ACC 10000/109/888

10000/109/888

FINANCING OF INDUSTRY
AUG. 1945 – SEPT. 1946

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

~~26~~ 6.

{ Exm Section att. Col Drummond.
{ C.F.A.

Your attention is invited to folio ~~27~~ 1 & minutes ~~28~~ 2 & ~~29~~ 3. Could you be prepared to discuss this matter at the next V.P.'s meeting. Cancelled Please indicate on this file. Thank you

A. Armand
Act. Chief Staff Officer

Capt. Armsby ~~30~~ 7.

~~CSO~~ (1)

This was discussed yesterday. CFA is submitting memorandum on whole subject.

No need for above (undated) minute

Ex 1/9.

[illegible] 31/8.

[illegible] 1/9

18.

~~CSO~~ Ex Comm.
Folio 17 for info.
f 16 refers. AWR 4/10

H.S. 1/10
Noted MC 3/10

[redacted]

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

2.

Ex Comm

For info - please see folio 1.

14/8

Chief Commissioner. (1) 3. FOLIO 5185

Attached is submitted for your signature/information/approval.

Shall I ask V.P. Econ Sec & CFA to speak on this at next V.P.'s meeting?

AUG 16 RECD 1155

MS 16/8

Yes

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

4620. 97

CGW/cc 17

HEADQUARTERS ALLIED COMMISSION
APO 794
Economic Section

SEP 25 1946

INTER-OFFICE MEMORANDUM

Ref.: ES/11.1 25 September 1946

SUBJECT: Loans to the Shipyards at Monfalcone

TO : Brig. M. Carr
Executive Commissioner

A search of the Finance files has failed to divulge any information on the subject of loans to the shipyards at Monfalcone.

CARLOS G. WEBSTER JR.
Lt. Col., FA
Chief Staff Officer

(Cat. K)

See M. 18
f 16

PA 3/10

16

462080 MC/cc

HEADQUARTERS ALLIED COMMISSION
APO 794
Economic Section

INTER-OFFICE MEMORANDUM

Ref.: E3/11.1

27 August 1946

SUBJECT: Cantieri

TO : Chief Staff Officer

115

1. The attached was given to me by the Executive Commissioner.

2. The Executive Commissioner is anxious to know whether there is any record in the Finance Sub-Commission's files as to this Headquarters having been consulted on the granting loans of nine hundred million lire to the shipyards at Monfalcone mentioned in paras. 1 and 2 of the attached.

3. I understand that the reason why the above-mentioned large loans are not shown on the Finance Division's letter attached is that they may have been included within the normal budget and that the loans mentioned in the correspondence were temporary loans outside the normal budget.

4033

MC
M. CARR
Brigadier
Acting Vice President

4 Attachments - same as above

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

E.C. AFA should take no further action
outstanding [illegible] approval 15

Ems

NOTE

Re: CANTIERI

Cantieri have received the following amounts:

(1) 700 millions Lire.

This is against the Italian Government indebtedness to the Company, and is governed by Executive Memorandum N.73, which deals with preliberation debts, and concerns essential to the Economy of the territory. 4252

(2) 200 Millions Lire as a loan against the security of their liquid assets. They have sold ships built by themselves for stock (i.e. not against specific orders), and are repaying this loan from the proceeds of that sale.

(3) They are at present negotiating with us for a loan of 800 Millions Lire spread over a period of months. Against this they propose to charge their entire assets. The loan will enable them to fulfil the orders for 2 or 4 ships that they have received from the Norwegian Government during past fortnight. In addition to this they are building 2 further ships for the Norwegian Government. They have been negotiating with the Italian Government for this loan. As you know, 70% of their sharecapital is held by IRI which is owned by the Italian Government. The remainder of the shares are held by Italians. The negotiations were not concluded because of the uncertainty of the territory.

Industry are investigating their present request, and will advise this Division.

2 SHIPYARDS, ONE ~~[illegible]~~ IN FREESTATE TERRITORY.

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

14

COPY

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
Finance Division
13 Corps

REH/DKR/cg

Ref : 13C/AMG/FIN/A/05

11 July 46.

To : HQ Allied Financial Agency
APO 794 US ARMY

Sub : Loans to Industry.

