7.

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28. MR. DRIE pointed out that, in accordance with the decision made at the previous meeting in the discussions on the prices of fats and oils including copra, the question was being examined only in relation to UNRRA imported margarine and lard etc., and not in relation to the price of locally produced fats.

29. MR. CLEVELAND asked MR. DRIE whether he had any objection to extending the study now being undertaken, to include consideration of national production, in view of the possible decision of the Government to control distribution. MR. DRIE replied that in principle he had no such objection, but in practice he feared that delay on the part of the Government in reaching decisions with regard to prices of such national products might hold up the distribution, which should begin early in October.

30. MR. FOGLIETTI said that the fixing of national prices for fats was an urgent matter on which the Government would have to decide very soon. Therefore, in his opinion, it would not do any harm to postpone a decision on the price of margarine. In view of MR. CLEVELAND's approval in principle that his recommendation be taken into account, and MR. DRIE's statement that there was no objection in principle, MR. FOGLIETTI suggested that the Committee agree that the price of UNRRA imported fats be correlated to the price of locally produced fats.

31. MR. DRIE stated that, the price to be fixed for margarine being lower than that of other fats, the establishing of this price will not affect the quotations of other fats.

32. MR. FOGLIETTI agreed that in theory a low price for margarine would have a good effect on other prices in the market, provided all the other fats were sold on a free market; but he pointed out that, as it was the policy of the Government to put under control all locally produced fats and distribute them through rationing, the effect would be to make it difficult for the Government to give everyone a fair proportion of margarine at the low price and of the other fats at a higher price.

33. MR. CLEVELAND stated that, in the absence of a concrete proposal for the Committee to consider, he suggested to postpone the question and asked the group which had been studying prices of margarine in relation to imported fats, to extend its terms of reference to include also the problem of locally produced fats. MR. CLEVELAND added that he wished to make it absolutely clear that the approval of the principle of studying these prices together was, at this stage, emphatically not an approval that the prices of UNRRA imported products be subordinated to national prices.

34. MR. CLEVELAND suggested that, when the study was completed, a special meeting of the Price Committee be held to consider the price and distribution questions relating to fats and oils.

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35. MR. FOGLIETTI insisted that this should take place only after the Government had decided upon their price policy, which he believed would be very soon.

36. MR. CLEVELAND stressed that UNRRA's interest in the problem goes beyond setting a price in the Price Committee. The discussions now taking place within the Government on the control of fats were at least partly a result of previous discussions between the Mission and the Government.

37. MR. FOGLIETTI said he felt that, whenever an overall ration was distributed to the population, the price should be the same whether it was an imported or locally produced supply.

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38. MR. CLEVELAND suggested the matter be referred to the group studying fats and oils, and that a special meeting be held when their report was available, when policy matters could be thrashed out in relation to particular cases.

39. MR. POLACCO considered that it would be possible for the Committee to fix a price for margarine, taking into account the question of other imported fats, leaving aside for the moment the relation between imported and locally produced fats. The reason for this suggestion, MR. POLACCO added, was that it was in the interest of the High Commissioner for Food to have a speedy production and distribution of margarine. This would have a good effect on the free market for fats.

40. MR. FOGLIETTI agreed on the suggestion made by the High Commissioner for Food, this being more a distribution than a price problem. Should margarine be distributed before the other fats, the problem would be solved.

41. MR. CLEVELAND pointed out that this was precisely the basis on which the Committee had been working prior to the present meeting. He assumed this had now become a question to be agreed between MR. FOGLIETTI and the High Commissioner for Food.

42. MR. POLACCO suggested that the ideas of both, the High Commissioner for Food and MR. FOGLIETTI, could be merged into one principle, namely that, when a general ration of fats was distributed, the price of imported fats should be related to that of local products. However, at the moment the Government had not laid down any policy, and therefore the distribution of margarine could be put into operation immediately. MR. POLACCO added that, if a regular ration of 400 grams of fats is established, the consumers should be treated on an equal basis and should pay the same price in North and South Italy.

43. MR. CLEVELAND felt it was important that the immediate problem of margarine and similar imported products should be studied and some conclusion reached as quickly as possible, even if it involved a special meeting of the Committee. It was imperative that these imported fats be distributed soon, even if a later decision regarding a general ration of fats were to be taken by the Government.

44. It was agreed that, when and if the Government came to a general decision on the rationing of locally produced fats, the prices set by the Committee for imported products should be reviewed in relation to the prices being charged for fats distributed through the general ration. (ACTION: R & D AND ITALIAN GOVERNMENT).

45. MR. CLEVELAND's proposal that a special meeting regarding fats be held on 28th September, subject to the necessary informations being available, was agreed.

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(e) Bitumen,
(f) Refined Copper.

46. MR. CLEVELAND stated that documents on three of the items had not become available to the Committee in time for circulation, and therefore any discussion on (c) Nickel, (e) Bitumen and (f) Refined Copper would have to be postponed.

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(a) Zinc Phosphide. (Doc.No.47).

47. MR. CLEVELAND enquired what handling and distribution charges were included in the recommended price of 29,000 lire per ton ex Consorzio stores, which price includes packing in paper bags.

48. MR. [illegible] said that, so far as could be ascertained at present, 74,000 lire per ton was the actual handling charge.

49. MR. CLEVELAND suggested that the handling and distribution charges question be referred back to the Agricultural Sub-Committee for examination.

50. This was agreed. (ACTION: R & D AND ITALIAN GOVERNMENT).

51. In reply to a query from MR. FOGLIETTI, MR. CLEVELAND confirmed that, when the Committee reached a price decision, this applied to the total amount of the commodity that UNRRA might import, unless a specific arrangement was made to the contrary.

REC.NO. 35. 52. After discussion it was agreed that the price for zinc phosphide be 290,000 lire per ton ex Consorzio Warehouse, packing in paper bags free.

(b) Sealing Compound. (Doc.No. 50).

53. MR. CLEVELAND stated that the recommended price was 235 lire per kilo, this being the same price as on the YT and ITD programs.

54. MR. FOGLIETTI questioned whether this was in fact the YT price and whether it included distribution charges or was only the landed cost.

55. MR. CLEVELAND commented that, according to the data in Doc.No.50, the price of 235 lire left plenty of margin for handling charges.

56. It was stated by MR. FOGLIETTI that the estimate of 5 lire per kilo for handling charges was based on distribution costs of YT.

REC.NO. 36. 57. After discussion it was agreed, that the price for sealing compound be established at 235 lire per kilo ex Siderurgica Italiana warehouse, subject to:-

(a) confirmation that this was also the price of the item imported under YT and ITD programs. (ACTION: R & D AND ITALIAN GOVERNMENT).

(b) Establishment of the distribution and handling charges (ACTION: R & D AND ITALIAN GOVERNMENT)

57

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Sub-Committee for examination.

50. This was agreed. (ACTION: R & D AND ITALIAN GOVERNMENT).

51. In reply to a query from MR. FOGLIETTI, MR. CLEVELAND confirmed that, when the Committee reached a price decision, this applied to the total amount of the commodity that UNRRA might import, unless a specific arrangement was made to the contrary.

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57

(a) confirmation that this was also the price of the item imported under YT and ITD programs. (ACTION: R & D AND ITALIAN GOVERNMENT).

(b) Establishment of the distribution and handling charges.(ACTION: R & D AND ITALIAN GOVERNMENT).

(d) Pig Iron. (Doc.No.53).

58. MR. BINGHAM said that Document No. 53 had been agreed by the Ministry of Industry & Commerce.

59. MR. CLEVELAND asked whether the Italian Government representatives had yet been able to study the documents concerned, and if they were ready to discuss this item.

60. MR. FOGLIETTI stated that, in addition to the fact that the Government had not had sufficient time to study the documents, it had been previously agreed that the price of pig

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iron be related to that of coal. Therefore, it was advisable to postpone the discussion of this item.

61. MR. CLEVELAND suggested that it would be extremely useful to have a rather more general study than that shown in Doc.No.53 on the cost and price factors involved in the redevelopment of the Italian steel industry in connection with UNRRA imported pig iron and steel.

62. MR. CLEVELAND's proposal to postpone the discussion on pig iron or coal until a careful study on the steel industry was made available, was agreed. This study has been in preparation for some time. (ACTION: R & D AND ITALIAN GOVERNMENT).

63. MR. HOPKINS recommended that the figures for handling charges, I.C.E. commission, custom charges, and the charge for passive interest on deposited sums contained in Doc.No. 53 be re-examined.

VI. Price to be re-examined:

Forage Pea Seed. (Doc.No. 5).

64. MR. DERIE stated that the present price of 25,000 lire per metric ton for forage pea seed should have been re-examined on 15 September 1946.

65. MR. CARDANI recommended that the price be kept firm because there were still about 3,000 tons in the warehouses. He further recommended that it be made a condition of sale that forage pea seed be sold only as mixed seed in the proportion of 20-25%, in order to eliminate any danger of its being sold for feed.

66. MR. FOGLIETTI pointed out that there was no guarantee when this item was sold in a mixture that the price would be complied with. If it were sold separately, it would be easier to control.

67. MR. CLEVELAND asked whether the other ingredients of the mixture were not subject to price control. MR. DERIE replied that the only item controlled was vetch seed. Should this control not be maintained, the price of this item would have to be raised.

68. After some discussion, MR. CLEVELAND pointed out that forage pea seed in a mixture was not a matter for the Price Committee. The point raised by MR. FOGLIETTI that the price itself was too low, especially in view of the fact that this seed would be sold mixed with other seeds at uncontrolled prices, warranted examination. MR. CLEVELAND asked MR. DERIE to arrange for discussions between the Agricultural Division and the Ministry of Agriculture on the fixing of price, and also upon the subject of maintaining effective controls (ACTION: R & D

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was made available, was agreed. This study has been in preparation for some time. (ACTION: R & D AND ITALIAN GOVERNMENT).

63. MR. HOPKINS recommended that the figures for handling charges, I.C.E. commission, custom charges, and the charge for passive interest on deposited sums contained in Doc.No. 53 be re-examined.

VI. Price to be re-examined:

Forage Pea Seed. (Doc.No. 5).

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65. MR. CARDANI recommended that the price be kept firm because there were still about 3,000 tons in the warehouses. He further recommended that it be made a condition of sale that forage pea seed be sold only as mixed seed in the proportion of 20-25%, in order to eliminate any danger of its being sold for feed.

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VII. Any Other Business.

69. MR. BINGHAM gave formal notice to the Italian Government, that the price of fire clay would be discussed at the next meeting, as a decision was urgently required. (ACTION: SECRETARIAT).

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70. The meeting rose at 12 a.m.

P. Contini
SPECIAL ASSISTANT TO
THE CHIEF OF MISSION.

ATTACHMENTS: Doc.Nos. 50,53,61

DISTRIBUTION:

All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Div.Operational Analysis
Bur. R & D (2)
" P & A (2)
" R S (2)
Sub-Bur.of Ind.Rehab.,North Ital.Office,Milan, (2)
Div.Progr.Coord.& Statist. (2)
Special Asst.to C o M (2)
Conference Secretariat (2)
Histor. & Reports Br. - Mr. Ferris
Regional Directors (8)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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UNRRA - ITALIAN MISSION — Attachment H-1-f
Central Secretariat

LIRE FUND CONTROL COMMITTEE

Minutes of the Tenth Meeting held at
10 a.m., 19th September 1946.

PRESENT FOR UNRRA:

Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. Travers	Office of the Financial Adviser (Lire Fund)
Mr. Peterson	R & D, Sub-Bur. of Supply Operations
Mr. Luzzatto	R & D, Sub-Bur. of Ind. Rehabilitation
Mr. Checchi	R & D, Div. of Program Coord. & Statistics
Mr. Verdirame	R & D, Div. of Program Coord. & Statistics
Miss Graw	R & D, Div. of Program Coord. & Statistics
Miss Brewis	R & D, Div. of Local Resources
Mr. Morelli	R & D, Div. of Textiles
Mr. Contini	Special Assistant to the Chief of Mission
Mr. Pedinelli	Office of the Special Asst. to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Scheda	Italian Government Delegation
Mr. Chiodelli	Italian Government Delegation
Mr. Poffano	Ministry of Treasury
Mr. Scala	I.C.E.
Mr. Degli Alberti	I.C.E.
Mr. Alfani	I.C.E.

A G E N D A:

1. (a) Request for Additional Appropriation for Processing of Cotton for Assistance Programs.(UNRRA);

   (b) Request for Additional Appropriation for Processing of Medical Cotton. (UNRRA);

   (c) Request for Additional Appropriation for Processing of Cotton Thread. (UNRRA).

2. Transit Charges for Transport of UNRRA Supplies and for Supplies Purchased in Italy and Destined to Other Receiving Countries (DELEGATION). 55

3. Seed Wheat. (DELEGATION).

4. Any Other Business.
   Inter-Mission Trade.

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Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. Travers	Office of the Financial Adviser (Lire Fund)
Mr. Peterson	R & D,Sub-Bur.of Supply Operations
Mr. Luzzatto	R & D,Sub-Bur.of Ind.Rehabilitation
Mr. Checchi	R & D,Div.of Program Coord.& Statistics
Mr. Verdirame	R & D,Div.of Program Coord.& Statistics
Miss Graw	R & D,Div.of Program Coord.& Statistics
Miss Brewis	R & D,Div.of Local Resources
Mr. Morelli	R & D,Div.of Textiles
Mr. Contini	Special Assistant to the Chief of Mission
Mr. Pedinelli	Office of the Special Asst.to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Scheda	Italian Government Delegation
Mr. Chiodelli	Italian Government Delegation
Mr. Poffano	Ministry of Treasury
Mr. Scala	I.C.E.
Mr. Degli Alberti	I.C.E.
Mr. Alfani	I.C.E.

A G E N D A:

1. (a) Request for Additional Appropriation for Processing of Cotton for Assistance Programs.(UNRRA);

   (b) Request for Additional Appropriation for Processing of Medical Cotton. (UNRRA);

   (c) Request for Additional Appropriation for Processing of Cotton Thread. (UNRRA).

2. Transit Charges for Transport of UNRRA Supplies and for Supplies Purchased in Italy and Destined to Other Receiving Countries (DELEGATION). 55

3. Seed Wheat. (DELEGATION).

4. Any Other Business.
   Inter-Mission Trade.

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I. (a) Request for Additional Appropriation for Processing of Cotton for Assistance Programs. (Doc. No.21).

(b) Request for Additional Appropriation for Processing of Medical Cotton. (Doc.No. 22).

(c) Request for Additional Appropriation for Processing of Cotton Thread. (Doc.No.23).

1. The meeting was opened by MR. HOPKINS who called upon MR. LUZZATTO to comment on the first item of the Agenda which, he added, had already been presented and discussed at previous meetings of the Lire Fund Control Committee.

2. Referring to point (a) of this item (processing of cotton for assistance programs), MR. LUZZATTO stated that he would recommend the appropriation of 30 million lire subject to future auditing. As regards points (b) and (c), he added that these were still under discussion and a decision should be postponed until a further meeting.

REC.NO.8. 3. It was then agreed that the Lire Fund Control Committee recommend that a sum of 30 million lire be allocated to the Italian Delegation, to meet the higher cost of production by reason of increased costs of labour in respect to the processing of about 2,000 tons of cotton imported under the 1945 program. This sum will be in addition to the amount of 457,667,508 lire already voted for this project by the Joint Committee on 8 March 1945.

4. It was also agreed that points (b) and (c) of these items be postponed pending further investigation. (ACTION: UNRRA AND DELEGATION).

II. Transit Charges for Transport of UNRRA Supplies and for Supplies Purchased in Italy and Destined to Other Receiving Countries. (Doc.Nos.25, 26 and 29).

5. MR. SCHEDA stated that, regarding point (a) of the recommendation on transit charges (Doc.No.25), the Delegation had given approval in principle to the payment from the Lire Fund of transit charges for supplies transported through Italy and destined to other receiving countries. He added that a recommendation had been made at the meeting of the technical Sub-Committee (Doc.No.29), that 16 million lire should be appropriated, to cover expenses incurred in connection with the movement of supplies received from contributing countries for transport through Italian territory, and despatch to other Missions.

6 MR. PETERSON replied that the Delegation should express its opinion on the three points covered by the recommendation on transit charges: sub-para (a) was the least important of these points.

[illegible] Delegation couldnot agree in

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MR. LUCATTO to comment on the first item of the Agenda which, he added, had already been presented and discussed at previous meetings of the Lire Fund Control Committee.

2. Referring to point (a) of this item (processing of cotton for assistance programs), MR. LUCATTO stated that he would recommend the appropriation of 30 million lire subject to future auditing. As regards points (b) and (c), he added that these were still under discussion and a decision should be postponed until a further meeting.

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54

6 MR. PETERSON replied that the Delegation should express its opinion on the three points covered by the recommendation on transit charges: sub-para (a) was the least important of these points.

7. MR. SCHEDA stated that the Delegation couldnot agree in principle to sub-paras (b) and (c); he added that the Lire Fund should be used mainly for relief and rehabilitation programs. The purchase of indigenous supplies for other countries should also serve the purpose of stimulating Italy's foreign trade. However, if the transport charges are to be paid out of the Lire Fund, part of this beneficial effect would be lost.

8. MR. FOFFANO further stated that the Lire Fund Control Committee had not the power to decide in principle on sub-paras (b) and (c). These, he said, were matters to be discussed between the Chief of the UNRRA Italian Mission and the President of the Italian Government Delegation, as both points were not covered by the Agreement between the Italian Government and UNRRA.

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9. MR. CONTINI referred to article V (d) of the Supplementary Agreement of 19 January 1946, which states that the Government will, at the request of UNRRA and within limits to be agreed, provide the Administration with funds for expenditure which it wishes to incur in Italy for warehousing, handling and transportation services in connection with relief and rehabilitation operations in other areas. MR. CONTINI added that the formulation of this article was broad enough to cover all three points of expenditure specified in Doc.No.25, and therefore the only problem should be the determination of the limits of the Government's contribution for transit charges. He added that it was within the power of the Lire Fund Control Committee to make a recommendation on points (a), (b) and (c).

10. MR. POPPANO stated that some of the supplies purchased in Italy and destined to other receiving countries were not for relief and rehabilitation operations. He understood that such purchases were made for the purpose of fostering Italy's trade with other countries. However, it would not be an economic proposition if the Government should subsidise these purchases. He suggested that the matter should be referred to AVV. CONTINI and MR. KEENY for agreement in principle, and that at a later date the financial aspects should be re-examined by the Lire Fund Control Committee.

11. MR. CONTINI and MR. PETERSON disagreed with this statement, MR. CONTINI pointing out that all purchases made by UNRRA for other receiving countries were for relief and rehabilitation purposes. MR. PETERSON concurred with this statement, adding that the question of stimulating international trade was a secondary consideration.

12. MR. HOPKINS said that at a previous meeting MR. CLEVELAND had pointed out the disproportionately large benefits received by Italia from the Central Ocean Freight Fund owing to the bulk nature of Italian imports, as against the comparatively small amount requested for transportation expenses; at this meeting MR. CONTINI had clarified the legal aspects of the Mission's request, and it had also been explained that the supplies purchased in Italy would be used for purposes of relief and rehabilitation of other countries. In spite of this, it was still not possible to come to an agreement on points (b) and (c). MR. HOPKINS therefore proposed that the question of principle involved in points (b) and (c) be referred to the two Chairmen for decision.

13. MR. POPPANO agreed to MR. HOPKINS' suggestion.

REC.NO.9. 14. It was then agreed that:

23

(a) the Lire Fund Control Committee recommend that a sum of 16 million lire be allocated to the Italian Delegation, in order to meet the cost of transportation of supplies received from contributing countries for transport through Italian territory and despatch to other

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Committee to take a recommendation on points (a), (b) and (c).

10. MR. POFFANO stated that some of the supplies purchased in Italy and destined to other receiving countries were not for relief and rehabilitation operations. He understood that such purchases were made for the purpose of fostering Italy's trade with other countries. However, it would not be an economic proposition if the Government should subsidise these purchases. He suggested that the matter should be referred to AVV. MONTINI and MR. KEENY for agreement in principle, and that at a later date the financial aspects should be re-examined by the Lire Fund Control Committee.

11. MR. CONTINI and MR. PETERSON disagreed with this statement, MR. CONTINI pointing out that all purchases made by UNRRA for other receiving countries were for relief and rehabilitation purposes. MR. PETERSON concurred with this statement, adding that the question of stimulating international trade was a secondary consideration.

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13. MR. POFFANO agreed to MR. HOPKINS' suggestion.

REC.NO.9. 14. It was then agreed that:

23

(a) the Lire Fund Control Committee recommend that a sum of 16 million lire be allocated to the Italian Delegation, in order to meet the cost of transportation of supplies received from contributing countries for transport through Italian territory and despatch to other Missions;

(b) the question of using the Lire Fund for the transport within Italian territory of supplies purchased in Italy for other receiving countries (points (b) and (c) of Doc.No.25) be referred to the two Chairmen for decision in principle.

15. MR. SCHEDA enquired whether the sum of 16 million lire would cover the expenses incurred under the heading of sub-para (a) for the rest of the UNRRA program.

16. MR. PETERSON relied that this was an estimate, but it was presumed to cover all the remaining period of UNRRA operations.

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III. Seed Wheat. Doc.Nos. 28 and 30).

17. MR. SCHEDA stated that a letter had been addressed by the Delegation to I.C.E., authorising I.C.E. to block the required amounts of seed wheat at specified prices.

18. MR. CHIODELLI said that a copy of this letter had been sent to the Mission.

19. MR. PETERSON said that a blocking order did not constitute a purchase order, and reminded the Government representatives that the seed wheat would have to be shipped within the next two to three weeks.

20. MR. POFFANO reported that the Treasury had instructed the Federconsorzi to pay 200 million lire for the procurement of seed wheat, and that payment should be made within one or two days.

21. MR. HOPKINS expressed satisfaction that this matter had been settled, adding that it only remained for the Committee to come to agreement on the handling charges. He referred to Doc. No.30 which set out clearly the position regarding the difference between lire and dollar expenditure.

22. MR. SCHEDA proposed that the Lire Fund Control Committee should examine the breakdown of handling charges.

23. MR. HOPKINS replied that he could see no reason for going over these estimates; he added that payments will be made after presentation of bills, which will be scrutinised and audited by a sub-committee to be formed for the purpose.

24. It was then agreed that the sub-committee should be formed as follows:

Mr. Ermini, representing the Delegation;
Mr. Fanti, " " Treasury;
Mr. Scala, " I.C.E.;
Mr. Peterson (or a person delegated by him) representing UNRRA.

It was also agreed that the responsibility for convening meetings should rest with the Delegation.

25. The following recommendation was made:

REC.NO. 10. (a) that a sum of 138,300,000 lire be allocated to the Delegation as a contingency fund, for financing the procurement of 10,000 tons of seed wheat in exchange for same quantity of imported grain plus a bonus of $ 36 per ton;

(b) that payments be made against bills scrutinised

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

Mr. Hopkins said that a blocking order did not constitute a purchase order, and reminded the Government representatives that the seed wheat would have to be shipped within the next two to three weeks.

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23. MR. HOPKINS replied that he could see no reason for going over these estimates; he added that payments will be made after presentation of bills, which will be scrutinised and audited by a sub-committee to be formed for the purpose.

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Mr. Ermini, representing the Delegation;
Mr. Panti, " " Treasury;
Mr. Scala, " I.C.E.;
Mr. Peterson (or a person delegated by him) representing UNRRA.

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(b) that payments be made against bills scrutinised and audited by the Sub-Committee established under para 24 above;

(c) that the Sub-Committee pay particular attention to the breakdown, as shown in the relevant documents presented to the Lire Fund Control Committee. (Doc.Nos. 28 and 30).

53

IV. Any Other Business.

Inter-Mission Trade. (Doc.No. 31).

26. MR. HOPKINS referred to the document on Inter-Mission Trade (Doc.No. 31). In view of the fact that the Delegation representatives

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had not studied this document, it was agreed to postpone this item to the next meeting.

27. The meeting adjourned at 11.25 a.m.

P. Contini
SPECIAL ASSISTANT TO
THE CHIEF OF MISSION

ATTACHMENTS: Documents Nos. 29,30,31.

DISTRIBUTION:

All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Public Information
Div.of Operational Analysis
Reports & Statistics Br. - Mr. Ferris
Bur. R & D (2)
" F & A (2)
" R S (2)
Div.Progr.Coord.& Statist. (2)
Special Asst. to C o l (2)
Conference Secretariat (2)
Regional Directors (8)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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ATTACHMENTS: Documents Nos. 29,30,31.

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Attachment H-1-g

UNRRA - ITALIAN MISSION
Central Secretariat

PRICE COMMITTEE

Minutes of the Special Meeting on Basic Slag
held at 9.30 a.m., 14 September 1946.

(DOC.NO. 48 and 48 A).

PRESENT FOR UNRRA:

Mr. Cecchi	R & D, Program Coord.& Statistics
Mr. Landsberg	R & D, Program Coord.& Statistics
Mr. Verdirame	R & D, Price Office
Mr. Imrie	R & D, Sub-Bur.of Relief Supply
Mr. Cardani	R & D, Sub-Bur.of Relief Supply
Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. Orpen	Office of Financial Adviser
Mr. La Penna	Office of Special Ass't to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Festa-Campanile	Ministry of Agriculture
Mr. Fasola	Ministry of Agriculture
Mr. Nucci	Inter-Ministerial Price Committee
Mr. Menzione	Italian Government Delegation

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PRESENT FOR UNRRA:

Mr. Cocchi	R & D, Program Coord.& Statistics
Mr. Landsberg	R & D, Program Coord.& Statistics
Mr. Verdirame	R & D, Price Office
Mr. Imrie	R & D, Sub-Bur.of Relief Supply
Mr. Cardoni	R & D, Sub-Bur.of Relief Supply
Mr. Hopkins	Financial Adviser (Lire Fund)
Mr. Orpen	Office of Financial Adviser
Mr. La Penna	Office of Special Ass't to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Festa-Campanile	Ministry of Agriculture
Mr. Fasola	Ministry of Agriculture
Mr. Nucci	Inter-Ministerial Price Committee
Mr. Menzione	Italian Government Delegation

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1. MR. LANDSBERG opened the meeting and introduced the sole item on the Agenda, i.e. fixing a price for basic slag. An agreement was reached between UNRRA and the Italian government representatives on the price of this item, as shown in the attachment to Doc.No.43.

2. MR. CARDANI pointed out that the Italian translation of Document No.48 contained an error in para "ALTRE INFORMAZIONI" where "2,000 Lire per ton" should read "8,000 lire per ton". This was agreed and the Document accordingly amended.

3. MR. LANDSBERG stated that it was proposed to fix the price of basic slag in relation to the phosphoric acid content of super-phosphate, the price of which (64.70 lire per unit) was shown in the attachment to Document No.48.

In view of the high demand for basic slag as a source of both phosphoric acid and lime, the price of phosphoric acid in basic slag was to be 12% above that of phosphoric acid in super-phosphate.

There being 14.7 units of phosphoric acid in basic slag, the price of basic slag was calculated at 14.7 times the price of phosphoric acid in super-phosphate increased by 12%, thus resulting in 11,000 lire per ton for basic slag (14.7 x 75).

4. MR. CARDANI replied that there was no fixed ratio between the price of basic slag and that of super-phosphate, and that the 12% had been derived from an average of pre-war ratios.

5. MR. FESTA CAMPANILE considers that the difference between the landed cost of basic slag at 6,840 lire per ton, and the proposed price of 11,000 lire per ton, was excessive for handling charges.

6. MR. LANDSBERG pointed out that the price of 11,000 lire per ton for this item had been fixed in relation to that of a comparative product, whose price was known and fixed. This was in accordance with normal procedure followed by the Price Committee. The handling charges, subject to later accounting as usual, were estimated at 6,500 lire per ton, and the net accrual to the Lire Fund would be 4,500 lire per ton. He asked whether MR. CAMPANILE would agree to the proposed price.

7. MR. CAMPANILE agreed, suggesting distribution costs should be fixed later.

8. MR. NUCCI, representing MR. POGLIETTI, asked for a postponement of the decision on the grounds that the Inter-Ministerial Price Committee was meeting in a few days time to examine the price for nationally produced phosphates and super-phosphates.

9. MR. ERIM objected, pointing out the urgency of basic slag being distributed immediately. He also added that the amount involved was only 5,000 tons, and therefore the fixing of a

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agreed that the Document accordingly amended.

3. MR. LINDSBERG stated that it was proposed to fix the price of basic slag in relation to the phosphoric acid content of super-phosphate, the price of which (64.70 lire per unit) was shown in the attachment to Document No.48.

In view of the high demand for basic slag as a source of both phosphoric acid and lime, the price of phosphoric acid in basic slag was to be 12% above that of phosphoric acid in super-phosphate.

There being 14.7 units of phosphoric acid in basic slag, the price of basic slag was calculated at 14.7 times the price of phosphoric acid in super-phosphate increased by 12%, thus resulting in 11,000 lire per ton for basic slag (14.7 x 75).

4. MR. CARDANI replied that there was no fixed ratio between the price of basic slag and that of super-phosphate, and that the 12% had been derived from an average of pre-war ratios.

5. MR. FESTA CAMPANILE considers that the difference between the landed cost of basic slag at 6,840 lire per ton, and the proposed price of 11,000 lire per ton, was excessive for handling charges.

6. MR. LINDSBERG pointed out that the price of 11,000 lire per ton for this item had been fixed in relation to that of a comparative product, whose price was known and fixed. This was in accordance with normal procedure followed by the Price Committee. The handling charges, subject to later accounting as usual, were estimated at 6,500 lire per ton, and the net accrual to the Lire Fund would be 4,500 lire per ton. He asked whether MR. CAMPANILE would agree to the proposed price.

7. MR. CAMPANILE agreed, suggesting distribution costs should be fixed later.

8. MR. NUCCI, representing MR. FOGLIETTI, asked for a postponement of the decision on the grounds that the Inter-Ministerial Price Committee was meeting in a few days time to examine the price for nationally produced phosphates and super-phosphates.

9. MR. ERIE objected, pointing out the urgency of basic slag being distributed immediately. He also added that the amount involved was only 5,000 tons, and therefore the fixing of a price for this UNRRA - imported item would in no way interfere with that to be established by the Inter-Ministerial Committee for the national product, the quantity of which would be in the neighbourhood of 600,000 tons.

10. MR. NUCCI asked whether the price to be fixed would be subject to revision.

11. MR. ERIE recommended that a definite price be set, in view of the urgency for distribution.

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12. MR. NUCCI hoped that the distribution be completed shortly, in order to avoid two prices operating on the market for similar commodities.

13. After discussion, the representative of the Ministry of Agriculture stressed his opinion that a price be fixed now, and that this would not prejudice any later price-fixing of similar fertilizers.

14. The representative of the Ministry of Agriculture asked whether the price fixed in the meeting could become effective immediately.

