

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

ACC

10000/109/860
(VOL. I)

FINANCIN
OCT. 1944

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

10000/109/860
(VOL. I)

FINANCING OF CIVILIAN SUPPLIES FOR ITALY
OCT. 1944 - SEPT. 1945

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

Chief Commissioner.

Attached is submitted for your ~~signature~~
information

MS 11/9
2613

CC 1745
Noted by *[signature]*

99
CSO- Folio 18 for info, 99 folio 13.

Comd 282613

74

Chief of Staff:

DCOS, Establishment Section,

has been

ret. sec.

23 Jan

W. H. H. H. H.

90

Ex. 101

Pl. Sec 87. Italian 15th
has suspended the application
for a loan of 300 million \$
for the time being!!

1946.

Mr. 1st

2615

~~101~~

Executive Committee 94

Trip. 93

1946

1946

90

Excerpt:

Pl see 87. Italian '584
has suspended their application
for a loan of 300 million \$
for the time being!!

8. 1946.

WV 156

2615

Excerpt 94

For info. file 93

APR 1949

Si 10/49

94

COS.

NO. ~~2~~

#48D

Use and control of Italian foreign exchange assets: *folios - 68A-C*

Italian Government is expected soon to establish an exchange control agency to supervise transactions with neutrals.

Advising Italian Government to take immediate steps to mobilize all available foreign exchange assets in neutral countries for its own use, all with prior approval of AC.

In general, use of assets in neutral countries will be:

- a) Italian diplomatic missions approved by AC.
- b) Payments for ~~on~~ Italian vessels.
- c) Payments for AC coordinated imports on an approved supply program of Italian Government from U.S., U.K. and neutrals.
- d) Repayments of outstanding advances made by U.S. and U.K. in neutral countries from assets remaining after a. b. c. requirements have been met.

Then, when assets in neutrals are exhausted, they may draw on sterling and dollar credits.

It is suggested that all proposed Italian purchases in neutral countries be referred to Econ Sec, AC for clearance with combined allocation and shipping agencies of British and U.S. Governments.

A conference on these points is proposed with Treasury Minister and other interested Ministries.

2 Jan 45

This is a first step in mobilization of Italian assets.

9CB

10/10

21. 11/11

23-

C50: Additional information letter to PM from CC to see for info. *1/16/11*

7/2

A/COS

in wide promissory with 13 read page 68A-C + 72

in 1/11/11

Should be 4-

17/11

2613

785017

TO: C O S

SUBJECT: U.S. Financial Arrangements for Italy.

1. At folio 47 begins statement from the U.S. Dept. of State explaining procedure to be followed in the use of dollar equivalent of lire expended by American troops - Italy. The Dept. await Italian Government agreement through the Allied Commission.

2. Salient features are:

a) Depositing initial credit with the U.S. Treasury for the account of the Italian Government.

b) Procurement through PEA.

c) Funds can not be used to pay for goods previously delivered prior to opening of the account.

3. At page 45 is a proposed letter to the Secretary of the Treasury from the Italian Ministry of Finance.

4. The DCMS, Econ Sec requests the Chief Commissioner at page 51 that clarification as to action necessary by AG be obtained from Ambassador Kirk. The Chief Commissioner has not as yet made reply to this letter.

12 Dec 44

*auth.
Captain*

Chief Commissioner

Attached is submitted for your information/signature/approval.

I think you discussed at P.M. meeting 20/12/44

~~#63~~ → 175/12/44

No clarification needed.
Letter has been sent to D.P.H. & Reskin
for approval in view of working procedure.

cc. 1135

785017

of the Italian Government.

- b) Procurement through FIA.
 c) Funds can not be used to pay for goods previously delivered prior to opening of the account.

3. At page 45 is a proposed letter to the Secretary of the Treasury from the Italian Ministry of Finance.

4. The DCUS, Econ Sec requests the Chief Commissioner at page 51 that clarification as to action necessary by IG be obtained from Ambassador Kirk. The Chief Commissioner has not as yet made reply to this letter.

12 Dec 44

enc.
 Certain

Chief Commissioner

Attached is submitted for your information/signature/approval.

I think you discussed at P.M. meeting 20/12

cc. 1135

~~13~~ 17/5/12/44
 No clarification needed.
 Letter has been sent to DPTA and
 US approval is being requested procedurally.

Col.

62. ~~11~~

17/15/44

CSE: to see C.C.'s letter to AFHQ (G-5) with proposed letter to Prime Minister (folios 55-58) 1/12/44

You might wish to read 55-58 20/12
 seen by C.S. for 1/12

6/1/67

(69)

Alterations in folios 55-58. became necessary owing to
 changing some figures. Correspondence for audit file 17/12/44

Seen up to Fin Sub Com of 13K.

MSL 15/x



evening staff officer: 11 Plo see folios at 2, 5, 7, 9

9 11 out 17/10

Read E. 21/10. Read 22/10 (up to 23) 21.

25

E. S. O: Plo see folios at 24 out 23/10 *What is this?*

27

E. S. O: Plo see folios at 24 P/A out 25/10 *See 25/10*

Col

To see 29/10

32

8th Nov. 2 10

7

28/10

785017

4602 81

CONFIDENTIAL

EX COMM

98
2

P 45756
SEP 26 1957A

2/9175
SEP 27 1120
ROUTINE

From: AFHQ STUNED ALEXANDER CITE PHREQ

To: A. L. MAT ADDRESSES (REF ID: A. COM HOME)

SEP 28 1945

CONFIDENTIAL.

This is MAT 918. Ref MAT 900 and MAT 911.
Agreement dispatched by air today.

DIST

INFO-ACTION
INFO
FINANCE SC
CHIEF COMMISSIONER
EX COMMISSIONER2
ECOM SEC 2
COMMERCE SC
FILM 2
FLOAT

RECEIVED
27 SEP 1945

(COPY 4003/EC)

28/9.

CONFIDENTIAL

2611

See 11/99
PA 28/9

(CONTINUED)

4602 + 401 Ex Comm

CONFIDENTIAL

EX 4362A
SEP 15 1740B

7/7846
SEP 16 1200B
ROUTINE

From: ALEXANDER CITY MICH

To: ACTION ALL MAT ADMIRAL'S INFO ALBUM NAME

INFO

CONFIDENTIAL.

This is MAT 911. Reference MAT 900.

Airmail transmittal full document delayed because copies not yet received from Italian Foreign Office. Will be sent as soon as possible. Foreign Office pressing for approval but they were told decision awaits receipt of documents.

LIST

INFO-ACTION: Finance SC
INFO: Chief Commissioner
Ex Commissioner 2
Leon Lee
Comaroon
File 2
Fleet

2613

CONFIDENTIAL

HEADQUARTERS
16 SEP 1945
A. C.

SEE F.98

PA
X

46029

John
qb

F42910
SEP 121856B

CONFIDENTIAL

F/7433
SEP 1221A5B
IMPORTANT

From: AFHQ SIGNED SIGNED DATE FREQ
To: HQ ALCON HOME

SEP 1 1945

CONFIDENTIAL.

Please expedite transmittal to this HQ of 1 additional set documents attached your letter 13091/F of 3 September, in order that they may be sent to CCS and HCS as per MAT 900.

q3

LIST

ACTION: Finance BC
INFO: Chief Commissioner
Ex Commissioner 2
Leon Sec 2
File 2
Float

CONFIDENTIAL

HEADQUARTERS
17 SEP 1945
2003

14
(Capt. Anderson)

13/9

785017

4602 + 4003 46
CONFIDENTIAL

FX 41621
SEP 07 1945

7/6918
SEP 11 1945

ROUTINE

SEP 12 1945

FROM: SIGNED ALEXANDER CITY FRONT

TO: ACTION ALL MAY ANTICIPATES INFO ALOSH BOMB

Corrected copy - see r/c note
at foot of page 91

seen & initialed by
CSC - Capt A. 10/9

CONFIDENTIAL.

INFO

This is MAT 900. Italo-Swiss payments agreement.

1. On 10 August Italian-Swiss negotiators in BERNE concluded payments agreement, commercial agreement, cancellation of 1935 agreement, and series of supporting exchanges of notes including one providing for 80 million Swiss Franc 3 year loan to Italian Govt. Not til 2 September did Italian Govt send text to AC and then only in response to AC query about reports that agreements provided for payment of Italian debts to Swiss incurred prior to 8 September 1943. Contents of para 3 of FAR 583 were communicated to Italian Govt on 18 July but Govt explained that negotiations in BERNE had begun on 3 July. Assured AC however that British and U.S. legations in BERNE had been kept fully informed and in any event ratification would be withheld until AC approved provision for settlement of old debts.

2. Payments agreement covers all forms of Italo-Swiss payments except frontier trade, 3 country trade, ocean freight, tourist payments, insurance and reinsurance, and transfer of capital and returns from capital (transfer of commercial profits permitted). Proceeds Swiss payments to ITALY for imports, etc., will be deposited in Swiss national bank in Swiss Francs and used by UFFICIO ITALIANO for Italian payments for imports from SWITZERLAND and other payments permitted by the agreement. Use of such balances to make payments to 3 countries is precluded.

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

(EX 41621 cont'd)

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Exchange rate will be official rate of day of transaction.

3. 15% of Swiss Franc balances accruing under agreement are reserved to settle debts in arrears, all incurred prior 8 September '43, as follows: Commercial clearing debt 135 million Swiss Francs; railways clearing debt 55 million; special supplies debt mainly armament of Swiss manufacture 130 million; balance due on 1940 loan 58 million. Total 378 million Swiss Francs. In memorandum to AC, Italians state Swiss made settlement of above arrearages prerequisite to conclusion agreement and to obtaining new loan which is essential to finance Italian imports from SWITZERLAND.

4. Italians say they realized most questionable item in debt arrearages was special supplies debt and raised issue during negotiations, but this question delicate because SPAIN might use same argument against ITALY during coming negotiations over civil war debt which almost entirely represents deliveries war material (see MAT Cirgram 27) however Italians say exports to SWITZERLAND not likely to exceed 130 million Swiss Francs per year at which rate settlement of arrearages will take 18 years which Swiss consider means effective reduction of 30% in total amount of debt calculated on basis present value of 18 years payments. The debt arrearages will be settled without interest.

5. ITALY also agreed establish compensation office in ROM which will tax imports from SWITZERLAND and use proceeds to subsidize exports to SWITZERLAND, thus adjusting for discrepancy in Italian and Swiss prices. This apparently in lieu adjustment in present exchange rate.

6. In commercial agreement each country guarantees quota for specified list of commodities both for export and import. Provision for frequent adjustment in

CONFIDENTIAL

- 9 -

(FX 41621 cont'd)

CONFIDENTIAL

quotes.

7. Of course these agreements cannot apply to private trade or payments until proclaimed and statutory lists recognized by Italian Government. See TAM 679.

8. In view paras 3 & 7 of FAM 583 and TAM 136 above summary is forwarded and complete text and memorandum follow by air mail. Italians stress urgency of need to ratify agreement. Please advise soonest whether approval of financial aspects may be given.

DISP

INFO-ACTION: Finance SC
INFO: Chief Commissioner
Ex Commissioner 2
Team Sec 2
Commerce SC
File 2
Flot

(M/C Note: This is corrected version of same cable received on 8 Sep & serviced at request of Finance SC)

2608

CONFIDENTIAL

785017

4602

89

13214/P.

12 June 1945.

14 JUN 1945

My dear Mr. Ambassador:

With reference to my letter 13214/P of 9 June, 1945, I enclose a copy of a letter in translation received from the President of the Council of Ministers, dated 11 June, 1945.

You will note that the request for the granting of a \$ 300 million loan to Italy by the United States Government has been suspended by the Italian Ambassador in Washington pending the preparation of new data.

HILERY W. STONE
Rear Admiral, USNR
Chief Commissioner.

The Honorable Alexander Kirk,
American Ambassador,
119, Via Vittorio Veneto,
R o m e.

(ARMY ARMY)

2605
15
6

785017

Translation

The President of the Council of Ministers
37002/19.5

Rome, 11 June 1945

12 JUN 1945

Dear Admiral,

I refer to my letter of the 1st, n. 37002/19.5 in which I drew your kind attention and asked for your intervention about a request which, through the R. Ambassador in Washington, the R. Government means to make to the Government of the United States for the granting of a loan.

After my letter had been sent to you, the competent Administrations deemed it useful to modify the form which had been given to the said request, for greater precision, gathering facts and elements which, especially for what concerns North Italy, were not yet known when this letter was written. These elements concern the assets which were found in Italy, and the requirements which can only be mentioned after a more precise ascertainment of the situation of industry in the zones which have recently been liberated.

Therefore, while the R. Ambassador in Washington has suspended the presentation of the request to the American Government, I ask you, my dear Admiral, to cancel the communication I sent you on this subject, till I can replace it with another taking in consideration the new note which is being drafted.

I remain, my dear Admiral,

Yours truly,

s. I. Bonomi

Admiral Stopp
Chief Commissioner
Allied Commission
Rome

e.e.

EC INT - 12 June 45

ACTION: FINANCE 503
INFO: Chief Commr
Exec Commr
Econ Sec

(Car. Answer)

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

785017

See 4602

51

13214/P

9 June 1945

JUN 11 1945

My dear Mr. Ambassador:

I attach hereto a copy of a communication I have received from the President of the Council of Ministers, and a copy of my reply thereto.

The Italian Government, through the Italian Embassy in Washington, is apparently making a formal request for a long-term of credit of 300 million dollars to be granted by the Government of the United States to Italy.

As you know Italy has already been granted a credit of 100 million dollars, representing net U.S. troop expenditures in Italy. The figure of 100 million dollars covers only the period through 31 December 1944. A further amount is therefore due to Italy for the period 1 January to 31 May, 1945, which will presumably be credited to the Italian account after the necessary calculations have been made in Washington. Bearing in mind that all liberated countries will make heavy demands upon the productive capacity of the U.S. for reconstruction supplies, and the fact that the place of Italy in the scale of priorities is not high, it is difficult to know whether the U.S. Government would be prepared to grant further dollar credits unless they were related to a programme of rehabilitation supplies approved and available during the next six months or a year.

Italy has been receiving, since July, 1943, what in effect has been a substantial continuing loan - the civilian supplies essential to prevent disease and unrest. These supplies, consisting of foodstuffs, medical supplies, coal, and petroleum products, represent a value for the U.S. share alone of over 200 million dollars to the present time. The "Category A" supplies, as they are generally known, have been purchased, for the most part, from War Department funds. Should the period of military responsibility end, and if no U.S. civilian agency were then to carry future "Category A" supplies in its budget, such supplies would thenceforth have to be paid for from existing Italian funds which would presumably have already been committed for reconstruction supplies. Such a development would raise, in a most immediate and serious form, the question of long-term finance for Italy. We have not yet had a decision from the Combined Chiefs of Staff on duration of the period of military responsibility.

/2....

2003-89
190

[Signature]
(CAPT. ARNOLD)

785017

- 2 -

The requests in para 4 of the memorandum for lend-lease and a revision of the financial clauses of the Armistice are a repetition of former requests made some time ago to the U.S. Government.

I should be most interested to learn whether the formal request for the long-term credit has in fact yet been made, and, if so, the preliminary views of the U.S. Government thereon.

Yours very truly,

/s/ Ellery W. Stone,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

The Hon. Alexander Kirk,
U.S. Ambassador,
U.S. Embassy,
R o m e.