1. Reference is made to your 20058/F/A/19 dated 22 March 46 and this Division reply 13C/AMG/FIN/A/05 dated 23 April 46.

2. A statement is attached showing the loans made from AMG/AC funds since this form of financing was instituted by me as a temporary measure?

3. It will be observed that all the loans have been cleared except that to the Consorzio Agrario, repayment of which is expected in the near future.

4. Under arrangements now in force for financing industry, for financing industry, no further loans will be made from domestic funds.

4081

For the Senior Civil Affairs Officer

s/ N.T.Beard

t/ N.T.BEARD, Lt.Col.
CHIEF FINANCE OFFICER

Encl.

[redacted]

C O P Y

13

AMG VENEZIA GIULIA
Loans to Industry

Loans made to

Pastificio Triestino

P.V. 44	(11 Jan)	10.000.000	
" 25	(13 Feb)	5.000.000	
" 34	(13 Mar)	5.000.000	20.000.000

Enrico Sperco & Co

P.V. 44 B	(8 Jan)	8.500.000	
" 33	(4 Mar)	2.500.000	11.000.000

SELVEG (Società Elettrica della Venezia Giulia)

P.V. 44 C	(18 Jan)	10.000.000	
" 26	(14 Feb)	20.000.000	30.000.000

Umberto Missaglia

P.V. 24	(7 Feb)		2.000.000

Ettore Martinuzzi

P.V. 27	(15 Feb)		[illegible].000.000

Guido Zecchin

P.V. 35	(13 Mar)		3.500.000

Giovanni Beltrame S.A.

P.V. 37	(25 Mar)	3.000.000	
" 13	(30 Apl)	3.000.000	6.000.000

Pavan & Giungi

P.V. 36	(19 Mar)	7.000.000	
" 4	(27 Apl)	8.000.000	15.000.000

[redacted]

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

12

ILNEA (Impresa Lavori Navali)	
P.V. 11 (30 Apl)	7.000.000
Adolfo Viotti & Co.	
P.V. 1 (3 May)	3.000.000
Jutificio e Canapificio Triestino	
P.V. 10 (25 May)	10.000.000
SARROM (G.Maccaferri)	
P.V. 11 (25 May)	3.000.000
Cantieri S.Giorgio (E.Battisti & Co.)	
P.V. 12 (31 May)	25.000.000
Consorzio Agrario	
P.V. 12 (16 June)	11.704.928
TOTAL	157.204.928 [redacted]

[redacted]

Repaid as follows:

UCIRM (for Pavan & Giungi)	15.000.000	
SELVEG (18 June 46)	12.000.000	
Tesoreria Trieste	118.500.000	145.500.000
Due from Consorzio Agrario		11.704.928
TOTAL		157.204.928

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

11

CGW/cc

HEADQUARTERS ALLIED COMMISSION
APO 794
Economic Section

INTER-OFFICE MEMORANDUM

Ref.: ES/11.1 25 September 1946

SUBJECT: Loans to the Shipyards at Monfalcone

TO : Brig. M. Carr
Executive Commissioner

A search of the Finance files has failed to divulge [redacted] any information on the subject of loans to the shipyards at Monfalcone.

CARLOS G. WEBSTER JR.
Lt. Col., FA
Chief Staff Officer [redacted]

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

10

HEADQUARTERS ALLIED COMMISSION
A P O 794
Office of the Executive Commissioner

Ref. : 4608/EC September 1946

SUBJECT: Financing Italian Industry.

TO : Sir Quintan Hill KCMG - OBE
British Embassy
Rome.

Polad (A)
for U.S. Treasury Representative
U.S. Embassy
Rome.

The enclosed memorandum may be of interest to you in view of the Conference with Col. Hamblen in the Executive Commissioner's Office this HQ, at 0930 hrs, 27 September 1946.

FOR THE CHIEF COMMISSIONER:

Brigadier,
Acting Executive Commissioner.