15. This was agreed.

16. MR. MENZIONE also agreed to the price suggested by the Committee.

17. MR. LANDSBERG summed up that the price was fixed at 11,000 lire per ton net weight, sacks included, ex Provincial Consorzio warehouse, to be effective immediately. Handling charges were estimated at 6,500 lire per ton, subject to further scrutiny.

REC.NO.34. (DOC.NOS. 48 & 48 A). 18. It was agreed that the price for basic slag be 11,000 lire per ton net weight, including sacks, ex Consorzio Warehouse, effective immediately. Distribution costs were estimated at 6,500 lire per ton and the accrual to the Lire Fund would be 4,500 lire per ton.

19. The meeting rose at 10 a.m.

ATTACHMENTS: Doc.Nos. 48 & 48 A.

DISTRIBUTION:
All those present
Chief of Mission
Industrial Adviser
Legal Adviser
Div.Operational Analysis
Bur. R & D (2)
" P & A (2)
" P S (2)
Div.Progr.Coord.& Statist.-S/B of Supply Operat.
Price Office - Bur. R & D
Special Ass't to C o M (2)
Conference Secretariat (2)
Historical & Reports Br. - Mr. Farris
Regional Directors (9)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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16. MR. MENZIONE also agreed to the price suggested by the Committee.

17. MR. LINDSBERG summed up that the price was fixed at 11,000 lire per ton net weight, sacks included, ex Provincial Consorzio warehouse, to be effective immediately. Handling charges were estimated at 6,500 lire per ton, subject to further scrutiny.

REC.NO.34. (D?C.NOS. 48 & 48 ½). 18. It was agreed that the price for basic slag be 11,000 lire per ton net weight, including sacks, ex Consorzio Warehouse, effective immediately. Distribution costs were estimated at 6,500 lire per ton and the accrual to the Lire Fund would be 4,500 lire per ton.

19. The meeting rose at 10 a.m.

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Div.Progr.Coord.& Statist.-S/B of Supply Operat.
Price Office - Bur. R & D
Special Ass't to C o M (2)
Conference Secretariat (2)
Historical & Reports Br. - Mr. Ferris
Regional Directors (9)
Registry (2)
American Embassy - Mr. Leigh Hunt
British Embassy - Sir Quentin Hill.

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Attachment H-1-h

REPUBBLICA ITALIANA
IL PRESIDENTE DEL CONSIGLIO DEI MINISTRI
PRIMO MINISTRO SEGRETARIO DI STATO

Visto il D.L.Lt. 12 Aprile 1946, N. 236;
Visti gli accordi 8 Marzo 1945 e 19 Gennaio 1946 stipulati tra il Governo Italiano e l'UNRRA (United Nations Relief and Rehabilitation Administration);
Ritenuto che, ai fini della lavorazione e della distribuzione al consumo delle fibre tessili fornite in esecuzione dei programmi di assistenza all'Italia dell'UNRRA, si rende necessaria la costituzione di un apposito Comitato a norma dell'art. 2 del D.L.Lt. 12 Aprile 1946 N. 236;
Sentito il Presidente della Delegazione del Governo Italiano per i rapporti con l'UNRRA;

D E C R E T A :

Art. 1

In esecuzione del programma di assistenza e riabilitazione concordato tra il Governo Italiano e l'UNRRA, a norma degli accordi 8 marzo 1945 e 19 gennaio 1946, ai fini della lavorazione e della distribuzione delle fibre tessili fornite dall'UNRRA al Governo Italiano, la Delegazione del Governo Italiano per i rapporti con l'UNRRA, cui detta esecuzione e' stata demandata, si avvarra' di un Comitato composto come segue:
Il Sottosegretario di Stato all'Industria e Commercio, preposto agli affari dell'Industria - Presidente;
Un Consigliere di Stato designato dalla Presidenza del Consiglio dei Ministri;
Un Consigliere della Corte dei Conti, designato dalla Presidenza del Consiglio dei Ministri;
Un rappresentante del Ministero del Tesoro;
Un rappresentante del Ministero dell'Assistenza Post-Bellica;
Due rappresentanti della Delegazione del Governo Italiano per i rapporti con l'UNRRA;
Due membri designati dal Ministero dell'Industria e Commercio, di cui uno con funzioni di segretario del Comitato;
Due rappresentanti della Missione Italiana dell'UNRRA.

Art. 2

Il Comitato di cui all'articolo precedente assume la denominazione di "UNRRA-TESSILI".

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

Visto il D.L.Lt. 12 Aprile 1946, N. 236;

Visti gli accordi 8 Marzo 1945 e 19 Gennaio 1946 stipulati tra il Governo Italiano e l'UNRRA (United Nations Relief and Rehabilitation Administration);

Ritenuto che, ai fini della lavorazione e della distribuzione al consumo delle fibre tessili fornite in esecuzione dei programmi di assistenza all'Italia dell'UNRRA, si rende necessaria la costituzione di un apposito Comitato a norma dell'art. 2 del D.L.Lt. 12 Aprile 1946 N. 236;

Sentito il Presidente della Delegazione del Governo Italiano per i rapporti con l'UNRRA;

D E C R E T A :

Art. 1

In esecuzione del programma di assistenza e riabilitazione concordato tra il Governo Italiano e l'UNRRA, a norma degli accordi 8 marzo 1945 e 19 gennaio 1946, ai fini della lavorazione e della distribuzione delle fibre tessili fornite dall'UNRRA al Governo Italiano, la Delegazione del Governo Italiano per i rapporti con l'UNRRA, cui detta esecuzione e' stata demandata, si avvarra' di un Comitato composto come segue:

Il Sottosegretario di Stato all'Industria e Commercio, preposto agli affari dell'Industria - Presidente;

Un Consigliere di Stato designato dalla Presidenza del Consiglio dei Ministri;

Un Consigliere della Corte dei Conti, designato dalla Presidenza del Consiglio dei Ministri;

Un rappresentante del Ministero del Tesoro;

Un rappresentante del Ministero dell'Assistenza Post-Bellica;

Due rappresentanti della Delegazione del Governo Italiano per i rapporti coll'UNRRA;

Due membri designati dal Ministero dell'Industria e Commercio, di cui uno con funzioni di segretario del Comitato;

Due rappresentanti della Missione Italiana dell'UNRRA.

Art. 2

Il Comitato di cui all'articolo precedente assume la denominazione di "UNRRA-TESSILI".

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Roma, 25 Agosto 1946

Gl 7531

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

ITALIAN REPUBLIC

THE PRESIDENT OF THE COUNCIL OF MINISTERS
PRIME MINISTER STATE SECRETARY.

In view of the LT.Decree of the 12 of April 1946 No.236;

In view of the agreements stipulated on the 8th March 1945 and 19th Januury 1946 between the Italian Government and UNRRA (United Nations Relief and Rehabilitation Administration);

Considering that for the processing and distribution to the public of the textile fibres supplied by UNRRA according to the programs of Relief to Italy, it is necessary to constitute a special Committee as disposed by the Decree of the 12th April 1946 No. 236;

After hearing the President of the Italian Government Delegation for Relations with UNRRA;

H E R E B Y D E C R E E S

Art. 1st - To carry into effect the Relief and Distribution program agreed to between the Italian Government and UNRRA in accordance with what decided on the 8th March 1945 and 19th January 1946, as regards the processing and distribution of textile fibres supplied by UNRRA to the Italian Government, the Italian Government Delegation for Relations with UNRRA, who has been requested to start work on said program, will avail itself of a Committee so formed:

The Secretary of State for Industry and Commerce, in charge of Industrial Affairs - President
One State Councillor named by the Presidency of the Council of Ministers
One Councillor of the Court of Accounts, named by the Presidency of the Council of Ministers
One representative of the Ministry of Treasury
One representative of the Ministry of Post-War Assistance
Two representatives of the Italian Government Delegation for Relations with UNRRA
Two members named by the Ministry for Industry & Trade, one of whom will act as Secretary of the Committee
Two representatives of UNRRA Italian Mission

Art. 2nd - The Committee alluded to in the preceeding Article will be called "UNRRA - Textile".

Rome 25th August 1946.

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In view of the agreements stipulated on the 8th March 1945 and 19th January 1946 between the Italian Government and UNRRA (United Nations Relief and Rehabilitation Administration);

Considering that for the processing and distribution to the public of the textile fibres supplied by UNRRA according to the programs of Relief to Italy, it is necessary to constitute a special Committee as disposed by the Decree of the 12th April 1946 No. 236;

After hearing the President of the Italian Government Delegation for Relations with UNRRA;

H E R E B Y D E C R E E S

Art. 1st - To carry into effect the Relief and Distribution program agreed to between the Italian Government and UNRRA in accordance with what decided on the 8th March 1945 and 19th January 1946, as regards the processing and distribution of textile fibres supplied by UNRRA to the Italian Government, the Italian Government Delegation for Relations with UNRRA, who has been requested to start work on said program, will avail itself of a Committee so formed:

The Secretary of State for Industry and Commerce, in charge of Industrial Affairs - President
One State Councillor named by the Presidency of the Council of Ministers
One Councillor of the Court of Accounts, named by the Presidency of the Council of Ministers
One representative of the Ministry of Treasury
One representative of the Ministry of Post-War Assistance
Two representatives of the Italian Government Delegation for Relations with UNRRA
Two members named by the Ministry for Industry & Trade, one of whom will act as Secretary of the Committee
Two representatives of UNRRA Italian Mission

Art. 2nd - The Committee alluded to in the preceeding Article will be called "UNRRA - Textile".

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Rome 25th August 1946.

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Attachment H-1-i

UNRRA ITALIAN MISSION

SA/Property proc.

9 September, 1946

TRANSLATION

Avv. Ludovico Montini,
President, Italian Government Delegation
for Relations with UNRRA,
Via Sallustiana 10,
ROME.

SUBJECT: REQUISITION OF QUIRINALE HOTEL.

Dear Avv. Montini,

1. Reference is made to your letter of June 26, 1946, regarding the decision of the Consiglio di Stato to suspend the requisition of the Quirinale Hotel and to the following correspondence on this subject.

2. It is our opinion that the decision of the Consiglio di Stato regarding the above mentioned requisition should be severely criticised not only from a legal point of view but also for the implications which might arise from such decision in the enforcement in Italian territory of the deliberations made by the Italian Delegation in the interest and on behalf of UNRRA Italian Mission.

3. The Consiglio di Stato in its decision to suspend the requisition of part of the Quirinale Hotel has based its opinion mainly on the following points:

a) Scope for which the requisition had been made.

b) Necessity of such requisition.

c) The presumption of the Consiglio di Stato that the requisition had been made upon advice of the ex-manager of the Quirinale Hotel.

d) That UNRRA is an allied military organisation.

4. Point a). The question as to whether the requisition had been made for the execution of the UNRRA relief and rehabilitation programs cannot be the subject of discussion on the part of the Consiglio di Stato, since the only agency of the Italian Government to which this power has been delegated in accordance with Legislative Decree No.5 of June 4th 1946, is the Italian Delegation. Therefore, an Agreement reached between UNRRA Italian Mission and the Italian Delegation with respect to the necessity for the requisitioning of premises in the execution of the UNRRA programs is binding for the Italian Government as a whole.

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5. Point b). The necessity for requisitioning is decided by the

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

Allustions 10,
ROME.

SUBJECT: REQUISITION OF QUIRINALE HOTEL.

Dear Avv. Montini,

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2. It is our opinion that the decision of the Consiglio di Stato regarding the above mentioned requisition should be severely criticised not only from a legal point of view but also for the implications which might arise from such decision in the enforcement in Italian territory of the deliberations made by the Italian Delegation in the interest and on behalf of UNRRA Italian Mission.

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a) Scope for which the requisition had been made.

b) Necessity of such requisition.

c) The presumption of the Consiglio di Stato that the requisition had been made upon advice of the ex-manager of the Quirinale Hotel.

d) That UNRRA is an allied military organisation.

4. Point a). The question as to whether the requisition had been made for the execution of the UNRRA relief and rehabilitation programs cannot be the subject of discussion on the part of the Consiglio di Stato, since the only agency of the Italian Government to which this power has been delegated in accordance with Legislative Decree No.5 of June 4th 1946, is the Italian Delegation. Therefore, an Agreement reached between UNRRA Italian Mission and the Italian Delegation with respect to the necessity for the requisitioning of premises in the execution of the UNRRA programs is binding for the Italian Government as a whole.

48

5. Point b). The necessity for requisitioning is decided by the Chief of the UNRRA Mission and the President of the Italian Delegation. Their decisions on the necessity for such requisitions have the legal connotation of decisions taken by the Italian Government and they are not subject to further control and discussion. With respect to such requisitions the Prefect is only an executive official and he cannot judge the advisability of the requisitioning itself.

6. Point c). The presumption of the Consiglio di Stato that UNRRA had been pressed into requesting the requisition of the Hotel is offensive to the Mission itself, and it suggests the possibility that UNRRA's request was prompted not from necessity, but was an

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arbitrary act. On the other hand, we consider it very serious that the Consiglio di Stato has taken this attitude without requesting clarification from the Mission or from the Delegation.

7. Point d). Furthermore, it is to be deplored that the Consiglio di Stato ignores the fact that UNRRA is not an allied military organization but a civil organization of an international character, having the scope to assist countries devastated by the war, and that UNRRA's relationship with the Italian Government is based on two Agreements freely entered into by the Italian Government.

8. The above-mentioned decision of the Consiglio di Stato, which annuls in part a decision made by the Italian Government in the execution of an international obligation, is a typical case of the position in which the Government finds itself in regard to the internal administration, when an international Agreement stipulated by the Government has not been given formal guarantees in the internal legislation.

9. Section (1) of Annex III of the Agreement entered into between the Italian Government and UNRRA on March 8th 1945, stipulates that this Agreement will have force of law in the country but it does not specify that the bi-lateral decisions made by UNRRA and the Italian Delegation are not subject to the normal administrative procedures.

10. With respect to the legal validity of such decisions it is our opinion that they cannot be discussed and certainly not annulled by the judiciary, due to the fact that they should be considered as decisions made in the general interests of the State and are therefore above the interests of private individuals.

11. It is therefore our opinion that the decisions made by the Italian Delegation in agreement with UNRRA should be considered as legally valid and enforceable to all effects from the moment they are signed by the representatives of the Delegation and the UNRRA Italian Mission.

12. Private individuals could therefore claim for the damages which they have been caused by the decisions taken in the execution of the UNRRA/Italian Government Agreement, but they should not have the power to appeal for the annulment of such decisions.

13. The jurisdiction of the Consiglio di Stato with respect to decisions made by the Italian Delegation in agreement with UNRRA should be, therefore, limited to eventual claims presented by private individuals, and to the compensation on the part of the Italian Government for such damages sustained by individuals, resulting from requisitions, use or eviction from property determined by the paramount interests of the UNRRA Italian Mission.

14. In fact, this is the spirit of the Agreement of 8th March 1945 between the Italian Government and UNRRA, which in Section (4) of Annex III provides

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by the Italian Government.

8. The above-mentioned decision of the Consiglio di Stato, which annuls in part a decision made by the Italian Government in the execution of an international obligation, is a typical case of the position in which the Government finds itself in regard to the internal administration, when an international Agreement stipulated by the Government has not been given formal guarantees in the internal legislation.

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11. It is therefore our opinion that the decisions made by the Italian Delegation in agreement with UNRRA should be considered as legally valid and enforceable to all effects from the moment they are signed by the representatives of the Delegation and the UNRRA Italian Mission.

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13. The jurisdiction of the Consiglio di Stato with respect to decisions made by the Italian Delegation in agreement with UNRRA should be, therefore, limited to eventual claims presented by private individuals, and to the compensation on the part of the Italian Government for such damages sustained by individuals, resulting from requisitions, use or eviction from property determined by the paramount interests of the UNRRA Italian Mission.

14. In fact, this is the spirit of the Agreement of 8th March 1945 between the Italian Government and UNRRA, which in Section (4) of Annex III provides

> "The Government shall assume the defense against, and liability under, all claims asserted on account of the use or transfer of the property or its damage, deterioration, destruction, consumption or loss."

15. The Consiglio di Stato in our opinion has exceeded the limits of its power in questioning the necessity for such requisition and in suspending the requisition made by the Italian Government.

16. It would be advisable for the Italian Government to make it absolutely clear that the decisions made by the Italian Delegation in

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agreement with UNRRA Italian Mission have the connotation of an international obligation and the force of law in the country and that such decisions are made in accordance with the paramount interests of the State. Therefore, private individuals have the right to appeal against them for damages, but in no case can the administrative or judicial courts modify or annul such decisions.

17. In our opinion the Italian Government should take into consideration the fact that if the terms of both Agreements with UNRRA are not made adequately enforceable in the country, there could arise a violation of the obligations freely undertaken by the Italian Government in accordance with international law.

S. M. Keeny
Chief of Mission.

CC: C o M
Spec. Ass't
Legal Adviser
Industrial Adviser
Bur. P & A
Bur. A & D
Bur. F S
Property Procurement Div.

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4. In our opinion the Italian Government should take into consideration the fact that if the terms of both Agreements with UNRRA are not made adequately enforceable in the country, there could arise a violation of the obligations freely undertaken by the Italian Government in accordance with international law.

S. M. Keeny
Chief of Mission.

CC: C o M
Spec. Ass't
Legal Adviser
Industrial Adviser
Bur. F & A
Bur. A & D
Bur. E S
Property Procurement Div.

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Property proc.

9 Settembre 1946.

All'On.le Ludovico Montini,
Presidente della Delegazione del
Governo Italiano per i Rapporti con l'UNRRA,
Via Salluastiana, 10
ROMA.

OGGETTO: REQUISIZIONE DELL'ALBERGO QUIRINALE.

Egregio Avvocato Montini,

1. Facciamo riferimento alla Vostra lettera del 26 Giugno 1946, con la quale ci avete comunicato la decisione del Consiglio di Stato relativa alla sospensione di requisizione dell'Albergo Quirinale, e alla susseguente corrispondenza in merito.

2. E' parere di questa Missione che la decisione del Consiglio di Stato in merito alla requisizione possa essere oggetto di severe critiche sia da un punto di vista legale sia per i riflessi che la questione stessa puo' avere nella definizione del valore costitutivo nel territorio Italiano delle decisioni assunte dalla Delegazione Italiana nell'interesse e per conto della Missione.

3. Il Consiglio di Stato nella sua decisione di sospensione di requisizione di parte dell'Albergo Quirinale ha basato la sua opinione principalmente sui seguenti punti:

a) Scopi per cui la requisizione veniva effettuata;

b) Necessita' o meno della requisizione;

c) Ipotesi che la requisizione fosse stata eseguita dietro suggerimento dell'ex-direttore dell'Albergo Quirinale;

d) Che l'UNRRA fosse un organismo Militare Alleato.

4. Punto a. Che la requisizione sia o meno eseguita per l'attuazione degli scopi previsti dal programma dell'UNRRA, non puo' essere oggetto di discussione in sede di Consiglio di Stato, e l'organo del Governo Italiano a cio' competente e' la Delegazione Italiana in conformita' al R.D.L. No. 5 del 4 Gennaio 1946. Pertanto un accordo tra Missione UNRRA e Delegazione su una requisizione da eseguire nell'ambito del programma UNRRA impegna tutto il Governo Italiano.

5. Punto b. La necessita' o meno della requisizione e' automaticamente stabilita dal Capo della Missione e dal Capo della Delegazione Italiana [illegible] la loro decisione circa la necessita' della requisizione

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OGGETTO: REQUISIZIONE DELL'ALBERGO QUIRINALE.

Egregio Avvocato Montini,

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a) Scopi per cui la requisizione veniva effettuata;

b) Necessita' o meno della requisizione;

c) Ipotesi che la requisizione fosse stata eseguita dietro suggerimento dell'ex-direttore dell'Albergo Quirinale;

d) Che l'UNRRA fosse un organismo Militare Alleato.

4. Punto a. Che la requisizione sia o meno eseguita per l'attuazione degli scopi previsti dal programma dell UNRRA, non puo' essere oggetto di discussione in sede di Consiglio di Stato, e l'organo del Governo Italiano a cio' competente e' la Delegazione Italiana in conformita' al R.D.L. No. 5 del 4 Gennaio 1946. Pertanto un accordo tra Missione UNRRA e Delegazione su una requisizione da eseguire nell'ambito del programma UNRRA impegna tutto il Governo Italiano.

5. Punto b. La necessita' o meno della requisizione e' automaticamente stabilita dal Capo della Missione e dal Capo della Delegazione Italiana. La loro decisione circa la necessita' della requisizione e' una decisione presa dal Governo Italiano, e non soggetta a ulteriori controlli e discussioni. Il Prefetto in tali requisizioni non e' altro che l'organo esecutivo e non puo' entrare nel merito dell'opportunita' della requisizione stessa.

6. Punto c. L'aver il Consiglio di Stato preso in considerazione la supposizione che ci siano state pressioni interne sull'UNRRA per la requisizione dell'Albergo, e' offensiva per la Missione stessa, in quanto ammette la possibilita' da parte dell'UNRRA di un atto provocato non da necessita' ma da arbitrio. D'altra parte, si ritiene molto grave che il Consiglio di Stato abbia preso in considerazione tale elemento senza aver chiesta una controprova alla Missione o alla Delegazione.

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7. Punto d. E' deplorevole infine l'ignoranza da parte del Consiglio di Stato del fatto che l'UNRRA non e' un organismo Militare Alleato, bensi' un organismo civile internazionale il cui scopo e' l'assistenza ai Paesi devastati dalla Guerra, e i cui rapporti col Governo Italiano sono basati su due Convenzioni liberamente sottoscritte dal Governo Italiano. Pertanto tutte le considerazioni formulate dal Consiglio di Stato su questo punto, debbono ritenersi errate, e lo spirito che ha informato la sua decisione, basato su una erronea concezione delle personalita' dell'UNRRA stessa.

8. La summenzionata decisione del Consiglio di Stato che viene ad annullare parzialmente una decisione presa dal Governo Italiano in adempimento di un impegno internazionale, e' il caso tipico della posizione in cui il Governo viene a trovarsi nei confronti dell'amministrazione interna del Paese, quando un accordo internazionale da esso Governo stipulato non viene con le dovute forme e previdenze garantito all'interno.

9. La Sezione 1 Allegato 3 della Convenzione 8 Marzo stipulata tra il Governo Italiano e l'UNRRA garantisce efficacia di legge all'accordo stesso nell'interno del Paese, ma non specifica che le decisioni assunte bilateralmente dall'UNRRA e dalla Delegazione Italiana non sono soggette alle normali procedure amministrative.

10. Per quanto riguarda la loro essenza ed efficacia guiridica tali decisioni a nostro parere non possono essere oggetto di discussione e tanto meno di annullamento da parte dell'amministrazione giudiziaria, in quanto esse devono intendersi eseguite in osservanza di esigenze di Stato, superiori alle esigenze dei singoli.

11. Pertanto e' nostra convinzione che le decisioni prese dalla Delegazione Italiana in accordo con l'UNRRA debbano intendersi esecutive e giuridicamente valide a tutti gli effetti dallo stesso momento in cui sono state firmate dai rappresentanti dei due organismi.

12. I singoli pertanto potrebbero avere azione di risarcimento per danni ad essi apportati da atti in esecuzione degli Accordi fra UNRRA e Governo, ma non dovrebbero avere azione per l'annullamento delle decisioni stesse.

13. La competenza del Consiglio di Stato in materia di decisioni adottate dalla Delegazione Italiana in accordo con l'UNRRA dovrebbe perciò limitarsi agli eventuali reclami dei singoli e al risarcimento da parte del Governo Italiano di quei danni che ai privati possano essere derivati da requisizione, uso o espropriazione di proprieta' effettuate in ossequio alle superiori esigenze delle Missione.

14. Infatti a tale spirito risponde l'accordo 8 Marzo 1945 tra il Governo Italiano e l'UNRRA nella Sezione IV dell'Annex 3 quando dice: "Il Governo rispondera' in giudizio e terra' l'Amministrazione esente da rivalsa di danni contro tutte le pretese accampate circa l'uso o il trasferimento dei beni o i danni, deterioramenti, distruzione, consumo o perdita occorsi ad essi."

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personalita' dell'UNRRA stessa.

8. La summenzionata decisione del Consiglio di Stato che viene ad annullare parzialmente una decisione presa dal Governo Italiano in adempimento di un impegno internazionale, e' il caso tipico della posizione in cui il Governo viene a trovarsi nei confronti dell'amministrazione interna del Paese, quando un accordo internazionale da esso Governo stipulato non viene con le dovute forme e previdenze garantito all'interno.

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15. Il Consiglio di Stato, pertanto, a nostro parere ha ecceduto nei suoi poteri decidendo la sospensione della requisizione eseguita dal Governo Italiano ed entrando in merito alla necessita' o meno della requisizione stessa.

16. Sarebbe opportuno che il Governo Italiano precisasse con formula ampia e chiara che le decisioni assunte dalla Delegazione Italiana d'accordo con l'UNRRA hanno il valore di impegno internazionale e forza di legge all'interno, e che essendo le decisioni stesse dovute a superiore ragione di Stato, mentre il singolo ha facolta' di appellarsi contro di esse per essere risarcito dei danni ripartati, per nessun titolo l'autorita' amministrativa o giudiziaria puo' promuoverne la modifica o l'annullamento.

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17. A nostro avviso il Governo Italiano dovrebbe tener presente che, ove le clausole degli Accordi con l'UNRRA non fossero adeguatamente rese esecutive all'interno del Paese, si potrebbe addivenire ad una violazione di impegni liberamente assunti dal Governo nella sfera del diritto internazionale.

S. M. Keeny
Capo della Missione.

EGLAFERNA:cr

cc: C o M
Special Assistant to C o M
Legal Adviser
Industrial Adviser
Deputy C o M Bur. F & A
" " " " R & D
" " " R S
Property Procurement (Mr. De Santo)

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Attachment R-1-j

SA/Legal file

30 September, 1946.

TO: PRESIDENCY OF THE COUNCIL OF MINISTERS

FROM: S.M. KEENY * CHIEF OF UNRRA ITALIAN MISSION

SUBJECT: RE-ACQUISITION OF ITALIAN CITIZENSHIP.

1. It has been brought to our attention that naturalized American citizens, formerly Italian Nationals, may re-acquire the Italian citizenship after two years of residence in Italy, under the terms of Article IX (3) of the Italian Law of 13 June 1912 No. 555.

2. This would seriously affect the UNRRA Italian Mission because, if the above mentioned clause were strictly applied, a number of UNRRA key officials would have to be returned to the United States in order to avoid the loss of American citizenship in accordance with the United States Nationality Act of 1940, Section 404 (a).

3. In our opinion, the provisions of Article IX (3) of the Italian Law of 1912 should not apply to UNRRA personnel of American citizenship for the following reasons:

(a) The UNRRA officials involved cannot be considered as residents of Italy for the last two years, inasmuch as their legal residence is still in the United States and their home station is Washington D.C. These UNRRA officials are in Italy only temporarily and have been assigned to this country by UNRRA on account of their work. At the end of their period of service in Italy, they will be repatriated by UNRRA.

(b) None of these UNRAA officials have manifested their intention to re-acquire the Italian citizenship. It is our understanding that the Italian citizenship is re-acquired only after the performance of certain acts, showing the will of the person to re-acquire his former citizenship (Articles XIII and IV of the Italian Law of 13 June 1912 No. 555, and Article VII of Legislative Decree No. 949 of August 2nd 1912).

(c) It would be contrary to the letter and to the spirit of the Agreements between the Italian Government and UNRAA to apply strictly the provisions of Article IX (3) of the Law of 1912 to UNRAA officials of American citizenship who have no intention of re-acquiring the Italian citizenship. Any re-assertion by the Italian Government of the Italian citizenship of any American naturalised UNRRA official would be inconsistent with the diplomatic immunities granted to UNRAA non-Italian personnel under Article XIV of the Agreement of

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(b) None of these UNRRA officials have manifested their intention to re-acquire the Italian citizenship. It is our understanding that the Italian citizenship is re-acquired only after the performance of certain acts, showing the will of the person to re-acquire his former citizenship (Articles XIII and IV of the Italian Law of 13 June 1912 No. 555, and Article VII of Legislative Decree No. 949 of August 2nd 1912).

(c) It would be contrary to the letter and to the spirit of the Agreements between the Italian Government and UNRRA to apply strictly the provisions of Article IX (3) of the Law of 1912 to UNRRA officials of American citizenship who have no intention of re-acquiring the Italian citizenship. Any re-assertion by the Italian Government of the Italian citizenship of any American naturalised UNRRA official would be inconsistent with the diplomatic immunities granted to UNRRA non-Italian personnel under Article XIV of the Agreement of 8th March 1945 between the Italian Government and UNRRA. Furthermore such action would be in contradiction with the letter of 8th March 1945 from Prime Minister Bonomi to me, which reads as follows:

"Cases of dual nationality. In conformity with the request of the Italian Government, the following language, included in an earlier draft of the Agreement, has been eliminated from the final text:

"Administration personnel who are nationals of Italy but who are not permanent residents of Italy and who have by naturalization or otherwise acquired another nationality shall be entitled to the same privileges and immunities.....as Administration personnel who are not nationals of Italy

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or permanent residents thereof."

The Italian Government, however, gives assurance that, if there should arise in practice any such cases of nationality as are contemplated by the quoted paragraph, they will be favorably considered by the Government so as to grant, to UNRRA personnel to whom the quoted paragraph would apply, the same treatment under the Agreement as is granted to UNRRA personnel who are not nationals or permanent residents of Italy."

4. I trust that the Italian Government will concur with this Mission's opinion as expressed in the above paragraph. May I urgently request you to inform me of the official Government ruling on this matter at your earliest possible convenience.

S.M. Keeny
CHIEF OF MISSION.

PCONTINI:cr

cc: C o M
Italian Delegation
Ministry of Foreign Affairs
Ministry of the Interior
F & A
R S
A & D
Special Asst to C o M
Readers file.

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F & A
R S
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Readers file.

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Attachment H-1-k

REPORT ON THE ACTIVITIES OF THE CLAIMS COMMITTEE

1. Origin and Composition

Towards the end of 1945 the Claims Committee was established to give effect to the Administration's policy by considering in a spirit of equity all claims against the Administration arising out of torts alleged to have been committed by the Administration or its agents. The Committee consisted of three members:

1. Special Assistant to the Chief of Mission (Chairman).
2. A Representative from the Division of Welfare.
3. A Representative from the Division of Transport (Vehicle Control and Maintenance).

