

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

ACC

10000/109/944
(VOL. I)

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

10000/109/944
(VOL. I)

INDUSTRIAL REHABILITATION
OCT. 1944 - SEPT. 1945

102
102
CSO- 101 ~~at~~ 281a. By Jim SFC
Presents objections to letter
prepared by Navy SFC for C.C.'s signature.
Enclosed by De Jorio 100. It is suggested that
Navy and Tinana be asked to reconcile their
differences before presentation to C.C. 66d

Emil 281g

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

1588

Ex Comm

147 (83)

File for your info. - the view of C.C.'s note would
you please show how it stands memo to the C.C. Standing

20/8

1/84

To: Chief Commissioner

Please see folio 19 and minutes 11 and 12. I
submit letter of acknowledgement for your signature if
approved.

21/8/45.

95

AUG 21 1945

7 NEF

CSO - folio 94. for info.

Exm

9/2/49

Cap White
94 should be copied to CAS

22/5 (Copy despatched)
22/9/45

98

CSO - Ex. Sec notified as per minute 97. will be
discussed at V.P.'s meeting.
CC's copy of folio 94 still in file.

Exm 25/9

To: Chief Commissioner

79 Please see folio 10 and minutes 11 and 12. I submit letter of acknowledgement for your signature if approved.

21/8/45.

95

7

AUG 21 1945
NEF

CSO - folio 94. for info.

Encl

Cap White

96 25/9

94 should be copied to CAS

25/9

(Copy despatched 22/9/45)

98

CSO - Be Sri notified as per minute 97. will be discussed at V-P's meeting. CC's copy of folio 94 still in file.

99

Encl 25/9

1587

Ex. Com.

File returned for V-P's meeting tomorrow.

Encl 25/9.

WV/2013

7-15-78
E.C. - Personal
Am anxious
That you read
This tedious ⑭
document, pre-
paring reply
falsely appor-
piation Section
Subl
cc
178

Examine #80 ⑭
Col Hancock's comments in the
last letter are attached. He
told me that in his view the
letter should merely be
acknowledged & no further action
taken. Sd 14th.

178

CFA

1586

Valley Lagoon
 Piaton Section
 178 cc

Examine

#80

(19)

Col Hancock's comments in the

last letter are attached. He

said we are in his view the

letter should have been

acknowledged as he points out

the

148

CFA.

128

1586

Any comments?

12/15/8

#82

Executive Commissioner's point in Enaudi's
 1. The only concrete point in Enaudi's
 letter that can be answered in the
 functioning of VRMIT. Dr Col. Hancock
 indicated, AFHQ orders have
 overriden VRMIT. I moved favor a simple
 acknowledgment.

14 Aug.

67.

Executive Commissioner.

Please see report of Monfalcone shipyard Commission at folio 65.

At folio 63 are the answers to the Questionnaire of the Chief Admin. Officer at AFHQ, copy of which is at folio 60. and was addressed

to Brig Anderson dated

CSO.

4 / 8 / 45.

68

Chief Commissioner.

Attached is submitted for your signature/information/approval.

M. S. *MSH*

69

Noted by CC

24/8 Noted.

1583

Chief Commissioner.

1. It may interest you to know that our telegram 7188 of 8 May.45 (FOLIO 35) was passed by G-5 AMHQ to G-4 for action.

G-4(A) sent it on to Washington concurring;
G-4(B) sat on it and no action was taken.

2. Results - War Office is sending out a party under Major-General WHELBURGH, Ministry of Supply, to investigate, War Department are taking no action.

What a madhouse!

8 June.45.

Dayen

JUN 11 RECD

GD - Notes by EC for

CL

59

Ex Comm

Please note files 53 thru 57 in reply to your letter on files 33 & Lunderia Region.

29/6/45

29/6

7/7/36

64

1554

Major General WISEBACH, Ministry of Supply, to investigate,
War Department are taking no action.

What a madhouse!

8 June 45.

Dayne

4

JUN 11 RECD

9WD — Notes by EC for 4

CL

59

Ex Comm

Please note files 53 thru 57 in reply to your
letter on Jan 33 & Louisiana Region.

CDR 29/6/45

29/6

WV 366

64

1564

Leto For info please see 65
CDR 2/8

Leto See CAO 209/10, 19 Jan, which you requested
is now on file # 60
CDR 3/8

3.31

C.S.O.
P.A. (36)
Can't think why 149 should have come to
me. The answer is clear and could have been
made - vide 148. Waste of time. Please
reply accordingly say that telegram was initiated by
C.C. 175/2010.

Folio 47 Transferred to 4602/EC

Set up by I.C.
Refs of Action. (Observer or Member)
Powers of Committee.
N.Y. European (i.e. British but illegal in America).
Areas Allocation of production as between competitors (Continuation)
Is Production capacity inadequate.
Allocation Production of Labor
Capacity of Plant
Transport.

Reply accordingly may that telegram was initiated by
c.c. 7/2/20/20

Folio H7 Transferred to 4602/20

Schiff by 9. C.
Rife of Advice (Observed or Mention)

Powers of Committee
N.Y. European (i.e. But 22 but illegal in America)
And Allocation of production as given competition. (Construction)

Is Productive capacity inadequate.
Allocation Production of Labor
Capacity of Plant
Transport

1-1-3

Membership: - Advisory - Col Boat
Executive - Committee

25.

C50:

to see Bonomi's plea, on behalf of civilian population of Northern Italy, regarding proposed Allied air attacks (folios 22-23). We desire that we communicate ^{it} to SACMED to temper our destruction of industries and installations not vitally connected with disruption of communication lines to prevent a German retreat.

Rehabilitation of industries and civilian lives are his main points.

JCPB 7/3

26.

Ex Com 2

24 123

7/3

27

C50.

Before considering this I must see Gen

Clark's message mentioned in the document

W 8/3

1582

28.

Chief Clerk.

Pl. retain your information. See.

9/13

main points.

26.

Ex 2

24 123

8:11/3

27

CSO.

Before considering this I must see Gen

Clark's message mentioned in the document

MM 8/3

1582

28.

Chief Clerk. Pl. return from information. Rev.

8/9/3.

29

Ex 2

Gen Clark's message is translated from the Italian. From at 22 H 8/10/3. See (30)

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

103

SECRET

Ref: 5009/103/XC

29 September 1945

SUBJECT: Monfalcone Shipyards

TO : Navy Subcommittee
Finance Subcommittee

100

101

1. Navy S/C Ref. NSO/3638 of 24 September.
Finance S/C Ref. 13076 of 27 September.

2. Draft of letter from Chief Commissioner to AFHQ is returned to Navy Subcommittee to reconcile with objections of Finance Subcommittee, as expressed in above reference, before transmission of proposed letter to the Chief Commissioner.

✓ E. M. WHITE
CHIEF
Chief Staff Officer
To Executive Commissioner

Copy to: Economic Sec

See B/102
51581
PA
NED
10

101
HEADQUARTERS ALLIED COMMISSION

APO 394

Finance Sub-Commission

Ref: 13076/F

27 September 1945

SUBJECT : Monfalcone Shipyards.

SEP 27 1945

Shipbuilding and Repair Industry in Italian Government Territory.

TO : Executive Commissioner.

Folio 100 REPAIRS

1. Reference attached file.

2. Finance Sub-Commission cannot concur in Navy Sub-Commission's letter as it stands, for the following reasons:

(a) Para 2 of the proposed letter states that sub-para 6(b) of A.F.H.Q. letter Log.P.182 of 15 August 1945 is agreed.

The sub-para in question states that the Italian Government may advance funds to Monfalcone. This is impossible, as you have already pointed out in your Minute 2 of 31 August, as the Italian Government has no jurisdiction in A.M.G. Venezia Giulia.

(b) Para 4 of the proposed letter refers to either the Yugoslav or the Italian Government financing the 40 million lire cost of restoring Monfalcone to one-third capacity. It should be pointed out to A.F.H.Q. that at the present time neither the Yugoslav nor the Italian Government has any financial jurisdiction in A.M.G. Venezia Giulia, and that therefore any rehabilitation of the shipyards while Venezia Giulia remains under A.M.G. would be financed by A.M.G.

(c) Para 5 of the proposed letter speaks of the financing of Italian shipyards by the Allied Financial Agency. It should be noted that the directive referred to dates from 1943. The Finance Sub-Commission does not make direct advances to Italian industry through its sub-section, the Allied Financial Agency. If it is found desirable for reasons of military necessity to rehabilitate Monfalcone during the A.M.G. period in Venezia Giulia, the Finance Division of A.M.G. Venezia Giulia will provide the necessary funds. These funds will come from the same source as all other State expenditures in Venezia Giulia, i.e. by an advance from the central bank (the Banca d'Italia). The amount of state debt represented by this and similar advances will represent an obligation to be taken over by the power which is finally awarded sovereignty over the area.

3. Finance Sub-Commission is not competent to express an opinion upon either the political and economic necessity of rehabilitating Monfalcone, or the general policy for Italian shipbuilding, which is enunciated in para 10 of Navy Sub-Commission's letter. We do, however, concur in sub-para 10(f). 1580

4. As regards sub-para 10(j), it should be pointed out that abolition or revision of the Armistice terms would change the position with regard to the building of or repair of Allied vessels. Such work would then have to be paid for in sterling. The Italians have already claimed that it was not intended under the Armistice for British vessels to be built or repaired in Italian yards unless directly employed with the war effort in Italy.

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5. As a general criticism, we do not find it easy to distinguish from Navy S/C letter when they are discussing AMG Venezia Giulia and when Italian Government territory. As you are aware, there is a very great difference; and I suggest that the letter which in any event has to be re-written should make this distinction more sharply.

E. C. Navy Sub-Commission

Brigadier,
Joint Director,
Finance Sub-Commission.

ag. Snatcher

See M/102

(1 SPARE COPY)

(Copy Name)

HEADQUARTERS ALLIED COMMISSION
Navy Sub-Commission APO 394

Prod
1.47

(100)

SECRET

NSC/3638
24 September 1945

MEMORANDUM

From: Navy Sub-Commission, Hq. Allied Commission.
To: Executive Commissioner, Allied Commission.
Via: Economic Section, Hq. Allied Commission.

Subject: Italian Shipbuilding and Repair Industry - Policy for.

1. The attached draft letter NSC/3624 of 21 September 1945, on the Italian shipbuilding and repair industry, is forwarded herewith.
2. Admiral Warren desires that the letter be reviewed by Brigadier Anderson prior to submission to the Chief Commissioner.
3. In the event the letter is approved, it is recommended that it be submitted to the Finance Sub-Commission, AC prior to final signature.

F. H. J. Butler
H. F. J. BUTLER,
CAPTAIN, U. S. NAVY,
FOR REAR ADMIRAL
CHIEF, NAVY SUB-COMMISSION, AC.

I concur.

W. Anderson
Brig.
26/9

1579
SEE F. 101

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

97

C.S.O.

Ask VP Econ Sec. to speak to
him at V.P.s. meeting and
return to me in file.

AA
27/9

Capt White

187(2415)

See 98
1578

Ask Roy Anderson (McKinley
away) to speak in the as requested
SS 2415

Translation

State Department

44/19926/51

Rome, 20 september 1945

SEP 9 1945

Dear Admiral,

I appeal to your kind courtesy about a matter which is of great importance for Italy. You know what an enormous amount of Italian industrial equipment has been removed by the Germans from the Northern provinces during the period of the occupation. To recover this material would mean an important positive factor in the reconstruction of the productive equipment of the country, to which the economic and financial rehabilitation of Italy are closely linked. Of course, this will meet with serious difficulties, also from the practical point of view. However, at the present state of things, any safeguard measure adopted by the allied organs in Germany would prove useful. Therefore, I shall be most grateful if you ask the British and American Governments to issue orders to the authorities of occupation in Germany and Austria, for the Italian industrial material found there to be listed and kept, waiting for the decisions which will later be made for its transport.

On its side, the Italian Government will supply as soon as possible and with great precision all necessary particulars for the identification of the material. To this end, it will make use of URMIT (Ufficio Recupero Materiale e Impianti tedeschi), to which, as it is well known, an ordinance of Colonel Poletti entrusted the task of ascertaining what the Germans had removed from Lombardia.

I take this opportunity to draw your attention on a circumstance which may greatly facilitate the work of documentation. It seems that the archives of the German Office 'R.U.K.' has been found in Ortisei, (Bolzano); it consists of about 200 crates of documents, summing up the data about the transport of the goods, raw materials and worked products exported from Germany, across the border. This documentation, which was in the possession of the German major von Reichelt, is now probably being translated by the allied authorities. The competent Italian organisms would like to be given a copy.

Believe me, my dear Admiral,

Yours truly,

B. De Gouperl

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

trans. e/c

(CAPT ARNOLD)

NO DIST - 21 Sep 45

Action : Eoon See (2)
Info : Chief Commr
Exco Commr

Exo Comar
C A Sec. M 95
See 6



MINISTERO DELLE CORPORAZIONI

Dispaccio Telegrafico

SEY 15 1945

To - C. S. O. Executive Commissioner
(att. Capt. Arnoldy)

Ref. att^a Correspondence, the British
Embassy has already been informed
of the dropping of the project.

D. A. Clark
Major RE.

14/9.

5009/92

1576

PA
CNR

11/17/9

92

Ref: 5009/92/EO

11 September 1945

MEMORANDUM:

TO : Economic Section

90

1. Reference is made to cable from TROOPERS to FREEDOM No. 71702 GA16 of 5 September.

2. In paragraph 3 of this cable it is stated that "Allied Commission will presumably inform British Embassy Rome that proposal for Italian production has been dropped."

3. It is assured that this action has been taken by your section.

✓ A. B. ARNOOLDY.

Chief Staff Officer
To Executive Commissioner

B/V

14/9
Noted
1575

SEE F.93

Pg
Cam

PA 13/4

5009 + 178
RESTRICTED

FX 41448
SEP 061900B

1/1982
SEP 080930B
ROUTINE

From: SIGNED SACMED CITE FREQ
10 : ACTION ALSO HOME INFO TROOPERS, AGWAR

SEP 10 1945

RESTRICTED.