Encls. as above

Copy to 4620/EC

PA 25/9

4620

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION SEP 17 1946

9

Originator's Reference: FX 71967
Date/Time of Origin: 171205 B

Message Centre No: H/6643
Date Time Rec'd: SEPT. 17 1545
Precedence: IMMEDIATE

FROM: AFHQ SIGNED SACMED CITE FHGEG

TO : 13 CORPS ~~XXXXXXXXXEX~~ MAIN

INFO, AMG 13 CORPS ALCOM ROME

CONFIDENTIAL

CONFIDENTIAL

6

REQUEST THAT FULL REPORT BE SUBMITTED TO AFHQ IN CONNECTION WITH ALLEGED IRREGULARITIES REPORTED BY ROME DAILY AMERICAN 17 SEPTEMBER 46. CONCERNING LOANS MADE TO PRIVATE INDUSTRY BY AMG 13 CORPS PRESS QUOTES SCAO AS SHOCKED TO DISCOVER AMG PLEDGED TO LOANS OF WHICH IT WAS UNAWARE.

AC DIST

INFO:ACTION: EX COMMR
INFO: CHIEF COMMR
FILE
SKELETON

INFO-ACTION

SEP 17 1946

(Capt K)

CONFIDENTIAL

TO : 13 CORPS XXXXXXXXX MAIN

INFO, AMG 13 CORPS ALCOM ROME

CONFIDENTIAL

CONFIDENTIAL

REQUEST THAT FULL REPORT BE SUBMITTED TO AFHQ IN CONNECTION WITH ALLEGED IRREGULARITIES REPORTED BY ROME DAILY AMERICAN 17 SEPTEMBER 46. CONCERNING LOANS MADE TO PRIVATE INDUSTRY BY AMG 13 CORPS PRESS QUOTES SCAO AS SHOCKED TO DISCOVER AMG PLEDGED TO LOANS OF WHICH IT WAS UNAWARE.

6

AC DIST

INFO:ACTION: EX COMMR

INFO: CHIEF COMMR

FILE

SKELETON

INFO-ACTION

SEP 17 1946

(Capt K)

CONFIDENTIAL

Seen by CSC

Extracted from Rome Daily American
Tuesday, September 17, 1946 8

AMG Loans To Trieste Companies Raise Storm

By Katherine Clark
United Press Writer

TRIESTE, Sept. 16—The American Military Government today issued an order legalizing AMG loans of 800 million lire—over 3,500,000 dollars—to the Trieste industries which represent the western Allies' investment in this disputed area.

These loans have inspired controversy over the original authority for their issuance, over private industry's profiting from use of AMG funds and, finally, over the western powers' financial stake in the area where East-West power politics is complication enough.

Loans for repairs to get industry rolling, after their private owners refused to invest anything for this purpose due to the uncertain political situation, were all issued by British Col. Norman T. Beard, who heads the AMG Finance Section for Trieste but actually operated, until a few days ago, from Rome.

Money for the loans, it was disclosed, came in the form of lire from Italian banks but was spent in the name of British and American Military Government. The joker for U.S. taxpayers is that the U.S. backs its lire obligations with dollar credit to Italy, while Britain does not do likewise with sterling credit.

In issuing an AMG order retroactively legalizing the loans, American Col. Alfred C. Bowman, senior AMG officer and Military Governor of Trieste, remarked: "I am deeply shocked, and my legal advisers even more so, to discover AMG pledged to loans of which it was unaware."

The gain of private industry under question resulted from

(Continued on page 8)

Tuesday, September 17, 1946

AMG Grants Huge Loans In Trieste

(Continued from page 1)

AMG's expenditures for repairs to property of the Standard Oil Co. of New Jersey and Aquila Oil Co., which has an interlocking directorate with American Shell Oil and Manchester Oil of Britain.

AMG officials, including Colonel Beard, who came here to get authorization for loans already granted, said the loans for repairs were "frankly a subsidy to industry to create employment and revive the area's economy."

Officials added, however, that the arrangement was most favorable to the industry's private ownership because, if the area goes to Italy or is internationalized, this ownership will profit from repairs. If the area goes to Yugoslavia, owners at least will not be losers on recent investments.

At present Standard Oil and Aquila, which recently received a 20,000,000-lire loan, are run outright by AMG. The loans are

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

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(Continued on page 3)

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At present Standard Oil and Aquila, which recently received a 20,000,000-lire loan, are run outright by AMG. The loans are repayable in five years to the government-of-that-time, or that government will take over the industries as security against the loans.

Francesco Kind, who originally bought Aquila, sold it and later joined Manchester Oil, told this reporter:

"I and others have interests in both Shell Oil and Aquila, but Shell is not involved in these loans. My only interest is philanthropic because Aquila workers are my friends.

"It was important for AMG to spend this money to prevent riots stemming from unemployment.