2. Policy

The first meeting of the Committee, which was attended by Mr. Robertson (Assistant General Counsel, Washington) and Professor Franklin (Legal Adviser for South Eastern Europe), was called on 9 Jan. 1946 to discuss questions of policy and procedure. The following principles were agreed upon:

1. The Committee would recommend settlement of those claims where UNRRA liability was not in doubt and the damages were readily ascertainable.
2. The Committee would reject claims where it appeared clearly that there was no legal or normal responsibility on the part of UNRRA.
3. The Committee would refer to the Avvocatura dello Stato (which is the Italian Government Legal Office) all cases where the legal responsibility of UNRRA was in doubt, or in which the Committee wished to have an independent opinion as to the measure of damages.
4. In the event of a claimant refusing to accept the recommendations of the Avvocatura dello Stato the case would be referred to an impartial arbitrator. (Cases of this sort have never arisen).
5. In the event of a Class II employee being injured in the course of duty, UNRRA should in appropriate cases request the Avvocatura dello Stato to act on his or her behalf. Where however an employee was injured, but not in the course of duty, UNRRA might help the claimant unofficially.
6. In the event of it appearing that UNRRA has a good legal claim for damages against a third party arising out of damage to UNRRA property, the Committee would in appropriate cases authorise the Claims and Insurance Branch to take action with a view to obtaining compensation from the third party.

The Committee has acted throughout in accordance with the above principles, to which the following have been added:

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6. In the event of it appearing that UNRRA has a good legal claim for damages against a third party arising out of damage to UNRRA property, the Committee would in appropriate cases authorise the Claims and Insurance Branch to take action with a view to obtaining compensation from the third party.

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The Committee has acted throughout in accordance with the above principles, to which the following have been added:

a) Since the military authorities never submit traffic accident claims against UNRRA, the policy of the Committee is not to claim compensation from the military for damage to UNRRA property in the event of accidents involving military and UNRRA vehicles, even though such accidents may have resulted from negligence on the part of the military driver.

b) In appropriate cases the Committee sometimes recommends payment on compassionate grounds, even though no legal responsibility has been incurred by UNRRA. (E.G. payment of funeral expenses in fatal accidents).

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3. Procedure

The normal procedure is for all claims (with the exception of contractual claims) to be referred to the Claims and Insurance Branch, which is responsible for conducting the necessary investigation and preparing an opinion on the legal merits of the claim. On completion of the investigation each case is referred to the Committee. The Claims Officer, who is concerned with the legal aspect of the case and is not a member of the Committee as such, presents the case to the Committee with a recommendation as to action. The function of the Committee is to discuss the case and decide upon the action to be taken.

4. Accidents and sickness insurance

In addition to its normal work of reviewing traffic accidents and claims the Committee submitted to the Deputy Chief of Mission for F & A a scheme designed to provide for all Class II employees of the Mission adequate insurance against accident and sickness. It was pointed out by the Claims and Insurance Branch that the social insurance benefits which Class II employees enjoy under Italian law are quite inadequate, and that Italian firms supplement from their own resources the benefits which their employees receive from the State. A comparative study of the benefits paid to their employees by other large organisations was undertaken by the Claims and Insurance Branch with a view to establishing an adequate scale of benefits for UNRRA employees. The results of this research were submitted to the Committee enlarged to include representatives of the Division of Personnel and the Division of Health, and approved with certain amendments.

An Administrative Order embodying the proposals of the Committee for accident and sickness insurance benefits for Class II employees is about to be issued.

5. Schedule of cases reviewed

The attached schedule reflects in tabular form the number of traffic accidents (179) and claims reviewed by the Committee since its inception up to 20 August 1946. It does not reflect those traffic accidents (170 as at the date of this report) which are still under investigation by the Claims and Insurance Branch and have not as yet been referred to the Claims Committee.

A.G.Harvey m.p.

20 August 1946.

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A.G.Harvey m.p.

20 August 1946.

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SCHEDULE.

Traffic Accidents

1.	Number of traffic accidents reviewed up to 20 Aug. 1946:		
	a) Fatal accidents		17
	b) Major accidents		59
	c) Minor accidents		103
	d) Total accidents		179
2.	Number of traffic accidents resulting in specific claims		44
	Total amount of specific claims	L. 2,275,708	
3.	Number of traffic accidents resulting in claims for unspecified amounts		5
	Estimated total amount of unspecified claims..	L. 1.070.000	
4.	Number of traffic accidents involving potential claims.....		68
	*Estimated total of potential claims.....	L.17.577,008	
5.	Total number of traffic accidents involving claims.....		117
	*Estimated total of all claims involved	L.20.922.708	
6.	Number of traffic accident claims settled...		21
	Total amount paid	L. 309.128	
7.	Number of traffic accident claims rejected...		6
	Estimated total amount rejected	L. 167.674	
	Potential claims in repsect of which no action taken	L. 1.588.000	
8.	Number of traffic accidents referred to the Avvocatura dello Stato		29
	*Estimated total amount involved	L.17.721.191	

Claims (other than traffic accident claims)

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9.	Number of claims submitted by UNRRA employees and considered by Claims Committee		18
	Total amount claimed	L. 377.750	

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Claims (other than traffic accident claims)

42

9.	Number of claims submitted by UNRRA employees and considered by Claims Committee		18
	Total amount claimed	L. 377.750	
10.	Number of claims settled		8
	Total amount settled	L. 120.150	
11.	Number of claims rejected		7
	Estimated total amount rejected	L. 219.200	

* Estimate includes L. 12.000.000 for Sarzana accident in which 24 persons were killed.

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12. Number of claims pending 3
Estimated total amount involved ..... L. 122.700

13. Number of claims submitted by persons other than UNRRA employees 3
Total amount claimed ..... L. 136.000
Total amount settled ..... B. 136.000

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Attachment H-1-1

AGREEMENT WITH CONGREGATIONAL CHRISTIAN SERVICE COMMITTEE

20 July 1946

1. New Agreement between Congregational Christian Service Committee, a voluntary relief agency, and UNRRA Italian Mission has been made through exchange of letters between Chief of Mission and W.L. Lyon, Acting Director, Congregational Christian Service Committee.

2. The Italian Government has stated that the agreement is acceptable to it.

3. This agreement is herewith submitted to the Director-General for approval in accordance with Resolution 9.

4. Following is text of exchange of letters between UNRRA Italian Mission and Congregational Christian Service Committee:- QUOTE

ROME 27 June 1946

Mr. W.L.Lyon,
Acting Director, Italian Service Mission,
Congregational Christian Service Committee,
UNRRA, NAPLES

Dear Mr. Lyon,

1. Reference is made to the recommendation approved by the Joint Committee of UNRRA and the Italian Government Delegation for relations with UNRRA at the meeting held on March 6th, 1946, whereby the sum of Lit.5,500,000 was made available to the Italian Government Delegation for relations with UNRRA for the operation of the project for the assistance to cave dwellers in Naples.

2. Inasmuch as the operation of the project is carried out by the Congregational Christian Service Committee, in collaboration with the Commune of Naples and the Genio Civile of the Ministry of Public Works, and inasmuch as the Italian Government Delegation has transferred the above sum of Lit. 5,500,000 to the CCSC for the operation of this project; and as the Congregational Christian Service Committee has undertaken to provide:-

a) housing for approximately 500 people, presently living in caves under wretched and unhealthful conditions;

b) health services for these people;

c) health education;

d) recreational and other socially constructive services;

2. The Italian Government has stated that the agreement is acceptable to it.

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b) health services for these people;

c) health education;

d) recreational and other socially constructive services;

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the UNRRA Italian Mission agrees to provide the Congregational Christian Service Committee with the following facilities:-

(i) The non-Italian personnel of the Congregational Christian Service Committee will be given the status of Class III personnel, and will therefore be entitled to the same immunities, facilities, privileges and exemptions which are granted by the Italian Government to UNRRA non-Italian personnel under the terms of the Agreements of 8th March 1945 and 19th January 1946, between the Italian Government and UNRRA. Furthermore, the UNRRA Italian Mission will accord to CCSC personnel in the field the same privileges, including billeting, transportation within Italy, and medical services, as are accorded to UNRRA Italian Mission field personnel. More specifically, UNRRA will, insofar as possible, provide P.O.L. (petrol, oil and lubricants) and other maintenance services necessary to keep in working order CCSC vehicles, up to a limit of three cars and one truck. UNRRA will provide transportation to home station or to some other designated point of service with CCSC, provided that the maximum expense to UNRRA does not exceed the cost of returning the worker to his home station.

(ii) UNRRA Italian Mission will make available to the Executive Officer of the Congregational Christian Service Committee such funds in Italian lire as may be required from time to time to cover the administrative expenses of CCSC, including the payment of salaries to foreign and locally engaged personnel. Such funds will amount to the Lire equivalent at the existing rate of exchange at the time of transfer of the amounts in U.S. dollars which have been deposited by CCSC to the UNRRA Headquarters in Washington, D.C. in accordance with paragraph 3(b) below.

3. It is requested that CCSC agree to assume the following obligations:-

(a) To furnish the medical supplies required for the health care of the beneficiaries of this project.

(b) To contribute an amount of money up to $.17,000 to cover the administrative expenses of CCSC. The above sum has been deposited with UNRRA Headquarters in Washington, D.C.

(c) To abide by all the terms and provisions of the existing Agreements between the Italian Government and UNRRA, and to abide by all UNRRA Italian Mission Administrative Procedures, as well as all Resolutions of the UNRRA Council.

02 4. The mutual obligations undertaken by the Congregational Christian Service Committee and the UNRRA Italian Mission under the terms of this letter will be effective as from 1st April, 1946, and will remain in force until 31st December 1946, unless either CCSC or the UNRRA Italian Mission previously gives thirty days' notice in writing of the intention to terminate

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personnel under the terms of the Agreements of 8th March 1945 and 19th January 1946, between the Italian Government and UNRRA. Furthermore, the UNRRA Italian Mission will accord to CCSC personnel in the field the same privileges, including billeting, transportation within Italy, and medical services, as are accorded to UNRRA Italian Mission field personnel. More specifically, UNRRA will, insofar as possible, provide P.O.L. (petrol, oil and lubricants) and other maintenance services necessary to keep in working order CCSC vehicles, up to a limit of three cars and one truck. UNRRA will provide transportation to home station or to some other designated point of service with CCSC, provided that the maximum expense to UNRRA does not exceed the cost of returning the worker to his home station.

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(b) To contribute an amount of money up to $.17,000 to cover the administrative expenses of CCSC. The above sum has been deposited with UNRRA Headquarters in Washington, D.C.

(c) To abide by all the terms and provisions of the existing Agreements between the Italian Government and UNRRA, and to abide by all UNRRA Italian Mission Administrative Procedures, as well as all Resolutions of the UNRRA Council.

02 4. The mutual obligations undertaken by the Congregational Christian Service Committee and the UNRRA Italian Mission under the terms of this letter will be effective as from 1st April, 1946, and will remain in force until 31st December 1946, unless either CCSC or the UNRRA Italian Mission previously gives thirty days' notice in writing of the intention to terminate it.

5. This proposal will have legal effect only after its provisions have been accepted by the Italian Government and by the Director-General of UNRRA.

6. Will you please state your agreement with the content and conditions of this proposal.

Yours sincerely,

PCONTENI:oc

[illegible]
Chief of Mission.

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CONGREGATIONAL CHRISTIAN SERVICE COMMITTEE
NAPLES

Mr. S.M. Keeny
Chief of Mission
UNRRA Italian Mission
ROME

27th June 1946

Dear Mr. Keeny,

On behalf of the Congregational Christian Service Committee, a Voluntary Society, I agree with the content of the proposals concerning assistance to Cave Dwellers in the City of Naples, as stated in your letter dated 27th June, and I understand that legal effect attaches to such proposals only after they have been accepted by the Italian Government and by the Director-General of UNRRA

Sincerely yours,

W.L.LYON,
Acting Director
Congregational Christian Service Committee
- UNQUOTE -

5. Following is translation of text of statement by Italian Government, approving new agreement: QUOTE -

Rome 16 July 1946

TO: U.N.R.R.A. - ITALIAN MISSION
Mr. S.M. Keeny, Chief of Mission, Rome

FROM: PRESIDENCY OF THE COUNCIL OF MINISTERS
ROME

SUBJECT: AGREEMENT WITH CONGREGATIONAL CHRISTIAN SERVICE COMMITTEE

With reference to your letter on the above subject dated 1 July 1946, and in confirmation of the telephone conversation between Dott. Tozzi and Avv.Pedinelli, we wish to inform you of the Delegation's approval to the proposed contract.

THE DIRECTOR GENERAL
(Dr. P.Flores)

- UNQUOTE

40

S.M. KEENY
CHIEF OF UNRRA
ITALIAN MISSION

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

Dear Mr. Keeny,

On behalf of the Congregational Christian Service Committee, a Voluntary Society, I agree with the content of the proposals concerning assistance to Cave Dwellers in the City of Naples, as stated in your letter dated 27th June, and I understand that legal effect attaches to such proposals only after they have been accepted by the Italian Government and by the Director-General of UNRRA

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Acting Director
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SUBJECT: AGREEMENT WITH CONGREGATIONAL CHRISTIAN SERVICE COMMITTEE

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S.M. KEENY
CHIEF OF UNRRA
ITALIAN MISSION

DISTRIBUTION

Chief of Mission (2)
Bureau of Finance and Administration (2)
Bureau of Requirements and Distribution (2)
Bureau of Relief Services (2)
Legal Adviser, South Eastern Europe (2)
Cable Control (6)
Circulation (4)

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

UNRRA ITALIAN MISSION

NOTES ON MEETING HELD IN MR. KEENY'S OFFICE
14th, 16th and 17th SEPTEMBER, 1946.

PRESENT FOR UNRRA:

Mr. Keeny	Chief of Mission
Mr. Contini	Special Assistant to Chief of Mission

PRESENT FOR ITALIAN GOVERNMENT:

Mr. Mentini	President, Italian Government Delegation
Mr. Chiodelli	Italian Delegation

Portions of the meeting were attended by:-

Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
Mr. Imrie	Ass't Chief, Sub-Bur. R.Supply - Bureau R & D
Mr. Ekserdjian	Mission Executive Officer
Prof. d'Alessandro	Director General, Italian Government Delegation

ooo

I. Seed Wheat.

1. It was agreed that:

(a) UNRRA will write a letter requesting the Delegation's approval to the payment of transport and handling charges for seed wheat from the Lire Fund as a contribution by the Italian Government to UNRRA's general program of relief and rehabilitation. (ACTION: Cleveland).

(b) The Delegation will instruct I.C.E. to make contracts for the purchase of seed wheat without delay. (ACTION: Delegation).

II. UNRRA Supply Program.

2. Mr. Keeny informed Avv. Montini that, in view of the rising cost of supplies, UNRRA will be unable to meet all its targets. He added that the Italian supply program will be decreased by about 10 million dollars. This will mean either a decrease of 100,000 tons of wheat, or some other adjustments in the supply program.

3. It was agreed that UNRRA will write officially to the Governm on this matter. (ACTION: Cleveland).

4. Mr. Cleveland said that it would be advisable if the UNRRA representatives going to Washington for the UNRRA Council meeting in

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

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Mr. Cleveland	Deputy Chief of Mission, Bur. R & D
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Mr. Ekserdjian	Mission Executive Officer
Prof. d'Alessandro	Director General, Italian Government Delegation

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(b) The Delegation will instruct I.C.E. to make contracts for the purchase of seed wheat without delay. (ACTION: Delegation).

II. UNRRA Supply Program.

2. Mr. Keeny informed Avv. Montini that, in view of the rising cost of supplies, UNRRA will be unable to meet all its targets. He added that the Italian Mission had been advised that the Italian supply program will be decreased by about 10 million dollars. This will mean either a decrease of 100,000 tons of wheat, or some other adjustments in the supply program.

3. It was agreed that UNRRA will write officially to the Governm on this matter. (ACTION: Cleveland).

4. Mr. Cleveland said that it would be advisable if the UNRRA representatives going to Washington for the UNRRA Supply Conference in the middle of October were given authority both from UNRRA and the Government to make whatever adjustments may be necessary in the Italian supply program. Furthermore, he said that Washington Headquarters had suggested that all the receiving governments designate their representatives to the Supply Conference, possibly selecting a person already in the United States.

5. The above points will be communicated officially to Avv. Montini. (ACTION: Cleveland).

III. Future of UNRRA Welfare Feeding Program.

6. Mr. Keeny pointed out that the feeding program which was supposed to close at the end of August, had now been extended to the end of September. However, no plan had been made beyond that date, and his letter of 31st July to Prime Minister De Gasperi had not yet been answered. He emphasised that, unless a concrete plan were agreed upon, the feeding program would stop on October 1st.

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7. Avv. Montini answered that a letter would be received by the Mission within a few days containing a proposal on the continuation of the Welfare program. He pointed out, however, that it would be difficult, at the present moment - because of the present political situation - to solve the whole problem of welfare in Italy, including the establishment of a new Ministry of Welfare.

8. It was agreed that the Mission will study the Government's forthcoming letter and then the matter will be re-examined.

IV. Manufacture of Cotton Cloth for Ministry of Postwar Assistanc

9. Mr. Keeny said that there were procedural as well as substantial questions to be examined. From the procedural point of view, a contract had been signed by the Delegation without the Mission's approval. He stressed that any commitment on the Lire Fund must be approved by the Mission and the Delegation before it is made. From the substantial point of view, the question was whether the terms of the contracts would satisfy UNRRA's auditors.

10. It was finally agreed that the whole question will be investigated by a Committee composed of a representative from UNRRA, a representative from the Delegation and a representative from the Ministry of the Treasury. The UNRRA and Delegation's representatives should be chosen among officials not directly connected with the clothing program

11. Mr. Keeny will write a letter to Avv. Montini to this effect. (ACTION: Keeny).

V. UNRRA-TESSILI.

12. Avv. Montini remarked that he had learned from the Economic Notes that UNRRA-Tessili would be concerned, not only with cotton but also with hides. He pointed out that any commitment on the Lire Fund should be approved by the Delegation before any final agreement is reached between the Mission and the individual Ministries.

13. Mr. Keeny agreed, and said that he would issue the necessary instructions, (ACTION: Keeny), but he pointed out that it was necessary for prompt action to be taken by the Delegation in the execution of contracts, etc.

14. It was agreed that:

(a) the functions of UNRRA-Tessili and the limits of the Mission's participation in it, will be defined in the "regolamento" which will supplement the decree setting out UNRRA-Tessili,

(b) the text of the "regolamento" will be agreed by Avv. Montini, and

(c) Avv. Montini will reply to the Mission's [illegible] clarifying

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

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(c) Avv. Montini will reply to the Mission's letter of 22nd August on the contracts, clarifying the Delegation's position on this subject: (ACTION: Montini).

VI. Unloading Charges.

15. Mr. Keeny said that Washington had instructed that unloading charges for UNRRA vessels must be paid in lire. It had been estimated that the cost of this operation might reach a maximum of 3 billion 750 million lire which will have to be paid out of UNRRA's administrative funds. The Mission will write a letter to the Government on this subject. (ACTION: Cleveland).

VII. Review of Pending Actions.

16. (a) ERLAAS. The Delegation will expedite the local procurement of supplies needed by ERLAAS. (ACTION: Delegation).

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(b) CASAS. Mr. Keeny will send his comments on the CASAS program to Avv. Montini for his information and action. (ACTION: Keeny).

(c) GUARDS. The Delegation will speed up the take-over of the responsibility for the protection of UNRRA goods and the employment of sworn guards. (ACTION: Delegation).

(d) CLOTHING PROCESSING PROJECT: Avv. Montini will write another letter clarifying the Delegation's position and amending the content of the Delegation's letter of the 23rd August. (ACTION: Delegation

(e) SAN MARINO. Mr. Keeny asked whether the Government could furnish supplies to the Republic of San Marino along the lines which are followed inside Italy; i.e., free of charge for relief items, and at the prices fixed by the Price Committee for dutiable items.

The Delegation will answer the Mission's letter on San Marino. (ACTION: Delegation).

(f) HOTELS AND OTHER PREMISES. Mr. Keeny stressed that whenever agreement has been reached with hotel owners, there must not be delay in the payment of rentals for hotels and other premises occupied by UNRRA.

The Delegation will expedite this matter. (ACTION: d'Alessandro)

(g) ILLICIT TRANSACTIONS. The Delegation will follow up and report as soon as possible regarding the illicit transactions reported by the Mission in letters of the 12th and 27th July, and 22nd August. (ACTION: Delegation)

VIII. Measures to Combat the Black Market.

17. The Mission will write a letter to the Delegation proposing some measures to be taken by the Government in the fight against the Black Market. (ACTION: Contini).

IX. Liquidation of Italian Mission.

18. Mr. Keeny informed Avv. Montini of the general lines which will be followed in the liquidation of the Italian Mission. 38

19. The Government will send a letter to the Mission with its recommendations regarding the possible retention of a limited number of UNRRA officials for a period beyond the final closing of the Mission. (ACTION: Montini).

X. Italy's Presence in United Nations' Assembly.

20. Mr. Keeny will write a letter to the Government on this subject. (ACTION: Keeny).

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P. Contini,
Special Assistant
to Chief of Mission.

DISTRIBUTION:

All present,
Deputy C.o.M., F & A.
Deputy C.o.M., R.S.

M 7224

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

H-2 BRIEF SUMMARY OF THE MAIN ECONOMIC DEVELOPMENT IN ITALY DURING

SEPTEMBER 1946

By the Division of Operational Analysis

INTRODUCTION

1. The Paris discussions of the draft Peace Treaty during September gave rise to anxiety that the country would be faced with an insoluble problem of recovery. On the other hand the feeling of economic and financial uncertainty which brought about the resignation of Signor Corbino, the Treasury Secretary, was relieved by the appointment of Signor Bertone, whose general outlook is similar. Labor unrest was noticeable throughout the country in September. It was occasioned, mainly by the rise in prices due largely to speculation).

2. The Italian economy, stimulated by larger imports of fuel and raw materials, particularly by UNRRA imports, showed greater vitality during the month, as evidenced by signs of recovery in industrial production and improvement in transport and foreign trade.

UNFAVORABLE FACTORS

3. The unfavorable factors for the month of September, can be briefly summarized as follows:

a) The increase in the State budget deficit caused by growing expenditure has not been balanced by a corresponding increase in revenue. The bread subsidy is estimated at some 80,000 million lire. The expenditure resulting from the adjustment of Civil Servants' wages will run into tens of thousands of millions. According to a recent statement of the new Treasury Secretary, the State expenditure, for the 1946-1947 financial year, will amount to approximately 700,000 million lire against aggregate revenues estimated at 270,000 to 280,000 million. A deficit of about 400,000 million lire can therefore be anticipated.

b) There has been a further deterioration of the currency, mainly due to speculation:

b-i) The currency circulation has increased from 414,800 million at the end of July 1946, to about 425,059 million at the end of August. This increase is due, however, to seasonal needs, and only to a limited extent to the reduction of the Treasury's current account with the Bank of Italy (from 18,526 million at the end of July 1946 to 15,106 million at the end of August).

b-ii) Increase in the price of gold, of gold coins, and of quoted foreign currencies (these increases were also stimulated by the rumors, denied at the end of September, of an impending change in the official rate of exchange). The monthly averages of these quotations in Rome for August and September 1946 have been as follows: gold 847 to 951; sovereign 2,598 to 9,221; dollar 483 to 530; pound sterling 1,369 to 1,464; Swiss franc 148 to 168.

37

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b-iii) Slowness of the drop in stock quotations. In spite of the provision recently made by the Government for compulsory cash deposits for term operations in stocks, and the 25% levy on all increases of capital stock by distribution of free shares - which caused at first a substantial fall in quotations - there has been some recovery subsequently. With the sole exception of the 3½ Rent, however, all State bonds registered a slight fall.

b-iv) The increase in wholesale and retail prices has added to the difficulties of wage earners and the fixed-income categories. Black market prices of foodstuffs have increased in Rome, during the month, by more than 10%.

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c) The unrest due to the rising cost of liv. e has been widespread. There has been criticism of the failure of the Government to enunciate a consistent price policy and more comprehensive food rationing.

d) The impending withdrawal of UNRRA

FAVORABLE FACTORS

4. Among the more favorable factors in Italy's situation in September 1946 were:

a) The statement by the new Treasury Secretary: i) not to resort to further issues of paper money; ii) to resort to ordinary and extraordinary taxation, in which people in the higher income brackets would bear a full share; iii) to launch, in the last quarter of 1946 a large internal loan; iv) to facilitate long-term credit operations by specialized financial institutions (IMI - Consorzio Credito Opere Pubbliche; Istituto di Credito Imprese Pubblica Utilita, etc.), so that a public works program to give work to unemployed labor may be put in hand.

b) Increased revenues from taxation; 15,612 million lire in June, 16,540 million in July and 18,095 million in August.

c) Increased UNRRA imports of coal and industrial raw materials at favorable prices, which have greatly speeded up industrial rehabilitation and given greater employment.

5. Increase in production. The question of block dismissals of workers on the factory payrolls, with nothing to do, has become less acute as a result of improved conditions. The number of workers affected by the proposed block dismissals is estimated to have been reduced to less than 200,000 men.

6. An improvement in the relations between employers and organized-labor (i.e., between the Confederation of Industrialists and the General Confederation of Labor).

7. Increased foreign trade. In August 1946 exports were valued at 7,400 million lire (the monthly average in the first half of 1946 was 3,500 million lire). In July 1946 the value of experts was 5,400 million lire.

8. The certainty of Italy's participation in the Bretton Woods agreements, confirmed on 2 October, by her admission into the International Monetary Fund and the International Bank for Reconstruction and Development, gave Italy the definite and early prospect of reinstatement within the framework of international economic relations.

9. The determination of war reparations required from Italy (which ends a depressing period of uncertainty and uneasiness) at the amount of 350 million dollars.

10. The UNRRA decision to distribute at very low prices to lower income categories clothing manufactured from 35,000 tons of UNRRA-imported raw cotton.

11. The sale by the United States of [illegible]

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10. The UNRRA decision to distribute at very low prices to lower income categories clothing manufactured from 35,000 tons of UNRRA-imported raw cotton.

11. The sale by the United States of the balance of war surplus material in Italy worth 368 million dollars for 67 million dollars. The previous contract covered the sale of 197 million dollars worth of US surplus material for 97 million dollars.

CONCLUSION

12. The Italian economy has continued to be unfavorably affected by the further deterioration of the lira, by the prospective overall burden of the draft Italian treaty and by unemployment and wide-spread labor unrest due to the inability to meet the rising cost of living. On the other hand, economic activity at home and foreign trade are substantially reviving and there is an improvement in international relations.

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13. The present period is one of great uncertainty. There are many aspects of her economy in which Italy is vulnerable - in finance and in production and distribution in agriculture and industry - and she is always confronted by a problem of surplus population. It will take time before democratic Italy, granted internal unison, can make effective progress towards a stable goal. However, there is a growing conviction that Italy's long-term problems are being better understood abroad and this has been evidenced by statements made by responsible authorities there.

J. H. GORVIN
DIRECTOR
DIVISION OF OPERATIONAL
ANALYSIS

OC: 7506

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E 306

J. H. GORVIN
DIRECTOR
DIVISION OF OPERATIONAL
ANALYSIS

OL 7536

Attachment H-3

MONTHLY REPORT OF THE DIVISION OF INFORMATION FOR

SEPTEMBER, 1946.

INTRODUCTION

1. Looking toward the eventual conclusion of UNRRA's program in Italy - with one third of programmed supplies yet to come - the attention of the Information Division has been concentrated more and more on informing the Italian people of UNRRA's activities.

2. A comprehensive campaign on distribution of UNRRA goods in Italy has been formulated in order to promote more active distribution and utilization of imported supplies. A basic prospectus has been worked out with Requirements and Distribution covering objectives of this campaign, the media to be used and "copy" policy for the most important supplies.

3. This campaign will use all the appropriate media to reach those who actually handle, move and receive UNRRA supplies. This means not only press, radio, magazines, photographic displays and mission publications, but also posters, circular letters to labor unions and trade organizations. Use will also be made of trade publications and house organs, personal contacts between UNRRA officials and Government field representatives, and the use of governmental channels of communications with distributors, manufacturers, labor unions, port authorities, etc.

4. John Western of the Information staff, who has been assigned to plan and conduct this campaign in conjunction with the Requirements and Distribution staff, has already made trips to northern industrial centers. He will have the assistance of C. Ruggeri-Laderchi, and will need help from all regional information officers, who are being relieved from other work to aid in this campaign. Regional daily press digests, as well as the daily press digest issued by the Rome Office, are being discontinued, primarily for this reason.

5. Reductions in staff are being planned, part of which will be effected by the end of October. The "run-down" by Washington calls for early termination of the photographic staff and Class I employees, as soon as Italians are trained to assume these responsibilities. Their work after the end of October will be mainly with Italian press and public, but foreign correspondents will also have to be serviced with material which has previously found its greatest outlet for publication in the United States and the United Kingdom. It is understood that Information generally will concentrate on channeling information to the Italian people on UNRRA's activities and operations.

6. Several Fairs are being held this Fall in Italy. UNRRA's contribution has been and will be mainly photographic. Enlarged pictures of the Mostra at the Rome Fair and other collections showing UNRRA-at-work are being sent to these Fairs. Such Fairs have been or are being held at Milan, Palermo, Venice, Mantua, Genoa and around

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7. Statements by the Chief of Mission were sent [illegible] as press releases, with excellent results. Mr. Keeny's interview with IL GLOBO (Rome) was one of the most comprehensive statements that has been made recently on the completion of UNRRA's program. A further elaboration of this interview by Dr. Zincone has been arranged for publication at an early date in the Sunday paper L'EUROPEO.

8. Arrangements were made with Canadian Broadcasting for two broadcasts on Canada's share in the UNRRA Italian program. The one was a short by Mr. Keeny, and the other a 15-minute broadcast by Mr. Keeny with the participation of Colonel Sutherland of Agricultural Rehabilitation.

9. Two important conferences in the north of Italy have had attention from the Information Division during September - the Nutrition conferences at Turin and Milan and the Social Service Institute at Tremezzo on Lake Como.

10. Among the distinguished visitors to Italy who have received much deserved attention from the Information Division are: the British Labour M.P., H. Hynd, Julien Bryan and Thomas Cobb, of the International Film Foundation, and Geoffrey Bridson of the British Broadcasting Corporation. Each has been afforded every possible facility in his work, which has had largely to do with UNRRA.

11. Arrangements have just been completed through the initiative of the Information Division to have the expert services of Julien Bryan and his staff as consultants in completing the Mission's documentary film now being shot on UNRRA in Italy. This collaboration should ensure the presentation of the Mission's activities in sufficient detail and with adequate technical direction so that the documentary film will have wide distribution.

12. The premiere of "Umanita'" - produced by Luce with UNRRA assistance - was made a special occasion, attended by many of the headquarters staff and by foreign correspondents and representatives of the Italian press, as well as Government officials and dignitaries. This film tells a story of post-war Italy and has some interesting shots of UNRRA activities, especially in the field of welfare, though the story is fiction and the film is commercial.