Reference TROOPERS message 71702 (CA 16) dated 5.

Please take action as in para 3.

DIST

ACTION: Eoon Seo
INFO: Chief Commissioner
Ex Commissioner 2
POLAD (A)
POLAD (B)
File 2
Float

RESTRICTED

HEADQUARTERS
9-SEP-1945

92

15/4

500911

RESTRICTED

71702 CA16
SEP 050920A

2/6983
SEP 081800Z
ROUTINE

From: TROOPERS
To: FREEDOM INFO ALCOM ROME, WASHINGTON

SEP 10 1945

RESTRICTED.

Reference GEN 596 and MSG 508.

1. Owing to changed circumstances in FAR EAST Ministry of Supply have decided not to proceed with production program in ITALY (WRITING MISSION).
2. This decision renders it unnecessary for ALLIED COMMISSION to communicate further information regarding manufacturing to MOS.
3. ALLIED COMMISSION will presumably inform British Embassy ROME that proposal for Italian production has been dropped.

DISC

INFO-ACTION: Been See 2
INFO: Chief Commissioner
Ex Commissioner 2
POLAD (A)
POLAD (B)
File 2
Float

(For 1052 REFERS)

RESTRICTED

HEADQUARTERS
SEP 11 1945
A.C. 13

See 691

PG
(CAR. RANNEY) (ABW)

5009
HEADQUARTERS ALLIED COMMISSION
APO 394
PUBLIC RELATIONS BRANCH

Ref. 102/408/PRE.

21 August 45

Press Release - Immediate.

Scheduled arrival of coal in Italy will enable the basic steel industry to operate to at least 50 per cent of capacity and give employment to 500,000 persons in related industries, the Allied Commission announced today.

The coal allotted will probably amount to 350,000 tons a month for the rest of 1945 and will permit a steel production at the rate of 1,000,000 tons a year by using only the most efficient plants, according to a master plan drawn up by the Italian Government and the Allied Commission.

"The shipment of coal, together with the well-conceived steel plan of the Italian Government, should see Italy turn the first corner of the long road to eventual economic recovery," said Rear Admiral Ellery W. Stone, USNR, Chief Commissioner of the Allied Commission.

"As ever, the hard work and ingenuity of the law-abiding and democratic forces of the Italian people, will be, in the last analysis, the hope and salvation of the new Italy," the Admiral added.

The imported coal will be allocated according to users railroads, public utilities, industry, hospitals, bakeries and food plants - by a central board in Rome composed of Allied Commission and Italian Government representatives. Distribution will be made by bulk to the regions where allotments to the most essential industries will be made. Recommendations on industrial use are made on the advice of the National Industrial Council, made up of representatives of all industries, and the Italian Government.

The keystone of the industrial recovery plan is the steel industry. In choosing to operate only the most efficiently productive plants, consideration was given to utilizing electric power as far as possible in order to conserve coal. Indeed, to produce the second 1,000,000 tons of steel annually, there would have to be imported an additional 1,300,000 tons of coal, a requirement obviously impossible to meet in view of the present world coal shortage.

In the next six months, starting in September, 565,000 tons of steel are programmed, of which electric furnaces, mostly in the North, will make 372,000 tons; Central Italy steelworks - Terni, Piombino and San Giovanni Valdarno - 154,000 tons, and Southern plants, as at Torre Annunziata, 36,000 tons.

The Terni plant, once one of the biggest armament works in Europe, will itself make 93,000 tons. The works have already been converted into a vast railroad repair shop for locomotives and wagons. Electrical equipment

is/..... 5/9

(COPY TO 9258/50)

(88)

- 2 -

is also being made there. The cumulative effect of steel production will aid other industries. Textiles, for example, will also be shortly restored to virtually full production. Such normal production requires monthly imports of 13,000 tons of cotton and 2,500 tons of wool. Both raw materials are scheduled to arrive.

Discounting the temporary effects of the record dry weather on water reservoirs, the Italian power system should also be in an improved position as a result of efforts by the Allied Commission, Italian Government and private electrical company engineers.

The universal introduction of the 50-cycle frequency system into Italy will make it possible for the first time to transfer power between all sections and so bring energy to areas needing it most. The table that follows speaks for itself on progress attained :

Area	Pre-war capacity (Kilowatts)	Capacity available on Allied Entrance	Present Installed Capacity
North Italy	4,645,000	4,200,000	4,245,000
Central Italy	1,292,336	45,000	351,000
Southern Italy	350,935	156,900	236,900
Sicily	91,673	45,800	64,000
Sardinia	96,030	96,030	96,030
	6,476,024	4,543,780	5,042,080

The water deficiency in the South unfortunately; will have a direct result in less power available this winter.

The fertilizer industry so necessary to the country's agriculture is also returning to normal. There are two complementary fertilizers used in Italy - nitrogenous and superphosphate. The superphosphate industry is normally dependent upon the importation of 1,000,000 tons of phosphate rock a year. For the rest of 1945, 500,000 tons of this rock have been contracted for with French authorities.

Nitrogen production depends on electric power. One third of these plants are in the North and are adequately supplied. One third are small, scattered plants using coal, of which supplies are now arriving. The remaining third of production comes from the Mammoth Crotone plant, which unfortunately has had to shut down because of the previously mentioned lowering of power reservoirs in the South.

A further favorable factor in the economic picture is the return of Sardinian coal production to a more satisfactory level. July had an output of 50,000 tons, which was about 50% above the average production of the 17 months ending last April.

5009
COMUNE DI PORTO EMPEDOCLE

Prot. No. 5086

Oggetto : Economical revival of the Harbour of Porto Empedocle.

August 21st, 1945

AUG 21 1945

Admiral Ellery W. Stone
Chief Commissary of the Allied Commission
R O M E

Dear Sir,

You will excuse me, if I come to present myself direct to you, but the citizens of my municipality feel the necessity of your precious and authoritative interview.

With the present I will enclose the decision, that was made at the meeting of August 10th 1945, by the concerned category, for the economical revival of my town, and above all to meet with multitude of the workmanship that lived upon the harbour.

Hoping to hear a favorable decision from you, in such manner you contented my desires and the necessary of the population of my town, thanking you in advance,

Yours very truly

MAYOR

of Porto Empedocle

(dr. Alfonso Inolima) 1570

LC List - 31 Aug 45

ACTION: LECW SEC
(WITH PLAN)

INFO: EXWC Com R

f.4
(CAPT ARNOLOV)

785017

5009

BY **WARTERS ALLIED COMMISSION**
APO 394
ECONOMIC SECTION

(46)

Tel: 460

TM/mh

Ref: 19.00/ES

22 August 1945

AUG 23 1945

SUBJECT : Captured Civil Goods

TO : Dr. Ing. R. Einaudi
Commissioner for l'Alta Italia
Institute for Industrial Reconstruction
Milano

(73)

1. Your letter of 5 August 1945 to Rear Admiral Stone has been referred to this section.

2. Your concern over the movement of captured civilian goods by the Fifth Army authorities is appreciated. It is pointed out, however, that the goods were moved to Army controlled warehouses to be inventoried and safeguarded. There are no present indications that substantial amounts of non-warlike stores will be shipped from Italy. Further, it is expected that the goods available for the Italian civil economy will be reported by the controlling authorities to the Allied Commission in late August.

3. A procedure has been established for distribution of the goods which may become available to the civil economy.

(Signed)

CHARLES W. WALTON

E. B. MCINLEY
Brigadier General, Supply Division
Acting Vice President

cc:

Chief Commissioner
✓ Executive Commissioner
Commerz S/C

1569

P.A.
C.A.M.

PA
23/8

Ref: 3509/10

22 August 1945

Dear Eng. Einaudi:

I beg to acknowledge receipt of your letter of 5 August 1945. I have read it with great interest. The Commission is fully appreciative of the situation in which Italian industry finds itself and is continuing its best efforts to effect some measure of rehabilitation. Many of the points which you raised have been heretofore studied by the Commission.

I have caused your letter to be read by the officers of the Commission most directly concerned and you may be assured that every proper effort will be made to bring about a readjustment which will contribute to the betterment of Italian industry.

Sincerely yours,

Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Eng. R. Einaudi
Commissioner
Institute for Industrial Reconstruction
Milan

Copy to Lion Sec.

1508

✓ I.R.I. - N. Italy.

74
10

The writer is the son of Senator Einaudi.

His appointment as Commissioner for N. Italy of I.R.I. was made in consultation with PICCARDI, who is Commissioner of I.R.I. in Italian Govt. Territory, and Brig. Gaffney-Smith, and others.

Einaudi junior is a bright, intelligent young man with a penchant for long screeds of which he has sent a number to R.C. & D/G.C. Lombardy, as well as to P.M. Paris.

The theme of his writings is usually the same; a critical imprecation of Allied aid for the salvation of Italian industry in general & I.R.I. in particular.

It should be remembered that I.R.I. is a parastatal agency created during the Fascist regime.

2.
to save three of the large banks,
Credito Italiano
Banca Commerciale
Banca di Roma,
which had financed certain
N. Italian industries such as
Alfa Romeo which were run
more for national prestige
than for profit. A number
of "lame duck" industries
found shelter under the I.R.I.
wing, as well as State pro-
tection.

In para 2 of his letter, Gennaro
refers to an office created within
I.R.I. known as Ufficio Ricupero
MATERIALI INDUSTRIALI TEDESCHI, by
the Central Economic Commission
of the CLNAC. 1566

In spite of a agreement that when
AMG took over
CLNAC would issue the C.E.C. of CLNAC
no further orders
sometime in May published an
order in the Milan press, for the

3/

(18)

salvage & blocking through
URMIT of goods & materials of
German origin ^{or} by Germany from
any factories in Lombardy.
CLHAI were told that their order
had no validity but to "save
face" it was converted into
Regional Order no 5 and copies
were submitted to G-5 of IV
Corps with the recommendation
that a similar order be issued
by the other four Regions.
As this was apparently never
done, early in July, a copy
of Regional Order no 5 was
sent to A.C. - H.Q. with the
same recommendation.

Just before IV Corps withdrew
from N. Italy, G-5 Section
submitted to Region Lombardy
a directive from A.F.H.Q. dated
22 June which covers in great
detail the disposal of German

4/

(76)

goods & materials. This directive cuts across & overrules Regional Order no. 5 & affects the work of URMIT to some extent. (see para. 9)

In para 3 Guanda criticizes the action of C.L.N.azienda which have become very much of a power unto themselves. G.O. 46 however, has had a stabilizing effect on arbitrary dismissals.

A good deal of the second borders on the impassioned & is typical of Guanda himself. He infers, for example, that it is the duty of the Allies as victors to put Italian industry on its feet again.

His suggestion that Italian industry should work for Allied accounts is one that has been repeated by others time & again.

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To sum up, I recommend
that Evandi the younger,
be taken not too seriously

an Hamock

14. VIII. 45

1563

Translation

Institute for Industrial Reconstruction

The Commissioner for A.I.

Milan, 5 August 1945

TO ADMIRAL HILARY H. STONE
President of A.O.R O M E

1. - By the ordinance of June 7th of Colonel Poletti, and on the indication of the C.L.N.A.I., I was appointed Commissioner for Northern Italy for Industrial Reconstruction. You certainly know the importance of I.R.I. in the financial and industrial activity of Italy, and I need not describe it. From the greatest steel industry in Italy to practically all the shipyard industry, among which the Ansaldo in Genoa and the 'Cantieri Riuniti' of the Adriatic in Monfalcone and Trieste known all over the world; from the telephone concerns to the great banks of national interest and to the greatest Italian shipping concern, connected with FIAT, a huge complex of interests and activities revolve round IRI. It is obviously impossible to conceive an IRI of the North ignoring or worse still, opposing the IRI of the South; but the appointment of a Commissioner for the North was made for purely temporary and formal, to solve the difficulty caused by the fact that the Rome Government and therefore the IRI Commissioner appointed by it, could have no jurisdiction in the North of Italy, still under A.M.G.

2. - The C.L.N.A.I. first, and then Colonel Poletti entrusted the IRI with the important mission of locating and blocking, keeping them at the disposal of those who were entitled to them, material belonging to German military administrations, which was not definitely for war purposes. This means an important quantity of materials of all kind whose value seems to amount to several tens of milliards, and which, turned over to the consumers within the country, as it seems logical even without a special agreement, might contribute to the resumption of the activity and of the civilian life of Italy.

3. - The entire Italian industry - and that which revolves round IRI is no exception - is now going through a very serious crisis, which is of a moral rather than of an economic character. The habit to work lost during the twenty months of German occupation; the possibility of reducing manpower to what was actually required, - limiting the number to the ablest and most hardworking men - suppressed by the prohibition to dismiss anyone postponed to September 30th by the Italian Government in agreement with A.M.G.; the authority of the management of the concerns undermined as organisms and persons by the action of the C.L.N. after its separation without political grounds - against which the

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3. - The entire Italian industry - and that which revolves round IRI is no exception - is now going through a very serious crisis, which is of a moral rather than of an economic character. The habit to work lost during the twenty months of German occupation; the possibility of reducing manpower to what was actually required, - limiting the number to the ablest and most hardworking men - expressed by the prohibition to dismiss anyone postponed to September 30th by the Italian Government in agreement with A.M.G.; the authority of the management of the concerns undermined as organisms and persons by the action of the C.L.N. either by epuration without political grounds - against which the tardy intervention of A.M.G. by ordinances 3, and 46 had no real effect - or through its interference with the management themselves; by interfering with, or even sometimes by replacing the management, i.e. fees with their main and most jealously defended prerogative, i.e. the appointment of the managers; the uncertainty of the future made obvious to the most ignorant among the workers by the ever-increasing scarcity of the supplies of indispensable raw materials, coal in the first place, uncertainty which prevents even those of the dependants that have the greatest sense of responsibility, from working as in the past; disappointed expectation of impossible rapid and radical changes in the social structure and organization of the concern which should bring - or should have brought - about a favourable solution for all the problems, great or small, which have been and still are a cause of

- 2 -

worry for those whose only means of living come from their work; disappointed expectation which is a cause of discouragement for many and of unrest for the few who are more enthusiastic and trusting or for those who hope to get personal advantages out of a state of unrest; these are some of the main causes of the moral crisis which is upsetting the life of the Italian concerns and preventing their regular functioning and development.