"Beggars cannot be choosers," he added, "and the heavy terms of the AMG loans do not worry us because in terms of oil throughout the world, the money involved is unimportant. If Trieste returns to normal, that is to Italy or international control, the loans will be returned at once."

Lu 7-7

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

4620

23 Aug 5

EXTRACT

from

The Italian Newspaper "SECOLO XX" dated 23 August 1945

PAYMENTS IN ADVANCE TO INDUSTRIAL CONCERNS:- The Council of Ministers has passed approval of the following legislative Decree:-

The Ministry of the Treasury is empowered to authorize banks and banking companies to grant advances within the limit of three billion lire, to industrial concerns which have to renew their productive cycle in relation to the economic readjustment of the Country. The credits will be guaranteed up to 60% by the State, against a covering guarantee of real estate, shares, boards, etc.*

(See M 7)

6/9

1/9

507 / 4620

4.

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION
PRODUCTION DIVISION

Tel. 406

DLA:lrw

AUG 24 1945

Ref. ES/3.11

23 August 1945

SUBJECT: Private Industry

TO : Executive Commissioner

1.

1. Reference is made to Finance Sub-Commission memorandum 13221/F dated 13 August 1945 on the subject of financing private industry.

2. It is obvious that the greatest disorder is bound to arise in Italian industry if present financial methods are allowed to continue and it is strongly urged that matters contained in the memorandum under reference should be brought to notice of the Italian Government at the highest possible level.

D L Anderson

D. L. ANDERSON
Brigadier
Deputy Vice-President

See M.7.

(Capt Arnold) WA

5017 4620
I

1.

HEADQUARTERS ALLIED COMMISSION
APO 394
Finance Sub-commission

Ref: 13221/F

13th August 1945

AUG 14 1945

SUBJECT: Private Industry

TO: Executive Commissioner

1. Herewith extract on private industry from the monthly report (July 1945) of the Regional Finance Officer, Lombardia Region:-

Private Industry.

> The question of placing these industries on a proper financial basis must be one of the first problems which the Italian Government must consider. Valuable time is being lost and so long as the Government policy remains undefined, the situation will continue to deteriorate. It has been suggested in some circles that this is somewhat playing into the hands of the Communist Party. The Government must decide immediately what debts (if any) it is going to recognise. Recently, the Government appropriated one milliard to meet some of the Fascist Government debts in respect of services and works rendered prior to 8 September 1943. I am told that this figure in Lombardia alone is well in the vicinity of 98 milliard. There are also debts due by the Republican Fascist and German Governments as well as colossal claims outstanding for war damage. In addition, firms are still paying wages far in excess of their production figures. Such a state of affairs cannot continue indefinitely. Up to the present, the many Italian Governments have not been strong enough to associate themselves with these tremendous decisions and I feel that the insolvency of the industries will not be lost sight of at the forthcoming elections and may well lead to their socialization in order to eliminate the State's liability.

4163

SUBJECT: Private Industry

TO: Executive Commissioner

1. Herewith extract on private industry from the monthly report (July 1945) of the Regional Finance Officer, Lombardia Region:-

Private Industry.

The question of placing these industries on a proper financial basis must be one of the first problems which the Italian Government must consider. Valuable time is being lost and so long as the Government policy remains undefined, the situation will continue to deteriorate. It has been suggested in some circles that this is somewhat playing into the hands of the Communist Party. The Government must decide immediately what debts (if any) it is going to recognise. Recently, the Government appropriated one milliard to meet some of the Fascist Government debts in respect of services and works rendered prior to 8 September 1943. I am told that this figure in Lombardia alone is well in the vicinity of 98 milliard. There are also debts due by the Republican Fascist and German Governments as well as colossal claims outstanding for war damage. In addition, firms are still paying wages far in excess of their production figures. Such a state of affairs cannot continue indefinitely. Up to the present, the many Italian Governments have not been strong enough to associate themselves with these tremendous decisions and I feel that the insolvency of the industries will not be lost sight of at the forthcoming elections and may well lead to their socialization in order to eliminate the State's liability.

4163

A. P. Grafftey-Smith
Brig

Joint Director
Finance Sub-commission.

Copy to: Brigader Anderson
Economic Section

Industry Sub-commission.

See M. 293, 697. Folios 4 & 5.

(Capt Arnoldy)

1319