13. Various field trips have been made by information officers and photographers. Foreign correspondents and Italian newspapermen have been afforded every facility for getting facts about UNRRA. Visitors have frequently come to the office to get photographs and special information, and arrangements have been made for them as desired. They have always expressed satisfaction with the results and several good articles have appeared in US and UK papers, as well as Italian, following particular lines of interest.

14. "Three Ships a Day for Italy - 1946 Program" is the title of a pamphlet written by Mary Heaton O'Brien, which was printed and ready for limited distribution 1 October. This is an informal story of what UNRRA has done for Italy. Only 5,000 copies of this pamphlet will be available for distribution.

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15. Talks by UNRRA representatives at the US Army Rest Center located in the buildings adjoining what was formerly called the Foro Mussolini were arranged by the Information Office. Speakers were Harlan Cleveland, Deputy Chief of Mission, and E.B.Hitchcock, Deputy Director of Information. UNRRA pamphlets and leaflets were distributed and questions were answered.

16. Two repatriation movements by UNRRA were given wide publicity. The first was the journey by ship from Palestine to Naples and by train to Poland, of 500 Polish refugees. The second was the long-delayed movement of 577 Chinese men and wives and children by ship to China. Most of the Chinese had spent months in the Aversa camp near Naples under Allied control.

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17. The volume of translating done by the Information Division has grown each month. This has included not only Economic Notes each week, frequent general press releases, captioning of photographs and the usual line for information work, but also the translating into Italian of speeches and broadcasts by UNRRA officials.

18. Photographic output continues to expand, and there will probably be more demand for picturisation during the ensuing months, which may be difficult to accomplish in view of reductions in staff. During September, a total of 1,286 photographs were furnished by Information. These included: 391 for displays by regional offices; to Washington and London - 245; to UNRRA divisions - 459; to YWCA for display at Conference in Rome.- 4 large sheets; to Press and other agencies - 191.

19. The month has again shown ECONOMIC NOTES in a very excellent light, both in Italy and abroad. Complete articles have been used by both local and foreign correspondents, and the circulation has reached 11,000 copies. Letters of appreciation have been received from England and the United States.

REGIONS

20. Increased activity is being shown by information officers assigned to the regional offices. Since more will be expected of these officers during the ensuing months, they will speed up their efforts with the cooperation of Headquarters, to turn out a greater volume of work.

21. Plans for the nation-wide distribution campaign were worked out in September, indicating the important part regional offices will play in future.

Sardinia

22. Fine cooperation has been established with the Sardinian press, with the result that UNRRA is constantly in the papers. This close contact was developed following the successful grasshopper campaign, when UNRRA's effectiveness was proven. UNIONE SARDA publishes weekly articles on UNRRA activities, and L'ISOLA (Sassari daily) is planning to cover UNRRA as effectively. The Regional Office is turning out a Bulletin and Summary, with an attractive cover, which helps to promote better understanding of UNRRA. The anti-malaria campaign and summer colonies have received plenty of publicity.

Sicily

23. With the arrival of an Information officer assigned to the Palermo regional office, good relations with the press are being forwarded. Summer colonies, efforts to combat disease, welfare activities, processing of shoes and clothing, arrival of agricultural machines, distribution of food, imports of coal and rehabilitation of port facilities - all these have been duly hailed by the press

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Southern

24. The Naples office was especially busy during the month with the movement of Polish repatriates from Palestine through Italy to their homeland, and the final embarkation of Chinese refugees, many of whom have been for months at the Aversa camp under Allied military control.

Central

25. Continued scanning of the press in this region has brought to light much information of use to UNRRA's Protective Services. The

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press has covered UNRRA activities quite fully with good coverage of press releases from the Headquarters office.

Emilia-Toscana

26. The information office has continued its good work of distribution of UNRRA material to press and radio. There was close collaboration with the Consorzio Agrario Provinciale of Lucca in setting up an UNRRA exhibit at the Lucca Fair. The Regional Director's radio speech on Italian DP's and summer colonies was widely published.

Venice

27. Excellent results have accrued to UNRRA through the efforts of the information officer for press coverage. Better understanding of UNRRA activities is shown with every piece of publicity. Appreciation of ECONOMIC NOTES has increased and the circulation of this HQ publication among state and private agencies, industrial and commercial firms, as well as among the press, has grown with the addition, in September, of 100 copies of the Italian edition, making this total 800 for the region.

Lombardia

28. This has been an extremely active month for the Regional Office at Milan, due primarily to the spate of conferences in this region. The information officer has had to cover these and to furnish releases to the local and foreign press on the gatherings.

Liguria-Piemonte

29. The information officer had plenty to do with the International Health Exibition in Genoa, where an UNRRA stand attracted attention. Continued close contact with the press brought good coverage of UNRRA activities.

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H.4 MA[illegible] REPORT FOR THE BUREAU OF REA[illegible]MENTS AND DISTRIBUTION FOR SEPTEMBER, 1946.

INTRODUCTION

1. The month of September found us having a record number of conferences with the various Italian Government representatives. The major issues requiring agreement were the Lira Fund, Price determinations and distribution or allocation plans for UNRRA-imported commodities. Committees that have been formed for the first two functions, i.e. the Lira Fund and Price determination, have been functioning energetically.

2. But the most powerful religion of the Bureau is now Resolution 7 and the watchword is "Observation of Distribution". The Distribution Control Unit is now completely staffed. It is headed by Mr. Morris Deane, who arrived from the French Mission at the end of September. It has been in active operation since 29 August. The August and September monthly reports on Distribution, a departure from previous methods of reporting, are the first obvious signs of the Unit's activity.

3. All allocation and distribution plans proposed for agreement between UNRRA and the Italian Government are now cleared and recorded through this Unit. The Italian Government has not established any corresponding centralized unit since the appropriate individual Ministers have authority to make final decisions on behalf of the Italian Government.

4. Mr. Joseph Nellis from the Washington HQ Italian Desk flew into Rome at the end of the month for consultation prior to the Supply Conference in Washington on 15 October.

5. Mr. Cleveland, Deputy Chief of Mission and Chief of the Bureau, will attend the Conference. He will be accompanied by Mr. Bruno Lazzatto, Chief of Sub-Bureau of Industrial Rehabilitation. In preparation for this Supply Conference the Division of Program Coordination and Statistics has been kept very busy collecting all the facts and figures in addition to its day-to-day assignments.

6. Despite the tight schedule Mr. Cleveland managed to make a quick one-day trip to Milano to deliver a speech at the Industrial Conference on 7 September (A copy is attached as appendix I to this report).

7. This speech is the beginning of an all-out campaign to awaken the Italian interest in taking hold of their own economic reins. Study sessions are in full swing between the UNRRA Italy Mission and the Italian Government. The object of these talks is to ensure a smooth change-over from UNRRA to the Italian Government of the responsibility for financing, procuring and shipping the basic imports which are essential to the maintenance of Italy's national economy.

8. In conjunction with this, John Western of the Mission's Information Division has arranged a pictorial as well as a narrative presentation of the need to plan for a steady flow of supplies. More details on the campaign are to be found in the Distribution Section of this Report (VI, para 265).

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9. The main item not on the substantive side of the program which appeared on the September agenda was the preliminary forecasting of personnel reductions in the framework of the general UNRRA "run-down" or closure plan. A system for holding periodical meetings with Sub-Bureau Chiefs and appropriate representatives from the Bureau of Finance and Administration has been developed.

I. MAIN PROBLEMS AND ACCOMPLISHMENTS.

A. FOOD AND RATIONING

10. One of the major problems with which the Food Division has been confronted is the rapidly-increasing difficulty of maintaining cereals stocks in provinces with production deficits. The small amount of cereals arriving from abroad has necessitated these being supplied entirely by indigenous grain

surplus areas. This has not only proved to be a transport burden at a time when there was considerable movement of coal with high priority, but it has caused resentment and misgiving in these areas. In some provinces refusal by the Prefect to honor allocations made by the High Commissioner for Food has been met. It is expected that this difficulty will increase until a substantial quantity of foreign grain reaches Italy.

11. After lengthy discussions and negotiations with the various parties concerned, a scheme for the distribution of another difficult "food" item, QM Ration Accessory Packs (food contents of which, apart from chocolate, are in fact negligible) was finally agreed upon. Details of these schemes appear in the "Distribution" section of this report (Section VI).

12. The application of the new procedure for the disposal of deteriorated commodities has brought forth a crop of minor difficulties. It has evidenced the need for amplification of the instructions in regard to the question of disposal to industrial users, especially insofar as the price at which the transfers are to take place is concerned. The representations which are being made to the High Commissioner will, it is hoped, result in a clear-cut procedure being laid down.

13. Although preliminary discussions with the High Commissioner for Food took place over a month ago regarding the ration scales to be applied in the operation of the Welfare Feeding Program, no further progress has been made, due to the lack of agreement in the Government on the basic policy for future relief programs. A reply from the Government is still awaited to the Chief of Mission's letter of 31 July 1946 on this subject. Until a Government policy has been determined the High Commissioner for Food is unable to make any move towards the preparation of a Supply Program capable of being sustained beyond the life of the UNRRA Mission in Italy.

14. High on the list of problems confronting the Food Division during the month has been the shortage of staff. This has come at the time when, for various reasons, particularly the increased emphasis on reporting on observation of distribution, the routine and extraordinary work of the Division has increased considerably. Reports on the rationing position and food costs in the key cities of Italy for the month of July and August have been completed by the Analysis Division of the Sub-Bureau of Relief Supply. In addition an estimate of food supplies available from domestic sources in 1946/1947 and 1947/48 has been completed and is being incorporated in the estimate of food imports needed for 1947, the second revision of which is nearing completion. The ERO report on the Italian Food situation has been analyzed and estimates of livestock production in 1946/47 and 1947/48 completed.

B. AGRICULTURE

Super-phosphates

15. A cross check has been made of the estimated volume of movement of super-phosphates from Italian factories to consuming provinces and submitted in the form of a movement forecast. In addition, weekly checks of volume of movement are being requested of the Regions, in order that this forecast can [illegible] and amended as necessary.

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Tractor pools

16. A study has been completed of the factors involved in setting up tractor pools using the UNRRA tractors, which are just beginning to arrive. A proposal has been prepared for the Chief of Mission to send to the Government under which the tractors would be utilized in State-sponsored pools.

C. SUPPLY OPERATIONS

Supply Records.

17. Continued emphasis is being placed upon reorganization of Supply Record Branch operations and general documentation. Procedure was finalized

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for proper maintenance of records covering withdrawal of supplies by the Italian Mission from the Italian Government, and specific responsibilities reference reception of air shipments were clarified. Standard procedure for tying in Displaced Persons Division accounting returns with the comprehensive Supply Program data was agreed and will become operational in October. Figures for all supplies taken over by ICE - Istituto Commercio Estero - Foreign Commerce Institute - through June 1946 have been completed and reconciled with ICE statistics and are now being incorporated into the records of the Lire Fund Control Committee for use in their work on proceeds of sale.

Discharge and Transit Costs

16. Major operational problems during the month involved:

(a) Establishment of procedure in conjunction with F & A, by which payment of discharge costs is effected to the satisfaction of the Mission and shipping agents concerned. This procedure implements the Headquarters directive that said costs shall be paid in the local currency of recipient countries.

(b) Continued discussion with the Italian Government in an effort to reach an agreement on the principle that transit costs are legitimate charges against proceeds of sale. It was estimated that a Contingency Fund of 100 million lire would adequately cover said charges for the balance of the UNRRA operation, and the matter has been passed to the Chief of Mission and the President of the Italian Delegation for discussion and decision.

Transport Facilities.

19. A detailed inspection of transport facilities has been made with particular reference to difficulties anticipated in the reception, storage and movement of October coal.

D. TEXTILES AND LEATHER

20. The main accomplishment in this field was the progress made with regard to the Textile decrees. Arrangements are now near completion for the Government to issue these decrees whereby UNRRA-Tessile will, by law, have the authority to process UNRRA supplies and establish arbitration boards for the processing. (For details of the "Cotton Plan", see Section VI).

32.

E. FUEL

21. The principal accomplishment was the work done to bring about the decision to re-open oil refineries in Italy. Throughout the month work has continued in making final preparation to open the refineries at Naples and Bari within the coming month.

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F. ENGINEERING AND POWER

22. Based on the Report of August, surveys were made on the utilization of Raw Materials in the Electrotechnical Industries. In the Rome area it was found that these industries are still operating only at approximately 20% of their pre-war level. A survey has also been made of the activities of Rolling Stock industries with the view to recommending ways of decreasing the extreme shortage of Rolling Stock which exists presently.

23. The resulting reports disclose that:

(a) Sufficient steel is being allocated to this Industry to meet all present needs;

(b) Sufficient steel is being furnished to supply all privately owned

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shops with their needs at the present time.

(c) The Italian State Railways analysis is complete but present indications show that lack of steel is based on lack of order placements rather than delivery failures.

(d) The time required to complete an order of Rolling Stock is approximately 4½ months. Of this time 1 to 1½ months is required to process an order for steel, and the 3 following months are required to convert steel received into Rolling Stock.

(e) The Italian State Railways through the Italian Government originally planned to obtain their steel requirements at a very low price through UNRRA-imported finished products. However, since this anticipated steel source was unavailable on world markets, orders were placed with local producers, but at a date too late to bring effective deliveries. This, coupled with the very low coal allotment to the steel industries during the April-June period, has meant that steel for Railways is only now beginning to reach the Railway equipment plants.

24. The following chart shows the production in mechanical fields during the recent Spring and Summer months:

UNITS

	New Production					Repairs				
Railroads	Mar	Apr	May	June	July	Mar	Apr	May	June	July
Passenger cars						122	127	107	106	111
Luggage cars						69	77	79	71	75
Locomotives (Steam)						9	16	14	10	17
Locomotives Electric						3	1	0	1	3
Freight Cars	268	256	413	449	481	1348	1450	1535	1540	1700
Motor Vehicles	3040	3522	4339	4057	4842					

25. There were 2,900 tons spare parts produced in June.

26. A survey of power production in North Italy shows that if any effectiveness is to result the proposed power-control plan must be immediately installed. By mutual agreement hydro-electric power producers are not drawing on storage sheds until November. With the present large power demands and decreasing stream flows this means that there has been a drop of frequency to approximately 48. The power companies are cutting off the more essential low pay loads of

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process an order for steel, and the 3 following months are required to convert steel received into Rolling Stock.

(e) The Italian State Railways through the Italian Government originally planned to obtain their steel requirements at a very low price through UNRRA-imported finished products. However, since this anticipated steel source was unavailable on world markets, orders were placed with local producers, but at a date too late to bring effective deliveries. This, coupled with the very low coal allotment to the steel industries during the April-June period, has meant that steel for Railways is only now beginning to reach the Railway equipment plants.

24. The following chart shows the production in mechanical fields during the recent Spring and Summer months:

UNITS

Railroads	New Production					Repairs				
	Mar	Apr	May	June	July	Mar	Apr	May	June	July
Passenger cars						122	127	107	106	111
Luggage cars						69	77	79	71	75
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G. HOUSING

27. Together with the Bureau of Relief Services, this Bureau is aiding in the preparation of a plan for consideration by the Mission and the Joint Committee on the subject of a larger CASAS - Comitato Aministrativo Succorso Al Senzatetto - Administrative Committee to Aid the Homeless - program. It is intended that this enlarged program should be developed even without UNRRA's support as UNRRA's operations cease.

C. MISCELLANEOUS CONSUMER GOODS

28. Blankets for UNN DP's

28. Last month it was reported that an exchange had been arranged whereby the Allied Military Government for Venezia Giulia-Udine would provide the United Nations Nationals Displaced Persons Camps with a supply of blankets (60,000 and later increased to 100,000) against an appropriate quantity of UNRRA raw cotton. This month a bombshell telegram was received from AMG Udine cancelling this exchange. This cancellation was made on the grounds that cotton was no longer of value to Udine Province since UNRRA contracts have taken up the total capacity of the Udine mills. However there is every prospect that this unexpected decision will be revised and that the UNN DP's will receive those blankets which are very urgently needed.

Surplus Clothing Reclaimed from Camps Division

29. Large quantities of clothing and shoes have been reclaimed from Camps Division, Bureau of Relief Services. Some of the boots and shoes and outer garments will be allocated to Class II personnel in the Mission and the remainder will be apportioned between Italian welfare projects and the needs of a possible influx of United Nations Nationals Displaced Persons.

Mismated Shoes Projects

-6-

30. Of the 500,000 mismated shoes requested from Washington in April 386,000 have at last been procured and will be loaded in mid-October.

Blankets for Layettes

31. It has not yet been possible to obtain blankets from the Italian Government for the Layette Program (not to be confused with the cotton flannelette production for the Layette program, included in UNRRA-Tessile; see Section VI). The Ministry of Industry and Commerce have agreed to release approximately 100,000 baby blankets imported by the Allied military, provided that the question of payment, or non-payment, is resolved by the Mission and the Treasury. The Treasury maintain that no blankets can be released unless payment is made and they propose this should be done from the Lira Fund. Negotiations are still proceeding.

I. SURPLUS PROPERTY

32. Work has been completed on the statistical tabulations of surplus property procured, and of the surplus property which has been allocated for use by camps, and for other Welfare projects. The tables indicate which part of this property should be paid for by the Supply Budget, and which part by the Administrative Budget.

33. Plans have been completed with the Italian Government for reception, pricing and distribution of Paris SUPROP allocation for Italy.

J. STATISTICAL REPORTING

34. Statistical reporting relating to various aspects of the supply and

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33. Plans have been completed with the Italian Government for reception, pricing and distribution of Paris SUPROP allocation for Italy.

J. STATISTICAL REPORTING

34. Statistical reporting relating to various aspects of the supply and distribution functions has continued, and further additions have been made to the collection of statistics distributed in the form of a handbook called "Requirements and Distribution Statistics".

II. REQUIREMENTS AND PROGRAM

A. 1946 UNRRA AND ABOVE UNRRA PROGRAM

Program Coordination

35. In collaboration with the Sub-Bureaus, work has continued on the coordination of the final revisions of the Mission Import Program for 1946.

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36. A detailed statement of the status of the program is being prepared for the forthcoming Supply Conference in Washington.

Medical Supplies.

37. A fresh survey of outstanding requirements of the Sardinia Malaria Eradication Program was made in cooperation with the Rockefeller Foundation. The long-awaited Dobbins Sprayers were finally cancelled first in favor of another United States product and more recently for a sprayer of local manufacture for which early delivery is foreseen. Responsibilities for procurement of locally available supplies were vested in ERLAAS (Ente Regional per la Lotta Anti-Anofelica in Sardegna) (Regional Unit for the Anti-Malaria Campaign in Sardinia).

B. POST-UNRRA

38. As a matter of first priority, the Division of Program Coordination and Statistics, in collaboration with the Sub-Bureau of Relief Supply and the Sub-Bureau of Industrial Rehabilitation have been working on the Post-UNRRA problem. This study falls into two main divisions: (i) a general study of the 1947 plans and requirements for Post-UNRRA financing, bringing up to date the type of forecast of the 1947 economic position of Italy as was presented to the Geneva Council Meeting; and (ii) the transitory phase between UNRRA and the likely commencement of a post-UNRRA program.

39. Detailed statistical studies have been completed on the import requirements for coal, POL and wheat for the transition period, and further investigations have been carried out into the Balance of Payments Situation for 1947.

40. In connection with such program studies the main difficulty which presents itself is the lack of certainty as to the availability of funds - $250 million would be required to pay for vital commodities such as wheat, coal and POL during the transition period alone. This point has been emphasized to the Italian Government Delegation for Relations with UNRRA, the Italian Technical Delegation in Washington and the Inter-Ministerial Committee for Reconstruction. In driving this point home Mr. Cleveland made this the main topic of his speech delivered at the Industrial Conference held in Milano on 27 September. The main source of income should be the proceeds of export, but unfortunately the Italian foreign exchange control is not very effective. It is evident that the Government will have to rely, to a considerable extent, upon loans and credits from abroad.

C. LIRA FUND PROJECTS

41. Discussions are still taking place in the Lira Fund Control Committee, in which this Bureau is represented along with the other Bureaux of the Mission, in establishing criteria for approving projects to be financed or initiated out of the Lira Fund. The projects developed so far have been mostly of a short-term welfare nature. It is felt that the Lira Fund scheme should be set up as an integral part of the Government's reconstruction program and projects should be evaluated in terms of Italy's total economic needs. A number of proposed projects such as re-housing, agricultural, irrigation and forestry plans have been set up in detail and await consideration after overall criteria have been agreed and established. The Austrian Mission has sent two of the staff Members to this Mission to study

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30

III. PORTS AND SHIPPING ACTIVITIES.

A. RECEIPTS

42. Supplies received and discharged during September in Italian ports again exceeded one million tons and involved handling of some 160 vessels. Of this total about 800,000 tons represented coal discharged. A sharp drop

in receipts occurred during the last third of the month due to the maritime strike in the USA, without which September operations would have broken all post-war records for reception of imports, While the effects of the USA maritime strike will still be felt during the early days of the next month, an extremely heavy loading program indicated that receipts during October will at least equal those of August or September, provided further threatened US strikes do not materialize.

B. PORT CLEARANCES

43. Though port clearances will present a problem due to the very tight rail wagons situation, a marked improvement was noted, partly due to much closer collaboration with the Inland Transport Division. A new system was inaugurated under which Inland Transport Division is furnished with daily status reports from all reception points as well as advance information on the need of rail cars for port clearance.

44. Coal back-piles in all ports were reduced extensively during the month with the exception of Savona, where a heavy stock remains. At Venice, where a back-pile of 60,000 tons during August had considerably handicapped the unloading of coal ships, total quantity was reduced to less than 20,000 tons. Two broken cranes at Vetrococke which impeded discharge of coal in Venice are now being repaired through the active intervention of the Sub-Bureau of Industrial Rehabilitation.

C. PORT REHABILITATION

45. The port rehabilitation program is continuing. The ports of Ancona and Taranto are being dredged so that fully-loaded Liberty ships may be received. The shipment of surplus port handling gear from France has begun and distribution to the Italian ports is expected to commence during October. At Leghorn three additional berths were turned back by the US Army to I Italian port authority.

D. PORT SECURITY

46. Port security has been improved by the activation of a plan submitted by the Ports and Shipping Division to the Italian Ministry of Marine, under which Finance guards accompany pilots to board incoming vessels. These guards are responsible for keeping "bum boats" or unauthorised persons off the vessel and will minimize thefts and illegal transactions.

E. WAREHOUSING.

47. The general warehouse situation was improved greatly by the clearance of a considerable quantity of general food supplies from Naples warehouses and the movement of UNRRA cotton from the Genoa port area. 30

IV. TRANSPORTATION

A. ROAD

48. A series of discussions was held during the month with representative [illegible] allocation and

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IV. TRANSPORTATION

A. ROAD

48. A series of discussions was held during the month with representative government transport agencies concerning justification, allocation and distribution of POL and road traffic control. It is generally agreed that the present system had definitely failed to ensure that maximum concentration of available tonnage and of POL is devoted to the movement of essential supplies. The overall POL and traffic situation has been thoroughly reviewed and a comprehensive statement of recommendations is being prepared for representation to the Italian Government as a request and justification for remedial action.

49. The national survey of motor transport will be completed in October for all regions including Sicily and Sardinia. Extension and expansion of this study which is the source of basic road data used by the Central Transpor Committee is being coordinated with the Ministry of Transport.

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50. Heavy demands for road transport are expected next month if termination of the US maritime strike will release a large backlog of shipping. Additional allocations of 2,200 quintals of petrol and 20,500 quintals of diesel oil were obtained to assist in meeting probable commitments.

B. RAIL

51. Wagon shortage persists as the chief difficulty which has to be overcome before complete freedom of movement can be obtained for all traffics. Special attention is being given to the repair of damaged wagons and the construction of new. To speed up operations the liaison previously maintained with the ISR (Italian State Railway) department responsible has been strengthened by delegating Mr. Kelesnikov to full-time assignment to this work. The Italian State Railways are collaborating with UNRRA in a shop by shop survey of raw material, tools and operational requirements to be coordinated with the UNRRA supply program and other procurement programs.

52. There were no important operational difficulties during the month and average daily loading 1 - 26 September reached a new high of 5,610 wagons.

53. The successful movement of almost 16,000 tons of coal from Poland was an important step towards normalcy in International Rail Traffic. This was linked with the outward movement of pyrites to Czechoslovachia, the pyrites being discharged there and the empty wagons continuing to Poland to pick up coal for Italy. Plans have been made to lift 30,000 tons in October.

54. Shortage of tarpaulins is still impeding some movements requiring cover but new supplies of tarps are arriving and action has been taken with the ISR to speed up the repair operations. A large supply of badly-needed tools which were part of the Allied Military surplus are being negotiated for by the ISR. Direct transfer of these stocks will substantially increase shop efficiency.

V. PURCHASE WITHIN MISSION TERRITORY AND INTER MISSION TRADE.

55. Procurement of the 10,000 tons of seed wheat reported on last month has been delayed by difficulty in obtaining firm agreement re related charges to be borne by the Lira Fund, contracted availabilities and the arrival of a Greek Government representative with revised requirements. However, a Contingency Fund of 138,300,000 lire has been recommended for the covering of approved handling, transport and miscellaneous costs and approximately 3,400 tons of seed have been ordered for shipment to Greece.

56. Austria advises that as fruits and vegetables have been received from Czechoslovachia and Yugoslavia purchase from Italy is no longer contemplated.

Completed purchases:

5 tons Lotus Corniculatus for Greece

2,000 doses Anti-snake Serum for Albania under procurement

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Under procurement

3,400 tons Seed Wheat for Greece

Negotiations in Process:

Spare parts for Albania
8,000 tons sulphur for Czechoslovachia
50,000 sheets sericulture paper for Greece
298 tons cork for China, Dodecanese, Greece, Yugoslavia and Poland
367 tons carbon bisulphide for Austria, Albania and Yugoslavia
Electrical equipment for Dodecanese
Packing materials for refractory bricks for Greece.

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57. The inability to reach any satisfactory agreement with UNRRA Headquarters on the 1945 shipment of Italian sulphur to Greece remains a sour note. This UNRRA liability has now been outstanding for over a year and is a continuous source of embarrassment to this Mission in its dealings with the Italian Government.

VI. DISTRIBUTION

Note: This Section comprises "Distribution Report No. 4" of the Bureau of Requirements and Distribution.

A. HIGHLIGHTS

Distribution Control Unit

58. By the end of the month with the arrival of Mr. Deane the organization of the Distribution Control Unit was completed. It has been in active function, however, since 29 August under the immediate supervision of Mr. Holstein, the Assistant Chief of the Bureau of Requirements and Distribution. It now consists of Mr. Deane and two professional aides.

59. It is assisted by personnel loaned temporarily from the Division of Program Coordination and Statistics in order quickly to bring together the necessary files, records and reports. A central file has been set up in which are recorded not only the allocation and distribution plans currently proposed by the commodity divisions, but also all past plans, in order to have a readily accessible, uniform up-to-date picture of the Bureau's and Government's distribution mechanism and operations.

60. In September the Assistant Chief of the Bureau of Requirements and Distribution spent 10 days in all the Northern Regions interviewing the Requirements and Distribution staffs and holding long sessions with the various specialists on their work problems. As a result of these meetings there has been a stream of information, instructions and visits by commodity specialists to the field.

61. Relationships with the Office of Protective Services on responsibility for observation and distribution have been clarified. A new Administrative Order setting forth the new arrangement has been drafted in cooperation with the Mission's Executive Officer, who supervises the Office of Protective Services. 29

62. "Distribution Report Number One", a background report on basic allocation distribution procedures, is ready for publication; work on "Distribution Report Number Two", a cumulative account of distribution problems and accomplishments from January through July 1946 is well advanced.

63. Distribution Publicity Campaign. - the increased emphasis on distribution was high-lighted with the formulation and launching by the Public Information Division of a comprehensive publicity campaign to promote the more active distribution and utilization of UNRRA imports. This drive,

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Coal, with special emphasis on movement from the ports;
POL
Wheat, aimed at both consumers and bakers and millers with emphasis on the continued importance of the amassi and rationing, urging the consumer to help break the black market;
Fertilizers, emphasising the need for increased food production;

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Farm machinery, educating the small farmer on the tractor pools already set up and the need for additional pools;
Cotton and Cotton Textiles, explaining to the population the entire operation as goods are distributed;
Margarine, manufactured from copra, educating the people on its nature and use.

64. The appropriate media will be used to reach those who actually handle, move and receive UNRRA imports. These include, in addition to standard media, posters at docks, warehouses, factories and distribution points; circular letters to the membership of labor unions, trade organizations and other special groups; government channels of communication with distributors, manufacturers, labor unions, port authorities etc. It is hoped that this campaign will promote full participation of the public in the proper distribution of UNRRA supplies.

Textile and Footwear

65. New and consistently encouraging reports of progress can be found in Section VI G, relating to the arrangements for production and distribution of low-cost textiles and footwear.

Food.

66. The Government has taken two vigorous measures to combat the high cost of eating. One is a system of subsidized popular restaurants to sell meals virtually at cost price. The second is the establishment of communal, non-profit, food-purchasing organization to buy and distribute non-rationed food in all cities of more than 200,000 population. (See Section VI B)

Medical Supplies.

67. Most of the "general"issue to hospitals, under the Fourth Distribution, was completed during the month. Approximately 700 tons of supplies were released including 7½ tons of penicillin.

68. An interesting report is also cited in Section VI P-111 on the collapse of black market prices on penicillin and insulin to the point where, in the case of insulin, there is practically no black market any more.

B. FOODSTUFFS

Special Distributions.

69. With the exception of the two following cases no divergence from the normal basic system of distribution was made during September. A large number of US Quartermaster surplus ration accessory packs arrived, each pack containing 8 separate items including 4,000 cigarettes, 200 bars of chocolate and 200 boxes of matches. The distribution of these packs presented numerous difficulties. The items were extremely attractive to black market operators; the sale of matches and cigarettes is under the control of the State Monopoly in Italy; the packs were obviously designed to form part of a morale ration for an

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69. With the exception of the two following cases no divergence from the normal basic system of distribution was made during September. A large number of UK Quartermaster surplus ration accessory packs arrived, each pack containing 9 separate items including 4,000 cigarettes, 200 bars of chocolate and 200 boxes of matches. The distribution of these packs presented numerous difficulties. The items were extremely attractive to black market operators; the sale of matches and cigarettes is under the control of the State Monopoly in Italy; the packs were obviously designed to form part of a morale ration for an organized body of men. It was not possible to hand this item to the Italian armed forces owing to the fact that UNRRA is prohibited from supplying them. After a long series of negotiations it was decided, after the needs of the Division of Displaced Persons and Administrative Services Division had been met, to dispose of these packs through the Consorzio Nazionale Cooperative di Consumo frei Dipendenti delle Amministrazioni Statali - CONDAS - (National Consumer Goods Cooperative Association for State Employees), to state employees, other than armed forces. CONDAS undertook to break each pack into 20 parcels and to sell each parcel for 1,000 lire. Both permanent and semi-permanent civil servants will be included in the distribution and thus a body of people who for the most part are today in especially difficult financial circumstances will benefit.