4. - It would nevertheless be a mistake to see in this moral crisis the first cause of the present and potential crisis which threatens most of the national industry. Not the weeds, but the fact that the field hasn't been ploughed makes it sterile; the plough opens the earth for the seed and makes it fruitful, destroying all weeds at the same time. To stop speaking in metaphores, the lack of work has brought about the moral misery of which I mentioned a few among the main causes, and made precarious the prospects of a future rehabilitation. The moral crisis, which is at the same time a political crisis, or rather is becoming its chief cause, would be solved for the main part by creating working possibilities for the Italian workers.

And this not only for a better present or a safer future because of freedom from need, but also, and mainly, because the main problem of every man would, as in the past, be his work, and politics would no longer be an empty, unstable and irresponsible academy for a crowd of unemployed dreamers; it would become the synthesis of the concrete aspirations and tendencies of a working nation, which draws its ideas on the organization of social life from its experiences and works.

Italy's potential productive forces, now made sterile by a moral misery which mainly comes from the threat of unemployment must be made fecund by a concrete work to repair the numberless ruins caused by a disastrous war.

5. - For too long now, the Italian nation has been stopping at a cross-roads towards which it went full of hope when, answering the call of the Allies, it contributed to give the last mortal blow to the common enemy: one of these roads leads, through unemployment and chaos, towards a situation entirely similar to that of 1919; the other road, through work and renewed confidence in her own forces, and in international solidarity, will again take of Italy a valuable element of equilibrium and stability, at the side of all truly free nations, in the Mediterranean and in Europe.

6. - However, the task assumed by the Allies in winning the war cannot be considered as fulfilled in creating the necessary conditions enabling liberated Italy to reach this cross-roads; they must give her a helping hand to save her take the only road which can remove all danger of future conflagrations. As a matter of fact, in winning this war, the Allies have assumed a very serious high responsibility: that of building up peace, not only at home, but also in the European countries they occupied and liberated. Only if they know how to build up peace can they hope to avoid giving another contribution of tears and blood. For the world of tomorrow to be at peace, they must carry out the four Atlantic freedoms, of which freedom

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7. - We need a few essential raw materials, coal, cotton, a few other things to rehabilitate the economy of our country. People say, and very justly too, that serious difficulties oppose the sending of such supplies: scarce available tonnage, insufficient productions, impossibility to transport them. War against Japan is absorbing all the available energies of the United Nations to fight this last enemy of peace. Yet if war wasn't yet over in the West, and could be won by shipping to Europe the required amount of coal, cotton and a few other raw materials, wouldn't the United States and England find the necessary energy to send them adequately and in time? The question is useless for the answer cannot be anything but positive. So what? Don't you think, my dear Admiral, that peace requirements are nowadays as essential as war requirements.

8. - I don't think, my dear Admiral, that it is the case to speak about what some people might consider as our rights. Nowadays, we can only speak of duties, ours in the first place. But the Allies too have duties. Duties which they assumed not only towards themselves, but also towards the countries which they fought, defeated, occupied and liberated. Today, the facts prove - and the Big Three implicitly acknowledged it in Potsdam - that the Italian nation defeated and liberated cannot be held knowingly responsible for what happened during the last few years. And therefore, the victorious Anglo-American nations have to fulfill their duty as occupiers and liberators. If no adequate action is taken, Italian economic structure will be down, with a broken spine, and unable to pick itself up.

The idea of punishment having been set aside, would this be the price of our liberation? How could this be a price, if to you, victorious nations, it brings no benefit, and can only be a source of future prosecutions?

9. - The concrete help that you, the victors of this war, can and therefore must give us, defeated people, occupied and liberated, can also manifest itself under another form. The Germans in flight left in Italy an important and, for us, most valuable amount of materials: war material, and civilian material, raw materials, half worked and finished products, which can all be put to use at once to start our production machine which is now at a standstill. All such materials, as I said in n. 2) of my report, should depend from U.R.M.I.T., i.e. they should be located, blocked and quickly turned over to the consumers by this organization. Obstacles of all kind hamper our work. And to the difficulties which sometimes prove too much for us because of their complexity, we must add the difficulties caused by the lack of coordinated orders from the various regional Commands of A.M.G., and the opposed interests of the Commands of the Vth and VIIIth Allied Armies stationed in Italy.

Up to now, the regional Government of Lombardy only acknowledged in U.R.M.I.T. the only concern authorized to fulfill this task; the regional governments of Piedmont, Liguria, Veneto and Emilia haven't yet officially acknowledged U.R.M.I.T., which has therefore no legal character and no real authority to act. As for *fiume* Alto Adige, where most of the German material to be salvaged is to be found, it is under the direct jurisdiction of the Army Forces, which consider the very important depots that exist there to belong to them, do not allow them to be used in an organic and well regulated way and sometimes allow them to be practically looted by speculating black marketers.

In Lombardy also, some warehouses containing goods of various sorts, all destined to civilians (including a large amount of civilian garments) have recently been requisitioned by units of the Vth Army, removed, and, it seems, sent to Livorno to be shipped overseas.

10. - I won't repeat the considerations made about the supplying of raw materials. I shall raise one question only: How is it possible to conciliate the U.R.M.I.T. shipments of worn clothing with the export from Italy of new garments, formerly German, it is true, but made in Italy, using the scarce re-

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11. - I have pointed out the moral crisis which strikes Italian industry; I have also pointed out a possible remedy, radical to my mind, which alone can prevent this moral crisis from degenerating into a still more serious political crisis: enable Italy to resume working. Another and possibly a better remedy can be added to this one: make Italy work for you. In the North of Italy, most of the plants are intact; our working forces, after the present crisis, which can become temporary, are able to resume their traditional efficiency; supply possibilities for the reconstruction of Europe are practically endless; exhausted by war, the Italian market cannot afford to use what its industries and workers are able to produce; why not make the most of this opportunity

and order from our firms the supplies which your industries, choked by all the unfulfilled orders of these years of war, cannot produce? Russia for instance, is already negotiating to obtain all the output of our navy yards, thus assuring work to tens and tens of thousands workers. Have you thought about the enormous political importance of this simple fact: it is true that the Allies have liberated us; but now, Russia is giving us work.

12. - Supplying of raw materials, a rapid turning over to our market of the former German materials in Italy, orders for supplies that you require, are a trump card in your hands, which, if properly played will be more valuable than any treaty freely accepted or freely agreed to. However, this trump card loses every day some of its value. Are the difficulties such as to prevent a timely use and a complete valorization?

I do not think that I am the first to draw your attention on what, clearly or confusedly, is in the mind of many of those who are responsible for the economy of our country. Before automatically losing my charge as temporary Commissioner of IRI in the North of Italy, as the jurisdiction of the Rome Government stretches to the North, I deemed it my duty, as you are the President of the A.C. and the highest allied authority in Italy, to draw your attention on these considerations on the present Italian situation, for, as the allied authorities put me in this very important observation post, I feel I must answer to them for my impressions and judgements.

I remain, my dear Admiral,

Yours very truly,

S. R. Einaudi

(Dr. Eng. R. Einaudi)

E. C. DIST

ACTION: Econ Sec (2)

INFO: Chief Comm

Ex Comm

1559

trans. o/c

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ACTION: ECON SEC (2)

INFO: CHIEF COMM

EX COMM

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REF. 5009

Postal Address:
 HQ, Allied Commission
 170 374
 Ref. 51/6.53

27 July 1945

JUL 31 1945

SUBJECT: Report of Investigation of Ronfaleone Shipyards.

To : Chief Administrative Officer, AFHQ

1. In accordance with the instructions contained in your memorandum GAO 309/13 dated 19 July 1945, there is attached as Appendix "A" a report by the Commission appointed to investigate the conditions at Ronfaleone Shipyards in relation to the general economy of the area of Venezia Giulia which is under Allied control.

2. The Commission met at Ronfaleone on the 25th July and inspected the shipyards and shops together with the General Manager and his assistant. The Commission again met in Rome on 27th July and considered in detail the answers to the terms of Reference set out in para 4. of your Memorandum. Answers to these are given in the Attached Appendix.

3. The problem of rehabilitating the Ronfaleone Shipyards to assist the general economy of the area in which they are situated is not a purely physical one and its solution may well be governed by the availability of highly skilled labour, particularly riveters. A shortage of riveters is in fact having a retarding effect on ship repairs now being carried out on Allied account in Trieste. The answers to the questions given in the attached Appendix are therefore subject to that qualification. The recruitment of riveters is admitted by the Manager of the works to be one of his greatest difficulties. It would appear that in pre-war days they numbered about 350. Today there are only about 50. For the last five years, there has been no recruitment of riveters, many have left the industry and sought other employment and those that remain are older and less productive in their work. If, therefore, the policy should be to rehabilitate the shipyards, Allied assistance in the matter of food must be given before recruitment can proceed. It can only be improved if adequate inducement is offered, particularly extra food, because the work is so arduous that it demands a high level of subsistence. The training of riveters must proceed simultaneously with the rehabilitation work if the latter is to be of any use.

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(CAPT. ARNOLOV)

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- 2 -

A. The rehabilitation of the vessel will depend on considerable assistance being given by the military, particularly in the matter of transport.

NEWFALGONE SHIPYARD COMMISSION

W. L. MURPHY, Brigadier

J. R. J. MURPHY, Commodore, R.N.

E. A. JAMES, Lt. Commander, U.S.N.

J. R. MURPHY, Esq., M.P.

Attachments:
Appendices "A" and "B"

Copy to:
Commission Members (4)
COC, VIII Corps
Chief Commissioner, AC
Through Executive Commissioner

1557

APPENDIX 6A

MONTALCONE SHIPYARD CAPABILITY

27 July 1945

The following answers are submitted to the questionnaire contained in paragraph 4. of a memorandum from Chief Administrative Officer, JAG, CAC 339/10 dated 17 July 1945.

A. The yards and works can be described as being incapable at the moment of protection to any material extent with the exception of minor work on small craft. The existing light machinery is employed solely on the rehabilitation of the shipyards.

B. $\frac{1}{3}$ capacity - 10,000,000 lire
 $\frac{1}{2}$ capacity - 150,000,000 lire
 Full capacity - 400,000,000 lire

This is in addition to any sums already expended. The foregoing figures include machinery at their cost in England and assume an exchange rate of 400 lire to the pound.

C. $\frac{1}{3}$ capacity - approximately 2,000 men
 $\frac{1}{2}$ capacity - approximately 3,000 men
 Full capacity - approximately 6,000 men

At the moment the works are carrying 4,000 employees on their books, some of whom are very irregular attenders. The remainder are employed almost exclusively on rehabilitation.

D. As shown in Appendix "B" attached hereto, there is also a further called "Antonio Letto" beached at Trieste with bomb damage at the after end. It could be repaired at cost. The engines are at San Andrea. It is also suitable for repair at Montalcone.

E. 1. 4 line keelers
 2. Further Antonio Letto
 3. Further on the stocks.

The work on the foregoing ships will absorb about $\frac{1}{3}$ of the potential capacity of the shipyards.

Practically all the materials are obtainable in Italy, subject to transport availability. The transport problem is not thought likely to be a serious one. The Ministry of War Transport member considers that six three tonners would meet the need.

F. For the repair of the ships mentioned in E.:

500 tons of coal and coke,
 5,000 gallons kerosene, and

1. The yards and shops can be described as being available at the moment of production to any material extent with the exception of minor work on small craft. The existing light machinery is employed solely on the rehabilitation of the shipyards.

- a. $\frac{1}{3}$ capacity - 40,000,000 lire
- $\frac{1}{2}$ capacity - 100,000,000 lire
- Full capacity - 400,000,000 lire

This is in addition to any now already expended. The foregoing figures include machinery at their cost in England and assume an exchange rate of 400 lire to the pound.

- c. $\frac{1}{3}$ capacity - approximately 1,000 men
- $\frac{1}{2}$ capacity - approximately 3,000 men
- Full capacity - approximately 6,000 men

At the moment the yards are carrying 4,000 employees on their books, 50% of whom are very irregular attenders. The remainder are employed almost exclusively on rehabilitation.

d. As shown in Appendix "3" attached hereto, there is also a tanker called "Antonio lotte" beached at Trieste with bomb damage at the after end. It could be repaired afloat. The engines are at San Andrea. It is also suitable for repair at Benfalcone.

- 2. 1. 4 mine sweepers
- 2. Tanker Antonio lotte
- 3. Tanker on the stocks.

The work on the foregoing ships will absorb about $\frac{1}{3}$ of the potential capacity of the shipyards.

Practically all the materials are obtainable in Italy, subject to transport availability. The transport problem is not thought likely to be a serious one. The Ministry of War Transport number considers that six three tonners would meet the need.

7. For the repair of the ships mentioned in E.1

500 tons of coal and coke,
5,000 gallons kerosene, and
5,000 gallons petrol.

- 6. (1) The program outlined in para E.
- (2) As rehabilitation proceeds, the construction of small coasters. (Subject to the overriding policy of the Allied Governments in regard to merchant shipbuilding in Italy).

If other new construction were to be entered on, the shops and yards would have to be reconstructed to their old form. This could be done with vigorous management and military assistance in some matters, but when the works are completed to their full

1556

APPENDIX 'A'

- 2 -

capacity, they could not be fully employed until the shortage of riveters is overcome. In a period of full employment, 90 squads of riveters are required. At the present, there are only ten and it is apparently impossible to find any more in Italy. The riveters formerly employed in the works have disappeared or have been dispersed to new fields of employment.

(3) It is considered that engineering work on military equipment could only be a small contribution towards full employment of the sector potential.