2002

785017

13214/P

9 June 1945

11 JUN 1945

My dear Mr. Prime Minister:

I wish to acknowledge receipt of your letter 37002/15.5 of 1 June, 1945, transmitting a memorandum which I understand has been presented to the Government of the United States by the Italian Embassy in Washington.

You are aware that a request for the extension of a long-term credit by the United States is a matter for decision at the governmental level and you have raised the question at that level. It would not be appropriate for the Allied Commission to make any recommendation, as your request is addressed to only one of the Governments represented on the Allied Commission. The views of the industrial and financial specialists of the Commission will, of course, be placed at the disposal of the American Embassy in Rome for consultation and advice.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi
President of the Council of Ministers
Italian Government
Rome

2601

785017

4602

ESA

6 June 1945.

My dear Mr. Ambassador:

I am forwarding herewith for your information a copy of a letter dated 1 June 1945 from the Prime Ministry, together with a copy of the memorandum on the subject of opening of credit.

Very truly yours,

Ref. Henry W. Stone

HENRY W. STONE
Rear Admiral, USNR
Chief Commissioner

The Honorable Alexander Kirk,
American Ambassador,
119 Via Vittorio Veneto,
Rome.

cc: Ex. C.
Econ. Sec.

2603

(C. H. H. H.)

785017

5009
9 4602

84

C O P Y

Translation

The President of the Council of Ministers
37002/15.5

Roma, 1 June 1945

11 JUN 1945

Dear Admiral,

I enclose a copy of the Memorandum sent to the Italian Embassy in Washington, to be the subject of a request for an opening of credit to the Government of the United States, to help the economic rehabilitation of North Italy and avoid the danger of trouble among the workers.

I shall be most grateful for your intervention in support of our request.

Ivanoe Bonomi.

Admiral Ellery W. Stone
Allied Commission

R o m e

2593

85H
20F 55-87

TranslationMemorandum

for H. S. the American Ambassador

1. In drafting the first aid program, which is now being discussed by the competent organs of Washington with the collaboration of the Italian experts, the Italian Government meant to ask what was strictly necessary for the reconstruction of Italian economy in the South region, which had already been liberated at that time. The Italian Government was to send a second plan, which would take in consideration the requirements of North Italy, still to be liberated.

The news which up to now reached Rome about the industrial situation in North Italy are most encouraging if compared with the conditions in which South Italy was found, but at the same time, they give rise to many preoccupation of an economic and political character.

In spite of air bombardments, destruction and sabotage by the German invasion troops, the essential elements of most of the industrial plants in North Italy are practically intact: electric power, buildings, and most of the machinery. This is however, the outward aspect of the situation: on the contrary, for what concerns the resumption of works and production, there are many deficiencies which prevent the rehabilitation of the largest group of industries in Italy.

The above mentioned deficiencies can be summed up in three points: lack of coal, preoccupying lack of raw materials (cotton, wool, metals, etc.) and need to replace destroyed machinery or parts of engines. Though the external equipment is almost intact, the interior conditions for the resumption of works are lacking. The fact remains that with not great, but limited sacrifices, and in a not very long period of time, the industries of North Italy can recover their full efficiency, thus hastening the economic rehabilitation of the country.

For all these reasons, and while waiting to know with the required precision the true state of things in North Italy, to draft a final reconstruction program, it seems that we can already say that what North Italy most urgently requires is the financing of foreign purchases.

2. The necessity of taking action because of these reasons of an economic character is further increased by political considerations which are of capital importance at the present moment. If the great industrial organization in Piedmont, Liguria, Lombardia, Veneto, and Emilia does not soon start working again, a great danger will arise because of the unemployment of several million workers who are now armed and know how to make use of the weapons which they courageously and victoriously defended the plants and the machinery against the Germans.

The political situation in the regions which have lately been liberated is already most delicate, and makes it advisable to avoid the above mentioned possibility, which might bring about trouble, riots and very dangerous mass movements; for this reason, the Italian Government feels entitled to appeal to the

be liberated at that time. The Italian Government was to send a second plan, which would take in consideration the requirements of North Italy, still to be liberated.

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The political situation in the regions which have lately been liberated is already most delicate, and makes it advisable to avoid the above mentioned possibility, which might bring about trouble, riots and very dangerous mass movements; for this reason, the Italian Government feels entitled to appeal to the Government of the United States which has already shown so great a comprehension of the Italian situation and of the need of bringing remedy to her evils.

3. To cope with the situation immediately and strongly, an opening of credit would be necessary to provide to the most urgent requirements of the present moment, concerning raw materials, spare pieces, etc.; the total amount foreseen would be of \$300 million. This opening of credit might be paid back within a reasonable lapse of time, after agreeing about the rate and procedure. We point out that the resumption of production, thus made possible, would allow the drafting of a plan bringing about the full rehabilitation of all the indus-

82-
tries of the North within a short delay, and making it possible not to postpone considerably the beginning of the service for the extinction of the loan.

The Italian Government feels that foreign credits for the above mentioned amount would have a good and immediate effect from the economic and political point of view, might be decisive for the resumption of productive work and bring quiet and trust in the agricultural and industrial masses of the most united, important and sensitive zone of the Country.

4. Inspired by the same preoccupations, the Italian Government begs again the Government of the United States to examine the possibility of extending the "Lend-Lease Law" to Italy, or else, adopting some other form of "mutual help". It could also take in consideration the granting of a counterpart of the as-lire issued in Italy, and used, not to pay the troops, but for military and occupation expenses, as well as a counterpart for the very heavy expenses in lire borne by the Italian Government on account of the Allies for requisitions, supplies, works of all kind done for the Military Commands.

5. The Italian Government deemed it its duty to emphasize the complexity of the present situation and hopes that the Government of the United States will agree to the proposals hereby expressed which would give the necessary means to face it and solve it.

Rome, 15 May 1945.

In the memorandum handed to the Italian Government by the Acting President of the Allied Commission on the 24th February 1945, it was stated that, in addition to the programme of supplies for which the military assumes responsibility for procurement,

"the Allied Commission will assist the
 "Italian Government in the preparation
 "of programmes of supplies designed to
 "rehabilitate Italian industry."

It was further stated that the purchasing of supplies for the latter programmes would be undertaken immediately without reference to the present difficult shipping position in order that the supplies so purchased might be called forward as and when shipping space became available. (These programmes are referred to hereinafter as the "Italian Rehabilitation Programmes".)

2. As regards the items of the Italian Rehabilitation Programmes with which the United Kingdom authorities are concerned, the Italian Government will be able to finance approved imports from the United Kingdom or elsewhere in the sterling area by drawing on its post-liberation sterling funds. In order to augment these funds, His Majesty's Government in the United Kingdom are proceeding to pay over to the Italian Government the cash proceeds of Italian exports to the United Kingdom. At the 30th November, 1944, the accumulated credit in favour of Italy was approximately £1.7 million. This figure will be subject to a deduction of about £500,000 for repayment to His Majesty's Government of advances for Italian diplomatic and shipping expenses in various countries, made at the request of the Italian Government and therefore chargeable to the post-liberation account. This deduction will, however, probably be less than an additional credit in respect of imports to the United Kingdom accumulated since November, 1944. Payments for Italian exports will in future be made currently in accordance with terms agreed between the United Kingdom Importing Departments and the Italian Government agencies. The Italian Government will therefore know what funds are likely to be available to it as contracts are made from time to time. If the negotiations for the recruitment of Italian contract labour for the Far East are brought to a successful conclusion, the post-liberation account will be greatly increased, viz. to the extent of four-fifths of the workers' earnings.

3. His Majesty's Government would find it convenient if the Italian Government were to appoint a Purchasing Agent in London who would make direct contact with the United Kingdom Departments and supply on all matters connected with the placing of orders in respect of the Italian Rehabilitation Programmes in the United Kingdom. The Ministry of Production and the Supply Departments would be glad to give all possible assistance to such an Italian Purchasing Agent, who would presumably be attached to the staff of the Italian Government representative in London. On account of the numerous and complex wartime controls in force it would seem advisable for the Italian

present difficult shipping position in order that the supplies so purchased might be called forward as and when shipping space became available. (These programmes are referred to hereinafter as the "Italian Rehabilitation Programmes".)

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4. His Majesty's Government in the United Kingdom have communicated in the course of the foregoing with the Italian Representative in London and they look forward to receiving the views of the Italian Government together with the name of any Purchasing Agent whom the Italian Government may be disposed to appoint to London.

11/5/1945

Report by General Sir [unclear] at
meeting with [unclear] on 7 May 1945

785017

13211/7

9 April 1945

My dear Mr. Prime Minister:

With further reference to my letter 13211/7 of 15 January, 1945, I have now received word from the United States Government that a further transfer of \$50,000,000 was made on 15 March, 1945, to the special deposit account in the U.S. Treasury Department in the name of the U.S. Secretary of the Treasury for the account of the Italian Government, representing the dollar equivalent of the lire paid to civilians by American troops in Italy out of their pay.

The total of \$100,000,000 which has now been credited to this account covers the period through 31 December, 1944.

At the request of the Foreign Economic Administration, \$10,000,000 has been transferred from the special deposit account to F.E.A. account to finance purchases of supplies for Italy within the approved program.

Yours very truly,

s/ Elery W. Stone

ELERY W. STONE
Rear Admiral, USNR
Chief CommissionerHis Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Romecc : The Hon. Alexander Kirk
Sir Noel Charles
O-5, AFHQ
Executive Commissioner
Economic Section
Finance Sub-Comm.
"A" File

2555

14602 4608

EEB/afe

79

CG 951

9 April 1945

APR 10 1945

77

78

Dear Mr. Kirk:

Thank you for your letter of April 6th which enclosed a copy of the telegram from the Department of State announcing that the Italian troop pay account has been set up in the United States Treasury and that the certification of an additional fifty million dollars to this account has been made by the War Department.

Sincerely yours,

/s/ Ellery W. Stone

ELLELY W. STONE
Rear Admiral, USNR
Chief Commissioner

Honorable Alexander Kirk
American Ambassador
119 Via Vittorio Veneto
Rome

cc: Exec. Comm.
CG FILES

2594

(Passerelli)

785017

COPY
O
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Y

THE FOREIGN SERVICE

OF THE

UNITED STATES OF AMERICA

AMERICAN EMBASSY

Rome, April 6, 1945.

PERSONAL

Dear Admiral Stone:

APR 10 1945

I am enclosing a copy of a telegram received recently from the Department of State at Washington announcing that the Italian troop pay account has been set up in the United States Treasury, and the certification of an additional fifty million dollars to this account by the War Department.

The cumulative total of certifications through December 31, 1944, accordingly, now amounts to one hundred million dollars.

Sincerely yours,

A. KINK.

Enclosure:

Copy of telegram

Admiral Milery W. Stone.

Chief Commissioner,

Allied Commission,

Rome.

W/HS
CC DISTA:

ACTION: Finance S/C

INFO: Exec. Comm.
CC FILES

Note: This letter was acknowledged
by Office of Chief Comm'r
7/4/45 J.H.P.

2593

(1142-500001)

(77)

COPY OF TELEGRAM

The Italian troop pay account has been set up in the US Treasury in accordance with the principles contained in the letter from the Italian Treasury Minister to Secretary Morgenthau, dated January 20. On March 15, an additional \$50,000,000 was certified to this account by the War Department, bringing troop pay expenditures through December 31, 1944 to \$100,000,000. Following a F.E.A. request, \$10,000,000 was transferred from the troop pay account to F.E.A. account in order to finance purchases of supplies within the approved program.

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This copy to Chief of Staff

76

PERSONAL

PERSONAL

13214/P.

22 January 1945.

JAN 23 1945

My dear Mr. Ambassador:

I refer to your letter of 8 December 1944, transmitting inter alia the text of a suggested letter to be addressed by the Minister of the Italian Treasury to the Secretary of the United States Treasury.

Enclosed herewith for transmission to Washington is a letter dated 20 January 1945, duly signed by the Italian Minister of Treasury, together with a copy for your files. The sole alteration made to the original text is the addition in certain places of the words in parentheses "Ministry of Treasury" after the words "Italian Government". This change appears to be harmless and is said to be in accord with normal Italian practice.

Yours very truly,

Elery W. Stowe

ELERY W. STOWE
Rear Admiral, USNR
Chief Commissioner

The Hon. Alexander Kirk,
American Embassy,
Rome.

2591

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1/25/1

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COPY

Rome, 20th January 1945 75

IL MINISTRO DEL TESORO

My Dear Mr. Secretary:

It is the desire of the Italian Government that the necessary procedures be put into operation to implement the policy announced by the President of the United States on 10 October, 1944 whereby the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay will be made available to the Italian Government for the procurement of necessary civilian supplies in the United States. It is understood that the United States Government is making such dollar credits available without prejudice to any claims whatsoever it may have against the Italian Government in the final peace settlement.

Accordingly the Italian Government (Ministry of Treasury) requests that a special deposit account be established in the Treasury of the United States in the name of the United States Secretary of the Treasury for the account of the Italian Government (Ministry of Treasury) and this account be credited from time to time with the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay, which are to be made available for the benefit of the Italian Government.

The United States Treasury is authorized, pending further advice from the Italian Government - Ministry of Treasury - to charge this account currently with the dollar amounts certified by the Foreign Economic Administration to the United States Government to be required for the procurement of civilian supplies approved by the Italian Government. It is understood that the amounts certified by the Foreign Economic Administration may be adjusted either on the basis of ordinary incidents of procurement or as may be otherwise mutually agreed to by the FEA and the Italian Government - Ministry of Treasury - and that appropriate charges or credits will be made in the account without further authorization to reflect any such adjustments.

The United States Treasury is further authorized to charge or credit the account as necessary to reflect any adjustments in the certifications of the United States War and Navy Departments as to the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay when such adjustments are indicated as a consequence of audits or other revisions in the accounts of disbursements.

(Sgd) Marcello Soleri
Minister of the Treasury

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
United States Treasury Department
Washington 25, D.C.

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION
TEL. 417

15 January 1945

SUBJECT: Payment of Dollar Equivalent of Live Expenditures.

TO : Chief Commissioner,
HQ, Allied Commission.

NR 22

1. I refer to your memorandum 03951 of 15 January, 1945, attaching copies of a letter and telegram received from Ambassador Rink.
2. Attached hereto are suggested letters for your signature to the President of the Council of Ministers and Ambassador Rink.
3. Your letter 11,05/23 of 27 December, 1944, informed the Italian Government that an initial transfer of \$ 50,000,000 would be made (para. (b)(1)), a transfer which has now been effected.
4. These dollars are for Category "B" items.

"(Signed) : . . .

Comdr. U.S. Army

Joint Director,
Finance Sub-Commission.

WHL2/red

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13211/8.

15 January 1945.

68 JAN 16 1945

My dear Mr. Prime Minister:

With further reference to my letter 11.05/83 of 27 December 1944, I have now received word from the United States Government that an initial transfer of \$50,000,000 has been made to the special deposit account in the United States Treasury Department in the name of the U.S. Secretary of the Treasury for the account of the Italian Government.

A further transfer of the amount of dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay will be made when the necessary accounting has been completed in Washington and it is expected that the next transfer will be made about 30 March 1945.

In order that the procedures for the use of the special deposit account may be definitely laid down, I should be most grateful if you would indicate when the necessary letter of authorization from the Minister of the Treasury to the United States Secretary of the Treasury will be prepared and delivered to the Finance Sub-Commission for transmission to Washington. The United States Government is anxious to receive this letter as soon as possible.