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70. In addition the Mission has agreed to a special distribution of 1,000 grams per head of generi da minestra (macaroni, rice etc.) to workers, municipal employees and unemployed, and to the families of these categories in special areas. The areas selected are those with the highest density of industrial workers, and the distribution will be limited to 6,000 tons of pasta. A similar special distribution of tinned meat and fish has been agreed in principle; but the actual quantities to be distributed and categories to be included have not yet been agreed with the Food Division. The tinned products will include such miscellaneous items as meat balls and spaghetti, ham and raisins, ham and candied sweet potatoes etc. These items are usually difficult to dispose of, and an allocation such as described above will provide an opportunity to bring them into consumption where they will be of the greatest benefit.

71. Difficulty is still being encountered in fixing prices and agreeing upon plans of distribution for some of the items that have been shipped under the food budget. Examples of the items referred to are candy bars and cookies. However, negotiations are in progress with the High Commissioner for Food and the Italian Delegation for Relations with UNRRA, to formulate a scheme to distribute candy bars to school children, the sick in hospitals, and the various "cooperative" of workers other than State employees, who will benefit under the distribution of Quartermaster ration accessory packs as mentioned above.

Increased Ration for Public Security Agents.

72. During the month the only alteration in rationing was the plan for increasing as from 1 October the ration for the public security agents and the other categories in the police group, in order to bring them into line with the scale of the Carabinieri. The integration of the various police organisations makes this amendment by the High Commissioner for Food a logical one and is in line with Government steps to improve public security standards.

73. Allocation Plan for Sugar Examination of the plan of allocation of the High Commissioner for Food in respect of sugar for all Italy during the three months ending October, on the basis of 300 grams a month, has been carried out against the latest coordinated statistical return.

74. Allocation of Foodstuffs for Welfare Program. The Italian Delegation for Relations with UNRRA submitted to the High Commissioner for Food its plans for allocations of foodstuffs for the continuance of the Welfare Program through October. Although agreement had not been reached between the Chief of Mission and the President of the Italian Delegation at a conference in September as to the Welfare Feeding in October and therefore no approval had been given by the Food Division to the High Commissioner for Food to make allocations, almost on the last day of the month there arrived a copy of allocations for October for all Italian provinces.

75. Approval of Welfare Feeding in October has since been given by the Mission.

76. Prices. The only price agreed upon for a Food Division item during the month was for the ration accessory packs referred to above. The price agreed upon was 19,500 lire at Port Warehouse. However, the final price

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76. Prices. The only price agreed upon for a Food Division item during the month was for the ration accessory packs referred to above. The price agreed upon was 19,500 lire at Port Warehouse. However, the final price decision has not been signed, pending a determination of the exact number of packs to be turned over to the Italian Government, after the requirements of the Division of Displaced Persons and Administrative Services Division have been met. Among the factors taken into account in reaching this price agreement were the following: (1) the price was set at a level to encourage those eligible to purchase to take up their allocation; (2) it was not so low, however, as to encourage speculative re-sale on the black market. This item could not be considered as a relief item in the normally accepted sense of the term. Therefore, it seemed that the Lira Fund should be allowed to benefit to a substantial degree. The amount that should accrue to the Lira Fund from this transaction is 770 million lire. A complete list of food prices is appended to this report.

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77. Observation of Distribution. During the month of September, Regional Food Distribution Officers commenced operations in all regions except Sardinia. So far no suitable candidate has been found for the appointment of Regional Food Distribution Officer, Sardinia. Consequently, what Island continues without any effective observation of distribution. However, as the population is only about 1 million and the Sards are traditionally law-abiding (at least as regards the laws which they fically accept as being "necessary evils"), this omission is not so serious as it may at first appear to be. In all the other regions Food Distribution Officers are now functioning and close liaison is being maintained with them. In the Southern Region and the Region of Toscana and Emilia, lack of adequate supporting staff has hampered their work to some extent. This matter is now being dealt with by Bureau and Mission Headquarters. The field officers generally are now spending a great proportion of their time in the field and a large percentage of the provinces have been and are being visited.

78. The system of reporting has worked out very satisfactorily so far as the Federconsorzi is concerned, and the greater part of the required reports have already been received in spite of the recent initiation of the new plan. All provinces of Italy with which this Mission is concerned have submitted their Consorzio Agrario Provinciale stocks reports for August, though some, of course, are incomplete. Never before have all stock reports been received so soon after the end of the month to which they related. The SEPRAL reports, however, have been delayed owing to some administrative misunderstanding which have now been cleared up with the High Commissioner for Food's Office. During August the setting up of some Regional Food Offices, as was to be expected, kept them at Regional Headquarters longer than will occur in future months.

79. During the month the Regional Coordination Branch, Food Division, has kept all regions regularly up-to-date with the latest information received from the High Commissioner for Food, amendments to the "Basic Instructions", and copies of important correspondence passing between the Mission and the Italian Government on food matters.

80. Irregularities in Distribution and Remedial Steps Taken. No major irregularity has been reported during the month. Deviations, as noted in the following paragraph, have however been reported from the Regions. All reported cases of irregularity in the distribution of foodstuffs forming part of the Welfare Assistance Program are included in a special Distribution Report prepared by Welfare Division of the Bureau of Relief Services. Consequently, such cases brought to the notice of Food Division are not covered by this report but are referred to Welfare Division.

81. A great number of cases of illegal milling were discovered in the Central Region and reported to the Italian authorities for action. Some cases of non-adherence to ration scales were found and reported, e.g. in the commune of Castelnadama (Rome) supplementary rations for invalids, pregnant women and bottle-fed babies were not being issued. In the province of Savona, in the Liguria and Piemonte Region, babies up to three years and artificially-fed babies were only being issued 40% of their authorized milk ration. This matter has been taken up with the High Commissioner for Food. Unilateral action was taken by the Directo

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82. Measures to Ensure Full use of Indigenous Cereals and oil. After the cereal stocks in the Naples area had fallen to a dangerously low level,

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the Mission was asked to intervene. At a conference, held in the Sub-Bureau of Relief Supplies where all authorities and agencies concerned in cereal movement were represented, including the High Commissioner for Food, Federconsorzi, State Railways and Sub-Bureau of Supply Operations, the potential gravity of the situation was stressed. Partly as a result of this conference the tempo of movement of indigenous bread cereals increased. The arrival of cereals from overseas during the month totalled only 32,000 tons (in wheat equivalent) and this had necessitated large-scale internal movement. An increasing amount is being moved by coast-wise shipping. Whereas from 30 June 1946 to 19 September 1946 only some 53,000 tons moved by sea, no less than 11,000 tons is programmed for 20-29 September 1946. This will give a welcome relief to the already overburdened railways. Until some firm information is received as to the probable arrivals from overseas, it is not possible to draw up a long-term plan.

83. Reports have been received that certain quantities of indigenous olive oil, at the disposal of the High Commissioner for Food, were not being used to maintain the agreed normal consumer ration scales but were being diverted through "cooperative" to benefit certain selected sections of the community. No prior consultation with the Mission had taken place on this subject. Accordingly, the High Commissioner has been asked for full information on this matter, including the quantity of oil involved.

New Developments Sponsored by the Italian Government.

84. The Italian Government recently issued two decrees in connection with present food situation which are of considerable interest. The first decree provides for the appropriation of 1,000 million lire for setting up popular restaurants to sell meals at cost price plus operating expenses. Subsidies will be granted up to 50% of the expenses necessary to establish these restaurants, the amount of the subsidy not to exceed 1 million lire per establishment. In addition, 50% of the operating costs will be guaranteed by the Government up to 1 million lire per establishment for a period not to exceed 18 months.

85. The second decree provides for the establishment of communal food purchasing organizations (Enti Comunali di Consumo) for the direct procurement of the most widely-used non-rationed food products and for their distribution to the population at cost price plus operating expenses.

86. The setting up of these municipal food offices, which will operate under the Prefect on a budget independent of the city budget, is made compulsory for all cities with a population of over 200,000 and is optional for smaller communities. Upon request by the communes the Government may give a guarantee to cover up to 60% of the financial commitments of the municipal food organizations.

87. Action against the Black Market. Listed below are a few of the major cases, reported during the month, of action taken against the black market. 27

a. A total 12,747 kilos of flour, 19,533 kilos of bread, 13,160 kilos of sugar and 12,931 kilos of pasta were seized in Emilia and Toscana Regions. Fifteen shops, eight restaurants and four bakeries were closed for short periods for irregularities.

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b. In the Central Region eight mills, fifteen bakeries and one pasta factory were closed for irregularities for varying periods.

c. Twenty five farmers and sixteen millers of the Veneto Regions were apprehended for irregularities; and the seizure of 1,837 quintals of cereals from the black market has been reported.

d. In Sicily 4,260 quintals of wheat, 361 quintals of barley, 157 quintals of flour, 87 quintals of pasta and 487 quintals of olive oil have been seized. This shows that even in Sicily, where admittedly the Government is experiencing the greatest difficulty in enforcing the law, some stronger action is being taken than hitherto.

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C. AGRICULTURE SUPPLIES

88. Allocation Plans. During the month several variations from the usual allocation and distribution system were planned. In the case of UNRRA tractors, a project is awaiting presentation by the Chief of Mission to the Government to utilize all of them in State-sponsored tractor pools rather than to sell them to farmers. Whether the pools should buy them or the State retain ownership has not yet been decided.

89. It was agreed that sodium cyanide would be allocated to the Commissariato Generale Anticoccidico (Central Scale Control Office) of Catania which supervises spraying of the citrus groves of Sicily and Southern Italy, as opposed to the customary procedure of distributing pesticides to the provinces through Federconsorzi. An allocation plan was developed and agreed for cotton seed cake. The seed cake was assigned to feed mixing companies through Northern Italy where most concentrated feeds are consumed. The mixing plants are obliged to combine the cake with local milling offals and pulses to make a suitable mixed feed. The price of this resultant mixture is to be set in every province by the Provincial Price Committee, although the price of the seed cake to the mixing plants was set by the Joint Price Committee at 1,000 lire per quintal, delivered to the plant.

90. It was decided with the Ministry of Agriculture that zinc phosphide would be distributed to provinces by the Federconsorzi only as local requirements are notified. Since zinc phosphide arrived after seasonal requirements were passed, this provision was made in order to ensure that amounts allotted for distribution were actually needed and would be taken up.

91. Prices. The price of the zinc phosphide to farmers was agreed as 290 lire per kilo packed in paper packs, a price approximating that of the domestic products. The price of basic slag imported from Belgium was fixed at 1,100 lire per quintal, WOB Consorzio warehouse, sacked. This price was based on the average price to farmers of phosphoric acid in superphosphates, increased by 12%, the average pre-war differential, in view of the high demand for basic slag as source of both phosphoric acid and lime.

92. The price of forage peas seed became invalid on 15 September and the unsold seed was blocked. (complete list of up-to-date prices is appended to this report).

93. Distribution Control. Checks on factory stocks of domestically produced superphosphate were made throughout the Northern regions. Stocks reported amounted to some 125,000 tons. Data gathered were used in preparing rail transport requirements as noted in para 98.

94. Distribution of tractors imported by the Allied Commission, as well as those handled by AIAR (The Italian Government Agency set up to dispose of surplus stocks taken over from the US Army) was checked to ascertain that proper use is being made of all available resources. Some instances of price control evasions and sales to non-farmers were found which are being followed up. If further investigations show a significant number of malpractices, a separate report will be prepared showing action taken.

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95. Headquarters officers visited Veneto, Lombardia, Emilia, Toscana and Central Region making spot checks on the distribution of seeds and fertilizers and assisting Regional Agriculture Specialists.

96. Irregularities in Distribution and Remedial Steps Taken. Although reports indicated that distribution of forage pea seed was proceeding normally in most regions, it came to light that in Lombardia and Liguria Regions quantities which were believed to have been distributed to farmers had, in fact, fallen into the hands of merchants. Requirements and Distribution Officers and Protective Services Officers blocked such consignments where found, e.g. Genova, pending action to be taken by Headquarters.

97. Another malpractice discovered was the use of forage pea seed by certain large farmers for livestock. This matter has been pursued vigorously with the Ministry of Agriculture and the Federconsorzi to prevent future repetition. Some system for controlling individual farmers' use of seed will be introduced.

98. Measures to Ensure Full Use of Domestically Produced Superphosphate. Regional Agricultural Specialists were asked to report whether farmers were obtaining domestically-produced superphosphates fertilisers and, if not, whether it was due to prices or to other difficulties such as transportation. Transportation was reported as the main limiting factor. A study was undertaken with the Ministry of Agriculture to determine the amount of rail transport required to move the superphosphate from factories to consumption areas. The data obtained were presented for fertilizer movement, since this is an urgent seasonal requirement.

D. COAL

Allocation Plans.

99. The US Maritime strike seriously curtailed sailings for over 14 days, resulting in a delay in the shipping of 250,000 tons of UNRRA coal for September. This necessitates (1) a review of distribution of coal by category of industry, and (2) a revision of shipping allocation to ports.

100. It was considered that stock reserves were not sufficient to justify alterations being made in September allocations already approved by the Ministry of Industry and Commerce. In taking a short-term view of the duration of the strike it was also decided that it would be unwise to reduce the October plan to a figure lower than that of September allocations, i.e. 600,000 tons.

101. Those 600,000 tons of imported coal were allocated during September according to the schedules agreed to by UNRRA and the Italian Government. A noteworthy change in allocations was made in the case of iron and steel production. During September a change in coal allocation was made to the steel and general engineering firms increasing their share from 38,000 to 64,000 tons, effective as of October. Ilva Bagnoli is to be given more coal in order to operate on a more intensive level from 20 September. This involves an increase of 14,000 tons of coal. These works are largely responsible for the production of steel and iron for the Italian State Railway repair program, and such production, in turn, will result in more rolling stock being put into operation.

. Distribution Control

102. Field officers continue to supervise distribution, particularly in the case of coal directly allocated by UPIC (Uffici Provinciali dell'Industria e del Commercio - Provincial Chambers of Industry and Commerce). Only petty cases of irregularities have so far been reported. The Sub-Bureau, however, is anxious to impress upon the Italian authorities that the most careful distribution and maximum use must be made of valuable solid fuel allocated. The Sub-Bureau is constantly checking additional demands for coal to ensure that these have been fairly assessed.

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Prices.

103. A price of 2,450 lire per ton at port for opencast coal was fixed by the Price Committee. This price, which is approximately 30% lower than the basic price for other coal, was based on the poor calorific value of opencast coal.

E. POL

Observation for Distribution

104. Checks on distribution to industry are now being undertaken by the Regional Industrial Officers. No irregularities or objectionable practices have been reported in the distribution of UNRRA POL. There are still, however,

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far too many cars circulating without permits and representations are continually being made to the Government on this point.

Steps to curtail Black Market Operation.

105. UNRRA's many approaches to the Italian Government on the question of the black market have not met with much success. A chief cause of the black market in petrol is the lack of control on passenger vehicles, which appear to circulate whether they have authority or not. In many cases authority to operate is given to private individuals but they get no allocation of petroleum and obviously must purchase on the black market. The Government states that the source of the black market supplies is the military and not UNRRA. A new campaign is now being reached to probe and correct this fonfused situation. A nation wide publicity campaign is also being launched (see VI A - 63)

F. MEDICAL SUPPLIES

Raw Material for Pharmaceutical Industry.

106. Allocation of Supplies. In the pharmaceutical industry the major accomplishment has been the reaching of a final agreement between the Ministry of Industry and Commerce and the High Commissioner for Public Health for close collaboration in working out allocation plans for UNRRA supplies. There remains the problem of the preparation of detailed plans by individual firms, but in view of the existence of a centralized body (the National Asscciation of Pharmaceutical Manufacturers) it is hoped that no specific difficulties will arise. A final list of ICE sub-consignees for UNRRA-imported chemicals has been approved.

107. Prices. A working committee for handling the complicated question of setting prices for 125 different pharmaceutical items has been proposed and accepted by the Italian Government within the regular framework of the Price Committee.

Finished Items.

108. The Fourth Distribution. During September the bulk of the first part (the "general Distribution") of the Fourth Distribution was effected with the despatching of 660 tons of miscellaneous supplies. In addition, approximately 50 tons of supplies comprising hospital kits, X-ray film and penicillin (7.5 tons) were distributed. This unusually large shipment produced three major problems. Firstly, the Ministry of Interior was unable to produce adequate transport to keep supplies moving at the rate they were packed; this difficulty was overcome by the allocation of UNRRA transport. Secondly, there was a definite tendency for the Ministry to regard UNRRA transport as a substitute for its own rather than as an aid in discharging its responsibilities; this was countered by setting a weekly provisional target to be attained by both parties. Thirdly, the transportation deficit of both the Mission and the Government was seriously hampered by the lack of escorts; this was taken up at the highest level but without decisive results. Actually, UNRRA transport shipped 45% of the total tonnage.

109. Distribution of DDT Allocation plans for DDT, including sprayers, [illegible]cotics, chloride of lime and a residual quantity of surgical instruments were received during the month. Distribution of these items has commenced and is taking place concurrently with the Fourth General Distribution. Some of the

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Finished Items.

108. The Fourth Distribution. During September the bulk of the first part (the "General Distribution") of the Fourth Distribution was effected with the despatching of 660 tons of miscellaneous supplies. In addition, approximately 50 tons of supplies comprising hospital kits, X-ray film and penicillin (7.5 tons) were distributed. This unusually large shipment produced three major problems. Firstly, the Ministry of Interior was unable to produce adequate transport to keep supplies moving at the rate they were packed; this difficulty was overcome by the allocation of UNRRA transport. Secondly, there was a definite tendency for the Ministry to regard UNRRA transport as a substitute for its own rather than as an aid in discharging its responsibilities; this was countered by setting a weekly provisional target to be attained by both parties. Thirdly, the transportation deficit of both the Mission and the Government was seriously hampered by the lack of escorts; this was taken up at the highest level but without decisive results. Actually, UNRRA transport shipped 45% of the total tonnage.

109. Distribution of DDT Allocation plans for DDT, including sprayers, insecticides, chloride of lime and a residual quantity of surgical instruments were received during the month. Distribution of these items has commenced and is taking place concurrently with the Fourth General Distribution. Some of the larger surpluses of the Balkan Stockpile are being examined with a view to effecting a special distribution before loss occurs through deterioration.

110. Black Market Prices. An interesting report was received from the Medical Officer of Region "C", following an investigation of penicillin and insulin prices on the black market in his region. He found prices fell approximately from 20,000 lire per 100,000 units vial in October 1945 to 1,100-1,700 lire for the same quantity in September 1946. This drop was ascribed to the arrival of UNRRA penicillin. The price of insulin fell approximately from 10 lire per unit in March 1946 to 1-1.20 lire per unit in September 1946. Insulin of Italian production was said to be so easily available that there is

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practically no black market for this product in the region. For interest and comparison, the prices fixed by the UNRRA Price Committee were 235 lire per 100,000 unit vial for penicillin and .07-.18 lire per unit for insulin.

C. RAW MATERIALS FOR TEXTILES, CLOTHING AND FOOTWEAR.

Cotton

111. It is hoped that at least one-third of the 8,000 tons allocated to the spinners in August for immediate processing will be turned out by the middle of October. Formal contracts with the manufacturers are expected to be signe as soon as the UNRRA-TESSILE Committee draws up a plan for future operations a its first meeting in October.

112. A total of 1,300 bales damaged by fire on 31 August 1946 are frozen pending investigation by the insurance companies.

113. The responsibility for looking after all cotton rests with the Istituto Cotoniero, the agency delegated by the Italian Government to handle UNRRA-imported cotton.

114. Cotton Textile Distribution. Proposals on the distribution of these cotton textiles which are to be put on sale at special low prices have been accepted within the Mission and submitted to the Government. They include the following points:

(a) That the ultimate recipients shall be divided by classes (State employees, workers of selected categories, peasants, pensioners).

(b) That there shall be a documented ration system with a limitation on the period of validity of such documents.

(c) That all materials manufactured under the scheme shall be clearly identifiable by some appropriate type of marking.

(d) That the establishment of price shall be based on a total profit margin of not more than 30%; this margin to cover the wholesalers profit, the retailers profit and transportation costs.

(e) That as materials become available from the factories their distribution should be concentrated first in the most populous regions and then proceed region by region, as opposed to being simultaneously dispatched throughout the country.

115. The program for the free distribution of 8,800 tons of cotton textiles is being confirmed in a joint declaration by the Chief of Mission and the Italian Delegation.

25

Wool

116. At a meeting held on 25 September, attended by the representatives

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Wool

116. At a meeting held on 25 September, attended by the representatives of the Associazione Laniera (Wool Association) and the Sub-Bureau of Industrial Rehabilitation, it was decided to send to the mills 1,000 tons of wool with instructions as to the amounts to be carded and combed. It is expected that the lot for carding will be used for the manufacture of cloth (half for men's clothes, half for women's) while the combed wool will be used for knitting yarn. Plans were also made to prepare a program of further distribution. In addition, measures were taken to carry out a survey of the woolen industry to ascertain what quantity of cloth the companies in the industry are prepared to sell to the State for delivery before the end of November, payment for the cloth to be made partly in wool and partly in cash. A similar survey would ascertain the quantity of mixed and pure wool cloth immediately available, which the companies would be willing to sell on the same terms.

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Hides.

117. On 27 September 1946 a special technical committee decided to advise UNRRA-TESSILI to allocate some 208 tons of raw hides to five tanneries. The resulting leather (58,682 kilograms, 294,918.37 square feet) will be allocated to shoe manufacturers for the production of utility shoes according to the directions issued by UNRRA -TESSILI.

118. The proposal, by the ERO distribution team, that UNRRA-imported hides should be combined with indigenous hides in a collective distribution and manufacturing scheme was explored. It was decided, in agreement with Industrial Rehabilitation, that nothing short of a hide-amassing Decree would make such a proposal effective. This matter is still under examination.

H. OTHER INDUSTRIAL ITEMS.

Industrial Chemicals.

119. One of the difficulties in the industrial chemicals field has been th fact that the Chemicals Section of the Ministry of Industry and Commerce has n means of getting information independently which could be used as a basis for preliminary allocation plans pending the final recommendations of the Central Industrial Commission. To break this deadlock it was finally decided to enlist the help of the National Association of Chemical Manufacturers, which includes in its membership most of the chemical, paint and soap concerns likel to be recipients of UNRRA goods. It is hoped that this additional information will enable the Ministry of Industry and Commerce to stimulate activity on the part of the Central Industrial Commission as well as to provid a useful check on it.

Food Processing Supplies

120. Corn Syrup and Copra. To date 15,639 tons of corn syrup have arrived A total of 300 tons was allocated to the sweet pickle industry in addition to the 400 tons allocated during the month of August. These quantities, plus 1,000 tons allocated to the chemicals and pharmaceutical industries and some 3,100 tons assigned for direct consumption, bring the amount distributed to 4,800 tons. An anticipated allocation of 800 tons for jam industries has been proposed while the complete distribution plan for the following industries is awaited:- confectionery, jam, fruit syrups, syrups and soft drinks. In the case of the confectionery industry it has been decided that no allocations of corn syrup should be made unless the industrialists prepare a plan for the production of special kinds of sweets at a low price, to be put at the disposal of the High Commissioner for Food.

121. A total of 10,412 tons of copra has actually arrived and the processing of 4,903 tons was commenced in September. It is planned to sell the margarine extracted from copra on a rationed basis.

122. Distribution Control. The Food Processing Division, in conjunction with the North Italy Office, has checked the allocations made of copra. The allocations of corn syrup have been verified and checked by visits from

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123. A survey of the production of sugar and tomato paste has been undertaken in cooperation with the North Italy Office. Careful examination of the allocation plans for indigenous sugar has been made, taking into consideration the plans already made for the distribution of corn syrup.

124. Prices. A price of 235 lire per kilogram for sealing compound, ex consignee warehouse, was agreed upon by the Price Committee. This price was based on the similar price fixed for the importation of the same product under the YT and Italian Government programs.

Engineering and Power Supplies

125. No allocation plans have been drawn up for asphalt, pig iron, manganese copper, nickel and asbestos pending price fixing which is scheduled for the meeting of 5 October. As for pig iron, UNRRA is continuing its repeated effort to get the Ministry of Industry and Commerce to prepare allocation plans. In order, however, not to delay production of tinplate, which is urgently needed for food-processing industries, a special allocation was agreed of 61 metric tons for the manufacture of tinplate only.

I. MISCELLANEOUS CONSUMER GOODS.

126. The problem of disposing of the considerable stocks accumulated in warehouses, consisting largely of tools, nears a final solution. The Italian State Railways have been allocated and are now collecting the whole remaining balance of tools in Macao Warehouse No. 10. There remain in other warehouses further small quantities of tools, about 130,000 sacks and bags and a few small miscellaneous items. It is expected that all these goods will be disposed of within a month.

127. See also report on Main Problems Accomplishments in Miscellaneous Consumer Goods, Section I F.

VII. AGRIC. REHAB. ACTIVITIES (OTHER THAN DISTRIBUTION)

STATUS

Crops

128. Wheat. The flow of wheat to the ammassi is continuously decreasing but from 1 to 20 September it averaged approximately 3,400 metric tons per day. Up to this date 2,048,246 tons had been ammassed, representing 79.5% of the latest revised ammassing goal.

129. The Ministry of Agriculture is continuing its pressure on farmers to fulfil their ammassing obligations, with some results especially in Piemonte and Lombardia. However, there are recent reports of resistance in the form of burning UPSEA (Unione Provinciale Statistico Economico Agricultura - Provincial Union for Agricultural Statistics) records by rural populations in Piemonte.

130. The ammassing of rye and barley is not progressing satisfactorily with a total ammasso of only 39,435 metric tons to 23 September.

131. Corn. The production estimates for corn, prepared as of 30 June, will be reviewed and decreased, owing to the reported damage in Northern Italy caused by strong winds and hail, and to continued drought in the remaining parts of the country. The corn harvest has started and the first deliveries to the ammassi have begun. Ammassi goals are being prepared by provinces.

132. Rice. The rice harvest is just starting; production is good, despite damage in certain zones of Vercelli and Milan provinces by plant disease, hail and wind, it looks like an ammassable minimum of 410,000 tons of rough rice.

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VII. AGRIC. REHAB. ACTIVITIES (OTHER THAN DISTRIBUTION)

STATUS

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128. Wheat. The flow of wheat to the ammassi is continuously decreasing but from 9 to 20 September it averaged approximately 3,400 metric tons per day. Up to this date 2,048,246 tons had been ammassed, representing 79.5% of the latest revised ammassing goal.

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24

132. Rice. The rice harvest is just starting; production is good, despite damage in certain zones of Vercelli and Milan provinces by plant disease, hail and wind, it looks like an ammassable minimum of 410,000 tons of rough rice. The good crop can be partly attributed to the adequate supply of fertilizers which were distributed during the early part of the season. The price of rough rice has now been fixed at lire 2,800 per qtl.

133. Beans. Dry beans are being harvested, with increases of production over last year varying from 10-300% being recorded.

134. Potatoes. The potato crop has been damaged by drought and plant disease but the estimated production is satisfactory; only in four provinces is it reported lower than last year's.

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135. Tomatoes. While the production of tomatoes is reported good throughout Italy, drought, hail, wind, sudden variations in temperature and plant infection have caused some damage.

136. Sugar Beet. The sugar beet harvest is continuing, and good reports of production are being received.

137. Alfalfa. Some new alfalfa fields have been severely damaged by the drought and have had to be replanted.

138. Grapes. Rainfall in the North has been favorable as regards to the size and quantity of grapes, but variations in temperature have delayed ripening. In certain provinces wind and hail have damaged both grapes and vines. In Southern Italy extreme heat has caused the premature ripening of grapes and drying of the leaves.

139. Olives. Continued drought and sirocco winds, especially in Southern Italy are causing olives to fall, while damage by the olive fly is reported in various areas throughout the country.

140. Citrus. The drought and attacks of scale have damaged the citrus fruits.

141. Almonds and Figs. The almond harvest is practically over, with reported production considerably below that of 1945. The fig crop appears excellent in all provinces.

142. Fruits and Vegetables Records. Charts have been prepared of availabiliti by zones, dated and quantities, of fruits and vegetables. These, together with records of prevailing producer prices, are placed at the disposal of the Divisior of Local Resources.

143. Livestock. An important Veterinary Conference, held at Milan, was attended by UNRRA representatives. Considerable progress was made in proposals for the reorganization of Italian veterinary medicine. Agricultural representatives visited various animal breeding stations to ascertain their fitness to receive livestock imported by UNRRA. All artificial insemination stations were satisfactory, whereas certain other institutes will have to be overhauled before UNRRA stock is committed to them.

144. Fisheries. Spot checks with owners of fishing vessels confirmed that present allotments of POL allow them to fish 20 days per month.

145. The overall average price of fish is 80-90 lire per kg. at the production centres.

146. The bluefish (sardines, anchovies, mackerels, pelamyts) season, April-October, has so far been a failure, with the result that many fishermen are now having serious financial troubles.

UTILIZATION OF THE LIRA FUND

147. Review is continuing on proposed Agricultural Lira Fund Projects with concentration on plans which will restore land productivity, particularly in

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UTILIZATION OF THE LIRA FUND

147. Review is continuing on proposed Agricultural Lira Fund Projects with concentration on plans which will restore land productivity, particularly in war damaged areas, with resultant increase in food production, and reduction in unemployment. Sample copies of agricultural projects have already been submitted to the Chief of Mission and the Italian Delegation for consideration.

VIII. INDUSTRIAL REHABILITATION ACTIVITIES (OTHER THAN DISTRIBUTION)

STATUS

148. Pharmaceuticals. A Pharmaceutical Committee is being formed with the Government to galvanize Government action on the distribution and price planning for the imports of raw drugs, which are beginning to arrive in considerable proportions.

149. Textiles and Leather. Negotiations and discussions with the Associazione Laniera (Wool Association) have resulted in reaching basic agreement for the processing of UNRRA-imported wool. These agreements will follow rather closely those reached in connection with the processing of cotton.

150. Discussions are being held concerning the allocation of raw hides for tanning which in turn can be allocated to shoe manufacturers for the production of utility shoes according to UNRRA-CASLS instructions which are geared to domestic requirements and price range of the low income groups.

(For details on the allocations and distribution of textiles and leather see Section VI).

151. Fuel. Because of the US Maritime Strike much of the work of the Coal Branch has consisted of reviewing the distribution of coal and shipping allocation to ports and of meeting emergencies as well as possible. (For detailed explanation see Section VI D).

152. Engineering and Power. UNRRA Engineers have visited several Coking Firms during this month. It was arranged that one of the coking plants (Ilva) whose original plans were to open in September will start coking on October 1st instead The original plans for starting in September were delayed because of the lag in the preheating curve due to bad quality Gasogene coal.