H. The Ministry of War Transport have in view a considerable program of ship repair and conversion which they intend to carry out at Trieste and Venice. This program requires more skilled labour than is available at these two ports. It is estimated that there is an opening for some additional 300 men who could be sent from Monfalcone. It is further considered that the policy of rotary shift work should be adopted in the yards at Trieste and Venice. This would eliminate overtime and provide the maximum amount of employment. Action towards this end has already been taken, but the lack of personnel transport from Monfalcone may prove an obstacle. It is recommended that every assistance should be given by the local military commander. The conditions may be of the order of thirty three hours for four hours a day.

I. In the opinion of the Senior Civil Affairs Officer, Allied Military Government, XIII Corps, dispersal southwards is not a practical proposition because of the strength of local ties.

J. (1) If the Combined Chiefs of Staff should decide that the existing tonnage is the property of the Jugoslavs as war booty, there would appear to be no objection to the ships being completed on Jugoslav account in the Monfalcone Shipyards.

(2) The construction of new tonnage in these yards, if reconstructed, is a matter of high policy which is beyond the competence of this Commission to decide.

K. Negotiations for the construction of 31 Jugoslav ships have been commenced between the Jugoslav Ministry of Industry and Commerce and the owners of the Monfalcone Shipyards, but these have not yet reached any degree of finality, nor indeed can they unless and until the shipyards are largely rebuilt.

L. No objection is seen to the Italian Government being given repair facilities for their ships at these Shipyards, subject to the priorities which are determined by the Mediterranean Shipping Board.

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...the answer to this

(3) It is considered that engineering work on military equipment could only be a small contribution towards full employment of the work's potential.

H. The Ministry of War Transport have in view a considerable program of ship repair and conversion which they intend to carry out at Trieste and Venice. This program requires more skilled labour than is available at these two ports. It is estimated that there is an opening for some additional 800 men who could be sent from Monfalcone. It is further considered that the policy of rotary shift work should be adopted in the yards at Trieste and Venice. This would eliminate overtime and provide the maximum amount of employment. Action towards this end has already been taken, but the lack of personnel transport from Monfalcone may prove an obstacle. It is recommended that every assistance should be given by the local military commander. The commitment may be of the order of thirty three tonnes for four hours a day.

I. In the opinion of the Senior Civil Affairs Officer, Allied Military Government, XIII Corps, dispersal southwards is not a practical proposition because of the strength of local ties.

J. (1) If the Combined Chiefs of Staff should decide that the existing tonnage is the property of the Yugoslavs as war booty, there would appear to be no objection to the ships being completed on Yugoslav account in the Monfalcone Shipyards.

(2) The construction of new tonnage in these yards, if reconstructed, is a matter of high policy which is beyond the competence of this Commission to decide.

K. Negotiations for the construction of 31 Yugoslav ships have been commenced between the Yugoslav Ministry of Industry and Commerce and the owners of the Monfalcone Shipyards, but these have not yet reached any degree of finality, nor indeed can they unless and until the shipyards are largely rebuilt.

L. No objection is seen to the Italian Government being given repair facilities for their ships at these Shipyards, subject to the priorities which are determined by the Mediterranean Shipping Board.

M. There are many local variables affecting the answer to this question. Every case must be decided on its own merits according to the facilities available at the time and subject to the policy laid down by Commander in Chief, Mediterranean Theatre, and Mediterranean Shipping Board.

N. It is understood that the decision has already been made by Allied Forces Headquarters that there is no political objection to the policy indicated.

1725

MONFALCONE SHIPYARD COMMISSION

APPENDIX "B"

TABLE OF SHIPPING AT PRESENT AT THE MONFALCONE SHIPYARD

Job. No.	Type	Wld L x B x D	Displacement	State of Completion	Material required to complete	Remarks
1574	P. Lighter	49.88x8.55x2.75	400 tons	30.7%	Nil	
1568	do.	do.	"	42.0%	Nil	
1478	Minesweeper	32.5x3.58x3.0	100 tons	50.0%	Auxiliary Machinery	
1479				50.0%	required throughout.	Work 1
1480				50.0%		
1481				50.0%		
1712	Tug	12.5x3.7x1.85	30 tons		Engine shaft	
1723	Tug	do.	"		Propeller	
1724	Tug	do.	"			
1447	Submarine		740 tons	50.0%		Work 1
1448	"		"	50.0%		
1449	"		"	50.0%		
1471	Cargo carrying		1300 tons	80.0%		Work 1
1472	S/M		"	80.0%		
1473			"	80.0%		
1344	Anti-S/M		660 tons	90.0%		
1345	Corvettes		"	90.0%		
1515	Experimental S/M		80 tons	90.0%		Destroyer
1486	Small craft carrying fire		28 tons	40.0%		
1487	Pumps		"	40.0%		Ready
1488			"	40.0%		Destroyer
1384	Tanker	138 x 19.2	13,200 tons	80.0%		Damage
1385	Tanker	"	"	70.0%		Damage
1240	Passenger & cargo ship		8,400 tons	80.0%		Ready

MONFALCONE SHIPYARD COMMISSION

APPENDIX "B" - 27 July 1945

TABLE OF SHIPPING AT PRESENT AT THE MONFALCONE SHIPYARD

	Mid L x B x D	Displacement	State of Completion	Material required to complete	Remarks
Lighter	49.86x6.66x2.75	400 tons	36.7%	Nil	
do.		"	42.0%	Nil	
Sweeper	32.5x5.56x3.0	100 tons	50.0%	Auxiliary Machinery required throughout.	Work in hand.
			50.0%		
			50.0%		
	12.5x5.7x1.85	30 tons		Engine shaft	
do.		"		Propeller	
do.		"			
Marine		740 tons	50.0%		Sunk by air attack March/April 1945.
"		"	50.0%		
"		"	50.0%		
Coastal		1300 tons	50.0%		Sunk by air attack 20.4.44
"		"	50.0%		24.4.44
"		"	50.0%		16.3.45
Submarine		660 tons	50.0%		20.4.44
"		"	50.0%		25.4.44
Experimental		80 tons	50.0%		Destroyed by air attack 25.5.44
"					5.4.45
Anti-aircraft carrying fire		36 tons	40.0%		25.5.44
"		"	40.0%		Badly damaged by air attack 25.6.44
"		"	40.0%		Destroyed by air attack 25.6.44
War	136 x 19.2	13,200 tons	50.0%		Damaged by air attack - Repairable.
"	"	"			Name: Konstante.
"	"	"	70.0%		Badly damaged by air attack - Repairable.
Merchant & cargo ship		8,400 tons	50.0%		Sunk 10.9.44 - Name: Ausonia

COPY

SECRET

5009

60

ALLIED FORCE HEADQUARTERS
Office of the Chief Administrative Officer
APO 512

19 July 1945

AUG 3 1945
CAO/209/10

SUBJECT: Commission to investigate conditions at Monfalcone Shipyard in relation to the general economy of that area of Venezia Giulia which is the responsibility of Commander XIII Corps.

TO : Brigadier D. L. Anderson,
Headquarters, Allied Commission, APO 394
Commodore J. R. S. Haines, R.N.
Lt Commander F. A. Janney, USNR
J. R. Smith, Esq., MWTR.

1. You are requested to act as a Commission to investigate conditions at Monfalcone Shipyard and report to this Headquarters as soon as practicable.

2. The Commission will consist of the above four members, who will have power to call evidence from all concerned. Brigadier Anderson will act as chairman. It is expected that information and advice will be required from the following:

The Allied Commission (especially for financial matters concerning the area).
The Italian Government (through Allied Commission)
The Joint Economic Committee for Venezia Giulia
The Chief Engineer, AFHQ
C.R.E., XIII Corps

3. You are requested to report generally on the specific problems of the yards having regard to the need for preventing disease and unrest by arranging for the productive capacity of the yards and their related workshops to be employed to the fullest possible extent. Your report should be drawn up without consideration of the ultimate titles to the productive capacity of the yards if such can be economically rehabilitated.

4. Your Terms of Reference will include investigation of the following questions:

- (a) What is the present condition of the yards and shops?
- (b) What is the estimated cost of restoring the yards/shops to 1/3, 1/2 and full capacity?
- (c) How many men can they usefully employ at these potentials?
- (d) What ships are already partially completed?
- (e) Which, if any, are worth completing -
 - (1) If materials can be imported.
 - (2) If only the materials locally available can be used.
- (f) What types of fuel and material will be needed for any given programme?
- (g) If a reduced programme is recommended, what would be its scope and nature as regards -
 - (1) Completion of existing shipping.
 - (2) New construction.
 - (3) Miscellaneous engineering work on military account.

1553

SECRET

SECRET

59

- (h) In the event of a policy in accordance with (g) above, would it be possible to effect an economic dispersal of workmen and machinery to Trieste? Would such action have a deleterious effect on the labour situation there?
- (i) Is any such dispersal southwards, e.g., Taranto, a practical proposition?
- (j) If satisfactory arrangements can be made with the Yugoslavs, is it desirable -
 - (1) To allow existing tonnage to be completed on Yugoslav account.
 - (2) To allow new construction to be placed.
- (k) Where have the contracts for the 31 Yugoslav ships been placed?
- (l) Bearing in mind that the Italian Government will ultimately bear the cost of any financing, what interest, if any, should the Italian Government be allowed to have as regards the repairs of their own ships?
- (m) What priorities are suggested as regards all work in the yards and shops.
- (n) It is known that certain Italian ships are anxious to put in for repairs at Monfalcone and/or Trieste. Is this politically desirable?

The above points are suggestions only. It is anticipated that other related problems will have to be considered in the course of your investigations.

(sgd) B. H. ROBERTSON
Lieutenant General,
Chief Administrative Officer.

Copy to: CinC Med
COMNAVNAV
Headquarters, Allied Commission, APO 394
MWTR (for Mr. Campbell)
WSA

1552

SECRET

785017

5009

58

Ref: 5662/IND.

26 June 45.

JUN 27 1945

My dear Mr. Prime Minister,

There are in existence in Italy a number of plants for the production of chemical warfare gases. Of these the Cesano Romano Works are situated in territory under the administration of your Government, while the remainder are in territory still subject to Allied Military Government.

You will appreciate that the Allies must insist upon the abandonment of all production of chemical warfare materials at these plants. It is desirable therefore to agree upon a policy for the early conversion of these plants to peacetime industrial production in order to avoid the necessity of dismantling them totally.

Protracted negotiations have been in progress since November 1944 between this Commission and the Italian Ministries of War, Industry, Commerce and Labour and the Treasury on the question of the plant at Cesano Romano, which is only now in the course of being transferred to the Ministry of Industry, Commerce and Labour for conversion to civilian uses.

The economy of Italy urgently requires the maximum use of all available industrial equipment and the question of the future of the plants should therefore be settled before the northern territories are restored to the administration of the Italian Government.

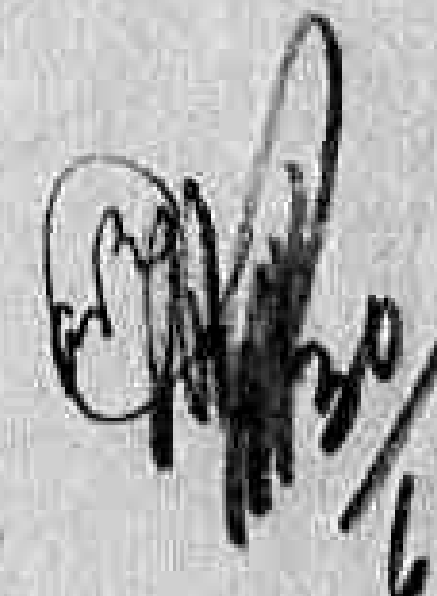
I suggest that, to achieve this, a Committee be formed immediately to include members from all interested Ministries, who can agree with this Commission upon a final solution of this important problem.

I shall be glad to hear that you agree with this proposal and that you will appoint this Committee forthwith. If you will notify me as soon as it is formed, the representatives of this Commission will arrange a meeting.

Yours very truly,

7s/ Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR,
Chief Commissioner.



Professor Ferruccio Parri,
The President of the Council of Ministers,
Italian Government.

copy to: C. Commissioner
Ex Commissioner

(CAPT. ARDOLFO)

CONFIDENTIAL 5009

(57)

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13074/F

26 June 1945

JUN 27 1945

SUBJECT: Elettrodi S.A.

TO : Executive Commissioner, A.C. ✓

(33)

(56)

1. Reference your 5009/33/EC of 28 April 1945 to Regional Commissioner Lombardia.
2. Attached is copy of report on the subject company.
3. For your information and retention.

For the Chief Commissioner

[Signature]
JOINT DIRECTOR
Finance Sub-Commission

Enclosures.

(C. R. ARNOLD)

[Signature]

See 11307

[Handwritten notes]

785017

VAC/78

A.M.C.

HEADQUARTERS LOMBARDIA REGION
REGIONAL PROPERTY CONTROL OFFICER
FINANCE DIVISION

II/25138B/CP

21 June 1945

CONFIDENTIAL

SUBJECT: Mettredi S.A.

TO : Chief, Property Control Division
Finance Sub-Commission
H.Q. Allied Commission
APO 394

1. You will recall that, when paying a visit to this Region, the writer showed you a memorandum written with respect to this Company.

2. You will find attached a revised memorandum, as promised by the writer, additional information having been secured since that time. The attached is more comprehensive than as previously written.

3. Due to the extreme pressure of work the revision of this memorandum has been somewhat delayed.

(V.A. GIANELLI)
REGIONAL PROPERTY CONTROL OFFICER
FINANCE DIVISION

MAJOR

Encl. 1

1546

P.S. Confidential report has just been received on Mr. Lunati, the Company's Head Engineer. Extra copy of our letter, memorandum and report on Lunati also attached should Brig. Lush desire same.

(V.A.G.)

SUBJECT: Elettronici S.A.

CONFIDENTIAL

TO : Chief, Property Control Division
Finance Sub-Commission
H.Q. Allied Commission
AFG 394

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2. You will find attached a revised memorandum, as premised by the writer, additional information having been secured since that time. The attached is more comprehensive than as previously written.