Yours very truly,

(sgd.) E.W.S.

ELIZABETH B. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Rome

cc Sir Noel Charles
The Hon Alexander Kirk
G-5, AFHQ
OSB,
Finance Sub-Commission,
Economic Section,
"A" File.

2588
7344
see Minute

TO: CSO

folios 1-3 / refers to folios 68 to 70

1. Procedure of Establishment and Use of Credits for Relief to Italy as approved by U.S. Government:

a. Establishment of Credits: Amount in dollars corresponding to amount of lire paid by U.S. troops in Italy to be established in U.S. Treasury for Italian Government.

b. Use: Italian Government to make requests for supplies through Econ Sec, A.C., to combined I.A. Committee who screens, and then in cases where U.S. procurement responsibility has been agreed, the ICA then proceeds with procurement and delivery of supplies to Italy.

6 Jan 45.

Col.

I expect you

See. MS (7/1/45).

5

have already seen all this.

JEP

Major

JEP

2587

then, in cases where U.S. procurement responsibility has been agreed, the FZA then proceeds with procurement and delivery of supplies to Italy.

6 Jan 45.

Col.

I expect you have already seen all this.

See. MS/7/1/125.

off
Major

U.S.

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MA

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Ret. to COS-1318

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11-05/115

27 Dec 44

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4 JAN 1945

My dear Mr. Prime Minister:

With reference to my letter of 8 November 1944, I have now received from the United States Government an explanation of the procedures to be followed at the present time in the use by the Italian Government of the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay.

The procedures outlined below are intended to provide a temporary operating mechanism until such time as conditions permit other arrangements which may then be worked out in consultation with the Italian Government. The exact amount of lire expenditures to date has not as yet been determined, but the amount is now estimated to be somewhat in excess of one hundred million dollars.

The scope of the military program as now defined may be subject to change. From this it follows that the type and quantity of essential supplies which the Italian Government may desire to purchase with these funds may vary accordingly even before the military program ceases. Furthermore, upon cessation or reduction of the military program the Italian Government may have to plan on the use of these funds for purchases of the types of supplies now furnished by the military. It is realized that in the absence of a definite specification of the content and duration of the combined US-UK military program effective planning of the use of the troop expenditure dollars is most difficult.

The procedures are as follows:

(a) Procedure for submission of requests by the Italian Government.

(i) The Italian Government may submit requests for essential supplies other than those to be furnished by the military. These requests shall be formulated with the approval and assistance of the Allied Commission as long as such approval or assistance is required.

(ii) Such requests should be submitted through the Economic Section, Allied Commission, to the Combined Liberated Areas Committee which will screen them.

(iii) In cases where the United States procurement responsibility has been agreed upon, the Foreign Economic Administration will then proceed with the procurement and delivery of supplies, subject to availability of shipping.

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

785017

- 2 -

(b) Financial procedures:

(i) The dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay will be paid into an account in dollars to be established in the United States Treasury for the account of the Italian Government.

(ii) It is proposed that an initial credit of \$50,000,000 will be made to the account and that additional credits will be made from time to time as the United States Treasury receives from the United States War and Navy Departments certified statements as to the amounts of dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay. The United States Treasury should receive from the Italian Government a blanket authorization to credit this account automatically as outlined above and to debit the account automatically as outlined in (iii) below. I attach hereto a draft of a letter which the United States Treasury Department desires to receive from the Minister of the Treasury in your Government regarding the operation of the account. I suggest that such a letter be prepared by the Minister of the Treasury and delivered to the Joint Director of the Finance Sub-Commission, Allied Commission, for transmission to Washington.

(iii) As soon as FEA certifies to the United States Treasury that either a. FEA is procuring or has authorized the procurement of essential supplies requested by the Italian Government, or b. FEA has obtained the agreement of the Italian Government to pay out of the account for supplies procured or to be procured from U.S. sources, the Treasury will make available to FEA, or as directed by it, funds to cover such procurement and incidental expenses or such agreement to pay and will automatically debit the account therefor. Appropriate adjustments will be made to the account on basis of detailed vouchers which FEA will submit to the Treasury Department and to the Italian Government certifying the amounts and prices of the items which it has procured. Other adjustments will be made to the account as may be mutually agreed upon between FEA and the Italian Government.

(iv) These funds are of course not to be used to pay for any goods delivered to Italy prior to the date of the opening of the account.

Yours very truly,

SILVY S. STONE
Rear Admiral, USNR
Chief Commissioner

His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government

FORM

2585

cc: Sir Noel Charles
Hon. Alexander Kirk
G-5, AFHQ
CCS
Finance B/E

Econ Sec
"A" File

BBATT

My Dear Mr. Secretary:

It is the desire of the Italian Government that the necessary procedures be put into operation to implement the policy announced by the President of the United States on 10 October, 1944 whereby the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay will be made available to the Italian Government for the procurement of necessary civilian supplies in the United States. It is understood that the United States Government is making such dollar credits available without prejudice to any claims whatsoever it may have against the Italian Government in the final peace settlement.

Accordingly the Italian Government requests that a special deposit account be established in the Treasury of the United States in the name of the United States Secretary of the Treasury for the account of the Italian Government and this account be credited from time to time with the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay, which are to be made available for the benefit of the Italian Government.

The United States Treasury is authorized, pending further advice from the Italian Government, to charge this account currently with the dollar amounts certified by the Foreign Economic Administration of the United States Government to be required for the procurement of civilian supplies approved by the Italian Government. It is understood that the amounts certified by the Foreign Economic Administration may be adjusted either on the basis of ordinary incidents of procurement or as may be otherwise mutually agreed to by the FEA and the Italian Government and that appropriate charges or credits will be made in the account without further authorization to reflect any such adjustments.

The United States Treasury is further authorized to charge or credit the account as necessary to reflect any adjustments in the certifications of the United States War and Navy Departments as to the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay when such adjustments are indicated as a consequence of audits or other revisions in the accounts of disbursements.

Marcello Solari,
Minister of the Treasury

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
United States Treasury Department
Washington 25, D. C.

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C-O-N-F-I-D-E-N-T-I-A-L
HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

LDD/ea

11.05/ES

27 December 1944

- 1 JA 1945

SUBJECT: Italian Foreign Exchange Assets

TO : H. E. Marcello Soleri
Minister of the Treasury.

1. From time to time there have been discussed numerous specific problems involving the use and control of Italian foreign exchange assets. In the light of several communications received from the Combined Chiefs of Staff, I feel that the time is appropriate to review the position and agree upon a wide coordinated program, the various parts of which can be implemented as the opportunity presents itself.

2. The Italian Government is expected to re-establish at the earliest possible date an adequate exchange control organization to supervise all financial transactions between Italy and neutral countries. It is my understanding that the agency which would exercise this control is a subject now under reference to the President of the Council of Ministers by the Chief Commissioner of the Allied Commission.

3. The work of the exchange control agency can in the immediate future play an important role in the rehabilitation of Italy. It is the wish of the Allied Commission that the Italian economic system be rehabilitated as rapidly as the present military exigencies allow. To this end, as you know, steps are now being taken to prepare a comprehensive import program coordinated with the supply programs of the United Nations. Consideration must also be given, however, to the assistance that Italy can obtain from neutral countries. It is most desirable that your Government take immediate steps to mobilize all available foreign exchange assets in neutral countries for its own use, including investigation of the possibility of obtaining contributions or advances from Italian firms operating in such countries. For example, we are informed that the Pirelli interests and the Banca Nazionale del Lavoro are in a position to make contributions or loans towards the financing of your diplomatic mission in Spain. Also the proceeds of Italian exports to neutral countries can be used to pay for goods shipped by neutral countries to Italy. It must however be clearly understood that the transfer or employment of any assets in neutral countries will not be effected without consultation with and prior approval of the Allied Commission.

4. It is therefore desirable, in order to prevent the dissipation of pre-Armistice foreign exchange assets and to conserve current accruals, that Italian Missions in neutral countries be instructed that a direct control over Italy's foreign exchange assets will henceforth be exercised and that no payments or transfers will be made except on proper authorization. The Allied Commission will do everything in its power to assist the Italian Government in the realization of the objectives described above. All transactions in Italian foreign exchange transactions will, of course, continue to require, as in the past, the prior approval of the Allied Commission through the Finance Sub-Commission.

see Minute 152

C-O-N-F-I-D-E-N-T-I-A-L

- 2 -

5. In general, the use of Italian foreign exchange assets in neutral countries will be approved for the following purposes;

- (a) Expenditures of Italian diplomatic missions to the extent approved by the Allied Commission;
- (b) Payments required for the maintenance and supply of Italian vessels;
- (c) Payments for imports provided for by approved supply programs of the Italian Government. Such imports will, of course, be coordinated through the Allied Commission with purchase programs of the United States and the United Kingdom;
- (d) Repayments of outstanding advances made in neutral countries by the United Kingdom and the United States from assets remaining after the above requirements have been met.

6. As regards the financing of the expenditures of Italian diplomatic missions in neutral countries, the American and British Governments have agreed that from 1 January 1945, the Italian Government will be expected to finance from its own foreign exchange assets Italian diplomatic expenses in neutral countries, as well as the costs of maintaining Italian ships in neutral ports. The advances formerly made for these purposes by the Governments of the United States and United Kingdom will cease on 31 December 1944. As mentioned above in para 5 (a) and (b) the U. S. and British Governments have indicated that Italian diplomatic expenses should in the first instance be financed from Italian assets in the neutral country in which the expense was incurred. Only if the foreign exchange resources available to Italy in the neutral country are insufficient may the Italian Government, subject to the approval of the Allied Commission through the Finance Sub-Commission, draw on its sterling and dollar credits in order to meet the deficit.

7. Such deficits will be covered equally from dollars and sterling. In the case of dollars, post-liberation blocked accounts will be drawn on under license from the American Treasury. In the case of sterling, the British Mission in the particular country will advance the necessary funds in local currency and the British Foreign Office will be reimbursed out of Italian sterling assets. It is my understanding that the Political Section of the Allied Commission is communicating with the Ministry of Foreign Affairs on this matter, including the preparation of budgets for those Italian Missions now functioning in neutral countries. I would suggest that you inform the Minister of Foreign Affairs of the financial arrangements described above.

8. The Combined Chiefs of Staff have also indicated that Italian purchases in neutral countries should be coordinated with British and

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(68A)

American supply programs. Until further procedures are developed, I would suggest that all proposed Italian purchases in neutral countries be referred to the Economic Section, Allied Commission, for clearance with the combined allocation and shipping agencies of the British and U. S. Governments. It would be most helpful if Italian Missions could be informed not to undertake negotiations until such clearance has been obtained and notified to the Italian Government by the Allied Commission. Thereafter miscellaneous Italian-owned supplies located in neutral countries may be disposed of, provided such goods are not needed in the Allied war effort and that the foreign exchange proceeds are brought under the control of the Italian Government.

9. I fully realize that this program represents only a beginning and that many complex problems, e.g. the control and utilization of pre-Armistice assets and the status of Italian clearing agreements with various countries, have not been mentioned. These problems can, I feel, be dealt with only after the preliminary steps outlined in this letter have been taken.

10. I should appreciate the opportunity of discussing these questions with you and the other interested Ministers.

L. D. Denmore

L. D. DENMORE
Colonel, F A
Acting Vice President
Economic Section

CL/Con
6-10

Copies to: 13012/F
13228/F
13214/F
13081/F

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13018/F

14 December 1944

17 DEC 1944

Subject: Procuring of Essential Supplies in the United States

To: Assistant Chief of Staff, G-5 Section, Allied Force Headquarters, AFHQ 512

1. The Allied Commission has received from the United States Department of State, through Ambassador Kirk, an explanation of the procedures to be followed in using the troop expenditure dollars to procure essential supplies in the United States as requested by the Italian Government. A copy of the relevant documents was attached to Finance Subcommittee's letter 13025/F of 12 December 1944 addressed to the Financial Adviser, G-5.

2. The statement of explanation referred to above has been incorporated, with certain minor changes, in a letter which I propose to send to the President of the Council of Ministers. You will note that the procedure is divided into two parts - the submission of requests, which are to be screened by a combined agency, the Combined Liberated Areas Committee; and the use of the troop expenditure dollars to pay for the supplies procured from U.S. sources. In view of the combined character of the first part of the procedure, it is requested that you indicate whether you approve of that part of the attached letter dealing with the submission of procurement requests to CLAC. The financial procedure appears to have been agreed by the U.S. agencies concerned, the State and Treasury Departments, and, as it is not a combined procedure, approval thereof does not lie within the competence of this Theatre.

3. I should be grateful for an early reply, as it is desirable that the mechanism of procedure be established well in advance of the time when the requests are to be transmitted to CLAC.

/s/ Ellery W. Stone
ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

1 Incl: Proposed letter to
Prime Minister Bonomi.

cc: Sir Noel Charles
Hon. Alexander Kirk
Chief of Staff, AG
Economic Section
Finance Subcommittee
A Files

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ERS/and.

14 December 1944.

My dear Mr. Prime Minister:

With reference to my letter of 8 November 1944, I have now received from the United States Government an explanation of the procedures to be followed at the present time in the use by the Italian Government of the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay.

The procedures outlined below are intended to provide a temporary operating mechanism until such time as conditions permit other arrangements which may then be worked out in consultation with the Italian Government. The exact amount of lire expenditures to date has not as yet been determined, but the amount is now estimated to be somewhat in excess of one hundred million dollars.

The scope of the military program as now defined may be subject to change. From this it follows that the type and quantity of essential supplies which the Italian Government may desire to purchase with these funds may vary accordingly even before the military program ceases. Furthermore, upon cessation or reduction of the military program the Italian Government may have to plan on the use of these funds for purchases of the types of supplies now furnished by the military. It is realized that in the absence of a definite specification of the content and duration of the combined US-UK military program effective planning of the use of the troop expenditure dollars is most difficult.

The procedures are as follows:

(a) Procedure for submission of requests by the Italian Government.

(i) The Italian Government may submit requests for essential supplies other than those to be furnished by the military. These requests shall be formulated with the approval and assistance of the Allied Commission as long as such approval or assistance is required.

(ii) Such requests should be submitted through the Economic Section, Allied Commission, to the Combined Liberated Areas Committee which will screen them.

(iii) In cases where the United States procurement responsibility has been agreed upon, the Foreign Economic Administration will then proceed with the procurement and delivery of supplies.

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(b) Financial procedures:

(i) The dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay will be paid into an account in dollars to be established in the United States Treasury for the account of the Italian Government.

(ii) It is proposed that an initial credit of \$50,000,000 will be made to the account and that additional credits will be made from time to time as the United States Treasury receives from the United States War and Navy Departments certified statements as to the amounts of dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay. The United States Treasury should receive from the Italian Government a blanket authorization to credit this account automatically as outlined above and to debit the account automatically as outlined in (iii) below. I attach hereto a draft of a letter which the United States Treasury Department desires to receive from the Minister of the Treasury in your Government regarding the operation of the account. I suggest that such a letter be prepared by the Minister of the Treasury and delivered to the Joint Director of the Finance Sub-Commission, Allied Commission, for transmission to Washington.