153. Another firm (Cogne) has started withdrawing coke from San Giuseppe de Cairo preparatory to starting its two blast furnaces in Northern Italy. Due to the lack of rail cars this firm (Cogne) is hauling the coke in its own trucks.

154. Production of Iron and Steel Products so far this year is as follows:

Month	Pig Iron	Raw Steel	Ferro alloys
January	3,429	55,529	257
February	2,255	57,207	0
March	2,483	69,847	399
April	9,812	81,933	2,262
May	16,068	95,857	4,009
June	20,508	102,313	4,064
July	28,817	112,954	3,230
August	26,217	111,163	3,680
September (expected)	30,000	120,000	4,960

155. A plan is being prepared and studies are being made to assure the proper allocations of Coal, Pig Iron and Electric Power during the winter months in an attempt to keep the production of Steel above the 100,000 ton monthly mark.

UTILIZATION OF THE LIRA FUND

156. Careful consideration has been given to the expansion of the CASAS re-housing scheme and the utilization of the Lira Fund to meet such an expansion.

157. The proposal for an expanded Housing Program includes plans to provide

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156. Careful consideration has been given to the expansion of the CASAS re-housing scheme and the utilization of the Lira Fund to meet such an expansion.

157. The proposal for an expanded Housing Program includes plans to provide houses for the following groups of people:

(a) Former Tenants now occupying public buildings or damaged houses in overcrowded and unhealthy conditions.

(b) Former Home Owners a. Where home was entirely destroyed:
1. Financial aid in advance to cover labor costs
2. Financial aid in advance up to State contribution (10% of costs of repairs)
3. Full financial assistance.

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b. Where home was damaged:
   1. Transport of materials to site of repairs
   2. Advances of State contribution to be repaid to UNRRA (a revolving fund)
   3. Total advance - sum above State contribution - either as a loan or, in exceptional cases, as a gift.

158. The only existing use of the Lira Fund in the Industrial Rehabilitatic field is for the initial financing of [illegible] whereby funds will be made available to the manufacturers to process UNRRA cotton, wool and leather for controlled distribution. The Lira Fund should, of course, eventually recoup these expenditures.

ELWOOD HOLSTEIN
ACTING DEPUTY CHIEF OF MISSION AND ACTING CHIEF
BUREAU OF REQUIREMENTS AND DISTRIBUTION

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[illegible]

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Attachment H-4 APPENDIX I

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

ITALIAN MISSION

Issued by: DIVISION OF PUBLIC INFORMATION

FOR IMMEDIATE RELEASE

27 September, 1946

UNRRA's program, and the transition period when UNRRA's activities in Italy ceased, were discussed in Milan today (Friday, 27 September) by Mr. Harlan Cleveland, Deputy Chief of the UNRRA Italy Mission for Requirements and Distribution, on the occasion of his visit to the Milan Fair.

Mr. Cleveland said:-

The Council of UNRRA has recently decided to close up shop when its present funds run out. This is not a decision which is taken one day and put into effect the next. It was taken at Geneva in August, but UNRRA's job in Italy will not be finished until the second quarter of 1947 — or seven or eight months from now.

From Italy's standpoint, another decision made at the UNRRA Council Meeting at Geneva was probably of more importance than the ending of UNRRA, which was no surprise to anyone.

For, at Geneva it was decided that UNRRA help should be given to each receiving country for as long as there was unspent money in UNRRA's program for that country.

Since the UNRRA program in Italy got started late, this was particularly important here. It means that even though 50,000,000 to 100,000,000 dollars' worth of goods which Italy is

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Since the UNRRA program in Italy got started late, this was particularly important here. It means that even though 50,000,000 to 100,000,000 dollars' worth of goods which Italy is supposed to receive have not been bought and shipped by Christmas time, UNRRA's Christmas presents will continue to be sent until the total amount of 425,000,000 dollars' (£106,250,000 sterling) worth of supplies have been received. The last arrival should be in April or May.

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The vital significance of UNRRA supplies to Italy has been growing every month. In August, UNRRA imported into Italy about 900,000 tons of coal alone — more than 80 per cent. of Italy's normal monthly imports before the war; enough to give the Italian railways a big safety margin in the form of substantial stocks; enough to get the Italian steel industry into production on an important scale for the first time; enough to fuel the thousand-and-one industries which are starting again to produce the materials and products that a reborn Italian economy needs so badly.

At the same time, UNRRA is undertaking to bring in, between now and the next harvest, more than one-third of the amount of wheat needed to meet Italy's grain deficit during this crop year. UNRRA has continued the flow of petroleum supplies, so that it is now fair to say that petroleum is not in short supply in Italy for any legal and justified purpose. UNRRA is enabling the Italian oil refineries to be put back in condition by importing crude oil - thereby decreasing the cost in foreign exchange of petroleum products for Italy.

A special attack on the high cost of living has been made in the clothing and footwear field. The recent Government provisions for the processing of UNRRA cotton (involving about 35,000 tons of raw cotton) will ensure adequate and rapid supplies of badly needed textiles to the consumers, at very reasonable prices. The wool and hides coming in on the UNRRA program will also be similarly treated.

Thus, during the next few months the neediest categories will be supplied with warm clothing and serviceable footwear at prices easily within their means.

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enough to get the Italian steel industry into production on an important scale for the first time; enough to fuel the thousand-and-one industries which are starting again to produce the materials and products that a reborn Italian economy needs so badly.

At the same time, UNRRA is undertaking to bring in, between now and the next harvest, more than one-third of the amount of wheat needed to meet Italy's grain deficit during this crop year. UNRRA has continued the flow of petroleum supplies, so that it is now fair to say that petroleum is not in short supply in Italy for any legal and justified purpose. UNRRA is enabling the Italian oil refineries to be put back in condition by importing crude oil - thereby decreasing the cost in foreign exchange of petroleum products for Italy.

A special attack on the high cost of living has been made in the clothing and footwear field. The recent government provisions for the processing of UNRRA cotton (involving about 35,000 tons of raw cotton) will ensure adequate and rapid supplies of badly needed textiles to the consumers, at very reasonable prices. The wool and hides coming in on the UNRRA program will also be similarly treated.

Thus, during the next few months the neediest categories will be supplied with warm clothing and serviceable footwear at prices easily within their means.

In addition, UNRRA during the fourth quarter of this year alone will buy 10,000 tons of rubber for Italy - enough to make 300,000 tyres, or fully equip about 50,000 trucks - or, to put it another way, more than one-third of Italy's normal consumption of rubber for domestic purposes.

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UNRRA is also bringing in large quantities of steel, pig-iron, tin, copper, nickel, alloying elements, chemicals, refractories, medical raw materials and agricultural supplies.

But this silver lining also has a cloud attached to it. UNRRA's 1946 program, great as it is, cannot solve Italy's 1947 problems. It is succeeding in its primary objectives: to maintain the basic supply-line of food; to get Italy's industrial production going again by injecting fuel and basic raw materials; and to contribute to the defence of the lira by providing that universal antidote for inflation — goods.

The problem which now faces the Italian Government and the Italian people is to make sure that the momentum created by the UNRRA import program is not lost during the first few months of 1947.

Therefore, I invite the attention of every Italian to this critical "transition period". Already since the Armistice Italy has successfully negotiated two similar transition periods. From the military program of civilian supplies to the FEA program in the autumn of 1945, and from the FEA program to UNRRA in the first two months of 1946.

But in each case the transition was from one form of subsidy to another; in each case there was an outside agency with the necessary financial backing, ready to take responsibility for importing basic supplies into Italy.

There have been various estimates as to how big the deficit will be in Italy's 1947 balance of international payments. They range from 600,000,000 dollars (£150,000,000 sterling) to 900,000,000 dollars (£225,000,000 sterling) - 21

/and even the smaller figure is very large.

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and even the smaller figure is very large.

For 1947, while there is no assurance that any international agency will be in a position to assume even part of this burden, there is good reason to hope for a sufficient increase in loans and special credits to cover a substantial portion of Italy's deficit.

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But time is important. Even if Italy gets all the help she needs in April, the problem will not be solved. Money made available in April will not put goods into Italy until July. For Italy must find a minimum of 100,000,000 dollars (£25,000,000 sterling) before the end of this year, and another 150,000,000 dollars (£37,500,000 sterling) by March 1947, just to keep the supply line going in the most basic commodities - wheat, coal and petroleum products.

There is now no arrangement by which this money will become available automatically. Italy will need to go hunting for it, and the present status of negotiations is not very far along, considering how soon the end of the year will be upon us, and how long it takes for all of the financing, procurement and shipping arrangements to be made.

Strictly speaking, our responsibility as UNRRA will be discharged, if we bring in supplies still remaining on the Italian program. But we are anxious that our program shall have the maximum effect in helping the Italian people to help themselves. Therefore, we have no wish but to help in making this transition from UNRRA to Post-UNRRA a successful one. The problem requires that plans be drawn swiftly by the Italian Government in co-operation with whatever groups can make a contribution to them.

Based on some experience of previous transition periods, we have this advice to give: Concentrate on wheat, coal and petroleum - and the rest of the import requirements will not prove too difficult to meet.

Wheat is the biggest item. Italy's wheat deficit from harvest to harvest is about 2,000,000 tons - of which UNRRA may bring in as much as 750,000 tons. This leaves the Italian Government with the task of importing on its own account about 1,250,000 tons - at a cost (in-

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Now, the problem would be simple if Italy could wait until next April, and see what funds may be available by that time through continuation of relief financing on a limited scale - through the United States Export-Import Bank, through the International Bank for Reconstruction and Development.

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But the problem is more immediate. It consists of starting imports of wheat as soon as possible to meet this 2,000,000-ton deficit and at the same time maintain a stock in the country of at least one month's supply.

We have made some tentative estimates as to how this can best be done, and made them available to the Government. But with the world wheat situation still tight, and with the need to find nearly 150,000,000 dollars (£37,500,000 sterling) to cover wheat purchases until the next harvest, only the most vigorous action by all Governmental and other organizations concerned will prevent a break in the flow of supplies.

It is not a matter of waiting until UNRRA supplies are exhausted and then starting an import program. Our wheat supplies will be delayed, so the Italian Government import program must be started immediately, in order to keep stocks at a reasonable level.

The transitional problem in coal is an even clearer picture. During the last half of this year, UNRRA is supplying Italy with 1,600,000 tons of coal — the coal that is now straining Italy's port and railroad facilities — giving life to Italian production and a boost to employment and labour. To cover Italy's minimum coal needs through June, 1947, Italy will need to bring in about 4,000,000 tons in the first six months of 1947.

If this coal could all be supplied from the cheapest sources it would be a much simpler problem than it is. But, in practice, Italy will be able to get from the Ruhr, from Poland, from South Africa, and England less than half of its coal supply requirements. It will

20

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If this coal could all be supplied from the cheapest sources it would be a much simpler problem than it is. But, in practice, Italy will be able to get from the Ruhr, from Poland, from South Africa, and England less than half of its coal supply requirements. It will, therefore, be forced by the logic of supply to bring in large quantities of coal from the United States -- costly coal, because it has to come from so far away. 20

The 4,000,000 tons which Italy needs to import on its own account will cost about 77,500,000 dollars (£19,375,000 sterling) including freight - of which 46,000,000 dollars (£11,500,000 sterling) would need to be spent to buy and ship United States coal.

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This money, plus the UNRRA program, will enable the Italian economy to consume a gradually increasing amount of imported coal- rising from present consumption of about 600,000 tons a month to more than 800,000 tons. If the funds are not available, Italian industry will run down badly, soon after the first of the year.

Petroleum is not financially as difficult a problem. The recent decision by the Government, the oil companies and UNRRA to start refining again has enabled us to spread UNRRA's supplies of crude oil over a longer period - roughly the first quarter of 1947. This means that the petroleum products which have to be imported on Italian account between now and June 1947 would amount to only about 25,000,000 dollars (£6,250,000 sterling).

Let me repeat - the total picture for wheat, coal and petroleum alone amounts to the net of 250,000,000 dollars (£62,500,000 sterling) for purchases between now and April 1947 in order to maintain the flow of these basic supplies through June 1947. At a rough guess about 100,000,000 dollars (£25,000,000 sterling) of these funds need to be available by the end of the year, if the supply-line is not to break down.

Considering Italy's relative lack of external assets, as a result of the war, this critical transition problem becomes largely a question of where to find the money in time. To this immediate problem, the energies of both the Italian Government and of Italian business and commercial circles need to be, in our opinion, devoted.

To the extent that arrangements can be made for these vital commodities through private commercial credits or existing "volute" now in private hands, so much the better - since that will reduce the burden which the State has to carry with its own funds.

To meet this problem, careful coordination between State and private efforts will, of course, be required; and the need for this coordination is so important that it transcends any theoretical discussions on free trade versus government control.

If, by whatever private and State means, this transition period is successfully navigated, UNRRA and the Italian Government and people will, together, have taken a long step in meeting these economic problems which face every Italian, regardless of party, in the present moment, - the defence of the lire, the reduction in cost of living, the full employment of Italy's labor and productive facilities, and the rebuilding of that large export trade which will be needed to maintain in future years the flow of Italy's essential imports.

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Attachment H-5

APPENDIX

(APPENDIX TO SECTION VI DISTRIBUTION)

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
ITALIAN MISSION - ROME

NO. I-1
Page 1 of 4 pages
1 October 1946

CUMULATIVE PRICE LIST OF UNRRA SUPPLIES
as agreed upon
by the Italian Government and the UNRRA Italian Mission

COMMODITY	PRICES IN LIRE	REMARKS
General		
Trailers, one-ton cargo, two wheels with tires	55,000 each	Ex-distribution centres
Food		
Corn Syrup	35 per Kg.	For direct food consumption with controlled distribution. Price valid to 30/11/46 (See also Industrial Rehabilitation)
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. Basic Slag	11,000 per ton	Price per ton net weight, sacks included.
3. Binders, Wheat (Deering, Massey-Harris)	70,000 each 85,000 each	With cutting bar of 1.52 " " " " 2.10 These prices valid to 15/7/46
4. Cotton Seed Cake	1,000 per quintal	FOB food-mixing plants
5. Mowers (Deering, Bamford, Cockshutt)	35,000 each	

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2. Basic Slag	11,000 per ton	Price per ton net weight, sacks included.
3. Binders, Wheat (Deering, Massey-Harris)	70,000 each 85,000 each	With cutting bar of 1.52 " " " " 2.10 These prices valid to 15/7/46
4. Cotton Seed Cake	1,000 per quintal	FOB feed-mixing plants
5. Mowers (Deering, Bamford, Cockshutt)	35,000 each	
6. Ploughs (Massey-Harris, 2-bottomed model)	55,000 each	
7. Three botton Ploughs, Tractor drawn, 570 Kg. each	80,000 each	
8. Reaper Attachments (Deering)	3,000 each	Sale limited to bona fide farmers who have more grain to harvest, after which it will be re-examined for the

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COMMODITY	PRICES IN LIRE	REMARKS
		balance of goods in stock. Price valid to 15/7/46.
9. Seed Potatoes	3,250 per quintal	This price includes all handling and distribution charges.
10. Flax Seed	5,500 per quintal	
11. Forage Pea Seed	25,000 per MT	Price valid to 15/9/46
12. Vetch Seed	45,000 per MT	
13. Forage Seed Corn	25,000 per MT	
14. Sudan Grass	4,000 per quintal	Original weight including packing
Clothing, Textiles & Footwear		
Cotton Goods		To consumer
Sheeting for sheets and 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 5 cc.	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 " "	
Industrial Rehabilitation		
1. Anthracite for Electrodes	5,250 per ton	At port

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	3,250 per quintal	This price includes all handling and distribution charges.
10. Flax Seed	5,500 per quintal	
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	29 " 400 " " 5 "	
	35 " 400 " " 10 "	
	58 " 800 " " 12 "	
2. Penicillin	235 per 100,000 unit vial	
RI	450 " 200,000 " "	
Industrial Rehabilitation		
1. Anthracite for Electrodes	5,250 per ton	At port
2. Benzol	55 per Kg.	Benzol Industrial, FOB tanks
	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)

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COMMODITY	PRICES IN LIRE	REMARKS
	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 packing
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. Denaturated alcohol	200 per liter	Ex consignee's warehouse (drums free)
12. Petroleum coke	4,375 per ton	At port
13. Tinplate	45 per Kg.	To canning manufacturers. (This price was limited to the 300 tons imported for the preservation of fish. All 300 tons have been sold.)
	100 per Kg.	FOB seller's warehouse.
14. Pig Tin	600 per Kg.	Ex-sellers' warehouse. Price valid to 31/12/46, limited to amount of tin actually used within the period.

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		per ton	facturers
5.	Colophony	100 per Kg.	Ex consignee's warehouse, net weight, including packing
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
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12.	Petroleum coke	4,375 per ton	At port
13.	Tinplate	45 per Kg.	To canning manufacturers. (This price was limited to the 300 tons imported for the preservation of fish. All 300 tons have been sold.)
		100 per Kg.	FOB seller's warehouse.
14.	Pig Tin	600 per Kg.	Ex-sellers' warehouse. Price valid to 31/12/46, limited to amount of tin actually used within the period.
15.	Rubber	200 per Kg.	MS/I Standard quality (crude) ex-consignee's warehouse.
16.	Toluol	75 per Kg.	FOB tanks, in bulk

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Prices under Consideration:

1. Wheat
2. Copra
3. Nickel

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Prices under Consideration:

4. Blister copper
5. Electrolytic & Fire Refined Copper
6. Pig Iron
7. Bitumen
8. Zinc Phosphide
9. Calcined Petroleum Coke
10. Vaseline
11. Sealing Compund (1)
12. Manganese Ore
13. Chrome Ore
14. Fire Clay, Kaolin & Plastic Clay
15. Ration Accessory Packs(1)

(1) Prices Agreed - Price Decision awaiting signature.

Program Coord. & Stat. Div.

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8. Zinc Phosphide
9. Calcined Petroleum Coke
10. Vaseline
11. Sealing Compund (1)
12. Manganese Ore
13. Chrome Ore
14. Fire Clay, Kaolin & Plastic Clay
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Program Coord. & Stat. Div.

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H-5. MONTHLY REPORT OF THE BUREAU OF FINANCE AND ADMINISTRATION

FOR SEPTEMBER 1946.

RELATIONSHIP WITH THE GOVERNMENT.

1. The whole problem of the Lire Fund has been reviewed during the month, and the question of the most judicious way in which it should be reemployed has been considered. It has been decided to obtain the views of all persons concerned within the Mission, and criteria have been submitted by the Bureau of Requirements and Distribution and by the Bureau of Relief Services. These have been consolidated and appear as Attachment H-5-c to this report.

2. Discussions have taken place with Italian experts on the State Budget, and a breakdown of the pertinent sections of the budget have been studied.

3. Probable repercussions of certain policies and events have been considered, such as: the period in which the Lire Fund is to be used; the effect on the Treasury cash position if a large proportion of the Fund is to be spent rapidly, the necessity of rapid price adjustments in the event of a serious devaluation of the lira; and the possibility of best stimulating the body economic by spending at certain crucial points. An attempt is being made to prepare a broad, tentative budget, bearing in mind as many of these factors as possible, to serve as a basis for discussion with the Government. It is hoped that general agreement, subject to Washington's approval, will be reached before the end of the year.

4. At the Tenth Meeting of the Lire Fund Control Committee, held on 19 September 1946, the following appropriations were recommended for approval by the Joint Presidents:

a. Lit. 16,000,000 - for the costs incurred by transporting supplies from contributing countries through Italian territory for other missions.

b. Lit. 138,300,000- to be allocated to the Delegation as a contingency fund for financing the procurement of 10,000 tons of seed wheat in exchange for the same quantity of imported grain, plus a bonus of $36 per ton.

c. Lit. 30,000,000 - to be allocated to the Italian Delegation to meet the higher cost of production, by reason of increased costs of labor in respect of the processing of about 2,000 tons of cotton imported under the 1945 program. (This sum will be in addition to the amount of Lit. 457,667,508 already voted for this project by the Joint Committee of 8 March 1945). The Minutes of the Ninth and Tenth Meetings of the Lire Fund Control Committee appear as Attachments H-1-e and H-1-f

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[illegible] appear as Attachment H-5-c to this report.

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5. The Sub-Committee work continues to increase rather than diminish, and during the month work continued on the transportation of medical supplies in the Medical Sub-Committee; distribution costs; the Italian Delegation's budget for the six months commencing 1 October; insurance proposals with Sorveglianza, and analysis of ICE's (Istituto Commercio Estero - Institute of Foreign Trade) Administrative expenses.

6. On telephonic instructions, subsequently confirmed by cable from ERO, a further sum of Lit. 100 million was telegraphically transferred to Trieste. The total advanced to date is Lit. 564 million. ERO in-

formed the Mission that consideration was still being given to the mechanics by which the Italian Government would be reimbursed for these advances in foreign exchange as agreed by the Director General.

RELATIONSHIP WITH THE MILITARY AUTHORITIES.

7. The acquisition of the British Military establishment - the 197 Air Lift Camp and 43 GT Company Warehouse, in Bari, has come to a standstill. The Mission urgently needs these premises for the Displaced Persons' Program, but they contain certain fixed assets priced by the military at approximately £85,000. In accordance with the Administration's Agreement with the Italian Government, the Government has been asked to acquire these premises for the use of displaced persons under UNRRA care. The Italian Government is prepared to acquire the camp through lire purchase, and make it available to UNRRA. The British Military GHQ interpretation of Article III Section III of the SACMED Agreement (which reads: "In accordance with standard procedures for the procurement of military surpluses from the Government concerned"), is that the Administration is committed to purchase. The position of the Mission is that this camp was not used by the military as a displaced persons' installation previously, and thus does not come within the orbit of the SACMED Displaced Persons' Agreement. Action has been requested of ERO to contact the War Office officials who have authority to agree to the release of property to the Italian Government, explaining UNRRA's obligation to acquire all property through the Italian Government. The matter is urgent as the premises require rehabilitation for early occupancy and winter use.

8. During the month the United States Military authorities instituted a system of "script" money for the use of American military personnel, and decreed that only "script" would be accepted in payment for any purchases made in military-controlled institutions and the use of similarly-controlled facilities. As Category II civilians, UNRRA personnel are not allowed to purchase this new currency, and are consequently unable to enjoy the privileges formerly extended by the military. US military-controlled airlines have been unable to supply any passages because of the inability of the Mission to produce "script". This matter has been taken up at a high level, and a satisfactory local solution has now been obtained.

9. Information has been received from AG Branch MTOUSA, that APO facilities will be withdrawn from the Mission with effect from 1 November 1946. After this date the normal International Postal Service will have to be used by US personnel.

ORGANIZATIONAL CHANGES.

10. In accordance with the instructions contained in ERO Order No. 55, preliminary phasing plans have been drawn up for the scaling down of Mission personnel as a result of the decisions taken at the Council Meeting in Geneva. Work on these plans continues in order to ensure that the closing of the Mission is speedy and efficient.

PROBLEMS.

11. The question of foreign currency for the use of travellers

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Administration's Agreement with the Italian Government, the Government has been asked to acquire these premises for the use of displaced persons under UNRRA care. The Italian Government is prepared to acquire the camp through lire purchase, and make it available to UNRRA. The British Military GHQ interpretation of Article III Section III of the SACMED Agreement (which reads: "In accordance with standard procedures for the procurement of military surpluses from the Government concerned"), is that the Administration is committed to purchase. The position of the Mission is that this camp was not used by the military as a displaced persons' installation previously, and thus does not come within the orbit of the SACMED Displaced Persons' Agreement. Action has been requested of ERC to contact the War Office officials who have authority to agree to the release of property to the Italian Government, explaining UNRRA's obligation to acquire all property through the Italian Government. The matter is urgent as the premises require rehabilitation for early occupancy and winter use.

8. During the month the United States Military authorities instituted a system of "script" money for the use of American military personnel, and decreed that only "script" would be accepted in payment for any purchases made in military-controlled institutions and the use of similarly-controlled facilities. As Category II civilians, UNRRA personnel are not allowed to purchase this new currency, and are consequently unable to enjoy the privileges formerly extended by the military. US military-controlled airlines have been unable to supply any passages because of the inability of the Mission to produce "script". This matter has been taken up at a high level, and a satisfactory local solution has now been obtained.

9. Information has been received from AG Branch MTOUSA, that APO facilities will be withdrawn from the Mission with effect from 1 November 1946. After this date the normal International Postal Service will have to be used by US personnel.

ORGANIZATIONAL CHANGES.

10. In accordance with the instructions contained in ERC Order No. 55, preliminary phasing plans have been drawn up for the scaling down of Mission personnel as a result of the decisions taken at the Council Meeting in Geneva. Work on these plans continues in order to ensure that the closing of the Mission is speedy and efficient.

PROBLEMS.

11. The question of foreign currency for the use of travellers returning home is still acute, but a small amount of Swiss and French francs has been obtained, sufficient to provide travellers with the means to buy one meal in both Switzerland and France. Duty travellers' cheques cannot be used for this purpose, as they are only cashable in the sterling area in the case of sterling cheques, and only in the USA in the case of dollar cheques.

12. Repatriation to the USA has come to a standstill due to the strike in the USA and the consequent non-arrival of scheduled ships. No forecast has been made as to what the situation will be in October. At present no dates of sailings can be given by the shipping companies, or bookings accepted.

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13. The situation with regard to spare parts still continues acute. A small quantity has been received from within, 15 cases in all. The recent visits of Mr. Tansley (ERO) to British Ordnance Depots in the Naples area revealed that there are quantities of spare parts in good condition available. It is hoped that Mr. Tansley will return to Rome soon with the authority from ERO to purchase some of these spare parts. The matter is urgent, as towards the end of October the contents of the Ordnance Depots will be turned over to the Italian Government. The situation with regard to tires is now satisfactory, with the exception of tires for HUP's (Heavy Utility Personnels). Washington and London are aware of the shortage of this particular size tire, and it is hoped that a shipment will be received shortly.

14. The Mission is being pressed by the Fiat Company to release the part of the Fiat premises in Rome used as an UNRRA garage. The Director of the Company has been informed that a move will be considered if alternative accomodation is available. At the time of writing this has not been found.

15. The long-outstanding problem as to whether personnel seconded from HM Forces should participate in the Provident Fund Scheme has finally been resolved by ERO. It has been ruled that this category of personnel may not share in the benefits of the Scheme.

16. Other problems affecting the Mission have already been dealt with elsewhere in this Report under the heading "RELATIONSHIP WITH THE MILITARY AUTHORITIES".

MAJOR ACTIVITIES CURRENT AND PROPOSED.

17. All inventory reports of Non-expendable Property, excluding the Lecce Camp Group, have been completed and forwarded to ERO. The Lecce Camp Group inventory has been evaluated by the Accounts Division and is being dispatched. This report will complete the returns of property on hand for the entire Mission.

18. During the month the Quartermaster Branch issued approximately:

28,463 Class I Rations
19,251 Servants' Rations
41,659 Class II Staff non-heavy Rations
14,320 Class II Staff heavy Rations
5,414 Workshops' Rations
9,380 Snack Bar Rations

making a total of 118,467 rations. This shows a slight decrease on the figure given in last month's report (164,118) which is due to the fact that the figures quoted represent a three-and-a-half week period as against four weeks.

18

19. The Regions and Camps are gradually being brought up to their vehicle establishment. The 27 jeeps referred to in the August Report (H-5, Para.25) have not been approved by ERO, but this matter is not closed. Up to the end of the month a total of 646 load-carriers and 48 personnel vehicles have been made available to CMSS. Thirty-five Fiat sedans have been purchased for the Yugoslav Mission, and were delivered in October.

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20. Twenty-four traffic accidents were reported during the month (one fatal, eight major and 15 minor) giving rise to two claims against the Administration. The Claims Committee met twice, and reviewed a total of 50 cases of which 46 concerned traffic accidents.

21. The Family Allowances Scheme for Class II (locally employed) employees, has now completed approximately 1,300 claims. A new Social Insurance Scheme covering sickness and accident while on duty also for Class II employees, has been put in motion, and although there is an inheritance of a large number of outstanding cases, it is hoped that by the first pay-day of October the Scheme will be in full swing.

22. The Mission Conference Secretariat has covered 15 Conferences during the month, involving 28 hours of verbatim note-taking. In addition secretarial assistance was provided for both the Chief of Mission's Office and the Bureau of Finance and Administration, involving 110 secretary hours.

23. The Administrative Budget for the Fourth Quarter 1946 has been prepared in accordance with ERC instructions, and despatched to London by hand of Mr. Forrester.

PERSONNEL STATISTICS.

24. As of 30 September 1946 the Mission Staff consisted of 535 Class I (regular), 3,797 Class II (locally employed), and 106 Class III (Voluntary Agency) employees - a total of 4,438 persons. Of the Class I employees 268 are British, 189 from the United States, 27 South Africans, 12 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, El Salvatore, Greece, Haiti, Iceland, Iran and Yugoslavia.

C. E. HODGETTS
DEPUTY CHIEF OF MISSION AND
CHIEF, BUREAU OF FINANCE
AND ADMINISTRATION.

Attachments:

H-5-a Lire Fund Projects - Criteria, 1 October 1946
H-5-b "Thoughts on the Lire Fund," 28 September 1946

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LIRE FUND PROJECTS -- CRITERIA

INTRODUCTION

1. The present estimate of the total of the fund is Lire 60,000 million.

2. The concept is generally agreed that projects should be integrated with, yet distinct from, expenditure appearing in the State's budget.

3. It is generally agreed that projects should be commenced as soon as possible for these reasons:

a) The need is now.

b) The Lire may depreciate.

c) Better initiation and control of projects is likely during the life of UNRRA.

But the Government's financial position at the present time is bad, and is not likely to improve for some time. Any rapid expenditure now may embarrass the Treasury owing to the shortage of actual cash and may help to precipitate an uncontrollable inflation.

e) It seems difficult to confine projects to the definition of relief and rehabilitation within the UNRRA Resolutions. Other countries such as Czechoslovakia have not attempted to do so. UNRRA Resolutions therefore should be a guide to projects, but need not be slavishly adhered to. The building of houses is an example.

f) It is generally agreed that the number of projects should be limited so that the most effective control may be given to those undertaken.

TYPES OF PROJECTS:

4. The following is an extract from R & D's opinion:

a) As will achieve the most lasting results (by producing durable goods and/or tending to rehabilitate the economy), while still meeting the most urgent needs.

b) As will achieve a benefit which is direct, and clearly apparent;

c) As will benefit the most people of the types that are most in need of being benefitted;

d) As will satisfy the most serious needs of those most seriously in need;

e) As will have a minimum of inflationary effect, in that the Lire are used to

i) buy the things that are most abundant, and

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15

d) As will satisfy the most serious needs of those most seriously in need;

e) As will have a minimum of inflationary effect, in that the Lire are used to

i) buy the things that are most abundant, and
ii) produce the things that are least abundant.

f) As are least dependent on imported supplies;

g) As can achieve effective results in a minimum period of time (in that there is no great lag between the initiation of the project and the first flow of benefits).