3. Due to the extreme pressure of work the revision of this memorandum has been somewhat delayed.

Encl. 1

(V.A. CIANELLI)
MAJOR
REGIONAL PROPERTY CONTROL OFFICER
FINANCE DIVISION

1549

P.S. Confidential report has just been received on Mr. Lunati, the Company's Head Engineer.
Extra copy of our letter, memorandum and report on Lunati also attached should Brig. Lush desire same.

(V.A.S.)

CONFIDENTIAL

MEMORANDUM

IL/BIJBB/CP

SUBJECT: Elettrodi S.A.

25/5/45
Rev. 21/6/45

VAG/ra

Having regard to internal difficulties which are being experienced within a number of companies, it was decided to interrogate the sequestrator of the subject company with respect to the situation thereof.

The following information was obtained from the sequestrator who stated as follows.

In companies which have not been sequestrated, all industrial and commercial concerns were requested through the CUNAI for the nomination of two separate commissions, i.e.:

- 1) One "Commissions Internes" (Internal Committee) to be formed, through the Chamber of Labor, of a certain number of employees and workers (3 for concerns having less than 100 dependents and 5 for over 100 dependents), said committee to be charged with the control of all matters pertaining to labor relations and work agreements.

- 2) The second "Commissions di Gestione" (Managing Commission), to have the same number of members, will be charged with the control of the concern and the conduct of same on a 50% basis, i.e. said commission will have 50% of the voting authority.

The CUNAI decree is to be followed by regulations setting forth the method of its application thereof.

The sequestrator reported that the Communist Party was closely following the application of this decree, as it wanted to influence all such commissions (1 and 2), although the decree in question clearly indicated that all and each of the five parties of the C.L.N.A.I. are to be represented in said commissions.

In the case of the subject company a communist cell is hard at work amongst the company's dependents. One employee, who has been with this company for eleven years, is obviously a trouble maker according to the sequestrator. This said employee expressed the opinion that the dependents of the company consider themselves as the owners of 50% of the company. His actual words were: "We are now in the full swing of a revolution. The law will be fired later. We must now make ready the 'accomplished fact'." The sequestrator explained that the employee meant to say that the law would be fired later by a Communist Government and the "accomplished fact" meant taking possession of 50% of the business control.

The following information was obtained from the sequestator who stated as follows.

In companies which have not been sequestered, all industrial and commercial concerns were requested through the CLMAI for the nomination of two separate commissions, i.e.,

- 1) One "Commissione Interna" (Internal Committee) to be formed, through the Chamber of Labor, of a certain number of employees and workers (3 for concerns having less than 100 dependents and 5 for over 100 dependents), said committee to be charged with the control of all matters pertaining to labor relations and work agreements.

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The employee was told by the sequestator, according to his own words, that as the subject company was an allied company he was

- 2 -

(Elettrodi) 11/44138 P

21/6/45

bound to report to the Property Control Office, whereupon the said employee replied that the workers would recognize orders only if issued by the Chamber of Labor and that no orders of the allied authorities would be taken into account, further adding "and as for you, remember that the allied will go, but you will remain".

It is interesting at this point to report that the aforementioned sequester expressed emphatically his anti-fascist tendencies, also stating that he was well considered by the Company's employees.

He also stated that the employees do not want Mr. Zabban (in view of he being a Jew).

The employee who told the sequester that they did not recognize orders also stated that, if Mr. Zabban should return, he would have him immediately arrested as he was a fascist. It would appear that this is only a mutual dislike inasmuch as, since the original memorandum was prepared, upon investigations from this P.C. Office such office has been able to ascertain from the head CLN employee and elsewhere that Mr. Zabban is well liked by all employees.

Based upon such information this P.C. Office has endeavored to arrange for transportation of Mr. Zabban from Switzerland to Milan.

The sequester is obviously worried in view of having explained to this P.C. Office the attitude of the particular employee referred to above. On the other hand it is obvious that such employee should be removed from the company and in view of his length of service his liquidation would amount to about Lire 100,000.

Having secured the report from our Internal Security Officer it is the intention of this Division to remove the present (original) sequester and appoint someone to temporarily manage the business awaiting the return of Mr. Zabban. It is also the intention of this office to have the new appointee be the person to remove the aforesaid employee who is the trouble maker.

The difficulty is to find any capable person who is prepared to take on the temporary management of the company. It is hoped, however, that efforts will be successful in this regard.

(V.A. GIARELLI) MAJOR

1547

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(V.A. GIARELLI) MAJOR

1547

CONFIDENTIAL

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
LOMBARDY REGION
APO 394
Regional Security Officer

Letter received from R.S.I.O.

Ref: S/429

June 21st, 1945

SUBJECT : Ing. Angelo LUNATI - Società Elettrodi

TO : Regional Property Control Officer
(Attn. Major Gianelli)

1. Ref. your request (11/MN 138 B/CP)
2. Subject apparently has no political background.
3. It is, however, reported, although not confirmed, that during the Fascist period he became the intimate friend of the sequestrator of the a/m firm and they realized illicit profits, working on behalf of the Germans.
4. It is suggested that he should be put under strict surveillance.
5. Meanwhile further enquiries are continuing.

1546

Sgd.

A. E. HEATH
Major I.C.
Regional Security and
Intelligence Officer

5009
SECRET

Exp. Comm. (2)
(52)

50387 LEGA
JUNE 081315B

1633
JUNE 120830
IMMEDIATE

FROM: TROOPERS

TO: HQ ALCOM

HEADQUARTERS
12 JUN 1945
A. C.

12 JUN 1945

SECRET.

My 98196 of 1st June. Personal for Brig DL ANDERSON Deputy Vice President Economic Section from DAWES.

1. Ministry of Supply Mission composed of following members leaving UK for ROME by air Tuesday 12th June.

2. Composition of Mission and general interest of each member. Commander of Mission and general coordinator Major General FO WRISBERG Director General Weapon production. MR W IEMKIN and N CRYER Textiles Artificial Silk goods wool goods. NR JW FUGSLEY General Stores. Lt Col IC PARISH Electric equipment refrigerators. MR TWB COMBE Optical instruments.

3. Purpose of mission investigation with ref to our recent meetings in LONDON especially that with General FISHER.

4. Mission will report to you personally at start and will be grateful for your advice. In arranging programme of detailed visits. They expect spend some 10 days in country.

5. Grateful if you will arrange all transport accommodation and return passage.

Note: Copy of this signed
Personal by Brig Anderson
To Ex Comm 12 June 45 for
info.

DIST

1545

ACTION ECON SEC 2
INFO CHIEF COMMISSIONER
FILE
EXEC COMMISSIONER

SECRET

(CAPT ARNOLDY)

26 PAT 13/6

785017

5009
Tele : 342

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

JWB/pd (51)

Our ref: 343/30/Tn 3

9 June 1945

SUBJECT : Tour Notes by Executive Commissioner

JUN 11 1945

TO : Executive Commissioner.

1. Lignite from Trieste.

Coal Section are investigating the question of Lignite supplies for the synthetic rubber and sugar beet factories in Ferrara. As soon as it is known that supply of lignite is firm, Transportation Sub-Commission will endeavour to arrange movement through 15 Army Group and 8 Army, who control all movement to, from and within the Trieste Area.

2. Hemp.

Every available vehicle has been sent to 15 Army Group, who have allocated user, and we have no additional road transport at the moment which can be sent forward to assist with the Hemp lift. The questions of Hemp and other large movements required within Army Territory have been brought to the notice of 15 Army Group and all concerned by this HQ. signal 8997 dated 2 June '45.

3. Cattle Manure - Bologna.

Representative of Transportation Sub-Commission held a meeting with the Regional Commissioner, Emilia Region on 25th May. The subject of this meeting was Road Transportation for Food Supplies for Bologna and the position regarding Cattle Manure was mentioned. It was found that out of a pool of 300 Civilian trucks only 60 were on the road, due to an alleged lack of petrol. An emergency and additional release of 84,000 Gals. POL. was obtained for Bologna and it was stated this would enable all Civilian trucks available to be brought on the road immediately. The overall POL allotment to Emilia is sufficient to assure continuous operation of local civilian MT.

4. It should be appreciated that during phase 1, all the above is the responsibility of the Armies who, as already stated, have every vehicle under their control which we can spare from Italian Government Territory. There has been certain difficulties in the formation of Q.M. Truck and G.T. Coys, but it is hoped that an additional G.T. Coy will be in position in Emilia Region during the second half of this month, and this Coy which will operate under control of Regional Commissioner should provide assistance with Hemp, Cattle Manure plus other commitments.

Copy to : Transportation S/O
Coal Section
Hemp Div., Industry S/O

E.B. MOKINLEY
Brigadier General U.S.A.
Deputy Vice President

84

AM

RESTRICTED

5009

Ext. Comm.
50

FX 89247
JUNE 071633B

E/4181
JUNE 081735B
ROUTINE

From: AFHQ SIGNED ALEXANDER CITE FHSGS

To: TROOPERS RPTD FOR INFO: AGWAR FOR CCS FOR CCAC

9 JUN 1945

RESTRICTED

48

JUN 9 1945

This is MEC 508.

Full agreement. Entry of Mission proposed your 99093 CA 16.
Consider Mission should proceed direct ROME and return CASERTA
later unless there are problems of initial policy to be discussed.

Dist

Info-Action - P Safety
Info Econ Section

Info - Chief Commissioner
Exec Comm
CA Sec
Ext Sec
Liaison Div
File



1543

RESTRICTED

⁵⁰⁰⁹
RESTRICTED

99093 CA 16
JUN 061620B

W/3872
JUN 061900B
IMP-ORIENT

FROM: TROOPERS

TO: FREEDOM INFO ALCON HOME

JUN 7 1945

RESTRICTED.

GEN 596.

1. As result discussions with Brig. ANDERSON in LONDON Ministry of Supply Mission headed by Gen. BRIENING proposes leaving ITALY beginning of next week to investigate and report what manufacturing capacity can be made available NORTH ITALY to supplement U.K. production of goods required for the prosecution of the war with special reference to items in short supply. This Mission is governmentally sponsored and falls under category A of MAT 729. Other members of mission are Lt. Col. FARSON and Messrs. W. LARKIN N. CRYER J.W. MURLEY and T.W.B. GORRS. Please confirm earliest no objection.

2. Should party proceed direct HOME or go first CASERTA.

LIST

1542



INFO-ACTION: P. Safety S/C
Moon Sec
INFO: Chief Commissioner
Ex Commissioner 2
CA Sec
Kated Sec
Liaison Div
File 2
Float

RESTRICTED

(CAPT ARNOLD)

5009
CONFIDENTIAL

Ex. Comm
(46)

98196 DE (CA)
JUNE 011825

U/3519
JUNE 031801
ROUTINE

From: TROOPERS
To: ALLIED COMMISSION ROME

HEADQUARTERS
4 JUN 1945
A. C.

JUN 4 1945

CONFIDENTIAL.

Personal for Brig: D.L. ANDERSON D.V. President Economic Section from DAWES.

For your personal information.

Heard M.O.S. are shortly sending a Mission headed by Gen WRISBERG to investigate manufacturing possibility Northern ITALY and opportunities to exploit for Ministry of Supply requirements.

DIST

ACTION ECON SEC (2)
INFO CHIEF COMMISSIONER
EXEC COMMISSIONER
FILE

See # 48-52

1541

Noted

Br. J. E. ...
2/6
(Signature)

CONFIDENTIAL

(Signature)
(Signature)
LT COL TALBOT

5009
INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: F 86337

Message Centre No: E/3357

Date/Time of Origin: JUNE 021605 B

Date Time Rec'd: JUNE 021700

Precedence: ROUTINE

FROM AFHQ SIGNED SACMED CITE FHGEG

TO ALCOM ROME

JUN 3 1945

RESTRICTED

RESTRICTED.

Survey of north ITALY. Ref your 7188 of 8 May and our F 81118 of 24 May. UNITED STATES WAR DEPT does not consider if neccessary to send Technical Mission at this time.

ACTION

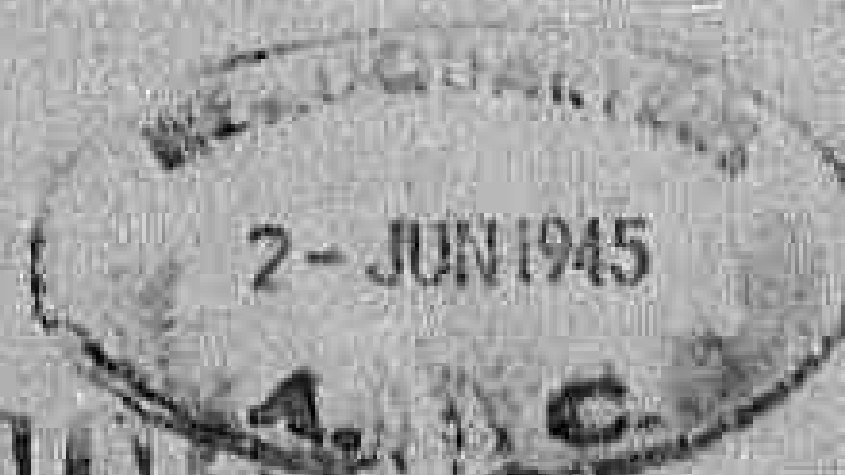
DIST

ACTION - EX COMMISSIONER 2
INFO - CHIEF COMMISSIONER
ECON SEC
POL ADV (A)
POL ADV (B)
US AMBASSADOR
BR AMBASSADOR
FILE 2
FLOAT

1540

RESTRICTED

ABW
CAPT ARNOLDY



Translation

The President of the Council of Ministers
37002/15.5

Rome, 1 June 1945

JUN 3 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
Rome

1539

EC DIST - 3 JUNE 45

ACTION: ECONOMIC (2)

INFO: CHIEF COMM

EXEC COMM -

...
ACTION continued on 4602/EC

Translation

Memorandum

for H.E. 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 could 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 with 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 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.