(iii) As soon as FEA certifies to the United States Treasury that either a. FEA is procuring or has authorized the procurement of essential supplies requested by the Italian Government, or b. FEA has obtained the agreement of the Italian Government to pay out of the account for supplies procured or to be procured from U.S. sources, the Treasury will make available to FEA, or as directed by it, funds to cover such procurement and incidental expenses or such agreement to pay and will automatically debit the account therefor. Appropriate adjustments will be made to the account on basis of detailed vouchers which FEA will submit to the Treasury Department and to the Italian Government certifying the amounts and prices of the items which it has procured. Other adjustments will be made to the account as may be mutually agreed upon between FEA and the Italian Government.

(iv) These funds are of course not to be used to pay for any goods delivered to Italy prior to the date of the opening of the account.

Yours very truly,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner.

His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Rome

cc Sir Noel Charles
Hon. Alexander Kirk
O-6, AFHQ
Chief of Staff
Econ. Sec. Finance Commission
"A" File.

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DRAFT.

My dear Mr. Secretary:

It is the desire of the Italian Government that the necessary procedures be put into operation to implement the policy announced by the President of the United States on 10 October, 1944, whereby the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay will be made available to the Italian Government for the procurement of necessary civilian supplies in the United States. It is understood that the United States Government is making such dollar credits available without prejudice to any claims whatsoever it may have against the Italian Government in the final peace settlement.

Accordingly the Italian Government requests that a special deposit account be established in the Treasury of the United States in the name of the United States Secretary of the Treasury for the account of the Italian Government and this account be credited from time to time with the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay, which are to be made available for the benefit of the Italian Government.

The United States Treasury is authorized, pending further advice from the Italian Government, to charge this account currently with the dollar amounts certified by the Foreign Economic Administration of the United States Government to be required for the procurement of civilian supplies approved by the Italian Government. It is understood that the amounts certified by the Foreign Economic Administration may be adjusted either on the basis of ordinary incidents of procurement or as may be otherwise mutually agreed to by the FEA and the Italian Government and that appropriate charges or credits will be made in the account without further authorization to reflect any such adjustments.

The United States Treasury is further authorized to charge or credit the account as necessary to reflect any adjustments in the certifications of the United States War and Navy Departments as to the dollars corresponding to the amount of lire paid to civilians by American troops in Italy out of their pay when such adjustments are indicated as a consequence of audits or other revisions in the accounts of disbursements.

Marcello Solari,
Minister of the Treasury.

The Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
United States Treasury Department,
Washington, D.C.

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C.O.S.

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HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO 394

HC/mrh

11.05/MS

10 December 1944

11 DEC 1944

SUBJECT: U. S. Financial Arrangements for Italy (CC 951)

TO : Chief Commissioner

1. I have reviewed with the Finance Sub-Commission the material on U. S. financial arrangements for Italy transmitted to you by Ambassador Kirk with his letter of 8 December 1944.

2. Both the supply and financial procedures appear to us to be simple and workable and provide the basis for detailed procedures to be worked out here with the Italian Government.

3. In a few places, we would suggest editing the memorandum and the proposed letter from the Italian Government to the Secretary of the Treasury, in order to make our intentions crystal clear, and to make the proposed letter somewhat more palatable without changing its meaning.

4. The covering letter from Ambassador Kirk does not make it entirely clear what action he proposes that the Allied Commission undertake. Mr. Kirk says:

"In transmitting the statement in question, the Department instructs me to consult the Italian Government through the Allied Commission and obtain its agreement to the proposed procedures. I trust that you will cause the necessary action to be taken."

In order to clear this point, I suggest we have a short meeting with the Ambassador.

A. G. ANTOLINI
Acting Deputy Chief of Staff
Economic Section

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EWS/dfo

Cg/56

9 December 1944

10 DEC 1944

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9/12

Dear Mr. Kirk:

This will acknowledge receipt of your letter of the 8th forwarding an explanation of the procedure to be followed at the present time in the use of the dollar equivalent of the lire expended by American troops in Italy out of their pay and allowances, together with a suggested letter from the Italian Finance Minister to the Secretary of the Treasury of the United States.

As soon as this matter has been reviewed by the Economic Section of this Commission, I will take up the matter with the Italian Government, as you requested.

Sincerely yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Commodore, USNR
Chief Commissioner

The Hon. Alexander Kirk
American Ambassador
119 Via Vittorio Veneto
Rome

2575

cc: Chief of Staff
'A' Files

地址：_____ 邮政编码：_____

54-51
~~45-51~~
CC 951
9 December
- 9 DEC 1944

151 EWS

cc: C of S

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C O P Y

URGENT

PERSONAL

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42441
December 8, 1944. NR

Dear Commodore Stone:

With reference to my letters of November 5 and November 8, 1944, transmitting the text of a communication from the Department of State at Washington on the United States' financial arrangements for Italy, I am now enclosing a statement just received from the Department presenting an explanation of the procedure to be followed at the present time in the use of the dollar equivalent of the lire expended by American troops in Italy and of their pay and allowances, together with the text, referred to in that statement, of a suggested letter from the Italian Finance Minister to the Secretary of the Treasury.

In transmitting the statement in question, the Department instructs me to consult the Italian Government through the Allied Commission and obtain its agreement to the proposed procedures. I trust that you will cause the necessary action to be taken.

Sincerely yours,

/s/ A. Kirk.

Commodore Ellery Stone,
Chief Commissioner,
Allied Commission,
Rome, Italy.

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2573

C O P Y

C O P Y

AN EXPLANATION OF THE PROCEDURES TO BE FOLLOWED AT THE PRESENT TIME IN
THE USE OF THE DOLLAR EQUIVALENT OF THE LIRE EXPENDED BY AMERICAN TROOPS
IN ITALY OUT OF THEIR PAY AND ALLOWANCES

The procedures outlined below are intended to provide a temporary operating mechanism until such time as conditions permit other arrangements which may then be worked out in consultation with Italian authorities. The exact amount of lire expenditures to date has not as yet been determined but the Italian government may be informed that the amount is now estimated to be somewhat in excess of one hundred million dollars.

The scope of the military program as now defined may be subject to change. From this it follows that the type and quantity of essential supplies which the Italian government may desire to purchase with these funds may vary accordingly even before the military program ceases. Furthermore, upon cessation or reduction of the military program the Italian government may have to plan on the use of these funds for purchases of the types of supplies now furnished by the military. It is realized that in the absence of a definite specification of the content and duration of the combined US-UK military program effective planning of the use of the troop pay dollars is most difficult.

The statement of procedures follows:

1. Procedure for submission of requests by the Italian government.
 - (a) Upon the approval of this procedure the Italian government may submit requests for essential supplies other than those to be furnished by the military. These requests shall be formulated with the approval and assistance of the AC as long as such approval or assistance is required.
 - (b) Such request should be submitted through the appropriate channels to the combined Liberated Areas Committee which will screen them. U.S., U.K. and Canada will then allocate the procurement responsibility for approved items among themselves by a procedure to be agreed upon shortly.
 - (c) In cases where the United States procurement responsibility has been agreed upon, FEA will then proceed with the procurement and delivery of supplies and such requests.
2. Financial procedures:
 - (a) The dollars equivalent of the net troop payment in Italian lire will be paid into an account in dollars to be established in the United States Treasury for the account of the Italian government.
 - (b) It is proposed that an initial credit of \$50,000,000 will be made to the account and that additional credits will be made from time to time as the United States Treasury receives from the United States

COPY

455

War and Navy Departments certified statements as to the amounts of net troop pay disbursed in Italian lire. The United States Treasury should receive from the Italian government a blanket authorization to credit this account automatically as outlined above and to debit the account automatically as outlined in (c) below. The text of a suggested letter from the Italian Finance Minister to the Secretary of the Treasury, which indicates the requirements of such an authorization, is being sent in the immediately following telegram.

(c) As soon as FEA certifies to the United States Treasury that either a. FEA is procuring or has authorized the procurement of essential supplies requested by the Italian government as outlined in 1. (c) or b. FEA has obtained the agreement of the Italian government to pay out of the account for supplies procured or to be procured from U.S. sources, the Treasury will make available to FEA, or as directed by it, funds to cover such procurement and incidental expenses or such agreement pay and will automatically debit the account therefor. Appropriate adjustments will be made to the account on basis of detailed vouchers which FEA will submit to the Treasury Department and to the Italian government certifying the amounts and prices of the items which it has procured. Other adjustments will be made to the account as may be mutually agreed upon between FEA and the Italian government.

(d) These funds are not to be used to pay for any goods delivered to Italy prior to the date of the opening of the account.

2571

785017

A Proposed Letter to the Secretary of the Treasury from
the Italian Ministry of Finance

"It is the desire of the Italian Government that the necessary procedures be put into operation to implement the policy announced by the President of the United States on October 10, 1944 whereby the dollar equivalent of the net troop pay lira disbursements of the armed forces of the United States in Italy will be made available to the Italian government for the procurement of necessary civilian supplies in the United States. It is understood that the United States government is making such dollar credits available without prejudice to any claims it may have against the Italian government for troop pay or otherwise in the final peace settlement.

Accordingly the Italian government requests that a special deposit account be established in the Treasury of the United States in the name of the United States Secretary of the Treasury for the account of the Italian Government and this account be credited from time to time with the dollar amounts to be made available for the benefit of the Italian government from the net troop pay disbursements of the armed forces of the United States in Italy.

The United States Treasury is authorized pending further advice from the Italian government to charge this account currently with the dollar amounts certified by the Foreign Economic Administration of the United States government to be required for the procurement of civilian supplies approved by the Italian government. It is understood that the amounts certified by the Foreign Economic Administration may be adjusted either on the basis of ordinary incidents of procurement or as may be otherwise mutually agreed to by the FEA and the Italian government and that appropriate charges or credits will be made in the account without further authorization to reflect any such adjustments.

The United States Treasury is further authorized to charge or credit the account as necessary to reflect any adjustments in the certifications of the United States War and Navy Departments as to the net amount of troop pay when such adjustments are indicated as a consequence of audits or other revisions in the accounts of disbursements for troop pay."

C O P Y

2573

785017

4602
 ROAD (RASTER) ALLIED COMMISSION
 APR 304
 FINANCE SUB-COMMISSION

1307/H.

SUBJECT: Truck Pools.

TO: Regional Commissioner,
 Abruzzo-Marche Region.
 (For Regional Finance Officer).

21 November 1944.

22 NOV Recd

1. Reference your AS/SL2/8/1 dated 13 November 1944 and your subsequent conversation with the Chief Accountant.
2. According to arrangements made some three months ago between the Ministry of Agriculture, the Ministry of the Treasury and AG, a Governmental decree was to be published forming an Interministerial Committee of State for Food and Treasury, authorizing the Federazione dei Consorzi dei Consorzi di Agricoltura which was to be covered by the price margin paid by them, excluding local transport, Consorzi would in turn recover from the Treasury.
3. The Governmental decree has not yet been published owing to a series of the usual delays and consequently the Ministerial decree cannot be published. As a result, the Federazione dei Consorzi say that they cannot notify their branch Consorzi of the proposed system; hence the reason for the Government being in the dark as to how their transport costs are to be covered.
4. The position with the Governmental decree appears to be that it has been duly signed by the Council of Ministers and Lieutenant-Governor, but that it has been returned to the Ministry of Agriculture by the Corte dei Conti because it was incorrectly drawn up. We are following the matter up here and doing our best to express the Ministry of Agriculture with the urgency of the situation.

For the Chief Commissioner.

Copy to:

Chief of Staff,
 Chief Accountant.

P/A
 J. J. J.
 Joint Director,
 Finance Sub-Commission.

1307/H.

P.S. We have discussed these pools with the Transportation Sub-Commission and understand that they will arrange to hand them over to Italians as soon as possible. Is it possible to split the mileage figures between A.B. vehicles and civilian vehicles in each pool? This will be necessary in order to work out the cost.

21 November 1944.

SUBJECT: Truck Pools.

22 NOV Recd

TO: Regional Commissioner,
Abruzzi-Sardinia Region.
(For Regional Finance Officer).

1. Reference your RS/512/0/1 dated 13 November 1944 and your subsequent conversation with the Chief Accountant.

2. According to arrangements made some three months ago between the Ministry of Agriculture, the Ministry of the Treasury and IG, a Governmental Decree was to be published forming an Undersecretariat of State for Food. At the same time a Decree was to be published by the Ministries of Agriculture and Treasury, authorizing the Federazioni dei Consorzi di Agricoltura (F.A.C.) to refund to the individual Consorzi the cost of all transport paid by them, excluding local transport, which was to be covered by the price margin allowed them; the Federazioni dei Consorzi would in turn recover from the Treasury.

3. The Governmental Decree has not yet been published owing to a variety of the usual delays and consequently the Ministerial Decree cannot be published. As a result, the Federazioni dei Consorzi say that they cannot notify their branch Consorzi of the proposed system; hence the reason for the Consorzi being in the dark as to how their transport costs are to be covered.

4. The position with the Governmental Decree appears to be that it has been duly signed by the Council of Ministers and Lieutenant-Governor, but that it has been returned to the Ministry of Agriculture by the Corte dei Conti because it was incorrectly drawn up. We are following the matter up here and doing our best to impress the Ministry of Agriculture with the urgency of the situation.

For the Chief Commissioner.

P. J. J. J.
P. J. J. J.
Finance Sub-Commission.

Copy to: Chief of Staff, ✓
Chief Accountant.

HCC/adm.

P.S. We have discussed these pools with the Transportation Sub-Commission and understand that they will arrange to hand them over to Italians as soon as possible. Is it possible to split the mileage figures between M.D. vehicles and civilian vehicles in each pool? This will be necessary in order to work out figures for depreciation charges.

441

23/11

785017

Tel. 451

Office of the Chief of Staff

Cost of Transportation,

5812/13/008

Economic Section for
Finance Sub Commission.

18 Nov

h

A copy of a memorandum addressed to you from Lt. Col.
Beard, Finance Officer ABBRUZZI-MANCHE Region, on the above subject
has been received.

Will you please arrange to forward a copy of your reply
to the Office of the COS.

out.
Chief Staff Officer,
To the Chief of Staff.

BU 2568
11/18/13

785017

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12

C.H.A. FRENCH, Colonel.
HEADQUARTERS
ABRUZZI MARCHE REGION
ALLIED COMMISSION.

DO/1.

13 November 1966.

Dear

Colonel Fiske

This is the matter I raised with you last week,
and for which I have been quite unable to get any satisfactory
instructions from your HQ.

As you will see from this ably set out memorandum
it requires immediate settling. I should be most grateful
if you would give the necessary instructions.

Yours

Respectfully

Charles French

Colonel "E. Fiske,
HQ AC.

Copy on file 4816/COS

see 13

2567

File 5 Ford

File 5 Trump

6/1

Truck Pools

Joint Directors

Finance Sub-Commission

R.C., A.C.

(For the attention of Col. Graffey-Smith)

Here follows a resume of the operations of Truck Pools and how they are employed. It is set out for the purpose of aiding the sub-commission concerned in directing at whose door the cost for transportation should be laid, especially for (X) HOME GROWN FOODSTUFFS, where outstanding invoices for transport amount to about 15 million lire.

1. IMPORTS.-- The Truck Pool is used

- a) For transportation from Port or Railroad to Stockpile. A.C.C. liability.
- b) From Stockpile to Consorzio. Consorzio pays, so long as he is permitted to make a 15% margin; under this percentage he maintains it is no longer economical. The margin is fixed by the Prefect after consultation with the Provincial Supply Officer. This is at present being done even though it may conflict with the joint directive issued on the 11th of September 1944, signed Col. Crawshaw and Col. Legg.