5. The following has been extracted from the Bureau of RS's opinion:

a) Projects to help those with no or insufficient income;

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Examples - School lunches, welfare feeding projects, clothing distribution, help to RC in extending program to meet additional needs etc.

b) Projects to help those whose need is created by physical or psychological reasons;

Examples - Services and/or assistance programs for the physically handicapped, retraining services for delinquents, etc.

c) Projects which have as a major purpose the prevention of economic dependency and social maladjustment;

Examples - Correction project for children, vocational training projects for children, child guidance clinics, low cost restaurants, etc.

d) Projects which have as a major purpose the development of a structure through which individual services may be provided;

Examples - Admin. funds for the establishment of a Ministry of Welfare.

e) Projects which have as a major purpose the development of technical skills of persons who will administer individual welfare services in the future;

Examples - Social Service conferences, institutes and scholarships for training in schools of social work.

6. The above should be influenced by demonstrated need; should not be a duplication of services already adequately provided for; should be coordinated with existing services, and should have immediate and lasting results.

G. M. MORRIS
FINANCIAL ADVISER
(LIRE FUND)

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Examples - Services and/or assistance programs for the physically handicapped, retraining services for delinquents, etc.

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Examples - Recreation project for children, vocational training projects for children, child guidance clinics, low cost restaurants, etc.

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G. M. MORRIS
FINANCIAL ADVISER
(LRE FUND)

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UNRRA MISSION

Office of the Financial Adviser (Lire Fund).

20 September 1946

To : Deputy Chief of Mission & Chief,
Bureau of Finance & Administration.

From: Financial Adviser (Lire Fund)

Subject: Thoughts on the Lire Fund

1. In discussions on the Lire Fund there has been a tendency to view it as a bank account which can be drawn on at will without detrimental effects on the Italian State. It therefore seems wise at this stage to consider exactly what the Lire Fund is.

2. The considerations which lead to a definition are as follows:-

The gauge of how near the Treasury is to having to resort to further note circulation is movements in the figure for cash held on Treasury account at the Bank of Italy. During this year the figure has been in the neighborhood of 36,000 million lire. As at the end of July it had fallen to about 10,000 million lire. This drop must be considered partly seasonal as there is always a falling off at the time of the annual financing. It can also be attributed to uncertainties prior to Corbino's resignation, and to increased industrial activity which has attracted money away from the Treasury Bond market. This latter tendency will increase as UNRRA efforts to rehabilitate industry gain momentum The point is that though the Lire Fund is set up as a credit in the Treasury the cash side of it is included in the 10,000 million on Treasury account at the Bank of Italy. The situation at the end of July must be considered bad since the Treasury during the month of July considered it necessary to call upon the Bank of Italy to issue a further 11,000 to 12,000 million lire to keep its head above water. At this time the Lire Fund net credits was in the neighborhood of 7,000 million lire. It can easily be seen that if this amount had to be produced in cash it would have to be in the form of new notes which would further extend the inflationary cycle. This position is going to continue and as the Lire Fund increases in size the potential threat to the Treasury position is going to be magnified. It is as well to remember that the actual cash accruing from the sale of UNRRA goods is, and will be, used for the current expenditures of the Government such as salaries of over a million state employees and that a credit in the treasury is not quite the same thing as hard cash in hand. In view of the foregoing it will be seen that as and when the Lire Fund is committed the Government will have to find the hard cash in exactly the same manner as it has to for any other budgeted expenditure. This seems to reduce the Lire Fund to "the right to agree with the Government portions of their budget expenditure over a number of years up to an aggregate amount of the total Lire Fund". Should we insist on expenditure at a higher tempo than the Government feels it can maintain it will be forced either to implement further inflation,

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2. The considerations which lead to a definition are as follows:-

The gauge of how near the Treasury is to having to resort to further note circulation is movements in the figure for cash held on Treasury account at the Bank of Italy. During this year the figure has been in the neighborhood of 36,000 million lire. As at the end of July it had fallen to about 18,000 million lire. This drop must be considered partly seasonal as there is always a falling off at the time of the aprassi financing. It can also be attributed to uncertainties prior to Corbino's resignation, and to increased industrial activity which has attracted money away from the Treasury Bond market. This latter tendency will increase as U.N.R.R.A. efforts to rehabilitate industry gain momentum The point is that though the Lire Fund is set up as a credit in the Treasury the cash side of it is included in the 18,000 million on Treasury account at the Bank of Italy. The situation at the end of July must be considered bad since the Treasury during the month of July considered it necessary to call upon the Bank of Italy to issue a further 11,000 to 12,000 million lire to keep its head above water. At this time the Lire Fund net credit was in the neighborhood of 7,000 million lire. It can easily be seen that if this amount had to be produced in cash it would have to be in the form of new notes which would further extend the inflationary cycle. This position is going to continue and as the Lire Fund increases in size the potential threat to the Treasury position is going to be magnified. It is as well to remember that the actual cash accruing from the sale of U.N.R.R.A. goods is, and will be, used for the current expenditures of the Government such as salaries of over a million state employees and that a credit in the treasury is not quite the same thing as hard cash in hand. In view of the foregoing it will be seen that as and when the Lire Fund is committed the Government will have to find the hard cash in exactly the same manner as it has to for any other budgeted expenditure. This seems to reduce the Lire Fund to "the right to agree with the Government portions of their budget expenditure over a number of years up to an aggregate amount of the total Lire Fund". Should we insist on expenditure at a higher tempo than the Government feels it can maintain it will be forced either to implement further inflation, prune down other expenditures already provided for, or repudiate its obligations under the agreement.

3. In considering the utilization of the "proceeds of sale" in Italy in relation to the same expenditure in other U.N.R.R.A.-assisted countries it is interesting to note that 12,000 million lire has been set up in the Italian 1946-47 Budget to cover Allied Military requisitions. No actual provision has been made to cover an estimated 40,000 million of other military occupation costs. This means that the Treasury has to continuously incur this extraordinary expenditure roughly equal in amount to the Lire Fund. Purely from the Treasury point of view Italy in fact approximately breaks square with the Allied Nations before she starts spending the Lire Fund. It is felt that other

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UNRRA-assisted countries may well be in a better position in this respect.

4. Before passing from the Government's position and the ever present threat of further inflation it is well to note the changes which have occurred since the 1946-47 budget was set at 341,000 millions. As explained in the Financial Adviser's memorandum of 13 August 1946 this figure was broadly arrived at by considering a maximum taxation yield of 150,000 million and adding on 180,000 million which the money market might supply in the light of past experience. The pressing needs of the country have now raised the total budget figure to 494,000 millions. In addition no provision has as yet been made for the much discussed public works program which will require large Lire expenditures. Pending increases in salaries for Government servants will probably increase the requirement under this heading by about 40,000 million to which must be added the 40,000 million required for expenses of the Allied Forces and about 10,000 million to meet the deficits of municipal administrations which have come out on the wrong side regularly in the last few years. Working on these figures a deficit of 434,000 millions and an actual shortage of cash of 254,000 millions may be anticipated before a Lire is spent on the public works program. The importance which must be attached to the flotation of the new 5% loan, the extraordinary taxation now under discussion, and sales of war surpluses is self-evident. It would seem necessary to concede that with items like the 80,000 million to maintain the low price of bread and in the light of the above comments any pressure to expend the Lire Fund will tend to increase the chances of complete financial collapse.

5. Accepting the view that our right is "to agree expenditures with the Government" it is necessary to decide what types of expenditures we should agree. It would appear unwise to dissipate the Lire Fund on direct industrial financing. Industry in general has comparatively good access to funds and by making loans we would merely cut into the business of the banking institutions which normally finance industries, and who at the present time hold adequate funds. In this connection it is well to note that an Italian Representative is on his way to Washington to negotiate the entrance of Italy into the International Monetary Fund and there is the possibility that Italian Industry may be able to negotiate additional financing from the International Bank for Reconstruction and Development. This should however not be over-emphasized since the calls of non-UNRRA countries on the bank are heavy.

6. In view of the foregoing it might be well to consider utilizing the Lire Fund on two distinct types of programs.

a) By way of illustration half of it might be spent in the proportions shown on "direct" programs a) to d) below:

c) Housing - in agricultural areas and bombed-out cities. (INCIS is planning to spend 4,000 million this year on housing but only for state employees - CASAS is financed entirely by UNRRA and the ordinary

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a) Housing - in agricultural areas and bombed-out cities. (INCIS is planning to spend 4,000 million this year on housing but only for state employees - CASAS is financed entirely by UNRRA and the ordinary state indemnities for war damage). 40%

b) Hospitals and attendant health services - all expenditure to be of a capital nature, except the continuation of the malaria and analogeous projects. 25%

c) Schools and childrens' institutions - here some of the initial expenditure could be on the continuation of the UNRRA feeding program. 25%

d) Held in hand to meet emergencies which may arise. 10%

More detailed memoranda under each of these headings could be worked up by the relative sections of UNRRA who work in the particular field so as to give the Government a fair indication of the headings under

which our agreement would be obtained. However in view of the sad financial position of the Government they should be given every opportunity of expressing their views on the period over which the expenditure should be spread, and the actual working out of the Budgets should be done in the office of the Accountant General where the final vetting of the State Budget is carried out. In this way the portion of the Lire Fund to be spent each year on these "direct" programs could be incorporated into the State Budget each year.

9. However while programs of the above-mentioned type assist in keeping the lower third of the population alive and are to be recommended, they will be quite useless unless the general economic structure is put into shape to support them when the Lire Fund is exhausted. Therefore, it might be well to concentrate to a large extent upon encouraging expansionist tendencies with a view to stepping-up the national income as rapidly as possible.

i) An approach along these lines might be made in the following way. Since all data is not immediately available to the writer the argument will be considered on the following hypothesis:

Present Italian National Income (say) ——	2,000,000 million
Italian multiplier (in US 3 in about 1934)	2
There are ample savings available which are not finding their way into investment channels.	----------
Lire Fund will reach ——————	60,000 million
Investment interest rate ——————	7½%

ii) Now UNRRA might assist in bringing new investment into line with savings by paying all or part of interest on new loans for industrial and agricultural investments over a given period with any half of the Lire Fund. (The Italian Government seeing the wisdom of such a line is already carrying out the procedure on a limited scale).

iii) By doing this we could put into motion sums greater than the Lire Fund. For example:

New investment on above hypothesis would be:
$\left(\text{Half of Lire Fund } \frac{100}{\text{X Interest rate}}\right)$ or $\left(\frac{30}{1} \times \frac{2}{15} \times \frac{100}{1} = 400{,}000 \text{ million}\right)$

Increase in national income on the above hypothesis would be——————New Investment x multiplier or (400x2=800,000 million)

13

iv) Thus the national income would be increased by 40% on the hypothetical figures quoted, and the quickening of trade thus achieved would have the additional effect of increasing the Government's revenue correspondingly.

v) The implementation of such a plan should present no great difficulties. Working arrangements could be made with the following institutions: IMI ——————Industrial Credit
Consorzio di Credito per le opere pubbliche———Public Works Credit

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Investment interest rate ----------	$7\frac{1}{2}\%$

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Consorzio di Credito per le opere pubbliche---Public Works Credit
Instituto di Credito per le imprese di pubblica utilita ------Electrical Industry Credit
Consorzio per Credito Agrari di Miglioramento ---Agricultural Improvement Credit

vi) First thoughts on the subject are: The limiting factor in industrial credit is fear of capital loss so interest payments would not have a marked effect. However this is not the case in the electrical industry, so industry could be indirectly stepped-up through this channel. Payments of interest would certainly step-up agricultural investment considerably.

C.M.HOPKINS
FINANCIAL ADVISER (LIRE FUND)

CM 7600

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MONTHLY REPORT

BUREAU OF RELIEF SERVICES

SEPTEMBER, 1946.

WELFARE.

Ministry of Welfare.

1. Some progress has been made during the past month in connection with the development of a Ministry of Welfare. The Minister of Post-War Assistance appointed a Committee from within his Ministry, of which the DCM of Relief Services and a member of the Italian Delegation are members as consultants. A first meeting was held, at which some general principles were established. It was also agreed that the matter would be discussed openly at the Conference on social work to be held at Tremezzo in the latter part of the month. At that Conference, the Minister and several other speakers discussed the concept of a Ministry of Welfare quite frankly, and, although there was mixed reaction, there seemed to be fairly strong feeling in favor of a Ministry. It is planned in early October to resume the meetings of the Ministry Committee, and to arrive at some firm general proposals to be presented to the Presidency of the Council of Ministers.

2. As a result of discussions with the Italian Delegation, the latter approved the continuation of supplementary feeding through the end of the year, but it was decided to do this on a month-to-month basis, subject to the preparation of a plan for the future to be submitted before the end of October.

3. Emphasis should also be given to the Tremezzo Conference, which was the first of its kind. It was conceived as a regional conference on social work for the Lombardia Region, and the Regional Welfare Officer was responsible for a good deal of the support to it. As the idea took hold, it acquired the sponsorship of the Ministry of Post-War Assistance, the Italian Delegation and other agencies, so that it ended as being virtually a national conference attended by representatives of all agencies, including the Government agencies for social insurance. This three weeks' Conference was eminently successful from all points of view.

DISPLACED PERSONS

4. The Mission was considerably preoccupied with the proposal presented by the American Embassy to the Italian Government to the effect that some 25,000 Jewish DPs be transferred to Italy from Austria. These discussions were carried on without any official information to this Mission, since the matter was a "Secret" one. During the month, Rabbi Philip Bernstein, Adviser to General McNarney in Germany, visited Italy and spent some time with the Chief of Mission and the DCM, Relief Services. Many points were clarified in this discussion, and, although he was given no statement of policy or attitude of this Mission, he was given factual information which helped to clarify many points previously not understood.

5. Three days were spent with Colonel Matzin and Mr. Aitkin in connection with the future plans for DPs.

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5. Three days were spent with Colonel Katzin and Mr. Aitkin in connection with the future plans for DPs.

6. In the last few days, we have been in receipt of two Cables which incorporate rather startling changes on policies on DPs. We are strongly of the opinion that these policies constitute an attempt to apply in all countries ideas which are not equally applicable. For this reason, we strongly urge that, even although it may be necessary to reduce DP activities because of lack of funds or for other reasons, it is most essential that there be clearance with the Missions on such policies before they are promulgated. This becomes particularly important in the closing days of the Mission, since it is quite possible to undo much of the basic work which has been accomplished by each Mission unless there be room for modifications of policy in accordance with the situations in each country.

SPECIAL RELIEF PROJECTS

7. Arrangements are being made with the Ministry of Post-War Assistance to transfer the Processing Section to that Ministry as soon as possible. It is expected that the physical transfer of the Headquarters staff, except for straight Mission personnel, will be effected early in November, and the remainder of the year can be used for close joint operation of the Project and gradual transfer of detailed responsibility. The Ministry is planning to not only continue the Processing Section, but to enlarge it, particularly since it fits into the Government program of Public Works - with stress on employment rather than straight relief.

8. Plans are being worked out for a larger repair-and construction-of homes project to be carried on by the Government during 1947. These plans will encompass the use of lire funds, and, within the next couple of months, it is expected that concrete proposals will be presented.

LIQUIDATION OF BUREAU

9. Detailed proposals for the liquidation of the Bureau of Relief Services have been presented and accepted by the Mission. The basic principles which applied included the relationship between program and supplies, the effort required for the launching of large-scale lire fund projects, the transfer of information and responsibilities to other international organizations, with particular reference to the transfer to I.R.O. (International Refugee Organization) of DP activities.

A.A. Sorieri,
DEPUTY CHIEF OF MISSION, AND CHIEF,
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DEPUTY CHIEF OF MISSION, AND CHIEF,
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H-6-a MONTHLY REPORT OF THE HEALTH DIVISION

FOR SEPTEMBER, 1946

RELATIONS WITH ITALIAN GOVERNMENT

Medical Supply Program

1. The first part of the fourth general distribution of relief medical supplies, consisting of approximately 850 tons with a value of 1,184,386 dollars made excellent headway during the month and will be completed during the first days of October.

2. Fourteen 40-bed hospital units were delivered in October to civil hospitals in the Provinces listed below:

Formigine, Modena
Pavullo, Modena
Caltanissetta, Sicily
Calo, Caltanissetta
Agrigento
Brindisi (two units for large hospital)
Alberobello, Bari
Turin
Genoa
Orbetello, Grosseto
Cecina, Livorno
Bologna
Catania, Sicily (one unit divided between two hospitals)

Owing to the spasmodic arrival of components, a number of small items which make up the hospital units will follow as soon as they become available for distribution. The Mission has now distributed a total of six 200-bed hospital units and 29 40-bed units to war-damaged hospitals in Sicily, Sardinia and the Italian mainland.

3. In addition to hospital units, hospital beds and mattresses were distributed during the month as follows:

	No. Beds	No. Mattresses
Ospedale Civile Solarolo, Ravenna	20	20
" " Castel Bolognese	20	20
" " Alfonsine, Ravenna	10	10

4. In accordance with the approved plan, a laboratory unit was delivered to the Institute of Hygiene at Perugia. To date, a total of five laboratory units have been distributed by the Mission. As is the case with hospital units, certain component items of the laboratory units, which are not yet available for distribution, will be delivered as they are received.

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5. The distribution of the remaining 89 ambulances is still held up by the shortage of skilled mechanics for processing of the vehicles prior to delivery to the Italian Government. Fifteen additional ambulances have been received by the Mission and a plan for their distribution is being formulated.

6. The following distribution plans submitted by the High Commissioner for Hygiene and Public Health during September have received the approval of this Division:

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6. The following distribution plans submitted by the High Commissioner for Hygiene and Public Health during September have received the approval of this Division:

a. Chloride of lime, 53 tons
b. Narcotics, valued at approximately 7,800 dollars
c. Surgical instruments, 100 cases, each case containing four sets of surgical instruments
d. Nurses' uniforms, 10,624, for distribution to Public Health nurses throughout Italy and for nurses' training schools
e. DDT, 20 tons 100% and 36 tons 10%, for disinfestation program
f. Sprayers, 400, for disinfestation program

7. The distribution of 962 dozen X-ray films, chest size, valued at approximately 34,400 dollars, has been completed. The High Commissioner for Hygiene and Public Health has been requested to submit a distribution plan for 2,520 dozen X-ray films which have been received from Army surplus.

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8. Approximately 280 tons of medical supplies were received in September by the ICE (Istituto Commercio Estero -- Foreign Trade Institute) on behalf of the Italian Government.

9. From inception of the program to 25 September, a total of 4,135,215.73 square meters of hospital linen had been dispatched for use in hospitals or health programs, according to information received on 25 September in Cable No. 5,136 from Milan.

STATEMENT OF ACTIONS REQUESTED OF ERO

10. A request was made to ERO for 600 doses of yellow fever vaccine required for the immunization of displaced persons returning to their homes in China. This request was later transferred from ERO to Washington. A second request to Washington for 200 bottles of yellow fever vaccine, each of 10 c.c., one half of the total quantity to be delivered immediately and the second half by 1 December, was made to meet demands which will arise before the end of the year.

IMMEDIATE WORK PROGRAM

11. 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 - 9 and 12 - 20 respectively).

MAJOR ACTIVITIES

Headquarters Staff

Epidemiology

12. Six cases of murine typhus fever were reported from Sicily during September. During August there were 22 cases of smallpox, of which 11 occurred in Bari, six in Reggio Calabria and five in Salerno.

13. -- In the outbreak of typhoid fever at Sassari, Sardinia, which was reported last month (para 18), 650 cases, of which 29 died, were notified during August. Additional cases, 381 with 13 deaths, were notified during the first 14 days of September, making a total of 1,001 cases with 42 deaths from 1 August to 14 September. Later reports indicate that the outbreak is abating.

14. Two hypochlorinating machines were sent to Sassari by this Division and were put into operation in the affected aqueduct by an engineer of the Sanitary Section, Health Division. The engineer reports that "water is no longer active in spreading the infection, all bacteriological analyses now being satisfactory." He believes, however, that the epidemic will continue at a decreasing rate by direct contact, for which the socio-economic conditions are to be blamed.

15. Typhoid at Diano Marina -- At Diano Marina 540 cases with 29 deaths occurred during August. During the first 10 days of September 126 cases were notified

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15. Typhoid at Diano Marina -- At Diano Marina 540 cases with 29 deaths occurred during August. During the first 10 days of September 126 cases were notified. Action has been taken by the Italian authorities to chlorinate the main water supply. A request was made for a canvas water tank for the emergency storage of the chlorinated water. This tank was immediately dispatched to Diano Marina by UNRRA.

Malaria Control

16. Work continues on the preparation of a five-year program for malaria control in the Italian mainland and Sicily, to be financed from proceeds in the Lire Fund.

Disinfestation Program

17. The program for a nation-wide disinfestation campaign was con-

pleted and approved by this Mission and the Italian Government. Actual field operations began during the month. These operations consisted of training disinfestation crews and organizing the work which will be continued by Medici Provinciali throughout Italy, Sicily and Sardinia.

Port Sanitation Program

17. Plans for a port sanitation rehabilitation program, to be financed from proceeds in the Lire Fund, have been discussed and initial surveys are being made. Completion of the plans for this program will be accomplished in November.

Staff Medical Care

19. The Administrative Order, referred to in the Health Division Report for August (para. 33), regarding the medical care of Regional staff is being issued by the Mission and the provisions of Administrative Order are being implemented.

20. Health Division Dispensary attendance in Rome for the month of September is summarized below:

TYPE OF SERVICE	CLASS I AND III	CLASS II	ALL CLASSES
Misc. attendances (nursing treatments, minor surgical interventions, claims)	119	1,062	1,181
First attendances (Dispensary and home)	125	217	342
Repeat attendances (Dispensary and home)	174	465	639
Physical examinations	1	225	226
Immunizations	9	13	22
Deliveries	-	5	5
X-rays (UNRRA film)	13	51	64
Laboratory tests	8	20	28
Major surgical operations	3	-	3
First aid (Breda and Non-UNRRA patients)	-	16	16
Dental treatments	70	160	230
TOTALS	522	2,234	2,756

Regional Staff

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21. The monthly reports from the Regional Medical Officers now sound a much more cheerful and optimistic note. The arrival of hospital and laboratory units and the mounting quantity of medical supplies are giving rise to much satisfaction. The following quotation from the report of the Regional Medical Officer, Southern Region, is worthy of note:

22. "Conditions are very different today, and all hospitals large and small have received supplies of drugs, dressings and equip-

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22. "Conditions are very different today, and all hospitals large and small have received supplies of drugs, dressings and equipment and are adequately stocked. The effect of this is portrayed in the morale of the staffs of these hospitals, both administrative and professional personnel, and more care is displayed in the upkeep of wards, corridors and annexes. Altogether, a more cheerful atmosphere is apparent. Requests are no longer made for essentials, but for expensive and elaborate equipment which is unnecessary. All directors of hospitals are inclined to emulate Oliver Twist and are never afraid to ask for more." This, of course, cannot be taken to represent the whole picture throughout Italy, as many hospitals -- especially those in the areas most devastated by the war -- are still in need of much rehabilitation. However, it does at least indicate that conditions are generally much improved to what they were a year ago.

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23. Those regi[illegible] in which the anti-malaria spr[illegible]ng campaign was most intensive have already reported on not only a general decrease in the incidence of malaria, but also upon the keen appreciation felt by the population for their delivery from the depredations of the commoner pests.

24. The Regional Medical Officer for the Central Region has supplied the table given below:

Vital Statistics - Comune of Rome

First Six Months 1940 - 1946

Year (First Six Months)	Birth rate per 1,000 population	Death rate per 1,000 population	Infant mortality rate, per 1,000 population	Tuberculosis death rate per 1,000 population
1940	23.62	11.61	75.13	12.21
1941	22.33	11.01	60.93	12.77
1942	21.12	12.28	83.84	17.25
1943	19.32	12.27	88.54	20.42
1944	17.92	19.52	121.40	25.01
1945	15.35	12.54	108.95	18.05
1946	21.37	11.18	75.15	17.45

MAJOR RESULTS AND PROBLEMS

Lira Fund

25. Progress is being made on the schemes which are being developed by the Mission for reemployment of the Lira Fund. The plans for malaria, tuberculosis and trachoma control are being completed. Schemes are also being developed for the treatment and control of ankylostomiasis (hookworm disease) and for the improvement and development of nurse-teaching schools. Information is being compiled for proposals to rehabilitate and develop existing port sanitary installations. At the next meeting of the Lira Fund Committee a proposal will be made to allocate the initial sum of 50 million lire expenses incurred by the High Commissioner for Hygiene and Public Health in the distribution of UNRRA relief medical supplies.

Penicillin

26. The failure of penicillin to arrive in Italy since the last consignment during June, distribution of which took place in July and August, has resulted in a problem of first magnitude. Italy now is solely dependent on UNRRA for its supply of the drug. Washington has

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GENERAL HEALTH CONDITIONS IN ITALY

27. The general health of the people of Italy remains satisfactory. Two major outbreaks of enteric fever have been reported (paras. 13-14) and two smaller outbreaks have occurred at Taranto and Trapani (Sicily). In each instance, control measures were taken and the outbreaks are on the wane. With the exception of six cases of typhus fever and 22 cases of smallpox mentioned in para.12, no notifications of important infectious diseases have been received.

CM 7601

E. C. BENN
DIRECTOR OF HEALTH

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Attachment H-6-b.

MONTHLY REPORT OF THE WELFARE DIVISION

FOR SEPTEMBER, 1946

INTRODUCTION

1. The month of September was another month during which there were not as many tangible achievements as we had hoped to see. Factors accounting for this were, on our side, the necessary preoccupation with internal administrative procedures attendant upon liquidation plans; and, on the Government's side, the minor cabinet crisis, which had, for a period, the effect of holding much planning in abeyance.

2. There was evidenced, throughout the country during September, considerable anxiety which expressed itself in the question -- "After UNRRA what?". Particularly was this question presented by those institutions and welfare agencies which, without the assistance of UNRRA, could not possibly have met the demands made upon them by needy persons.

3. We were able during September to accomplish completely only two of the goals we set for ourselves last month. These two goals were those for which UNRRA was able to assume more direct responsibility, -- the holding of nutrition conferences in Milan and Turin, and the holding of a social service conference in Tremezzo.

FOOD AND CLOTHING DISTRIBUTION

4. Corrected reports received from the Italian Delegation Office for the distribution of food for assistance purposes for July show that a total of 1,803,344 persons were fed during that month. Of this number 1,052,077 persons received the food through cooked meals and 751,267 received it through raw distribution. The figures for August are still incomplete, but to date show that a total of approximately 1,817,381 persons received UNRRA foods during that month.

5. Again during the month of September some difficulties were encountered in the distribution of foods for assistance purposes. The difficulties again seemed to stem from the fact that foods are not released promptly by the Consorzi Agrari. In the Emilia & Toscana region, the deliveries of food in September were from one to three weeks late and in the Veneto region few if any of the communes received all of the foods needed at the time when they were needed. These delays meant that provinces were forced to borrow foods from SEPRAL and in some instances to stop feeding altogether for a period of a few days until such time as sufficient items of food were received to make it possible to prepare a meal.

6. On the last day of September, on the request of the Presidency of the Council of Ministers, UNRRA Italian Mission approved the continuance of [illegible] through October.

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6. On the last day of September, on the request of the Presidency of the Council of Ministers, UNRRA Italian Mission approved the continuance of the supplementary feeding program on its present basis through October. A condition attached to this approval, however, was that before the end of October the Government submit to us its plan for feeding as related to welfare services that it expects to follow after UNRRA leaves Italy.

7. The distribution of contributed used clothing to sinistrati (war sufferers), profughi (refugees) and bombed-out persons continued during the month of September. More difficulties are still encountered in the distribution of clothing than are encountered in the distribution of food. Factors accounting for this are, the original division of responsibility between the Ministry of Post-War Assistance and Provincial Committees for the distribution of clothing and the fact that the coordination of each organization's efforts requires time.

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8. Reports from the regions on clothing distribution show that in only one region, Sicily, has the distribution been completed. In the central region, distribution has been completed in 12 provinces: in the Toscana region in two provinces in the Veneto region in only one province; in the Naples region in 15 provinces; and in the Genoa region in two provinces. Information received from the Genoa region indicated that in the other provinces the distribution is from 50 to 85% complete. No reports have been received from the Milan and Sardinia regions.

9. From almost all the regions complaints were received about the quality and sanitary state of the clothing distributed. In the Naples area these complaints reached the newspapers. While the majority of the complaints were unfounded insofar as the sanitary condition of the clothing was concerned it was found true that in many instances the type of clothing distributed was such that effective use could not be made of it. In addition, sizes were such as to render the clothing not too usable. This of course is something which cannot be controlled when a distribution is made of contributed used clothing. It does however, support a recommendation which has consistently been made by the Welfare Division that in the future manufactured articles of clothing should not be distributed, but rather that distribution be made only of yard goods.

10. Plans for the winter distribution of clothing which originally had been planned for the month of September, and which will now take place during October, were completed during the month of September. A change in the conditions of eligibility followed to date has been made for the winter distribution of clothing. Instead of all the clothing being distributed to sinistrati and profughi, only 80% of the total available supply will be distributed to such groups with 20% being distributed to children's residential institutions.

ITALIAN DISPLACED PERSONS

11. During the month of September, both in Headquarters office and in the regions there was a concentration on assistance to the Ministry of Post-War Assistance in implementing its instructions with respect to the evacuation of Italian DP camps. Not as much action as was hoped has been taken to date in following this instruction. This has been due largely to the fact that the Ministry of Post-War Assistance has not implemented the instruction with the type of specific information that the individual camp commandants need, and has not provided the type of supervision to its camp commandants that they require.

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12. In some regions more progress has been made than in others in translating the evacuation order into action. The 30 Italian Displaced Persons camps located in the Florence region show a decrease in total population as of the end of September. During August the total population was 13,331 while during September the figure is 12,880. The regional office reports that the decrease is due to the combined efforts of camp directors and welfare officers to comply with the instruction contained in the Ministry of Post-War Assistance circular letter on camp evacuation. The improvement in record keeping and the effort of camp directors in that region to check on the eligibility of

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13. The Florence region reports also that other improvements have been effected in the administration of IDP camps. Improvement in food preparation has been noted in many of the camps and a definite improvement has been noted in the procurement of medical supplies. Most of the achievements effected in the camp program in the Florence area were accomplished largely as a result of meetings arranged in each province of Toscana among the Ministry of Post-War Assistance committees, Camp Directors, Welfare Officers and Medici Provinciale. In addition, regular monthly meetings are planned in that area for all camp directors

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for the purpose of their sharing opinions and practices and reaching together decisions for the solution of problems presented.