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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 with which they counted on Italy 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 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 of 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 industries 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 reasons would have a good and immediate effect from the economic and political point of

(47)
- 2 -

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 and Lease Law' to Italy, or adopting some other form of 'mutual help'. It could also take in consideration the granting of a counterpart to the ex-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 deems 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

o.o.

137

785017

HEADQUARTERS ALLIED COMMISSION
APO 304
INDUSTRY SUB-COMMISSION

MSB/ag

Tel. 478000

20 May 1945

Ref. AC/5608/IND.

MAY 31 1945

SUBJECT : Selway Plant - Resignano.

TO : Allied Force Headquarters, G-5 Section.
(Attn.: Colonel Butterworth -
Major Grady)

1. For your information the Selway plant in Resignano has been reactivated as from May 23 1945.

2. For technical reasons during the first month of operations, only sodium carbonate will be produced. The production rate is 240 tons of sodium carbonate per day.

3. By the end of June the production will be modified as follows:

100 tons sodium carbonate per day.
100 tons caustic soda per day.

4. The Selway plant was rehabilitated in such a manner that production can be doubled within 3 days notice, subject to a 90% increase of lignite, coal and coke supplies.

For the Chief Commissioner :

1536

Copy to :

A.F.H.Q., G-4 Section.

A.F.H.Q., G.M.

Office of the Executive Commissioner

(Attn.: Major Rively)

A.F.H.Q., H.A.A.C.

(Attn.: Major Brown)

Economic Section.

W. J. MARKENY

Lt. Colonel,

Acting Director,

Industry Sub-Commission.

(Capt. Rively)

Ref: 343
30 May 1945

SUBJECT: Your Notes by Executive Commissioner.

TO : Executive Section.

The following four notes have been received from the Executive Commissioner and are passed to you for information and appropriate action:

1. Lignite from FERRARA. At FERRARA is a synthetic rubber factory which is in working order and has all the raw materials necessary for production except coal. It is designed to use lignite fuel, large supplies of which are understood to be at FERRARA and which is normally carried by barges and taken up by river and canal to FERRARA. There is also at FERRARA a sugar beet factory designed to use lignite. Arrangements should be made as soon as possible for the transport of lignite from FERRARA to get these two important factories working. The use of tugs will be required for the barges.

2. Barges. There is said to be in the Region 15,000 tons of barge a large amount of which has already been located but there is no transport to move it to warehouses, to HAYES and to MILLAR. Ideas have been made to Transportation Sub-Commission but so far with no result.

3. Cattle transport. To save their cattle, farmers for miles around MILLAR drove their cattle into the city where thousands have been retained for the last six months. There are very large quantities of cattle now which is now a menace to health on account of flies. It is estimated that there is no less than 10,000 cattle yards awaiting removal. Transport is the problem but none is available for the purpose. If transport could be made available mechanical loading equipment would also accelerate removal.

Eachin Ula
Chief Staff Officer,
To Executive Commissioner.

5009/EC

5015

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1335

Copy sent to the Commission (see Commission report)

2. Lignite from Mexico. At PUEBLA is a synthetic rubber factory which is in working order and has all the raw materials necessary for production except coal. It is designed to use lignite fuel, large supplies of which are understood to be at Toluca and which is normally carried by barge and taken up by river and canal to PUEBLA. There is also at PUEBLA a sugar beet factory designed to use lignite. Arrangements should be made as soon as possible for the transport of lignite from Toluca to get these two important factories working. The use of bags will be required for the barge.

3. Lignite. There is said to be in the region 15,000 tons of lignite, a large amount of which has already been located but there is no transport to move it to warehouses, to Mexico and to the U.S. It has been made to transportation Sub-Committee but no firm date has been set.

4. Cattle from Mexico. To save their cattle, farmers for miles around Mexico drive their cattle into the city where thousands have been retained for the last six months. There are very large quantities of cattle manure which is now a menace to health on account of flies. It is estimated that there is no less than 20,000 cubic yards awaiting removal. Transport is the problem but this is available for the purpose. If transport could be made available mechanical loading equipment would also accelerate removal.

Each of the

Chief Staff Officers
To Executive Committee

Copy to C.A. Section (reference para 3 above)

Copy to 309/2, 501/2, 302/2

1535

ALLIED [REDACTED] COMMISSION

(39)

INTER-OFFICE MEMORANDUM

ABA/com

Office of the Executive Commissioner

SUBJECT: Minute 18 Executive Commissioner's
Meeting, 11 May

FILE No. 5009/55/EO

TO : Economic Section

27 May 1945

(36)

1. Reference is made to your RS/1.21 of 16 May,
subject as above.

2. The telegram referred to in that Minute originated in
the Executive Commissioner's Office, reference of telegram,
7188, 8th May, to AFHQ, G-5. It is not known with whom in your
Section this originated.

(35)

for ABA annals 6/1534
for Chief Staff Officer
To Executive Commissioner.

SH [Signature]

[Signature]

5009 A
INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: **F 81118**
Date/Time of Origin: **MAY 24/1148B**

Message Centre No: **R/2138**
Date Time Rec'd: **MAY 24/1335B**
Precedence: **ROUTINE**

FROM: **AFHQ, SIGNED SACRED CITE PHREQ**
TO: **ALCOM ROME**

CONFIDENTIAL

MAY 25 1945

CONFIDENTIAL.

Substance of your signal 7166 of 8 May, advising of situation in north and recommending mission be dispatched from ~~USA~~ UK to survey conditions, was transmitted to ~~WASHINGTON~~

ACTION

DIST

ACTION : EX COMMISSIONER (2)

**INFO : A/PRESIDENT
CHIEF COMMISSIONER
ECON SEC (2)
POL ADV (A)
POL ADV (B)
US AMBASSADOR
BR AMBASSADOR
FILE (2)
FLOAT**

1533

CONFIDENTIAL

HEADQUARTERS

24 MAY 1945

5009 *LM*
HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

(36)
EBM/bd

ES/1.21

16 May 1945

SUBJECT: Minute 18 Executive Commissioner's Meeting,
11 May.

TO : Executive Commissioner.

MAY 16 REC'D

see below. (35) ref.
1. The somewhat inadequate records of the Economic Section do not reveal who in the Section originated or dealt with the subject matter contained in your Minute 18, Executive Commissioner's Meeting, 11 May 1945.

2. May I have the reference in order to pursue the matter further?

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

M. 154238
~~154238~~

18. Review of Industries in the North. Ex C stated that CC had sent a telegram to AFHQ urging that a review of industries in the North be undertaken by the American and British mission that came over here a few months ago.

re
(CAPT ARNOLD)

785017

5009

~~35~~

35

AFHQ for G-5 (ACTION), British Resmin and US Polad (INFO)

7188

8 May

PRIORITY

SECRET PD

PRELIMINARY REPORTS FROM NORTH ITALY INDICATE THAT THE ECONOMIC SITUATION IS SUCH THAT THE INDUSTRIES OF NORTHERN ITALY MIGHT WELL BE UTILISED AT ONCE FOR ALLIED WAR EFFORT PROVIDED SUFFICIENT QUANTITIES OF COAL WERE MADE PAREN TO AFHQ FOR GEORGE DASH FIVE SECTION FOR ACTION AND FOR BRITISH RESMIN AND US POLAD FOR INFO FROM HQ ALCON CITE ACEXC PAREN AVAILABLE PD THE MAXIMUM UTILISATION OF INDUSTRY OF COURSE WOULD HAVE A MOST BENEFICIAL EFFECT ON ITALIAN LABOUR AND WOULD GO FAR TO ASSIST IN THE ECONOMIC AND POLITICAL CRISIS WHICH LOOMS AHEAD PD SIR ROY FEDDON AND GENERAL MINTONS REPORTS WERE BASED ON SITUATION FOUND IN CENTRAL ITALY PAREN WHICH IS RAPIDLY IMPROVING PAREN AND ON PREMISE THAT NORTHERN ITALY WOULD SUFFER SIMILAR DAMAGE PD SUGGEST THAT SUPPLEMENTARY MISSIONS BE DESPATCHED WITHOUT DELAY TO REVIEW SITUATION PD I SHALL HAVE FURTHER DETAILED INFORMATION BY MAY ONE NINE BUT IF POSSIBLE MISSIONS SHOULD ARRIVE BEFORE THAT DATE IN ORDER THAT PLANS MAY BE MADE IMMEDIATELY

Copy to: US Ambassador
Br Ambassador
A/President
C. Commissioner
Pol Adv (A)
Pol Adv (B)
Econ Sec (2)
File
Floot

Executive Commissioner

343

M. S. LUSH
Brigadier,
Executive Commissioner

38

BU
18/5

Noted
J.

11
1/5

5009
JAQ/hjp

34

4 May 1945

SUBJECT: Erection of Power Plant

TO : Colonel Lapper, Public Works & Utilities S/C, Hq A.C.

MAY 4 REC'D

Admiral Stone has received copies of the supplemental agreement and contract under which Mr. Bror G. Carlson has arrived as Erectional Supervisor. He would be grateful if you would furnish him with a short report on the erection of this power plant, i.e., where it is to be erected and who is instigating the whole affair.

J. A. Quayle
J. A. QUAYLE
Major, R. A.
Staff Officer to CC

cc: Exec. Commr.

1530

(Capt Arnoldy)

Ref: 5009/33/EO.

23 April 1946.

SUBJECT: Societa Italiana Elettrodi A.W.P.

TO : Regional Commissioner,
Lombardy Region.

Enclosed is forwarded for your information. The War
Office replied to the effect that Mr. Zebban should make contact
with your office after occupation.

W. S. LUSH

MIL/36.

Brigadier,
Executive Commissioner.

Copy to: Econ Sec (with copy of correspondence under reference).

1529

33, OSMORE-GARDENS, S.W. 32

London 14th April 1945

To : WAR OFFICE O.A.2. (b).
for the attention of Command. Sharpe.

Whitehall S.W.1.

Sir,

Following my call at your Office this morning I am availing myself of your kind suggestion and am sending you enclosed herewith a copy of a letter which Mr. Holden and myself are sending jointly to Ing. Tito Vittorio Zabban, at present in Locarno, Switzerland, in order that as soon as he will be able to return to Milan after it has been cleared of the enemy, he may be able to contact the Chief Civil Affairs Officer on the spot and lend all possible assistance in connection with the production of the S. It. Elettrodi A.W.P. (Electrodes & Electric Welding) which is of the highest priority.

Our Company is probably the largest of its kind and as reported by Mr. Zabban was undamaged and in operation up to the middle of March. It was taken over by the Fascist Govt. in 1940 and its present Management is unlikely to be helpful. Under these circumstances I feel that it would be very useful if you could acquaint A.M.G. and C.A. in Italy with the circumstances in order that when occupation takes place they may make appropriate arrangements, and possibly facilitate the return to Milan of Mr. Zabban whose presence and knowledge of personalities etc. might be very useful to them.

In any case Mr. Holden and myself will be very grateful for your kind assistance in this matter and hope you will find it possible to bring it to the personal notice of the Chief C.A. Officer for Milan.

Thanking you I am Sir,

Yours faithfully

(Albert Loria)

1528

Enclosure.

London 14th April 1945

To the Chief Civil Affairs Officer,
or A.M.G. Officer,
in MILAN, Italy.

Sir,

The undersigned FREDERICK HYLTON HOLDEN of Inverleith, Abergole, North Wales, and ALBERT LORIA of 33 Ennismore Gardens London S.W.7. both resident in MILAN prior to the War and joint owners of the share Capital of the SOCIETA' ITALIANA ELETTRODI A.W.P. of 10 Via Pasquale Paoli Milan (which up to 1935 was the Italian subsidiary Company of Murex Welding Coy. Ltd. Waltham Cross, Herts.) hereby authorise Ingegnere TITO VITTORIO ZABBAN who was prior to the war General Manager of said Company and who has been resident in Casa S. Carlo in Selva, Locarno, Switzerland to take over the Company from the Allied Authorities or the Italian ones as the case may be, and generally to act on their behalf and in their joint interest for the purpose of rehabilitation and production as soon as conditions allow leaving all questions and claims as between the Company and the Italian Government to be dealt with by the undersigned at a later date.

They will gratefully acknowledge any assistance that the A.M.G. and the Chief Civil Affairs Officer can extend to ING. T.V. Zabban to enable him to take complete charge of the Company again, re-start production which will doubtless be classed as of the highest priority.

Appropriate instructions will be given by the undersigned to their legal representatives on the spot to furnish proof of their title to ownership of the Company and to legalise the present mandate in favour of Ing. T.V. Zabban as and when required.

30

Ref: 5009/30/NO.

17 March 1945

My dear Mr. Prime Minister:

I have to acknowledge receipt of your letter n. 198 of 6 March 1945 enclosing a memorandum on the alleged impending Allied air attack on the industrial centres of the North of Italy.

I think if you will review the message sent by the Commanding General of the 15th Army Group you will appreciate that the object of the air attacks anticipated are to destroy German troops in Italy and hasten the day of liberation of the rest of the country. There is no intention in the prosecution of this military objective of causing more damage to industrial centres than is absolutely necessary and the fact that the Commanding General has issued a message to the population gives proof of his regard for the lives and morale of the people themselves.

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

1526

Copy to : DOCAO, G-5 Sec, 15th Army Group.

WA
G
12/3

785017

Translation

The President of the Council of Ministers
n. 198

Rome, 6 March 1945

MAR 7 1945

Dear Admiral,

I communicate to you the enclosed memorandum concerning the allied air attack against the industrial centres of North Italy which is shortly to take place, and I ask you to communicate it to the Allied Command.

I remain,

Truly yours,

B. I. Bonomi

Admiral Ellery W. Stone
Chief of the Allied Commission
Rome

e.c.

EC Dist - 7 MAR 45

Action: Ex. Comm 1525

INFO: CHIEF COMM
ECON SEC

see M-25

Translation

22 February 1945

SUBJECT: Impending allied air attack on the Industrial Centres of North Italy. -

Memorandum*See 22A*

The Roman daily papers have published the entire message sent by General M.V. Clark, Commander of the 15th Army Group to the populations of North Italy on the 16th.