2. HOME GROWN FOODSTUFFS.--

- a) State Controlled Commodities: GRAIN. This is the apparently insoluble problem. Grain is carried from the Collection Centers (Acelli Province) to the Consorzio Warehouses (in Aquila Province), and the invoice is pre-

2308

Here follows a resume of the operations of Trucks Tools and how they are employed. It is set out for the purpose of aiding the sub-commission concerned in directing at whose door the cost for transportation should be laid, especially for (2) MORE GROWN FOODSTUFFS, where outstanding invoices for transport amount to about 15 million lire.

1. INVOICES.-- The Truck Pool is used

- a) For transportation from Port or Railroad to Stockpile. A.S.O. liability.
- b) From Stockpile to Consorzio. Consorzio pays, so long as he is permitted to make a 15% margin; under this percentage he maintains it is no longer economical. The margin is fixed by the Prefect after consultation with the Provincial Supply Officer. This is at present being done even though it may conflict with the joint directive issued on the 11th of September 1944, signed Col. Crueshaw and Col. Laeg.

2. MORE GROWN FOODSTUFFS.--

- a) State Controlled Commodities : GRAIN. This is the apparently insoluble problem. Grain is carried from the Collection Centers (Ancoli Province) to the Consorzio Warehouses (in Aquila Province), and the invoice is presented to the Consorzio. He says "I cannot pay. I have nothing from which to pay. The

2563

Sheet No. 1

6/1

Frank Leslie

Joint Directors

Finance Sub-Commission

M. L. A. A.

(For the attention of Col. Griffiths-Smith)

farmer receives 900 lire per quintal of grain, the state pays him 450 lire and I pay 450 lire. I supply the grain to the miller at 300 lire per quintal, the state bears the deficit of 150 lire - incidentally I have had nothing from the state -- Before your arrival I used also to receive from the state 4 - 5 lire per quintal for warehousing and handling charges - now transport. I no longer receive this. Now then can I pay your transport bill? This is what the miller says: "I pay the Consorzio 300 lire per quintal. One quintal of grain produces .25 quintals of flour and .15 quintals of husk. The agreed price of flour is 300 per quintal and husk 250 per quintal." Therefore one quintal of grain after milling fetches 335 lire, showing the miller a margin of 35 lire. His actual costs of milling are about 60 lire per quintal. That he says: "I cannot pay for transport. That is more to the point, I cannot keep going on incurring this loss without being told how it can be compensated, and to make matters worse the Consorzio threatens to increase the price of grain supplied to us." To the question "But surely the price is fixed" he replied "Yes it is fixed by the Federazione of the Consorzio in agreement with the state, but individual Consorzio look like doing as they please and attempt to bargain".

b) I need not worry about (a) how much I decide that are not state controlled

which interested allow themselves

farmer receives 900 lire per quintal of grain, the state pays him 450 lire and I pay 450 lire. I supply the grain to the miller at 300 lire per quintal, the state bears the deficit of 150 lire - incidentally I have had nothing from the state -. Before your arrival I used also to receive from the state 4 - 5 lire per quintal for warehousing and handling charges - NOT transport. I no longer receive this. Now then can I pay your transport bill? This is what the miller says: "I pay the General 100 lire per quintal. One quintal of grain produces .55 quintals of flour and .12 quintals of husk. The pegged price of flour is 300 per quintal and husk 200 per quintal." Therefore one quintal of grain after milling fetches 311 lire, showing the miller a margin of 13 lire. His actual costs of milling are about 60 lire per quintal." He says: "I cannot pay for transport. What is more to the point, I cannot keep going on incurring this loss without being told how I am to be compensated, and to make matters worse the General threatens to increase the price of grain supplied to me." To the question "What surely the price is fixed" he replied "Yes it is fixed by the Federazione of the General in agreement with the State, but Provincial General look like doing as they please and attempt to bargain".

b) we need not worry about (a) how Green Foodstuffs that are not state controlled; the parties interested allow themselves

6/1

Sheet No. 3

Truck Pools

Joint Directors

Finance Sub-Commission

E.O. 1.1.

(For the attention of Col. Crutcher-Smith.)

sufficient margin to pay for transport charges. I will then, if I may, pursue the Consorcio and Millero work. Before our arrival an organization known as U.S.C.S.S. was actively employed in controlling this. U.S.C.S.S. is a State body and a subsidiary of Ministry of Agriculture. I percolate of its various duties I am attaching as an appendix. Regarding TRANSPORT however its activities were those. All bills paid to U.S.C.S.S. at a flat rate of 7.75 lire per unit for the transport of grain; they paid the invoices and were reimbursed by U.S.C.S.S. They also performed this other important function. As the only two countries were (1) the price paid to the farmer and (2) the price paid by the consumer for flour, they maintained the balance in between and saw that compulsory deficits were adjusted.

RECOMMENDATION. U.S.C.S.S. is undoubtedly the corner stone of this structure, and should be directed to take on its normal functions and carry them through effectively. Is not this in accord with the policy we are continuously proposing? Let the license to the work and its supervision in this case we appear to be doing the work with the Italians looking on, and if they mention this, and will blame them?

2563

8/1

Sheet No. 4

Truck Pools

Joint Directors

Finance Sub-Commission

C. 3. 1. 1.

(For the attention of Col. Crafton-Smith)

1. MONOPOLIES.-- There is yet another matter regarding liability for transport and that applies to monopolies. In order to carry out the terms of the directive relating to the transport of monopolies - H.C. 30/57 dated 30 June 44 - it is essential that this definition be established, i.e. is the Truck Pool a Civilian or an A.C.C. Undertaking?

In conclusion I would suggest that a directive be issued regarding the control and supervision of the Finance of Truck Pools. A considerable amount of money passes through their account and this is under the sole charge of almost in every case a very junior officer. In this position my aid was sought and I requested that assistance I could by way of a continuous audit and instituting a system of records etc. The matter requires fuller consideration and the establishing of a H.C. formula.

Er

13 November 1944

HVS/ada

H.T. SWANN, Lt. Colonel
Regional Finance Officer

Copy to : Agriculture Sub-Commission

(For the attention of - although, dear.)

Food Sub-Commission

(For the attention of Capt. Lush)

(For the attention of Col. Grayson-Smith)

3. MONOPOLIES.-- There is yet another matter regarding liability for transport and that applies to monopolies. In order to carry out the terms of the directive relating to the transport of monopolies - H.A./C.A./57 dated 30 June 44 - it is essential that this definition be established, i.e., is the French Pool a civilian or an A.S.O. Undertaking?

In conclusion I would suggest that a directive be issued regarding the control and supervision of the finances of French Pools. A considerable amount of money passes through their accounts and this is under the sole charge of almost in every case a very junior officer. In this Region my mind was wrought and I wondered what assistance I could by way of a continuous audit and instituting a system of records etc. The matter requires fuller consideration and the establishing of a H.A. formula.

13 November 1944
RWB/gdm

H.T. BARNES, Lt. Colonel
Regional Finance Officer

Copy to : Agriculture Sub-Commission

(For the attention of - Although, Regr.)

Food Sub-Commission

(For the attention of Capt. Lush)

Transport Sub-Commission

(For the attention of Col. Borden)

COPY

MILLERS COSTS

Cost of Grain	
Price of grain when it is purchased	L. 300,00
Sacking and loading per quintal	L. 6,00
String, addressing cards etc.	3,00
Unloading at the mill	2,00
Use of sacks (consume)	10,00
Assistance to the charge & sacks	7,50
	<u>L. 28,50</u>
	<u>L. 328,50</u>

The sum of L. 28,50 shall be reimbursed to the mills as up to day. Who will now reimburse it?

Cost of Milling

Salaries	L. 15,60 (including the increase of living cost and family allowance)
Wages	4,00
Social Insurance	8,97
Maintenance and use of machinery	12,20 (this figure is the minimum in "Yetoio"
Maintenance of the building and machinery	11,70 Mill" uses hydraulic energy with termic and electric power)
Amortization	6,50
Fire & other Insurance	1,15
Interest on Capital	8,45
Taxes & Duties	4,97 (included 1% War Tax)
Administration expenses	1,75
Profit	2,00
	<u>L. 75,29</u>

The flour costs L. 300,00
28,50
75,29

L. 403,79

2563

The sum of L. 28,50 shall be reimbursed to the mills as up to day. Who will now reimburse it?

Cost of Milling

Salaries

Wages

Social Insurance

Maintenance and use of machinery by motor power

Maintenance of the building and machinery

Amortization

Fire & other Insurance

Interest on Capital

Taxes & Duties

Administration expenses

Profit

L. 13,60 (including the increase of living cost and family allowance)
 4,00
 6,97
 12,20 (this figure is the minimum as "Vetolo Mill" uses hydraulic energy with termic and electric power)
 11,70
 6,50
 1,15
 8,45
 4,97 (included 1% War Tax)
 1,75
 2,00

L. 75,29

The flour costs L. 300,00
 28,50
 75,29

L. 403,79

2563

28,50

L. 328,50

Assistance to the charge & sick

2,00
 10,00
 7,50

L. 28,50

6
OFFICE OF THE DISTRIBUTION OF CEREALS, FLOUR AND PASTA.

DISTRIBUTION OFFICE OF CEREALS, FLOUR AND PASTA.
AQUILA.

TO THE ALLIED MILITARY GOVERNMENT,
Finance Division,

AQUILA.

According to your request here are informations as follows:

1. National plan of distribution: This "Ente" provides for local wheat assignment, according to production and consumption of each Province, transferring to other Provinces the exceeding quantity of wheat.

2. National plan supplying cereals to mills: according to the industry power and position of each manufacture the office provides for wheat assignment. This will be distributed as flour and the exceeding quantity passed to those Provinces which are without adequate equipment.

3. National plan of "pasta" supply: Same as for the grain this office assigns the flour necessary for the manufacturing of the pasta, in order to provide the Communes which are not entirely equipped.

4. Control of milling and "pasta" manufacturing is given to Technicians which will also take care of the books, where all wheat movement is registered.

5. Cereals transferred amongst Provinces: This Ente organizes the collection of the cereals and the transferring of the wheat in those Provinces where the latter product is more needed. The cereals during the past campaigns were sent "free-charge" to the millers, which paid us a fee called "gestione trasporti" ("transport management"). Such fee was utilised for expenses of labour, loading, unloading, and transportation.

At present, this Section of Aquila has received orders from Rome to limit its activity in delivering the wheat from the centres of the productions to the Province of Aquila, using the means of transportation from the truck-pool No 5.

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Should read page 12 and
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To be as above.

10/11. See 7.

10/11

785017

4602

CONFIDENTIAL

A/CC 951

Subject: Financing of Civilian Supplies for Italy

8 NOV 1942

TO : C-5 Section, Allied Force Headquarters, APO 512

There is forwarded herewith copies of two letters dated November 5 from the U.S. Representative to the Advisory Council for Italy, the one forwarding a statement on American policy regarding financing civilian supplies for Italy, a copy of which has been forwarded to the Prime Minister, and the other quoting background information on the above mentioned statement. The letter is not being furnished to the Italian Government.

/s/ Elsie M. Stone

ELSIE M. STONE

Commodore, USNR

Acting Chief Commissioner

cc: U.S. Political Adviser, AFHQ
 British Resident Minister, AFHQ
 British Ambassador
 U.S. Ambassador
 Finance Sub-Commission, AF

Col S Office

A FILES

2 Incls.

2565

NOV 1944

To : 4-5 Section, Allied Force Headquarters, APO 512

There is forwarded herewith copies of two letters dated November 5 from the U.S. Representative to the Advisory Council for Italy, the one forwarding a statement on American policy regarding financing civilian supplies for Italy, a copy of which has been forwarded to the Prime Minister, and the other quoting background information on the above mentioned statement. The latter is not being furnished to the Italian Government.

/s/ *Clayton M. Stone*

KLEIN V. STONE
Commodore, USNR
Acting Chief Commissioner

cc: U.S. Political Adviser, AFHQ
British Resident Minister, AFHQ
British Ambassador
U.S. Ambassador
Finance Sub-Commission, AF

Cof S Office
A FILES

2 Incls.

2563

CONFIDENTIAL

785017

COPY

UNITED STATES REPRESENTATIVE
ADVISORY COUNCIL FOR ITALY

COPY

Rome, November 5, 1944.

Personal and Confidential

Dear Commodore Stone:

With reference to my letter of October 18, 1944, transmitting as one of its enclosures the official text of the President's release of October 10th on the United States' financial arrangements for Italy, I am now transmitting (enclosure No. 1) a communication just received from the State Department in which is supplied, for transmittal through AC to the Italian Government, the full text of a statement prepared at my request which covers the subject treated in that release.

Sincerely yours,

/s/ A. Kirk.

Enclosure:

1. Text of communication from the Department of State containing statement for transmittal to Italian Government re United States' financial arrangements for Italy.

} Already fwd'd to
CofS

Commodore Ellery Stone,
Acting Chief Commissioner,
Allied Commission,
Rome, Italy.

2559

UNITED STATES REPRESENTATIVE
ADVISORY COMMISSION FOR ITALY

Rome, November 5, 1944.

Personal and Confidential

Dear Commodore Stone:

Supplementing my letter of today with which was enclosed a communication from the State Department containing a statement for transmittal through AC to the Italian Government, I am now enclosing a paraphrase from an additional telegram received from the Department providing information with respect to the aforementioned statement which is intended for background purposes only.

Sincerely yours,

/w/ A. Kirk

Enclosure:

1. Paraphrase of telegram from Department giving background information on statement re United States' financing arrangements for Italy.

Commodore Ellery Stone,
Acting Chief Commissioner
Allied Commission,
Rome.

E R R I

2558

785017

Enclosure No. 1

Paraphrase of telegram from Department giving background information on statement re United States' financing arrangements for Italy.

- (1) British authorities in Washington have concurred in the statement.
- (2) It was believed when the document of the Liberated Areas Committee was being prepared that on October first or soon thereafter the United States Army would insist on relinquishing the responsibility for civil supply as regards all liberated Italy to the south of the capital, and that there would revert to the Government of Italy the responsibility for financing all essential supplies with regard to all liberated areas placed under that Government's administration. At that time all efforts were pointed toward permitting that Government to meet such responsibility for financing. We desired to procure from UNRRA supplemental funds in addition to those to be furnished by the United Kingdom and the United States. From that source, a maximum amount of 50 million dollars only, it appeared eventually, for certain special program could be counted upon.

As a consequence of a decision that, in the matter of providing supplies coming under the essential-for-prevention-of-disease-and-unrest definition, the responsibility of the United States Army would continue as heretofore with respect to all liberated Italy, these problems were rendered less acute. At the present time we are not able to determine when the military program will terminate, since this depends upon considerations, such as the character of military operations in the Italian theater and their duration, which are impossible to predict.

This fact, we realize, renders very difficult the planning in a proper manner of the utilization of the funds which now are being made available. However, this answer is the only one which can at present be given in connection with the question submitted by Commodore Stone in his communication to you on the subject.

As long as the military program with respect to supplies continues, the proposal is to use the funds in dollars now being placed at the disposition of the Italian Government for the purchase of supplies which will not be certified by the Army as of military necessity and for procuring other supplies for rehabilitation that are needed badly. Upon the termination of certification by the Army of supplies, it will be necessary that the dollar funds placed at the disposition of the Italian Government be also utilized for procuring those supplies now being furnished as a part of the military program.