14. Regional welfare officers as they become more acquainted with individual camps in their areas are securing more information about camp population. Statistical data on camp population is available to date for only a few of the camps and this information shows that in many instances, a considerable number of persons could be released from camps and returned to their home communities. The information procured so far, however, also indicates that there will be a sizeable number of persons who will possibly have to remain in camps for a longer period of time. These persons are those who come from Venezia-Giulia, the Italian N. African colonies, and from other countries. The migration of persons from Venezia-Giulia continues and one region (Bologna) has reported that 50 to 60 persons a day are entering the Bologna camps from Venezia-Giulia.

REACTIVATION OF SOCIAL SERVICES AND COORDINATION OF COMMUNITY ACTIVITY FOR WELFARE PURPOSES

15. The majority of the summer colonies closed by the end of September, concluding a fairly successful summer program for children. In almost all instances improvement in children's health was noted, and a major result of the colony program was that it demonstrated that there could be a united community effort toward a common goal. In addition, in almost all provinces, groups concerned with the colony program learned a great deal and now feel that in future years they can make plans for a more effective program. Many provincial committees have reported that they now realize the need for professionally trained staff in administering a program for children.

16. In most all of the colonies food was well prepared, and was adequate as well as were sleeping quarters and clothing. The greatest lacks were, in the order of importance, (a) adequately trained staff; (b) initiative and imagination on the part of colony staff members; (c) a constructive and recreational educational program; and (d) formal play equipment and handicraft material.

17. Each month, more evidence is presented of a growing force of public opinion for improved welfare services. This is reflected in the increased number of gatherings of persons interested in and concerned with welfare problems, in the increasing work that is being done in the welfare field by provincial committees and voluntary societies; and in the growing interest in specialized training in the field of social work.

18. While the fact of the interest in welfare services is definite, it is difficult at this time to appraise the possible effectiveness of it in achieving any tangible results for the people of Italy. Handicapping factors are the limited financial resources available to the country, the uncertainty about the country's economic future, and the understandable political crisis after a period of war.

19. The Treviso social welfare conference, organized jointly by

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19. The Treviso social welfare conference, organized jointly by welfare agencies in the Lombardia region and Welfare Division, UNRRA, and financed by the Italian Delegation and the Ministry of Post-War Assistance, represents the first free social welfare meeting held in Italy since before Fascism. From 150-200 representatives from public and private welfare agencies, from Government Ministries, and from other interested organizations are attending the meetings. A complete report of this conference will be included in our next month's report.

20. It is hoped that this growing interest in welfare questions and the forthcoming reports from the Treviso conference will have the effect of hastening the deliberations of the Delegation and Ministry of Post-War Assistance with respect to future welfare planning and the relation of UNRRA efforts to these plans.

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RELATIONS WITH VOLUNTARY AGENCIES

21. A representative of the Unitarian Committee arrived in Italy during September to make plans for a project to be undertaken in Italy by that Committee. Plans originally considered by the Committee in the United States contemplated the provision of direct sanitary assistance in Italian Displaced Persons Camps. This plan is now being reconsidered in favor of a plan for scholarships for the training of sanitary engineers.

22. Work on the agreement with the Catholic Committee for Relief Abroad has been halted, pending a clarification of an ERO order with respect to UNRRA's responsibility for repatriation of voluntary workers engaged on special projects.

IMMEDIATE WORK PROGRAM

23. 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 translation into positive action of the camp evacuation order prepared by the Ministry of Post-War Assistance.

(c) The integration of the assistance ration scales with the country's general ration plan.

(d) The reaching of an agreement with the Government with respect to future welfare services.

(e) The reaching of an agreement with the Government with respect to the welfare projects which might legitimately claim financial assistance from the "lire fund."

PHOEBE BANNISTER,
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MONTHLY REPORT OF THE SPECIAL RELIEF PROJECTS DIVISION

BUREAU OF RELIEF SERVICES

FOR SEPTEMBER, 1946

SUMMARY OF OPERATIONS.

Processing Section.

General

1. Partly because of the Mid-August holidays, and of the fact that some of the workshops experienced a shortage of material during the month, the output has been slightly smaller than in the preceding period, although there has been an increase in certain items.

2. The ICE (Istituto Commercio Estero - Institute of Foreign commerce) procedure for handling supplies on arrival in this country, and the transportation of these supplies to our workshops, is still rather slow.

3. Of the materials scheduled, we have received all the 'Victory' Drive and part of the Canadian Drive. There remains to be received the balance of the Canadian shipment and 500,000 pairs of army boots. Owing to the delayed purchase and the shipping strike in America the arrival will be retarded.

4. The remainder of the cotton cloth for new production is still awaited from the Italian Delegation.

5. A total of 58 workshops and two warehouses operated during the month. This is a reduction on the previous month, as nine workshops were either closed or without work, while three new ones were opened - one at Ostia for new production; one each at Bagnaia and Florence for knitting pullovers.

Used Clothing.

6. The number of garments sorted during month was 835,359
" " " " repaired " " " 260,398

07

The output of repaired garments reached a new peak (last month the figure was 240,943) due to the considerably-increased output in the workshops at Palermo, Gubbio and UDI (Unione Donne Italiane - Union of Italian Women), Florence. The slight decrease in number of garments sorted (August 930,140) was due to the granting of an annual paid vacation of seven days to the workers in the Buon Pastore Workshop.

New Production.

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New Production.

7. The number of items cut during month was 228,994
" " " garments made " " 261,124

The increase in the number of items cut was the result of visits to Milan by the Bologna and Florence Processing Officers, where they were able to obtain the material required, which the Italian Delegation had previously held up. As a consequence the Bologna and Florence workshops were able to work full pressure. The material, however, did not arrive in time to allow for the making up of the whole quantity into garments, and the output for the month in this respect shows a decrease (August 327,245). The quality of the work done shows an improvement each month, and the change over to piece work has proved a complete success.

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Shoes.

8. Number of pairs sorted during month was - 140,126
" " " repaired " " " - 75,586

The reduction in the figures for both sorted and repaired shoes, (in August the output was 163,672 sorted and 104,464 repaired), is due to the greatly-diminished quantity of work in the John E. Lynch workshop, which has almost finished processing the first consignment of army boots, and is now working on a restricted scale in order to keep going until the next consignment arrives.

9. The production of sandals ceased during the month, after having produced 15,480 pairs, at an average cost of 55 Lire per pair.

Salvage.

10. The balance of the salvage material has now been made up, and from the commencement a total of 403,636 items have been produced.

11. During the month a consignment was received of 3,890 pullovers knitted by the Ente Nazionale Lavoro per i Ciechi (National Organization for Work for the Blind), Florence, out of the remainder of the yarn spun from the raw wool taken over from the Comitato Assistenza per i Profughi in Collaborazione con l'UNRRA (Committee for Refugee Relief in Collaboration with UNRRA). Cost of manufacture, including spinning and knitting averaged 94.60 Lire per article.

Distribution.

12. The following tables show the quantities of goods which have been released from warehouse for distribution to Italian Refugees and needy homeless persons:

	Clothing Items	Clothing Units	Shoes	Bedding Items
Month to 15 Sept. '46	636,718	163,393	27 462	3,850
From Commencement	4,572,096	1,253,553	819,610	89,397

13. 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 Sept. '46	8,052	996	10,550	8
From Commencement	225,128	44,184	51,837	2,926

Other Productions Statistics.

14. Employees in Italian Camps 901
" " Non-Italian Camps 302
" " Religious Institutions 242
" Assisted outside 6[illegible]

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Other Productions Statistics.

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Employees in Italian Camps	901
" " Non-Italian Camps	302
" " Religious Institutions	242
" Assisted outside camps	648
" Skilled (mainly on shoe repairs)	308
" Administrative	76
	2,477
No. of workshops and warehouses	60

15. The number of employees has decreased from 2,707 to 2,477, of whom 81.5% belong to the assisted categories. The decrease corresponds to the reduction in output.

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REPAIR AND CONSTRUCTION PROGRAM - CASAS (COMITATO AMMINISTRATIVO SOCCORSO AI SENZATETTO - ADMINISTRATIVE COMMITTEE TO AID THE HOMELESS).

New Construction

16. Work is now in progress on 24 out of the 25 contract approved by the Executive Committee (i.e. a total of 680 apartments). The competition for the remaining contract (Cotignola) - which was delayed owing to the lack of response to the first competition - will be held within a short time.

17. The new site for the proposed houses at Cassino has now been definitely agreed upon, and a competition will be held during the coming month for the new contract.

18. Table "A" attached gives details of the new constructions.

Repairs

19. A circular has been issued by the Minister of Public Works to all Communal Reconstruction Committees and Chief Engineers of the various Genio Civile (Civil Engineers) Provincial Offices, urging them to cooperate to the utmost with the local officials of CASAS in developing the work of repairs and reconstruction in their districts, particularly by the provision of anticipated materials.

20. The Executive Committee has continued its efforts to do everything possible to develop and accelerate the program. The most important decisions taken have been:

(a) The establishment of District Offices to cover the devastated areas of Udine, Rimini and Pesaro.

(b) The acceptance by CASAS of the responsibility for completion of the Italian Service Mission "Cave-dwellers" project in Naples.

(c) Approval of the plan to employ CASAS officials in the communes to undertake the 'village negotiators' work at present being carried out by Voluntary Society personnel.

(d) Approval of the principle that CASAS should make 'Anticipated Labor' loans to those persons who cannot afford the cost of hiring labor for the repair of their homes. This, however, cannot be put into effect until the necessary assurances are granted, by the Italian Government, that CASAS will be reimbursed by the Genio Civile on settlement of the 60% State grant.

21. The number of persons at present employed by CASAS is 746, an increase of 91 on last month's total. Of these 426 are drivers. The number of UNRRA personnel employed full time on the program is 18,

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22. A summary of the repair work carried out during the month, and to date, is given overleaf:-

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Area	No. of Communes	Rooms in course of Repair	Rooms repaired month	Rooms repaired to date	Persons rehoused month	Persons rehoused to date	Building materials transported month	Building materials transported to date
Latina	5	-	687	3,900	1,052	7,191	5,070	20,979
Frosinone	29	953	1,022	4,950	1,724	9,042	6,109	22,904
Abruzzi	34	5,548	1,060	7,058	1,264	12,613	10,552	64,228
Castel di Sangro	14	-	581	1,401	809	1,895	2,901	6,506
Porto S. Stefano	1	154	46	518	59	960	352	2,007
Apuania	23	237	1,858	7,494	2,021	12,144	3,549	24,154
Bologna	32	1,000	1,284	6,737	1,326	9,640	2,249	12,229
Ravenna	15	762	577	785	702	957	3,134	5,973
Totals	153	8,654	7,115	32,843	8,953	54,442	33,916	158,980

23. The number of rooms repqired during the month is approximately the same as during the previous period, but there has been an increase in the number in course of repair. This may be explained as follows:-

(a) In the mountainous areas it has been the policy to provide as many people as possible with materials necessary to repair roofs and external walls, in view of the approaching bad weather, leaving the internal repairs to be carried out during the winter. In such cases the repairs sometimes take several months to complete, especially if, as in the Ortona District, the work consists almost entirely of re-constructing the houses from the ground up.

(b) Due both to the shortage of certain materials and to the Genio Civile's lack of funds to purchase them.

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Transport

Since the last report 138 vehicles, consisting of 86 trucks and 52 jeeps have been added to the program, making a total of 617, of which 102 are personnel vehicles.

GUIDO NADEO.

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Attachment "A"

Contract No.	Locality	No. of apartments	No. of Rooms	Price per c.m. of construction	Contract Total	Commencing Date
2	Roccaraso	16	64	L. 2,470	9,918,828.40	26.7.46
4	Castel di Sangro	32	124	L. 2,457-2,384	18,830,480.62	29.7.46
3	Atoleta	16	64	L. 2,240	8,995,212.80	5.8.46
26	Quadri	16	64	L. 1,940.94	7,794,815.04	24.8.46
5	Spigno Saturnia	16	64	L. 2,149.60	8,632,793.60	29.7.46
6	Pontecorvo	32	126	L. 1,984	15,821,408	3.8.46
7	Casalecchio	32	120	L. 2,919.40	15,499,845.72	3.8.46
14	Vargato-Tole'	32	128	L. 2,218	17,808,976	3.8.46
		192	754			
12	Ripa	36	138	L. 1,960	17,068,545	5. 8.46
16	Sarzana	32	124	L. 2,130	18,706,399.40	8. 8.46
1	Orsogna	24	96	L. 1,897	10,560,561.06	9. 8.46
9	Ortona	48	180	L. 2,140	22,417,938	11. 8.46
8	Pianora	32	120	L. 2,320	16,202,416	12. 8.46
11	Cervaia	32	124	L. 2,159.70	16,939,347.79	12. 8.46
20	Rosello	16	64	L. 2,210	8,875,360	24. 8.46
18	Francavilla	36	138	L. 1,964.67	15,703,790.26	26. 8.46
10	Fusignano	24	96	L. 2,185	12,042,190.80	28. 8.46
19	Castelforte	24	96	L. 2,150	12,951,600	28. 8.46
16	Piedimonte S.G.	16	64	L. 1,970	7,911,520	29. 8.46
21	Torre Annziata	36)	316	L. 1,750	16,794,820	16. 9.46
22	" "	40)		L. 1,750	18,093,075	16. 9.46
25	Itri	36	138	L. 1,774	15,572,999.40	16. 9.46
17	Tossignano	24	96	L. 2,300	12,675,990	18. 9.46
27	Serravezza	32	124	L. 1,794	14,071,023.72	20. 9.46
		488	1,914			
13	Cotignola	24	96			

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lity	No. of apartments	No. of Rooms	Price per c.m. of construction	Contract Total	Commencing Date	Finishing Date
rraso	16	64	L. 2,470	9,918,828.40	26.7.46	22.11.46
el di Sangro	32	124	L. 2,457-2,384	18,830,480.52	29.7.46	25.11.46
eta	16	64	L. 2,240	8,995,212.80	5.8.46	2.12.46
ri	16	64	L. 1,940.94	7,794,815.04	24.8.46	21.12.46
no Saturnia	16	64	L. 2,149.80	8,632,793.60	29.7.46	23.12.46
ncorvo	32	126	L. 1,984	15,821,408	3.8.46	30.12.46
lecchio	32	120	L. 2,919.40	15,499,845.72	3.8.46	30.12.46
ato-Tole'	32	128	L. 2,218	17,808,976	3.8.46	30.12.46
	192	754				
	36	138	L. 1,950	17,068,545	5. 8.46	1. 1.47
ana	32	124	L. 2,130	16,706,399.40	8. 8.46	4. 1.47
ian	24	96	L. 1,897	10,560,561.06	9. 8.46	5. 1.47
a	48	180	L. 2,140	22,417,938	11. 8.46	7. 1.47
ra	32	120	L. 2,320	16,202,416	12. 8.46	8. 1.47
ia	32	124	L. 2,159.70	16,939,347.79	12. 8.46	8. 1.47
lo	16	64	L. 2,210	8,875,360	24. 8.46	20. 1.47
nvilla	36	138	L. 1,964.57	15,703,790.25	26. 8.46	22. 1.47
nano	24	96	L. 2,185	12,042,190.50	28. 8.46	24. 1.47
lforte	24	96	L. 2,150	12,951,600	28. 8.46	24. 1.47
nonte S.G.	16	64	L. 1,970	7,911,520	29. 8.46	25. 1.47
Anunziata	36	316	L. 1,750	16,794,820	16. 9.46	12. 2.47
"	40		L. 1,750	18,093,075	16. 9.46	12. 2.47
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sa	32	124	L. 1,794	14,071,023.72	20. 9.46	16. 2.47
	488	1,914				
la	24	96				

CU 7641

Attachment H-6-d

MONTHLY REPORT OF THE

DISPLACED PERSONS DIVISION FOR SEPTEMBER 1946

RELATIONSHIP WITH THE ITALIAN GOVERNMENT

1. Negotiations are proceeding in the acquisition of Bari 197 Airlift Camp, which will permit us (a) to increse our camps capacity and (b) to open a way for the transfer of DP elements from the Southern Camps, some to the new camp at Bari and others to the North.

2. In our recent taking-over of the Rivili camp, about four miles out of Turin, we have acquired a well-set up installation which will permit us to carry on a good DP program.

3. Word was received that another camp is available for us just outside Milan, and the first details indicate that we shall be able to house some 2,500 DP's. We received notification from the Italian Government that they were unable to let us have the large 6,000 capacity camp situated in Milan, which would have served our purpose very well. However, the possibility of our being able to acquire two more camps, which would give us a capacity of about 5,000, will be a great help towards our efforts to effect better arrangement of camp sites to make for more economical administration and operation, in addition to permitting us to make possible a better allround DP program.

RELATIONSHIP WITH MEMBER GOVERNMENTS

4. Our relationships with member Governments continue to be good, in fact we are effecting closer liaison in assisting them to bring their story to the DP's. The Polish Government in particular, through its ambassador to Rome, is very active in placing its Repatriation Officers in the field to the advantage of the Polish DP's desiring information and making general enquiries concerning repatriation to their home. The Polish Ambassador, his staff, and in particular his wife and daughter have been very active during the past month, joining UNRRA officials in welcoming some 500 Poles coming out of the Middle East and transitting through Italy on their way to Poland.

5. As this report is being written our Repatriation Chief, together with the DP and Repatriation Sub-Commission Chief is in conference with the Repatriation official of the Greek Mission in Rome to consider ways and means of sorting out the Greek DP element now in Bari. A particular problem has been created whereby at the request of the Greek Government we undertook to accept into the camp Greek DP's for repatriation, who after entering the camp, changed their minds about wanting to go home.

6. We are carrying on effective liaison with the French and Bel-

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6. We are carrying on effective liaison with the French and Belgian Governments in helping repatriate large numbers of their nationals through Northern Italy. A particular undertaking at the request of the Belgian Mission will find us aiding in the repatriation of 1,000 Belgians. These DP's will be entering the Milan Camp in groups of 500, the first group on or about 12 October for onward transit, and the second group about the first week in November.

7. One of the highlights in the month's activities was the evacuation for repatriation of 400 Chinese, plus 180 Chinese who came from Austria, and who, after many months of transport negotiations, finally departed on 20 September and are expected to arrive in Hongkong on 13 October.

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MAINTENANCE AND CARE OF DISPLACED PERSONS

8. The ever-present feeding problem still requires a great deal of our attention from Headquarters down into the field, and the feeding habits of our DP's, from a personal as well as from a religious point of view, keeps us very much alive to the necessity for procuring the foodstuffs which will make for the greatest general acceptance.

9. Our single serious deficiency is the lack of fresh meat. This can be met by increasing the consumption of fish and other protein items in addition to the tinned meat. We had hoped to receive authority to spend foreign exchange for the purchase of fresh meat from the military sources, but this request was turned down. We are now starting to explore the possibility of having the SEFRAL organization make available the basic items, while through the Post-Bellico we hope to work out an arrangement whereby the items paid for in Lire, such as fresh foods etc., may be handled by that organization directly in the field. This undertaking, once effected, will prove to be a definite departure from our present budgeting and procurement system and should put us in line with the general objectives which we are going to be required to meet in lining up our activities as time goes on, in conformity with the Mission's scaling down of its activities and eventual closing out, and at the same time meeting the general aims and limited direct operational activity by the new organization, presumably IRO (International Refugee Organization) that will be taking over this DP work.

10. After a conference at Headquarters in which our DP Field Supervisors participated, and in which Finance and Administration was represented by the Deputy Chief of Mission for that Bureau, we agreed on a plan, effective as of October 1946 whereby those DP's receiving camp care and needed to carry on camps activities are employed on a DP wage scale of 4,000, 5,000, and 6,000 lire per month. This will cut down the number of people employed on the Class II wage scale. This move is intended to increase the realistic phases of our program, namely that DP's in camps receiving UNRRA care are not faced with the same problems as is faced by Italian nationals who have their own personal and community responsibilities to maintain.

11. The only exception regarding the employment of non-Italians is made in the case of doctors and dentists, who because of the highly critical nature of their work and the necessity for continuity on that phase of our program, will be paid the regular Italian Class II rates for their professional services, and who of course, if receiving camp feeding and housing services will have a deduction made from their salaries.

12. Our intake to Hachsharah (Jewish Communities) and general intake, has been effected to an extent which will permit of very close and detailed supervision over Hachsharah DP care recipients. The plan as perfected and now in operation means that a) assignment to Hachsharah care may be made only from camps, and b) intake officers will refer all new DP's directly to camps.

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13. We are continuing our examination of outside-of-camps care recipients with the number now reduced to 7,325.

14. Our Medical Services continue to keep abreast of the general problem of the maintenance of health. In the Southern Camps the sanitation situation requires more than ordinary attention, which is another reason why we are anxious to move out of that area, because the facilities are greatly overtaxed due to the great demands made in that area since 1943. The situation has been saved to a great extent by the use of DDT, and the camp staffs recalling the heavy fly infestation of previous years have repeatedly remarked on the present absence of flies.

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15. We still have the problem of developing a more active interest on the part of DP's in making available labor for maintaining proper sanitation standards. With the help of Yiddish-speaking elements, trained in this work and made available by the AJDC (American Joint Distribution Committee) and by means of descriptive literature, we hope to improve our position in this respect. This has already been done in the Northern Group of Camps with good results.

16. The Chief of the DP Medical Branch has put into effect a plan whereby we will be able to have additional information in regard to the development of children under 16.

17. In general, our position in Northern area is much more satisfactory than it is in the South of Italy, and it is for this reason that we are bending every effort to increase our camp holdings in the North and improve our position in the Bari area in order that we may do our job without the necessity of having to retain the Southern camps any longer than is necessary.

REGISTRATION AND REPATRIATION BRANCH

18. There has been much activity in this branch during the past month.

19. Our contact work with Consuls, Repatriation Missions and other elements, with AJDC, with HIAS (Hebrew Immigrant Aid Society) and with IGCR (Inter-Government Committee for Refugees) is resulting in a greater exchange of information with regard to opportunities and conditions of emigration, repatriation, resettlement etc. and this information is being transmitted to the field through the medium of a regular bulletin.

20. Our repatriation activities for the month out of Italy include the following: -

580 Chinese to China
489 Poles to Poland
18 Austrians to Austria
14 Czechs to Czechoslovakia
66 Greeks to Greece
40 Jugoslavs to Jugoslavia
78 Jewish mixed families to South America

21. In addition we have also cooperated with AC in procuring passport facilities in the return of 400 Italians to their former Italian colony Eritrea, and 125 Somalis to Somaliland.

22. Elements which left the country during the month through our passport facilities, transit facilities and actual repatriation, number 1,781 DP's.

23. The following Group Moves which are in the process of preparation and are scheduled to take place in the near future are: -

Declassified E.O. 12356 Section 3.3/NND 785017

development of children under 16.

17. In general, our position in Northern area is much more satisfactory than it is in the South of Italy, and it is for this reason that we are bending every effort to increase our camp holdings in the North and improve our position in the Bari area in order that we may do our job without the necessity of having to retain the Southern camps any longer than is necessary.

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22. Elements which left the country during the month through our passport facilities, transit facilities and actual repatriation, number 1,781 DP's.

23. The following Group Moves which are in the process of preparation and are scheduled to take place in the near future are: -

37 Mixed French families to France
15 Poles to Poland
190 Greeks to Greece
700 Jewish mixed families to South America
1,360 Italians to Tripolitania
360 Italian Children to Tripolitania

24. In addition, as before stated, we also have a move which should be effected by the first week in November, that of 1,000 Belgian nationals.

25. During the month we had a visit from Mr. Delierneau from ERO, representing ERO repatriation, and as a result of this meeting

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various points were clarified and discussed covering DP infiltration, transit and movement of ex-enemy DP's through Italy, reuniting of families and unaccompanied children, and movement of Poles from the Middle East, as well as the question of budgeting and methods of paying for such moves.

26. Out of our discussion the thought was developed that closer operational contact was necessary between the ERO organization and the Italian Mission reference repatriation, chiefly for trans-country and inter-country moves. It is felt that a European-wide and coordinating Headquarters where such moves are concerned would be most helpful.

LOUIS VARRICHIONE
DIRECTOR
DISPLACED PERSONS DIVISION

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DISPLACED PERSONS DIVISION

CM 7611

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H - 7 INFORMATION REQUESTED UNDER FORM U.N.R.R.A. 1

UNRRA

Country, Italy
Month covered by report, September 19

a. DISTRIBUTION OF SUPPLIES

Note: In accordance with Bureau of Supply Memorandum No. 29, Supplement No. 1, dated 20 September 1946 Form S-50 is no longer required.

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 a-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	1,421,321
1	61,120
2	4,319
3	57
4	319
5	150
6	47,765
7	562
8	4,640,308
9	64,219
	6,240,140

2. Stocks on hand in Government's control not yet released to above agencies for distribution: Nil

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September 1946 Form S-50 is no longer required.

4. a. Supplies received from UNRRA by outright transfer and distributed by the Government:

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6	47,765
7	562
8	4,640,303
9	64,219
	6,240,140

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); 6,240,140 Long Tons.

b. Equipment (not included in item 4.a) leased by Government from UNRRA, total to date: Nil

Note - i The above figures are purely statistical.
ii They are based on cable manifests, and not on Outturn Reports and therefore are in excess of actual amounts transferred to the Govt.
iii Cable manifest figures are used in order that the report may be as current as possible.

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H-7.

INFORMATION SUPPLIED TO MR. R. FERRIS ON 14 OCTOBER 1946 FOR FORM MSR. 1.

A	4.b.		NIL
	c(1)	Supplies distributed by Government to 31 July, 1946 for which proceeds were received..... This figure includes sales of 421,860 tons of P.O.L. during February-May 1946 inclusive Further P.O.L. sales have yet to be established.	2,928,050 Met. tons
	(2)	Approximate balance of supplies excluding P.O.L. handed over to Italian Government to 31 July, 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.	639,160 " "
	(3)	Proceeds received by Italian Government in respect of sales under (1) above.....	19,536,290,875
B	(1)	Proceeds of Sale of Supplies under C(1).....	19,536,290,875
		P.O.L. (On account of sales 1 June, 1946 to 30 September, 1946 until actual determination.....	1,150,000,000
		Credited on account of Sales not yet effected:	
		Industrial Products.....	236,654,650
		Copra.....	55,158,750
			20,978,104,275
		Less retained by Federazione Consorzi on account of distribution costs to be determined..... 4,668,928,790	
		Customs duties on P.O.L. 1 February, 46 - 31 May, 1946 and reimbursable to Lire Fund..... 1,587,551,166	
		Retained by C.I.P. on account of distribution costs for P.O.L. during February 1946 - May 1946 inclusive yet to be determined..... 2,806,648,172	
		Distribution costs of Seed Potatoes... 118,590,600	
		Quota for equalising unified Price of imported Seed Potatoes..... 111,672,815	9,293,391,543
		Balance paid into Special Proceeds of Sale Account.....	11,684,712,732
B	(2)	Amounts expended out of Proceeds under B.1.	2,693,850,000
			8,990,862,732
		Recommended and approved appropriations not yet paid over..... 3,026,366,000	
		Recommended appropriations awaiting approval of Joint Presidents..... 200,000,000	3,226,366,000

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during February-May 1946 inclusive
Further P.O.L. sales have yet to be established.

(2) Approximate balance of supplies excluding P.O.L. handed over to Italian Government to 31 July,1946 for which no proceeds were received..... 639,160
Some of these supplies have already been distributed and it is anticipated that proceeds in respect of all will be received in due course.

(3) Proceeds received by Italian Government in respect of sales under (1) above..... 19,536,290,875

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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-(1), and are therefore omitted from Attachment H-8, in accordance with London's cable No. 1166.

Note: Statistics in Items C-6 through C-11 are for the period 18 August to 21 September 1946, inclusive, and cover all 10 camps in which medical care was an UNRRA responsibility during the period. (Milan Group, Lecce Group, Cinecitta Camp and Bari Transit Camp.)

6.	Total number of patient days in UNRRA-operated hospitals.....	5,404
7.	Total number of clinic visits to UNRRA-operated clinics...	11,035
8.	Total 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: (10 Camp Clinics, seven camp hospitals and one central hospital).	18
9.	Number serving these hospitals and clinics at end of period under review: A. Doctors: 30. B. Nurses: 51.	
10.	Total number of immunizations under UNRRA direction during the period:	2,816
11.	Total number of child Health examinations under UNRRA-direction during the period:	1,469

D. PERSONNEL OF MISSION AS OF 31 SEPTEMBER 1946

D.1. Classification of employees on payroll at end of month by service:

		Class I	Class II	Class III (Vol.Ag.)
a)	Displaced Persons	53	267	7
b)	Health	9	30	-
c)	Welfare	9	10	1
d)	Agricultural Rehabilitation	16	23	-
e)	Industrial Rehabilitation	31	89	-
f)	Req. Coord. and Supply (Bureau of R & D excluding Div. of Inland Transport, Indust.Rehab. and Agric.Rehab.)	61	145	-
	[illegible]	5	32	-

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d)	Agricultural Rehabilitation	16	23	-
e)	Industrial Rehabilitation	31	89	-
f)	Req. Coord. and Supply (Bureau of R & D excluding Div. of Inland Transport, Indust.Rehab. and Agric.Rehab.)	81	145	-
g)	Division of Inland Transport	5	12	-
h)	Camps	94	813	31
i)	F & A (excluding Personnel VC&M)	81	488	-
j)	Personnel	8	42	-
k)	Vehicle control & Maintenance	15	730	-
l)	Chief of Mission	31	143	-
m)	Regional Staff	102	383	67
	TOTAL:	535	3,797	106

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D.2. Nationalities of Class I Employees as of September 31, 1946.

American	189
Australian	3
British	268
Canadian	12
Danish	3
Egyptian	1
French	2
Greek	1
Icelander	1
Indian	3
Haitian	1
Iranian	1
New Zealander	3
Palestinian	8
Polish	2
Russian	3
San Salvatore	1
South African	27
Stateless	3
Swiss	2
Yugoslav	1
	535

D.3. Employment of Personnel as of 31 September 1946 by Sex

Sex	Class I	Class II	Class III
Male	351	2,808	74
Female	184	989	32

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Danish	3
Egyptian	1
French	2
Greek	1
Icelander	1
Indian	3
Haitian	1
Iranian	1
New Zealander	3
Palestinian	8
Polish	2
Russian	3
San Salvatore	1
South African	27
Stateless	3
Swiss	2
Yugoslav	1
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D.3. Employment of Personnel as of 31 September 1946 by Sex

Sex	Class I	Class II	Class III
Male	351	2,808	74
Female	184	989	32
	535	3,797	106

D.4. Employment of Class I Personnel as of 31 September 1946 by Grade

Grade 1	-	-	Grade 6	-	45	Grade 11	-	48
" 2	-	1	" 7	-	63	" 12	-	32
" 3	-	-	" 8	-	82	" 13	-	10
" 4	-	47	" 9	-	84	" 14	-	4
" 5	-	49	" 10	-	69	" 15	-	1

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