In this message, the populations are requested to withdraw from the communication lines and from all industrial objectives against which the whole might of the allied air force is going to be directed to oppose with the greatest energy any attempt at retreat on the part of the Germans.

The effects of the announced air attack against the 'industrial objectives' would have little military interest either against the Germans or in favour of the Allies; on the other hand, it would inevitably cause a great damage to the country in the economic and political field, for the following reasons:

- if the air attack really aims at opposing a possible German retreat, it is quite useless to bomb the industrial objectives which have nothing to do whatever with the communication lines, except for the production of material for bridges, and rails.

We must nevertheless point out that these materials are not manufactured in accordance with the military requirements; there are always stocks of them and they can easily be obtained among the ruins of industrial plants (metal matters on which cranes run, etc.); this has been proved by the Allied troops in their advance in South and Central Italy.

The destruction of the industrial plants would therefore materially and morally help the Germans to get the materials which they might think necessary to rehabilitate the interruptions;

- the industrial centres are all in the immediate neighbourhood of large towns, and this would mean a very large number of victims among the civilian population, the majority of which, in spite of the warning, cannot possibly leave; it is easy to imagine the repercussion on the psychology of the mass, on the eve of the end of the conflict;

- the destruction of the industrial plants would deprive Italy of a possibility, however small, of productive continuity, on which her chief hopes for the material reconstruction of the country are being founded. At present, the output of the industries of the North is about 20% of what it was before the

24

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We must nevertheless point out that these materials are not manufactured in accordance with the military requirements; there are always stocks of them and they can easily be obtained among the ruins of industrial plants (metal rafters on which cranes run, etc.); this has been proved by the Allied troops in their advance in South and Central Italy.

The destruction of the industrial plants would therefore materially and morally help the Germans to get the materials which they might think necessary to rehabilitate the interruptions;

- the industrial centres are all in the immediate neighbourhood of large towns, and this would mean a very large number of victims among the civilian population, the majority of which, in spite of the warning, cannot possibly leave; it is easy to imagine the repercussion on the psychology of the mass, on the eve of the end of the conflict;

- the destruction of the industrial plants would deprive Italy of a possibility, however small, of productive continuity, on which her chief hopes for the material reconstruction of the country are being founded. At present, the output of the industries of the North is about 20% of what it was before the war, and this, not only because of the lack of raw material, the decentralization, the lack of transports, but also because of the passive resistance of the managers and of the mass of the workers; therefore, if the present level of the output is not favourable for the Germans, it might be improved at the time of the liberation with all the advantages that this will bring to the national reconstruction.

- considering the very limited number of the communication lines between Italy and Germany, it is evident that in case of retreat, the German troops will not be able to transport easily their heavy armament, and can therefore not consider removing industrial material from Italy; they will therefore try to make what destructions they can.

For this reason, an air bombardment of the industrial plants would mean helping the Nazis, who would find, by analogy, a justification for their work of devastation in the collaboration which would have been indirectly given

22

to them in the work of destruction.

- besides the purely military, humanitarian and economic reasons, the social problem must also be taken in consideration, i.e., the problem of giving work to the important working masses whose only means of existence is their work in the plants.

if these masses which amount to about 2,0 million men, were forced to remain unemployed because of the destruction of the industrial plants (it is easy to foresee that for the majority of them, unemployment would last for a very long time, even if works of reconstruction were being made), they will fatally suffer from a progressive moral and physical degradation which will bring about serious trouble in the public order.

Such a situation would also have logical repercussions in the social and industrial situation of Central and South Italy;

- as in the past, German and fascist propaganda would make the most of the losses which they air bombardments would cause among the civilian population.

E.O.

1523

Translation

22A

Giornale del Mattino - Saturday, 17 February 1945

Big Air Attack shortly to take place on North Italy

to the Italian people who are still under the yoke of Nazi-fascist oppression;

In the present phase of the war, while in the East the Russian armies are rapidly advancing towards Berlin, and in the West the Anglo-Americans are fighting their way through the defences of the Siegfried Line, it seems more and more likely that the Germans will attempt to retreat from Italy.

.....

In France, in Belgium, in Holland, the civilian population had been warned before the invasion that, though the Allied Air Forces meant to take every possible precaution to limit their attacks to the military objectives only, it might not always be possible to avoid causing damages and making victims among the civilians; I am now warning the population of North Italy to keep away as much as possible from the roads, railway lines, communications centres, bridges and also from all military objectives.

All civilian traffic and movement should be reduced to the strictest minimum, for, as the enemy makes use of the Italian net of communications, it is impossible to make a difference between civilian and military transports, and those who travel by road or by railway must do so on their own responsibility. This applies also to those who live near such objectives; they should, if possible, withdraw from such sectors.

1522

RISERVATO

MAR 6 RECD

(21)

M.

*Il Presidente
del Consiglio dei Ministri*

Roma, 11 - 6 MAR. 1945

N. 198 di prot.

Caro Ammiraglio,

Le trasmetto l'unito pro-memoria riguardante l'imminente
offensiva aerea Alleata sui centri industriali dell'Italia
del Nord e La prego di volerlo segnalare al Comando Allea-
to.-

Cordiali saluti.-

*Stoneman**see Translation
file 24*

Al Sig. Ammiraglio
Ellery W. Stone
Capo della Commissione Alleata

R O M A

1521

MAR 6 REC'D

Li, 22 febbraio 1945.

OGGETTO: Imminente offensiva aerea Alleata sui Centri Industriali dell'Italia del Nord.

PROMEMORIA RISERVATO

I quotidiani romani hanno riportato integralmente il messaggio che in data 16 c.m. il Generale M.W. Clark, Comandante il 15° Gruppo di Armate è rivolto alle popolazioni dell'Alta Italia.

Con detto messaggio le popolazioni sono invitate ad allontanarsi dalle linee di comunicazione e da "tutti gli obiettivi industriali" contro i quali verrà rivolta tutta la potenza dell'aviazione alleata al fine di ostacolare nella maniera più energica ogni tentativo di ritirata tedesca.

Gli effetti della preannunciata offensiva aerea contro "gli obiettivi industriali", mentre da una parte riuscirebbero di scarso interesse militare sia a danno dei tedeschi che a vantaggio degli Alleati, dall'altra porterebbero inevitabilmente a risultati rovinosi per il Paese nel campo economico e politico, per i seguenti motivi:

- se effettivamente l'offensiva aerea tende ad ostacolare una eventuale ritirata tedesca è assolutamente superfluo sottoporre a bombardamento gli obiettivi industriali i quali nulla hanno a che fare con le linee di comunicazione, eccettuata la produzione di materiale da ponte e le rotaie ferroviarie.

All'uopo si può però notare che tali materiali non vengono fabbricati di volta in volta a secondo delle esigenze militari, ma che di essi esistono sempre scorte e che possono essere facilmente ricavati dalle demolizioni di impianti industriali (travi metalliche

I quotidiani romani hanno riportato integralmente il messaggio che in data 16 c.m. il Generale M.W. Clark, Comandante il 15° Gruppo di Armate è rivolto alle popolazioni dell'Alta Italia.-

Con detto messaggio le popolazioni sono invitate ad allontanarsi dalle linee di comunicazione e da "tutti gli obiettivi industriali" contro i quali verrà rivolta tutta la potenza dell'aviazione alleata al fine di ostacolare nella maniera più energica ogni tentativo di ritirata tedesca.-

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All'uopo si può però notare che tali materiali non vengono fabbricati di volta in volta a secondo delle esigenze militari, ma che di essi esistono sempre scorte e che possono essere facilmente ricavati dalle demolizioni di impianti industriali (travi metalliche composte per scorrimenti di gru ecc.) come appunto hanno dimostrato le truppe Alleate nella loro avanzata nell'Italia Meridionale e Centrale.-

La distruzione di impianti industriali, pertanto, faciliterebbe materialmente e moralmente i tedeschi a procurarsi gli eventuali materiali ritenuti necessari per riattivare le interruzioni;

- i centri industriali sorgono tutti nelle immediate adiacenze di grandi centri urbani per cui le vittime tra la popolazione civile, la quale nella sua maggioranza, malgrado il preavviso, è nella materiale impossibilità di decentrarsi, raggiungerebbero un numero elevatissimo, con ripercussioni facilmente prevedibili sulla psicologia delle masse, alla vigilia della conclusione del conflitto;

- la distruzione degli impianti industriali verrebbe a privare l'Italia della possibilità di una sua sia pure ridotta continuità produttiva, sulla quale si basano le principali speranze per la ricostruzione materiale del Paese. Attualmente gli indici di produzione delle industrie del Nord. si aggirano su circa il 20 % di quello che erano anteguerra, e ciò oltre che per le deficienze di materie prime, decentramento, mancanza di trasporti, anche per la resistenza passiva dei dirigenti industriali e delle masse operaie; per cui se l'attuale livello produttivo è poco vantaggioso per i tedeschi, è suscettibile di miglioramento al momento della liberazione con tutti i vantaggi che logicamente conseguiranno per la ricostruzione nazionale;

- poichè evidentemente le truppe tedesche in caso di eventuale ritirata, dato il limitatissimo numero delle vie di comunicazioni tra Italia e Germania, non sarebbero in condizioni di trasferire agevolmente neppure il loro armamento pesante, non potrebbero prendere in considerazione la possibilità di effettuare asportazioni di materiali industriali dall'Italia e si accingerebbero piuttosto a compiere distruzioni.

Quindi il sottoporre ad azioni di bombardamento aereo gli impianti industriali, equivarrebbe a fare il gioco dei nazisti in quanto essi verrebbero a trovare una giustificazione, per analogia, alla loro opera di devastazione, nella collaborazione che indirettamente sarebbe

centri urbani per cui le vittime tra la popolazione civile, la quale nella sua maggioranza, malgrado il preavviso, è nella materiale impossibilità di decentrarsi, raggiungerebbero un numero elevatissimo, con ripercussioni facilmente prevedibili sulla psicologia delle masse, alla vigilia della conclusione del conflitto;

- la distruzione degli impianti industriali verrebbe a privare l'Italia della possibilità di una sua sia pure ridotta continuità produttiva, sulla quale si basano le principali speranze per la ricostruzione materiale del Paese. Attualmente gli indici di produzione delle industrie del Nord. si aggirano su circa il 20 % di quello che erano anteguerra e ciò oltre che per le deficienze di materie prime, decentramento, mancanza di trasporti, anche per la resistenza passiva dei dirigenti industriali e delle masse operaie; per cui se l'attuale livello produttivo è poco vantaggioso per i tedeschi, è suscettibile di miglioramento al momento della liberazione con tutti i vantaggi che logicamente conseguiranno per la ricostruzione nazionale;

- poiché evidentemente le truppe tedesche in caso di eventuale ritirata, dato il limitatissimo numero delle vie di comunicazioni tra Italia e Germania, non sarebbero in condizioni di trasferire agevolmente neppure il loro armamento pesante, non potrebbero prendere in considerazione la possibilità di effettuare esportazioni di materiali industriali dall'Italia e si accingerebbero piuttosto a compiere distruzioni.

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./.

(18)
- 3 -
- oltre alle ragioni puramente militari, umanitarie ed economiche, deve essere tenuto in alta considerazione il problema sociale, il problema cioè di assicurare il lavoro alle rilevanti masse operaie che trovano il loro unico sostentamento di vita nel lavoro delle officine.

Tali masse che ammontano a circa 2,5 milioni di unità, se saranno costrette alla disoccupazione a causa della distruzione degli impianti industriali (disoccupazione la quale in tal caso è facile prevedere che per la maggioranza si protrarrà per un lunghissimo periodo di tempo anche nella eventualità che si proceda a lavori di ricostruzione) saranno fatalmente avviate ad un progressivo degradamento fisico e morale con conseguenti gravi perturbamenti nell'ordine pubblico.

Tale situazione avrebbe logiche ripercussioni anche nella situazione sociale ed industriale dell'Italia Centro-Meridionale;

- la propaganda tedesca e fascista, come già ha fatto per il passato, si varrebbe fortemente delle perdite che inevitabilmente i bombardamenti aerei causerebbero tra la popolazione civile.

1519

5009

18A

File

Extract of Minutes of Executive Commissioner's Meeting held on 6 March 1945.

Sugar Beet. Eoon Sec stated that the GREENA factory mentioned was included in the plan they were trying to implement. Transportation was the crucial question. If the coal was forthcoming production of sugar beet would be put in hand.

1518

785017

Ref: ES/12.03

FEB 21 1945

FEB 22 1945

My dear Mr. Prime Minister:

Some weeks ago I attended a part of one of the weekly meetings held between the Inter-ministerial Committee for Reconstruction, under the chairmanship of Minister Ruini, and the Economic Section of the Allied Commission. At this meeting there was a brief discussion of the policy to be followed with respect to the cannibalization of industrial plant and facilities.

Since that time our staff has been giving further thought to this question, and has drafted the attached notes on industrial cannibalization.

I believe that these notes afford an excellent basis for discussion of the policy to be adopted by the Italian Government in this important field.

I would be interested to know your reaction to this draft.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

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

Encl.

Draft Memorandum dated 17 Feb 45 "Policy on Industrial Cannibalization"

Distribution:

COS Files (2)
Econ Sec Files (2)
Industry S/O ES (1)
Ex Dir ES (1)

HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

Ref: 12.03/ES

17 Feb 45

POLICY ON INDUSTRIAL CANNIBALIZATION

1. There have been a number of examples of cases in which the interest of the war effort and/or the Italian economy would be furthered by the cannibalization of industrial plant but such a step is opposed by the owners of the plant to be cannibalized, and it is understood that the Italian Government at present has no power to compel such action.