That in the early future other sources of funds in dollars will be available to the Government of Italy appears unlikely. For the purchase for Italy of civilian supplies, Lend-Lease credit appears to be excluded because of considerations which have been set forth in connection with the request for Lend-Lease aid made by Bonomi.

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The operations of the Export-Import Bank are seriously limited, not only by restrictions analogous to those contained in the Johnson Act but also by the stipulations in its statutes regarding the amount and character of its credits. As to the world bank, it is only in the project stage.

The same difficulties in the matter of financial arrangements do not affect operations of the British Government. Out of the same account come all British supplies for Italy whether these are for, or are outside of, the military program. It is impossible to determine now whether provision will continue to be made by the British authorities of their portion of the military program following the date when the Army of the United States ceases to take part in that program. The British authorities have undertaken, as a counterpart of the United States arrangement comprised in the October 10th statement of the President, to furnish what would be assigned to them, representing their part of an agreed upon civil requirements' program, over and above requirements furnished by the military program. For this purpose details of procedures and policy have not been worked out. However, it has, in the meantime, been undertaken by the British to examine each requisition for supplies of non-military necessity on its merits. When both the British and we jointly approve the requisition, then allocation will be made of the responsibility for procurement, based on availability of shipping, of supplies, and other pertinent factors. Through their own procedures for financing, they will furnish the part which on this basis is allocated to them. From the funds in dollars placed at the disposition of Italians will be financed supplies allocated to the United States.

- (3) Largely, the statement regarding policy constitutes an amplification of what was set forth in the October 10th statement of the President. Wording of the document of the Liberated Areas Committee is used wherever this is permissible.

- (4) The principal differences between the document of the Liberated Areas Committee and the next statement are:

(a) Reference is not made, for reasons explained above, to adoption of similar procedure by the British.

(b) Also, reference is not made to Italian shipping earnings, since it has so far not been possible to come to an agreement on this subject with the British. Moreover, this is an insignificant item from the dollar viewpoint, as only two Italian vessels, with total tonnage of 34,470 tons, are at present allocated to United States service. The balance of Italian shipping is in large part concentrated in British service in the Mediterranean, constituting part of the pool of the Allies in similar manner as in the case of shipping of Allied countries like Greece, Denmark, Holland and Norway. There is not any probability, incidentally, that Italy will obtain the utilization of its own shipping for its own exclusive purposes, as this would be in opposition to arrangements effected with other shipping countries among the Allies for

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maintaining an Allied pool until half a year after hostilities have ceased.

(c) Reference is not made to contribution by the French along lines which we and the British have agreed upon, because of what are thought to be difficulties not possible of overcoming in effecting at the present stage an arrangement of this kind.

- (5) The new statement's reservations regarding claims on the Italians and regarding existing agreements and the reservations in the final paragraph of the document of the Liberated Areas Committee are sufficiently clear. It was particularly desired by the British Government that prior to the final settlement no claim should be waived by the Allies to the right of charging the Government of Italy with the expense of the payment of troops of the Allies occupied in military operations in Italy. They desire in the negotiations connected with the release by the President that a reservation in this sense be made explicit with regard to placing at the Italian Government's disposition the equivalent in dollars of the local currency pay of American troops in Italian territory. The same request was brought up by them regarding the new statement telegraphed to you and they desired that in the very first paragraph this reservation be inserted. Both requests were declined by the Department on the grounds that by this the value of the United States Government's action would be unnecessarily detracted from and that in any case the general reservation adequately covered the point.
- (6) At the insistence of the United States Treasury, a distinction is made between the uses of dollar proceeds of remittances and exports, on the one hand, and the equivalent of troop pay on the other hand. The Treasury holds that justification before Congress would be difficult for the employment of the equivalent of dollar pay for troops for any other purposes than the procurement of relief supplies and other badly needed articles. Therefore, separate accounts will be maintained for the dollar equivalent of troop pay and the dollar proceeds of remittances and export.
- (7) The amounts of lire expended for purchases at Army Post Exchanges, remittances to the United States and returned to United States Army Finance Officers for purchase of United States Government war bonds, etc., will be deducted from the pay of the troops in calculating the dollar equivalent of net troop pay expenditures.
- (8) At this time it is difficult to make a statement of the exact amount of dollars to be turned over to the Italian Government for troop pay expenditures which to date have been made. An estimate of this figure would be roughly 100 million dollars, or slightly more. The Italians are not (not) to be informed of this figure. We will give you an estimate for transmittal to the Italians when we cable you the detailed procedures for turning over the funds to the Italian Government. ~~Now~~ ^{proposed} should their estimates be substantially in excess of 100 million dollars, you may advise them that they are being too optimistic in their estimates. The Italian Government may also be advised that the dollar ac-

counts will be placed in its name and that it will operate them. As soon as possible the Italian Government will be informed of the estimated amounts to be turned over. As an interim measure, pending determination of the exact amount, the Italian Government will have a substantial sum placed to its credit. Regarding detailed procedures you will receive shortly a cable for discussion with the Italian Government.

- (9) The Department, as pointed out above, has advocated the continuation for as long as possible of the Army civilian supply program. The Department has been unable to obtain however, a definite commitment as to (1) the continuation of the program or (2) length of time for which it would be effective.
- (10) If the Italian Government presents questions on the subject treated in paragraph 3 of the statement you will present to it, you may inform it that it is not the present intention of the United States to apply against prior claims on Italy or the Italian Government the dollars accruing from the sources outlined in paragraphs 1 and 2.

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CONFIDENTIAL

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ENC/enc

8 November 1944

8 NOV Recd

My dear Mr. Prime Minister:

With reference to my letter of 13 October, 1944, with which was enclosed the text of the United States Government's arrangements for the future financing of civilian supplies to Italy, I have now received, for transmission to the Italian Government, the text of a new statement which is appended hereto.

While it is not thought that this statement adds substantially to your present information you will observe from the fourth paragraph that the Italian Government will shortly receive from the United States Government the dollar figure which the Italian Government and the Allied Commission are so anxious to obtain in order to prepare effectively the programs of essential civilian imports.

Yours very truly,

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EWS

HAROLD T. SPENCE
Commodore, USN
Acting Chief Commissioner

His Excellency Ivanoe Bonomi
The President of the Council of Ministers
Italian Government
Rome

c.c. Sir Noel Charles
Hon. Alexander Kirk
C-5, AFM
Chief of Staff, AG,
Economic Section
Finance Sub-Commission

CONFIDENTIAL

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STATEMENT OF AMERICAN POLICY CONCERNING
FINANCING OF CIVILIAN SUPPLIES FOR ITALY

1. The United States Government has decided to make available to the Italian Government the dollar equivalent of the net amount of Italian lire heretofore expended by American troops in Italy out of their pay and allowances, as well as the dollar equivalent of future lire expenditures of this character.
2. In addition to the dollars made available to the Italian Government pursuant to the arrangement described in paragraph 1, there have been made and will continue to be made available to the Italian Government the dollar funds resulting from remittances to Italy from or through the United States and the dollar proceeds of Italian exports to the United States.
3. The action of the United States described in the previous paragraphs does not prejudice or change in any form whatsoever the terms fixed by the agreement of armistice with the Italian Government and of other agreements, technical or political, and the status pertaining to claims on the Italian Government and Italian citizens by the Government and citizens of the United States.
4. The United States Government will shortly inform the Italian Government of the approximate dollar equivalent of such net lire expenditures heretofore expended by American troops out of their pay and allowances.
5. The dollars made available to the Italian Government under paragraph 1 may be used only for the procurement of essential supplies in the United States. The United States Army together with the British Army is supplying essential civilian goods (such as food, clothing, medicines and fuel) as a necessary part of military operations in Italy. The duration of this responsibility is necessarily dependent upon future military developments. During the period when such supplies are being provided by the United States Army, the funds made available to the Italian Government under paragraph 1 may be used to procure such other essential civilian supplies as are not provided under the military program. These funds will also be available to the Italian Government for the purchase of essential supplies after the cessation of the United States Army program.
6. The program of essential civilian goods not provided under the military program and which is to be procured by the Italian Government out of the funds made available to it under paragraph 1, will be drawn up by the Italian Government and will be subject to review and approval of the Allied Commission and other Allied agencies concerned with the allocation of goods in short supply and of transportation and port facilities.

(34)

7. "The detailed technical procedures by which the dollar equivalent of troop pay made available under paragraph 1, above, will be made available to the Italian Government and expended by it will be worked out by the appropriate agencies of the United States Government in consultation with the Italian Government.

8. "The dollar funds from the proceeds of Italian exports to the United States and of remittances from or through the United States are available for expenditures by the Italian Government for the maintenance of its diplomatic and consular establishments in foreign countries, for expenditures to maintain Italian vessels in foreign ports, as well as for the purchase of supplies within the scope of programs approved by the appropriate Allied agencies. Expenditures from these accounts are subject to review by the Allied Commission and to license by the United States Treasury Department.

9. "The Government of the United States has adopted the present program after consultation with the British Government. The British Government has provided and, it is understood, will continue to provide its share of an agreed program of essential civilian supplies, but under different financial arrangements."

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116-2 #

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Office of the Acting Chief Commissioner

United States' financial arrangements
for Italy
Finance Sub-Commission
(Attn: Colonel Graffety-Smith)

6 November

NOV 23

Commodore Stone requests that you prepare an acknowledgment
to Mr. Kirk for his signature ~~making~~ *autodying* therein any points you wish to
make on the attached communication.

J. A. WATLE
Major, R. A.
Staff Officer to A/CC

see *Memorandum* 25552

1 Incl:
Ltr fr Mr Kirk, 5 Nov 44

COPY

UNITED STATES REPRESENTATIVE

ADVISORY COUNCIL FOR ITALY

COPY

Rome, November 5, 1944.

Personal and Confidential

Dear Commodore Stone:

With reference to my letter of October 18, 1944, transmitting as one of its enclosures the official text of the President's release of October 10th on the United States' financial arrangements for Italy, I am now transmitting (enclosure No. 1) a communication just received from the State Department in which is supplied, for transmittal through AC to the Italian Government, the full text of a statement prepared at my request which covers the subject treated in that release.

Sincerely yours,

/s/ A. Kirk.

Enclosures:

1. Text of communication from the Department of State containing statement for transmittal to Italian Government re United States' financial arrangements for Italy.

Commodore Ellery Stone,
Acting Chief Commissioner,
Allied Commission,
Rome, Italy.

Copy to C.O.S. ✓

FINANCE

Sub. Commission

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Enclosure No. 1

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There is communicated below for transmittal through AC to the Italian Government the text in full of a statement, prepared in response to your request, covering the subject treated in the President's release of October 17:

"Statement on American policy regarding financing of civilian supplies for Italy:

1. "The United States Fidelity and Guarantee Company has decided to make available to the Italian Government the dollar equivalent of the net amount of Italian lire heretofore expended by American troops in Italy out of their pay and allowances, as well as the dollar equivalent of future lire expenditures of this character.

2. "In addition to the dollars made available to the Italian Government pursuant to the arrangement described in paragraph 1, there have been made and will continue to be made available to the Italian Government the dollar funds resulting from remittances to Italy from or through the United States and the dollar proceeds of Italian exports to the United States.

3. "The action of the United States described in the previous paragraphs does not prejudice or change in any form whatsoever the terms fixed by the agreement of armistice with the Italian Government and of other agreements, technical or political, and the status pertaining to claims on the Italian Government and Italian citizens by the Government and citizens of the United States.

4. "The United States Government will shortly inform the Italian Government of the approximate dollar equivalent of such net lire expenditures heretofore expended by American troops out of their pay and allowances.

5. "The dollars made available to the Italian Government under paragraph 1 may be used only for the procurement of essential supplies in the United States. The United States Army together with the British Army is supplying essential civilian goods (such as food, clothing, medicines and fuel) as a necessary part of military operations in Italy. The duration of this responsibility is necessarily dependent upon future military developments. During the period when such supplies are being provided by the United States Army, the funds made available to the Italian Government under paragraph 1 may be used to procure such other essential civilian supplies as are not provided under the military program. These funds will also be available to the Italian Government for the purchase of essential supplies after the cessation of the United States Army program.

6. "The program of essential civilian goods not provided under the military program and which is to be procured by the Italian Government out of the funds made available to it under paragraph 1, above, will be drawn up by the Italian Government and will be subject to review and

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approval of the Allied Commission and other Allied agencies concerned with the allocation of goods in short supply and of transportation and port facilities.

7. "The detailed technical procedures by which the dollar equivalent of troop pay made available under paragraph 1, above, will be made available to the Italian Government and expended by it will be worked out by the appropriate agencies of the United States Government in consultation with the Italian Government.

8. "The dollar funds from the proceeds of Italian exports to the United States and of remittances from or through the United States are available for expenditures by the Italian Government for the maintenance of its diplomatic and consular establishments in foreign countries, for expenditures to maintain Italian vessels in foreign ports, as well as for the purchase of supplies within the scope of programs approved by the appropriate Allied agencies. Expenditures from these accounts are subject to review by the Allied Commission and to license by the United States Treasury Department.

9. "The Government of the United States has adopted the present program after consultation with the British Government. The British Government has provided and, it is understood, will continue to provide its share of an agreed program of essential civilian supplies, but under different financial arrangements."

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RNE/dfo

A/CC 100-1

23 October 1944

Subject: Italian Government's Financial Mission to the United States

To: G-3 Section, Allied Force Headquarters, APO #12

1. The Italian Government is sending a financial mission to the United States consisting of five technicians to discuss general economic and financial problems with various governmental departments.

2. I have been requested by the members of this mission to send Lieut.-Commander J. J. Lawler, USCGR, Joint Director of the Finance Sub-Commission, with them.

3. I feel that it would be desirable to send Mr. Lawler to accompany this mission since he is familiar with the situation here and with the policy that the ACC is attempting to carry out in Italy. If you concur, I would appreciate your issuing appropriate orders to Mr. Lawler instructing him to proceed to the United States with the Quintieri Mission returning to this country with the mission on the completion of its work and reporting to his present station.

ELMER W. STONE
Commodore, USNR
Acting Chief Commissioner

cc: U.S. Representative, ALL
British High Commissioner
Chief of Staff Section
Lt. Comdr. Lawler, Finance Sub-Com.
'A' Files

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12/4

MEMORANDUM

22 OCT 1964

At the present time definite replies cannot be made in connection with all the questions which Comadore Stone has raised concerning the financial arrangement of the United States in the matter of civilian supplies. The following discussion relates to these questions.

- (a) The date on which the United States may will relinquish its responsibility for procurement has not been decided upon. The continuance for some months of procurement by it of items of basic relief is a possibility. This plan for financing contemplates a financing method of supplemental disaster, by which, before the military program terminates, types of items could be financed with respect to which no responsibility will be assumed by the army.
- (b) Assumption by AOC that there is only included the dollars equivalent of lire issued to the troops in Italy is correct.
- (c) Under (b) approximately 155 million dollars is estimated now to have accumulated. Since COMC has now under consideration the question of providing financial information to the Government of Italy, this figure is not at the present time to be transmitted to that Government.
- (d) The assumption of AOC is correct that the proceeds must pertain only to exports from Italy to the United States. On the other hand all dollar remittances regardless of whether these have their origin in the United States or in other countries would be included in the remittances.
- (e) That the Italian Government be informed that an arrangement will be sought jointly by the Governments of the United States and Great Britain is not desirable.

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continues for some months of procurement by it of items of basic relief is a possibility. This plan for financing contemplates a financing method of supplemental character, by which, before the military program terminates, types of items could be financed with respect to which no responsibility will be assumed by the army.

(b) Assumption by AEC that there is only included the dollars equivalent of lire issued to the troops in Italy is correct.

(c) Under (b) approximately 135 million dollars is estimated now to have accumulated. Since MAC has now under consideration the question of providing financial information to the Government of Italy, this figure is not at the present time to be transmitted to that Government.

(d) The assumption of AEC is correct that the proceeds must pertain only to exports from Italy to the United States. On the other hand all dollar remittances regardless of whether these have their origin in the United States or in other countries would be included in the remittances.

(e) That the Italian Government be informed that an arrangement will be sought jointly by the Governments of the United States and Great Britain is not desirable.

October 13, 1944.

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(Prepared by American Embassy
for information of Lord Stonie)

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EWB/dfe

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29 October 1944

A/CC 400.38

21 OCT Recd

Subject : Financing of Civilian Supplies for Italy

TO : 3-5 Section, Allied Force Headquarters, APO 512

I am enclosing herewith copy of a letter and attachments received from the American Representative on the Advisory Council for Italy dated 18 October 1944, together with my reply of this date.

22

ELIERY W. STONE
Commodore, USNR
Acting Chief Commissioner

2 Incls.

cc: Economic Section
Finance Sub-Commission
Mr. Mitchell
Mr. Harris
Sir Noel Charles
C of 3
"A" file

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C O P Y

UNITED STATES REPRESENTATIVE
ADVISORY COUNCIL FOR ITALY

22

Rome, October 18, 1944.

CONFIDENTIAL AND URGENT.

Dear Commodore Stone:

With reference to your letter of October 13, 1944, I have now received a telegram from the State Department in response to my request for clarification of the points raised by you. While the Department explains that definite answers on all of your questions cannot be given at this time, I trust that its discussion of them, as paraphrased in the enclosed memorandum, will be useful to you.

I have now also received the enclosed official text of the complete and final statement made by the President on the United States financial arrangement for Italy which was released from the White House on October 10, 1944; and in communicating the statement to the Italian Government in continuation of your previous references on the matter to the President of the Council, I should be glad if you would request that for the moment His Excellency confine his consideration to the terms of the release in question pending the communication to him of a further statement of the detailed technical arrangements and procedure which will be forthcoming.

Sincerely yours,

/s/ A. Kirk

American Representative
on the Advisory Council for Italy

Commodore Ellery Stone,
Acting Chief Commissioner,
A.C.C.,
R o m e.

Enclosures:
As stated.

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C O P Y

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MEMORANDUM

At the present time definite replies cannot be made in connection with all the questions which Commodore Stone has raised concerning the financial arrangement of the United States in the matter of civilian supplies. The following discussion relates to those questions.

(a) The date on which the United States Army will relinquish its responsibility for procurement has not been decided upon. The continuance for some months of procurement by it of items of basic relief is a possibility. This plan for financing contemplates a financing method of supplemental character, by which, before the military program terminates, types of items could be financed with respect to which no responsibility will be assumed by the army.

(b) Assumption by ACC that there is only included the dollars equivalent of lire issued to the troops in Italy is correct.

(c) Under (b) approximately 135 million dollars is estimated now to have accumulated. Since CCAC has now under consideration the question of providing financial information to the Government of Italy, this figure is not at the present time to be transmitted to that Government.

(d) The assumption of ACC is correct that the proceeds meant pertain only to exports from Italy to the United States. On the other hand all dollar remittances regardless of whether these have their origin in the United States or in other countries would be included in the remittances.

(e) That the Italian Government be informed that an arrangement will be sought jointly by the Governments of the United States and Great Britain is not desirable.

October 18, 1944.

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COPY OF TELEGRAM RECEIVED OCTOBER 18, 1944.

The following is the full text of the statement by the President on United States financial arrangements for Italy released by the White House on October 10, 1944;

I have today approved the recommendation of the Secretaries of State, Treasury and War and of the Foreign Economic Administrator that the United States Government currently make available to the Italian Government the dollars equivalent to the Italian lire issued up to now and hereafter as pay to United States troops in Italy. The dollars proceeds of remittances made by individuals in this country to friends and relatives in Italy are also being made available to the Italian Government as are the dollar proceeds of any products exported by Italy to this country. It has been our intention to make available to the friendly Western European countries dollars equivalent to the local currency issued as pay to American troops in their territory. This policy differs from that to be applied in the case of Italy since in the latter case it is subject to special restrictions reserved to the United States in connection with the final peace settlement. The dollars made available to Italy will be used by the Italian Government to pay for essential civilian supplies purchased in this country for use in liberated Italy.

The United States Army has supplied substantial amounts of certain essential civilian goods such as food, clothing and medical supplies as a necessary part of military operations in Italy. The funds which I am now making available will enable the Italian Government under control of appropriate Allied authorities to obtain in this country other essential civilian supplies and to continue to obtain essential supplies after the United States Army program ceases. This step has been taken after consultation with the British Government which has also been providing essential civilian supplies to the Italians and will continue to provide its share of an agreed program of such supplies but under different financial arrangements. The Fascist dictatorship which led Italy into war against the United States and the other United Nations has been overthrown. Today the Italian people are cooperating with the United Nations' forces in driving the Germans from Italy. Our soldiers, sailors and airmen are welcomed and assisted by the civilian population in Italy wherever they go. Italian troops are joined with our forces at the front and behind the German lines Italian partisans are heroically giving their lives in the struggle. It is to our interests that Italy be able to contribute as fully as possible to the winning of final victory while the reestablishment of Italy as a free independent and self-supporting nation must be primarily the responsibility of the Italian people themselves. It is also to our interest that the Italian people be given the opportunity to obtain and pay for the necessities they need from us if they are to be able to help themselves.

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RMS/hjp

19 October 1944

My dear Mr. Ambassador:

Receipt is acknowledged of the paraphrase of a telegram dated October 18th from the Department of State replying to the points raised by me in my letter to you of October 13th. This telegram raises the following points:

1. You will, I feel sure, appreciate the difficulty in which this Commission is placed by reason of the fact that this telegram indicates that the United States Government has not yet decided upon the date at which the U.S. Army, or some other United States agency, would cease to finance the procurement of those supplies from the U.S.A. to Italy required to prevent an outbreak of disease or unrest. The absence of certainty on this point makes it impossible to know how and when to use the funds released to the Italians by the President's statement of October 10th for the purchase of supplies which would supplement those essential supplies now being provided by the United States Army. For example, if the United States Army, for that portion of the essential supplies to be found from U.S. sources, were to cease to finance procurement on, say, December 31st 1944, it would seem to be necessary, in order to ensure the continuance of the existing import program of essential civilian supplies for Italy during the first six months of 1945, to earmark for that purpose a large part, if not the whole, of the \$135,000,000 recently made available.

In order to permit this Commission to make the necessary plans for any utilization of the \$135,000,000, I would be grateful if you would ascertain from the Department of State the length of time for which the U.S. War Department intends to continue to finance that portion of the supplies for Italy procured in the United States, or under U.S. auspices, which are needed to meet the minimum standards calculated by the Combined Chiefs of Staff as necessary to prevent disease and unrest.

In the meantime, until word has been received from the Combined Chiefs of Staff on this fundamental question of policy towards Italy, I think that, as stated in the 3rd paragraph of my letter to AFHQ of October 13th - copy of which was sent to you - it would be inexpedient for this Commission to make any further communication to the Italian Government on this matter.

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On the other hand since it is becoming urgently necessary to make some further communication to the Italian Government I hope that it will be possible for the Combined Chiefs of Staff shortly to communicate to this Commission the reply to the important questions of policy which I have raised above, accompanied by the detailed technical arrangements and procedures promised in your letter of October 18th.

2. With reference to sub-paragraph (b) of the State Department's telegram, the assumption of this Commission was not that reference was to the dollar equivalent of the total lire issued to troops but only to the net amount after deductions for remittances home or purchases of War Bonds. From the records available here it would appear that the \$135,000,000 derives from the net and not the gross figure.

I would be grateful if you would be good enough to pass on to the State Department the contents of this letter, a copy of which I am sending to AFHQ.

Yours very truly,

ELBERT W. STONE
Commodore, USN
Acting Chief Commissioner

The Honorable Alexander Kirk
U.S. Representative to the
Advisory Council for Italy
Via Vitorio Veneto, 119
Rome

cc: AFHQ
Economic Section
Finance Sub-Commission
Mr. Mitchell
Mr. Harris

CofS
"A" Files ✓
Sir Noel Charles

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Delivered 1730
By H.P.

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Conf 5 Section
EWS/afe

A/CC 400.38

19 October 1944

20 OCT Recd

Subject: Financing of Civilian Supplies for Italy

To: G-5 Section, Allied Force Headquarters, APO 512

I am enclosing herewith copy of a letter and attachments
received from the American Representative on the Advisory Council for
Italy dated 18 October 1944, together with my reply of this date.

ELMER W. STONE
Commander, USA
Acting Chief Commissioner

2 Incls.

*cc. Conkle
Finance & C
Mr. Mitchell
Mr. Morris
Mr. Noel Charles
C-5
A. L. L.*

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WWS/njp

19 October 1944

My dear Mr. Ambassador:

Receipt is acknowledged of the paraphrase of a telegram dated October 18th from the Department of State replying to the points raised by me in my letter to you of October 13th. This telegram raises the following points:

1. You will, I feel sure, appreciate the difficulty in which this Commission is placed by reason of the fact that this telegram indicates that the United States Government has not yet decided upon the date at which the U.S. Army, or some other United States agency, would cease to finance the procurement of those supplies from the U.S.A. to Italy required to prevent an outbreak of disease or unrest. The absence of certainty on this point makes it impossible to know how and when to use the funds released to the Italians by the President's statement of October 10th for the purchase of supplies which would supplement those essential supplies now being provided by the United States Army. For example, if the United States Army, for that portion of the essential supplies to be found from U.S. sources, were to cease to finance procurement on, say, December 31st 1944, it would seem to be necessary, in order to ensure the continuance of the existing import program of essential civilian supplies for Italy during the first six months of 1945, to earmark for that purpose a large part, if not the whole, of the \$135,000,000 recently made available.

In order to permit this Commission to make the necessary plans for any utilization of the \$135,000,000, I would be grateful if you would ascertain from the Department of State the length of time for which the U.S. War Department intends to continue to finance that portion of the supplies for Italy procured in the United States, or under U.S. auspices, which are needed to meet the minimum standards calculated by the Combined Chiefs of Staff as necessary to prevent disease and unrest.

In the meantime, until word has been received from the Combined Chiefs of Staff on this fundamental question of policy towards Italy, I think that, as stated in the 3rd paragraph of my letter to AFHQ of October 13th - copy of which was sent to you - it would be inexpedient for this Commission to make any further communication to the Italian Government on this matter.

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On the other hand since it is becoming urgently necessary to make some further communication to the Italian Government I hope that it will be possible for the Combined Chiefs of Staff shortly to communicate to this Commission the reply to the important questions of policy which I have raised above, accompanied by the detailed technical arrangements and procedures promised in your letter of October 18th.

2. With reference to sub-paragraph (b) of the State Department's telegram, the assumption of this Commission was not that reference was to the dollar equivalent of the total lire issued to troops but only to the net amount after deductions for remittances home or purchases of War Bonds. From the records available here it would appear that the \$135,000,000 derives from the net and not the gross figure.

I would be grateful if you would be good enough to pass on to the State Department the contents of this letter, a copy of which I am sending to AFHQ.

Yours very truly,

HENRY W. STONE
Commodore, USNR
Acting Chief Commissioner

The Honorable Alexander Kirk
U.S. Representative to the
Advisory Council for Italy
Via Vittorio Veneto, 119
Rome

cc: AFHQ
Economic Section
Finance Sub-Commission
Mr. Mitchell
Mr. Harris

C of S ✓
A Files
Sir Noel Charles

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C O P Y

UNITED STATES REPRESENTATIVE
ADVISORY COUNCIL FOR ITALY

Rome, October 18, 1944.

CONFIDENTIAL AND URGENT.

Dear Commodore Stone:

With reference to your letter of October 13, 1944, I have now received a telegram from the State Department in response to my request for clarification of the points raised by you. While the Department explains that definite answers on all of your questions cannot be given at this time, I trust that its discussion of them, as paraphrased in the enclosed memorandum, will be useful to you.

I have now also received the enclosed official text of the complete and final statement made by the President on the United States financial arrangement for Italy which was released from the White House on October 10, 1944; and in communicating the statement to the Italian Government in continuation of your previous references on the matter to the President of the Council, I should be glad if you would request that for the moment His Excellency confine his consideration to the term of the release in question pending the communication to him of a further statement of the detailed technical arrangements and procedure which will be forthcoming.

Sincerely yours,

/s/ A. Kirk

American Representative
on the Advisory Council for Italy

Commodore Wilsey Stone,
Acting Chief Commissioner,
A.C.C.,
R o m e.

Enclosures:
As stated.

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C O P Y

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MEMORANDUM

At the present time definite replies cannot be made in connection with all the questions which Commodore Stone has raised concerning the financial arrangement of the United States in the matter of civilian supplies. The following discussion relates to those questions.

(a) The date on which the United States Army will relinquish its responsibility for procurement has not been decided upon. The continuance for some months of procurement by it of items of basic relief is a possibility. This plan for financing contemplates a financing method of supplemental character, by which, before the military program terminates, types of items could be financed with respect to which no responsibility will be assumed by the army.

(b) Assumption by AGC that there is only included the dollars equivalent of lire issued to the troops in Italy is correct.

(c) Under (b) approximately 135 million dollars is estimated now to have accumulated. Since CCAC has now under consideration the question of providing financial information to the Government of Italy, this figure is not at the present time to be transmitted to that Government.

(d) The assumption of AGC is correct that the proceeds meant pertain only to exports from Italy to the United States. On the other hand all dollar remittances regardless of whether these have their origin in the United States or in other countries would be included in the remittances.

(e) That the Italian Government be informed that an arrangement will be sought jointly by the Governments of the United States and Great Britain is not desirable.

October 16, 1944.

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COPY OF TELEGRAM RECEIVED OCTOBER 18, 1944.

The following is the full text of the statement by the President on United States financial arrangements for Italy released by the White House on October 10, 1944;

I have today approved the recommendation of the Secretaries of State, Treasury and War and of the Foreign Economic Administrator that the United States Government currently make available to the Italian Government the dollars equivalent to the Italian lire issued up to now and hereafter as pay to United States troops in Italy. The dollars proceeds of remittances made by individuals in this country to friends and relatives in Italy are also being made available to the Italian Government as are the dollar proceeds of any products exported by Italy to this country. It has been our intention to make available to the friendly Western European countries dollars equivalent to the local currency issued as pay to American troops in their territory. This policy differs from that to be applied in the case of Italy since in the latter case it is subject to special restrictions reserved to the United States in connection with the final peace settlement. The dollars made available to Italy will be used by the Italian Government to pay for essential civilian supplies purchased in this country for use in liberated Italy.

The United States Army has supplied substantial amounts of certain essential civilian goods such as food, clothing and medical supplies as a necessary part of military operations in Italy. The funds which I am now making available will enable the Italian Government under control of appropriate Allied authorities to obtain in this country other essential civilian supplies and to continue to obtain essential supplies after the United States Army program ceases. This step has been taken after consultation with the British Government which has also been providing essential civilian supplies to the Italians and will continue to provide its share of an agreed program of such supplies but under different financial arrangements. The Fascist dictatorship which led Italy into war against the United States and the other United Nations has been overthrown. Today the Italian people are cooperating with the United Nations' forces in driving the Germans from Italy. Our soldiers, sailors and airmen are welcomed and assisted by the civilian population in Italy wherever they go. Italian troops are joined with our forces at the front and behind the German lines Italian partisans are heroically giving their lives in the struggle. It is to our interests that Italy be able to contribute as fully as possible to the winning of final victory while the reestablishment of Italy as a free independent and self-supporting nation must be primarily the responsibility of the Italian people themselves. It is also to our interest that the Italian people be given the opportunity to obtain and pay for the necessities they need from us if they are able to help themselves.

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

CONFIDENTIAL

13 October 1944.

SUBJECT : Communique of United States State Department.

TO : Sir Noel Charles,
British Ambassador.

Commodore

You will have received a copy of Commander Stone's letter of 13 October enclosing the statement with the reference to France deleted but with many other objectionable features retained.

Regarding our conversation this morning you may wish to transmit to the Foreign Office a copy reflecting, inter alia, the following comments:-

The following paragraphs are numbered to correspond to the paragraphs in the amended statements:

3(a) With reference to the words "The dollar equivalent which as of that date shall have accumulated and that which shall thereafter accrue of all the lire issued to troops of the United States in Italy under the head of payment to them", it is assumed that only that part of the dollar equivalent of lire issued to troops of the United States, which is not sent home by way of remittance or War Bond purchase, will be made available to the Italian Government. If this assumption is not correct it will result that more favourable treatment is thereby allotted to the Italian Government than to Allied Governments with whom similar arrangements have been concluded.

4. The statement made by the President of 10 October, as widely reported throughout Italy by PWB, indicated that H.M. Government would continue to furnish supplies to Italy but under different financial arrangements. It appears unfortunate and unnecessary that paragraph 4 specifically states that the adoption of a procedure by the British identified with that of the United States is to be discussed. It is my opinion that the Italian Government will constantly require to be

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informed whether H.M. Government has adopted an identical procedure.

5. Neither this Embassy nor ACC has knowledge of the contemplated arrangements, but presume these matters have been discussed between the two Governments.
6. Paragraph 6 appears to be out of date and unnecessary following the announcement of the programme of aid to Italy announced at the recent UNRRA conference. The Italian Government and press are already complaining that UNRRA's appropriation of \$50,000,000 is insufficient, and paragraph may be construed (a) that further UNRRA aid is under consideration (b) that scheme is being impeded by HM Government.
7. I should like to be informed if those essential civilian requirements to be imported from countries other than the USA, eg wheat from Australia, are to be programmed on similar joint basis.

On the many technical points Finance Sub-Commission ACC is seeking instruction and elucidation through AMHQ from CCS.

agp
Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

sent
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A/CC 100.

13 October 1944

14 OCT Recd
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Dear Mr. Kirk:

Receipt is acknowledged of your letter of October 12 with attachment indicating that the figure for pay of United States troops is approximately 125 million dollars up to October 1, 1944. The size of this figure would indicate that instead of the gross payments made to troops, as indicated in the President's release and the State Department's message to you, the actual figure intended is the net amount retained by troops in Italy after their remittances to the United States and purchases of War Bonds. However, the reply from the State Department in your message of today should clarify the point.

As indicated in the attached copy of my letter of today to AFHQ, I shall await instructions from AFHQ before implementing the proposed joint import program with the Italian Government.

Sincerely yours,

ELLERY W. STONE
Commodore, USNR
Acting Chief Commissioner

The Honorable Alexander Kirk
U. S. Representative to the
Advisory Council for Italy
Via Vittorio Veneto, 119
ROME

cc: C of S ✓
Economic Section
Finance S/C
'A' Files
Political Section

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WBS/afe 8

A/CC 400.38

13 October 1944

Subject: Financing of Civilian Supplies for Italy

14 OCT Recd

To: Allied Force Headquarters, APO 512
(Attention: G-3 Section)

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1. There is enclosed herewith copies of communications received from the American Representative of the Advisory Council for Italy dated October 11 and October 12 respectively together with a copy of my letter with attachment to the Prime Minister dated 13 October.

2. There is also enclosed a copy of my letter of October 13 to the American Representative on the Advisory Council for Italy, who is, I understand, calling the State Department along the lines indicated in my letter.

3. For your information, no steps are being taken to request the Italian Government to draw up a program of essential civilian requirements jointly with this Commission, as set forth in paragraph 7 of the attachment above referred to until instructions to this effect are received from AFHQ.

ELBERT H. STONE
Commodore, USNR
Acting Chief Commissioner

4 Incls:

- 1 - Ltr, 11 Oct 44, fr Am. Rep. on Advisory Council
- 2 - Ltr, 12 Oct 44, fr Am. Rep. on Advisory Council - attached
- 3 - Ltr, A/CC 400.38, 13 Oct 44, to Prime Minister
- 4 - Ltr, A/CC 100, 13 Oct 44, to Am. Rep. on Advisory Council

cc: Sir Noel Charles
Hon. Alexander Kirk
G-3, AFHQ
Chief of Staff, AOC ✓
Economic Section
Finance Sub-Commission
'A' Files
Political Section

- Inclosures 1 & 3 previously sent to you.
Also incl. #4

CONFIDENTIAL

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COPY

UNITED STATES REPRESENTATIVE

ADVISORY COUNCIL FOR ITALY

Personal and Confidential

Rome, October 12, 1944

Dear Commodore Stone:

Referring to the United States program for financing essential Italian civil requirements which I transmitted to you with my letter of October 11, I enclose herewith certain material summarized from communications received from the Department of State which I trust will be useful for background purposes.

Sincerely yours,

/s/ A. Kirk

American Representative
on the Advisory Council for Italy.

Enclosure:

as mentioned.

Commodore Ellery Stone
Acting Chief Commissioner,
Allied Control Commission,
Rome.

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Encl. #2

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(1) Accurate estimates of what will probably accrue to the Government of Italy under the several items which the program provides for can no doubt be supplied by the Allied authorities in Italy. In the matter of pay of United States troops a rough guess here (i.e. in Washington) is that by October 1, 1944, about \$125,000,000 will have accrued, and that in the succeeding year an additional \$25,000,000 may accrue.

(2) When the program is submitted, it is essential that the Government of Italy realize that its capacity to obtain from the United States essential imports will be limited strictly to the assets in dollars which from the items provided for above become available to the Government of Italy.

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A/CE 400.38

13 October 1944

My dear Mr. Prime Minister:

You will no doubt have read in the press the announcement of the President of the United States with respect to future financing of civilian supplies for Italy. We have just received a telegram from the U.S. State Department asking that your Government should be informed of the arrangements contemplated, which have been adopted after consultation with the British Government, and I am attaching hereto a copy of the points which affect you.

In order that you and your Government can have a clear understanding of precisely what is intended, an urgent cable is being sent to the State Department requesting clarification on certain of the points involved, and as soon as a reply is received it will be communicated to you promptly.

In the meantime, therefore, I suggest that you consider the attached only as a preliminary outline of what is contemplated and that no public reference be made to the details of these arrangements until I am able to give you the further clarification for which we have asked.

Sincerely yours,

HENRY W. STONE
Commodore, USNR
Acting Chief Commissioner

Encl.

His Excellency Ivanoe Bonomi
The President of Council of Ministers
Italian Government

cc: Sir Noel Charles
Hon. Alexander Kirk
G-5, AFHQ
Chief of Staff, AGC
Economic Section
Finance Sub-Commission
"A" Files

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

1. The United States Army's responsibility will terminate as soon as practical as regards the procurement of requirements essential for the civilian population in liberated Italy at that date under the jurisdiction of ACC.
2. For the financing of such essential requirements for Italian civilian use, and other Italian expenditures abroad which are indispensable, responsibility will be vested with the Government of Italy and the latter will be aided in assuming and exercising such responsibility by the following arrangements to be made by the governments of the United States and Great Britain.
 3. For its part, the United States Government, with a view to making it possible for the Government of Italy to discharge its responsibility in the matter of foreign financing, will, as of the earliest date possible:
 - a. Place to the credit of the Government of Italy or make available to it, the dollar equivalent which as of that date shall have accumulated and that which shall thereafter accrue of all the lire issued to troops of the United States in Italy under the head of payments to them. The Italian Government will use the dollars accruing to it from this source in purchasing supplies for essential relief and rehabilitation.
 - b. Also place to the credit of the Government of Italy or make available to it the dollar proceeds representing Italian exports, remittances from U.S. funds to Italy, and other items which shall have accumulated as of that date or shall accrue thereafter. The Italian Government will use the dollars accruing to it from these other sources in paying diplomatic expenses and in effecting other indispensable current payments abroad, as well as in the purchasing of supplies not otherwise procurable for essential relief and rehabilitation.
4. Dollars accruing from the sources indicated above will not be applied by the United States as against any claims upon Italy or the Italian Government anterior to the date on which financial responsibility is assumed by the Italian Government.
 4. An agreement will be sought by the United States Government with the British Government in the latter's adoption of a procedure of identical character so that there may be credited to the Italian Government or made available to it all sterling which as of the date on which financial responsibility is assumed by the Italian Government shall have accumulated or which shall accrue thereafter for British troops in Italy and the proceeds in sterling of current exports from Italy, remittances to that country, and other items of Italian credit which similarly shall have accrued or shall accrue.

Consent to this proposal by the British Government will

...ing arrangements to be made by the governments of the United States and Great Britain.

3. For its part, the United States Government, with a view to making it possible for the Government of Italy to discharge its responsibility in the matter of foreign financing, will, as of the earliest date possible:

a. Place to the credit of the Government of Italy or make available to it, the dollar equivalent which as of that date shall have accumulated and that which shall thereafter accrue of all the lire issued to troops of the United States in Italy under the head of payments to them. The Italian Government will use the dollars accruing to it from this source in purchasing supplies for essential relief and rehabilitation:

b. Also place to the credit of the Government of Italy or make available to it the dollar proceeds representing Italian exports, remittances from U.S. made to Italy, and other items which shall have accumulated as of that date or shall accrue thereafter. The Italian Government will use the dollars accruing to it from these other sources in paying diplomatic expenses and in effecting other indispensable current payments abroad, as well as in the purchasing of supplies not otherwise procurable for essential relief and rehabilitation.

Dollars accruing from the sources indicated above will not be applied by the United States as against any claims upon Italy or the Italian Government anterior to the date on which financial responsibility is assumed by the Italian Government.

4. In agreement will be sought by the United States Government with the British Government to the latter's adoption of a procedure of identical character so that there may be credited to the Italian Government or made available to it all sterling which as of the date on which financial responsibility is assumed by the Italian Government shall have accumulated or which shall accrue thereafter for British troops in Italy and the proceeds in sterling of current exports from Italy, remittances to that country, and other items of Italian credit which similarly shall have accrued or shall accrue.

Agreement to this proposal by the British Government will not constitute a condition to the United States Government's adoption of it.

5. The Italian Government will be credited by the United States and British Governments with the balance which represents net earnings produced by Italian shipping in the United Nations' service and constituting a portion of the shipping pool. Such net earnings if not made disposable in the form of cash will be employed alternatively for offsetting charges for freight resulting from the transportation in non-Italian ships to Italy of essential supplies for civilian use.

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

6. The British Government will be requested by the Government of the United States to join with the latter in endeavoring to procure in the relief of Italy participation on the part of the United Nations Relief and Rehabilitation Administration as far as regards the extending of assistance in providing medical supplies and aid for the maintenance of public health and in the care of children and displaced persons.

7. The withdrawal by the Government of Italy of the proceeds in foreign exchange placed at its disposition through the measures indicated above will be subject to the license of the Allied Treasuries respectively concerned, as well as to approval by the financial agency of the Allies.

The Italian Government and the Allied Control Commission jointly will draw up the program of essential civilian requirements for Italy and this must be approved by the military authorities, the Allied civil agencies concerned, and other bodies having responsibility for the transportation of the requirements and their handling.

8. The United States Treasury will work out in agreement with the interested agencies the transaction relating to the counterpart in lire of the dollars which under paragraph 3a above are made available.

In no way shall the provisions of the foregoing program be construed as changing in any form whatsoever the terms fixed by the agreement of armistice with the Italian Government and of other agreements, technical or political, or as in any way whatever modifying the status pertaining to claims on the Italian Government and citizens of the United States; and terms of the final settlement between Italy and the United States are not in any manner prejudiced by the transfer of assets.

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13 October 1944

Dear Mr. Kirk:

With reference to your letter of October 11th which forwarded a statement of United States' arrangements for financing civilian supplies for Italy, and with reference to our conversations of yesterday on this subject, certain points require clarification, and I should be grateful if you could cable the Department urgently regarding them.

Paragraph "B" below raises a question of the greatest importance, since the amount of lire retained in Italy and not sent home by troops is only approximately 17% of the total amount issued to them. Under ordinary circumstances, I should prefer to await clarification of this point in particular which is really the heart of the entire statement, before presenting it to the Italian Government. If, however, you feel that the Government should receive the statement as drafted, I will present it to the Prime Minister today, advising him that we have cabled urgently for clarification of the following points listed below, with the exception of "B" which might be omitted from the statement.

A. In view of the questions already asked by the Italians, it is essential that we be informed of the date on which the U. S. Army's responsibility for procurement will pass to Italian Government.

B. We assume that only that part of the Dollar equivalent of Lire issued to troops of the U.S. which is not sent home by way of remittance or War Bond purchase will be made available to the Italian Government.

C. In connection with the Dollars made available under "B", it would be desirable to know the approximate amount to answer the questions already raised by the Italian Government and in order to formulate the required joint program of essential civilian requirements for Italy.

D. With reference to the Dollar proceeds of Italian exports and remittances transmitted to Italy through dollars and other items, we assume that only exports to the U.S. and remittances from the U.S. are intended. In view of the need of paying diplomatic expenses on a current basis it would be desirable to have an approximation of such dollar proceeds.

E. It is felt undesirable to inform the Italian Government that the British Government and the U.S. Government will jointly seek an arrangement with the French Committee for National Liberation until such arrangements have been made.

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Will you kindly telephone me your views.

Sincerely yours,

ELBERT W. STONE
Commodore, USN
Acting Chief Commissioner

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The Honorable Alexander Kirk
U. S. Representative to the
Advisory Council for Italy
Via Vittorio Veneto, 119
Rome

cc: Political Section
Finance Sub-Commission
Sir Noel Charles
Chief of Staff Section

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UNITED STATES REPRESENTATIVE
ADVISORY COUNCIL FOR ITALY

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Rome, October 11, 1944

URGENT

Dear Commodore Stone:

With reference to our previous conversations concerning a proposed release to be given by President Roosevelt on the subject of United States arrangements for the financing of civilian supplies for Italy, I wish now to inform you that I have just received an urgent telegram from the State Department informing me that the President's release was being given to the press for the morning papers of October 11, and instructing me that the Italian Government should be informed of the aforementioned arrangements.

I am therefore hastening to supply you, for the information of the Italian Government, with a paraphrased statement of those arrangements as outlined in a telegram received from the Department.

Sincerely yours,

/s/ A. Kirk
American Representative
on the Advisory Council for Italy

Commodore Ellery Stone,
Acting Chief Commissioner
A.C.C.,
Rome.

A/C DISTRICTION:

Chief of Staff, ACC ✓
Economic Section
Finance Sub-Commission
'A' file

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