2. Recently, for example, the Industry Sub-Commission in helping to implement plans to transfer a complete and integrated caustic soda plant from a poison gas-factory at Cesano di Parma to a badly damaged caustic soda plant in Naples where production of this urgently needed commodity could be facilitated, asked the Ministry of Industry, Commerce, and Labor if the Ministry could arrange transfer of the property on amicable terms between the present owner and the proposed new ones. The Ministry reported that the present owner was not disposed to sell the plant equipment and that Italian law made no provision by which enforced transfer could be effected. Accordingly, a plant capable of producing two tons of caustic soda daily, urgently needed in soap manufacture and olive oil production, lies unused. This plant in its present location cannot and should not operate for a number of reasons. While it is clear that this plant and its resultant product is needed with the utmost urgency in the Naples area, there appears to be no machinery under Italian law to deal with the situation.

1510

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3. The above specific plant problem is presented only as an example to illustrate the problem. Obviously, numbers of further cases of this sort can be expected to confront the Italian Government as it proceeds with industrial re-habilitation. Many plants deemed essential to the Italian industrial economy will require equipment, raw materials, etc., that can only be supplied in the early stages by cannibalization of plant, equipment,

- 2 -

15/

and material stocks of other plants, which are perhaps too badly damaged to operate or are located in areas where lack of electric power or other essential service makes operation impossible or undesirable. Often the plant to be cannibalized is owned by a competitor of the one which it is desired to re-activate and the owners of the former are unwilling to cooperate in the needed transfer.

4. This matter is of course one of policy. Only under the stress of war and great need have democratic countries taken direct governmental action to cannibalize factories for greater production. Even such action has necessarily been hedged about with a considerable number of restrictions, rights of appeal, and provisions for adequate compensation.

5. Up to a point, better results can probably be obtained through use of voluntary machinery -- that is, having an association of the manufacturers concerned make the decision as to whose plant will be cannibalized, and what financial arrangements will be made. The financial and competitive situation is so different in various manufacturing lines that it would seem impractical to try to impose any uniform procedure on all of them.

6. The following points might therefore serve as the basis for discussion as to the policy to be adopted by the Italian Government:

- a) The policy adopted might be limited to the duration of the war and the immediate post-war emergency period (say, six months).
- b) The Government might require associations of manufacturers to review the situation in their fields of activity and make appropriate

1513

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- a) The policy adopted might be limited to the duration of the war and the immediate post-war emergency period (say, six months).
- b) The Government might require associations of manufacturers to review the situation in their fields of activity and make appropriate arrangements for the cannibalization of plant and equipment.
- c) Such arrangements might include the provision of adequate compensation to the owners of the plants so cannibalized (not including, for this purpose, compensation for damage caused by the war or German demolitions), and/or the participation by the owners of the plant and equipment to be cannibalized in the enterprise which will get the benefit of such action.

- 3 -

114

d) The Government might by decree reserve to itself the ultimate power to intervene directly in cases where it is demonstrated that adequate steps are not being taken to "rationalize" any particular industry. This power might appropriately be vested in a quasi-judicial administrative body within the Ministry of Industry, Commerce and Labor.

e) The decisions of the Government, through the machinery described in (d) could be subject to review by the courts. Every effort could be made to give people who believe they have been wronged an opportunity to appeal to the highest possible judicial authority.

1514

13

Ref: 5009/11/003.

24 December 1944.

SUBJECT: Glass Plant of VISTRI SUL MARE (SALERNO).

TO : DDO3, Economic Section.

12
Letter from Association of Manufacturers of SALERNO Province to the Chief Commissioner on above subject is referred to you for study and action by your appropriate Sub-Commissions.

JCR/JG.

Jeff
Chief Staff Officer,
to the Chief of Staff.

Copy to: SO to OO.

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PA

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785017

Translation

Association of the Manufacturers of the Salerno Province

n. 3961D-39

Salerno, 14-12-1944

Subject: S.A. Vetreria Meccanica & C. Ricciardi

To Admiral Stone
Chief of the Allied Commission

R o m e

To be seen by H. Ex. the Minister of Industry Commerce and Work

R o m e

On August 28th, I sent the Minister of Industry and Commerce a letter the copy of which I enclose, about the resuming of the activity of the important plant for the production of glass of the S.A. Vetreria Meccanica & C. Ricciardi of Vietri sul Mare.

I have had no answer, though this problem is very important from the industrial as well as from the purely civilian point of view, for the houses which have been damaged need window panes, especially during the winter.

I have reasons to believe that this is because officiously, it was said that the Allies had expressed the intention of not facilitating at present the resuming of the glass production, for in London, the houses have been without window panes for five years.

Though I understand the grounds which motivate this refusal, I take the liberty of pointing out that, if some areas have got to bear the inconveniences and disastrous consequences of war, there is no reason why such difficulties shouldn't be overcome where it is possible. I must add that should the glass-furnace resume its activity, half the output, or any amount fixed by competent Authorities, could be destined to England.

Waiting for your decision, I remain,

Truly yours,

THE PRESIDENT
Alessandro Tibaldi

s. Alessandro Tibaldi

1 enclosure

See 13.

1512

C o p y

n. 2212 - B/3 -
S.A. Vetreria Meccanica & C. Ricciardi
Vietri s/ Mare

To H. Ex. the Minister of Industry Commerce and Work
R o m e

Reference what I communicated your Excellency a propos of the meeting of the owners of glass furnaces which took place in Naples, I feel I should explain the particular situation of the establishment of Vietri s/ Mare, S.A. Vetreria Meccanica & C. Ricciardi, which has been inactive for a long time because of the lack of raw material.

I must point out that, while the Allied have declared that they couldn't at present, grant any help to make the rehabilitation of the Vetreria possible or to permit the transport of sand from Sicily, they have given their own fuel and vehicles to get quartziferous sand from Calabria, which is needed for the production of artistic glass ware to exported to England.

Your Excellency knows how indispensable are glass panes - especially in winter, to render inhabitable many houses and lodgings in all Italy.

It is also known that the only place for glass production is the plant of Vietri s/ Mare for the plants of Pisa, Livorno and Naples (Barra) have been completely destroyed.

It is therefore obvious that the above mentioned establishment should be rehabilitated without delay, so that glass panes could be produced in autumn.

Therefore, the preparatory work for getting siliceous sand from the Trapani Mezzara beach in Sicily should be begun at once. This sand must be gathered in summer, for it takes place under the surface of the water. The sand is then loaded on small crafts and unloaded in some fixed spot and transported by sailing boats to the Salerno harbour.

The monthly sand requirement is of 600 tons; the following raw materials are necessary for the functioning of the glass furnace:

'litantrace' coal, with a long flame	600	tons	monthly
limestone (to be found in the Salerno province)	100	"	"
Solvay sodium (carbonate)	150	"	"
dolomite (to be found in the Salerno province)	100	"	"

This leaves aside the secondary raw material; boards, nails, straw, gasoline, etc. which we think we can supply at the right moment. 1541

The greatest difficulty is undeniably that of the transports, for about 1600 tons of material must be transported every month from the harbour or the mines to the plant; allied help is therefore absolutely necessary.

It must also be remembered that supplies should be guaranteed for 5 or 6 months at least, otherwise, all the work required to light and heat the furnace (22 days of fire) would be lost.

The output would be of about 120.000 square meters of glass (simple) monthly.

I am certain that Your Excellency will do everything to solve this problem which is so important for the civilian population, and about which the press is getting so concerned,

I remain,

truly yours,

THE PRESIDENT
s/ Alessandro Tibaldi

Associazione degli Industriali

della Provincia di Salerno

DEC 19 1944

Prot. n. 33618-34r/va
Oggetto:

S.A. Vetreria Meccanica
& C. Ricciardi.

Salerno, 14/12/1944

AL COMMODORE STONE
Capo della Commissione Alleata

R O M A

a p.c. A S.E. IL MINISTRO DELL'INDUSTRIA COMMERCIO E LAVORO

R O M A

In data 28 agosto u.s. indirizzai al Ministro per l'Industria e Commercio la lettera di cui trasmetto copia, riguardante la ripresa dell'attività dell'importante stabilimento per la produzione di vetri della S.A. Vetreria Meccanica & C. Ricciardi di Vietri sul Mare.

Nessuna risposta mi è finora pervenuta in merito, pur trattandosi di un problema della massima importanza sia dal punto di vista industriale che da quello prettamente civile, dato l'assoluto bisogno di vetri per le abitazioni sinistrate, specie nella stagione invernale.

Ho motivo di ritenere che la mancanza di tale risposta sia stata determinata dalla notizia, avutasi in via ufficiosa, che da parte degli Alleati sarebbe stata espressa l'intenzione di non poter agevolare, per ora, la ripresa della produzione dei vetri in considerazione del fatto che a Londra le abitazioni ne sono da cinque anni sfornite.

Pur comprendendo le ragioni che determinano tale dimi-
non possono esimarmi dal far presente che, se in una determinata località si è ancora costretti, per superiori ragioni, a subire i disagi e le disastrose conseguenze della guerra, nulla esclude che tali difficoltà siano superate in quelle zone dove invece ciò è possibile. Aggiungo che, con la ripresa dell'attività da parte della Vetreria una metà dei vetri, o altro quantitativo da fissarsi dalle competenti Autorità, potrebbe essere destinato alla esportazione in Inghilterra.

Resto in attesa di conoscere le determinazioni che saranno prese al riguardo e frattanto porgo anticipati ringraziamenti e di-

Prot.n. 33610-34r/va
Oggetto:

Salerno, 14/12/1944

S.A. Vetreria Meccanica
& C. Ricciardi.

AL COMMODORE STONE
Capo della Commissione Alleata

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Resto in attesa di conoscere le determinazioni che saranno prese al riguardo e frattanto porgo anticipati ringraziamenti e distinte ossequi.

all.to

IL PRESIDENTE
(Alessandro Tibaldi)

COPIA

Prot. N. 2342 -B/3-Pr/v.

S.A. Vetreria Meccanica & C. Ricciardi
Vietri s/Mare

PROV. DI SALERNO

A S.E. IL MINISTRO DELL'INDUSTRIA COMMERCIO E LAVORO

R O M A

Riferendomi a quanto già fatto presente all'I.V. in occasione della riunione degli industriali del vetro, tenutasi a Napoli, ritengo doveroso prospettare la particolare situazione dello stabilimento di Vietri s/Mare della S.A. Vetreria Meccanica & C. Ricciardi, da tempo inattivo per la mancanza di materie prime.

Ritengo anche opportuno far presente che, mentre gli Alleati hanno dichiarato di non potere, per il momento, concedere alcun aiuto per rendere possibile la riattivazione della Vetreria e principalmente per consentire il trasporto della sabbia dalla Sicilia, hanno concesso carburante ed automezzi propri per il ritiro dalla Calabria della sabbia quarzifera occorrente per la produzione delle ceramiche artistiche vietresi destinate all'esportazione in Inghilterra.

E' a conoscenza dell'I.V. la stretta, indispensabile necessità di vetri per poter rendere abitabili specie in vista della prossima stagione invernale - numerosi edifici ed appartamenti dell'intera Italia liberata.

E' altresì noto che la sola fonte di produzione dei vetri è quella dello stabilimento di Vietri sul Mare, in quanto le fabbriche di Livorno, Pisa e Napoli (Barra) sono state completamente devastate.

Si comprende quindi facilmente la necessità di riattivare il predetto stabilimento con ogni possibile urgenza, perchè possa cominciare ad aversi, nel prossimo autunno, una prima produzione di vetri.

A tal fine occorre che venga immediatamente iniziato il lavoro preparatorio per il ritiro della sabbia silicea dalla spiaggia di Trapani-Mezzara in Sicilia. La raccolta di tale sabbia deve essere effettuata durante la stagione estiva, in quanto avviene al disotto del pelo dell'acqua. La sabbia viene poi caricata su piccole barche, scaricata in un determinato luogo e quindi trasportata su velieri fino al porto di Salerno.

Il fabbisogno mensile di sabbia è di 600 tonnellate; occorre inoltre, per il funzionamento della Vetreria, le seguenti materie prime:

carb. n. litantre a lunga fiamma

tonn. 600 al mese

A S.E. IL MINISTRO DELL'INDUSTRIA COMMERCIO E LAVORO

R O M A

Riferendomi a quanto già fatto presenta all'E.V. in occasione della riunione degli industriali del vetro, tenutasi a Napoli, ritengo doveroso prospettare la particolare situazione dello stabilimento di Vietri s/Mare della S.A. Vetreria Meccanica & C. Ricciardi, da tempo inattivo per la mancanza di materie prime.

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carbone litomace a lunga fiamma		tonn. 600 al mese
calcare (disponibile nella prov. di Salerno).....	" 100	" "
soda solvay (carbonato)	" 150	" "
dolomite (disponibile nella prov. di Salerno)...	" 100	" "

(2)

Si trascurano le materie prime secondarie come tavole, chiodi, paglia, olio, petrolio, etc. per le quali si ritiene di poter provvedere al momento opportuno.

E' innegabile che la maggiore difficoltà è quella dei trasporti, dovendosi trasferire circa 1600 tonnellate di materiale al mese dal porto o dalle cave allo stabilimento, cosa per la quale è assolutamente necessario ricorrere ad un aiuto da parte degli Alleati.

E' altresì da tener presente che si dovrebbe avere la garanzia di approvvigionamento per almeno 5 o 6 mesi, perché altrimenti tutto il lavoro necessario per l'accensione e riscaldamento del forno (22 giorni di fuoco) andrebbe perduto.

La produzione sarebbe di circa 120.000 mq. al mese di vetro semplice.

Sono certo che l'I.V. non mancherà di esplicitare ogni possibile interessamento per la soluzione di un problema di così vitale importanza per la popolazione civile, del quale si va occupando con sempre maggiore assiduità anche la stampa.

Porgo intanto all'I.V. i più vivi ringraziamenti e deferenti ossequi.



IL PRESIDENTE
Fto. Alessandro Tibaldi

1507

785017

19.00/ES

18 December 44

21 DEC 1944

My dear Mr. Prime Minister:

We have been very much interested to watch the development of the Ministerial Committee for Reconstruction, which was set up a few weeks ago under the Chairmanship of Minister Ruini. We believe it fills an important need in coordinating the efforts of the several ministries vitally concerned with the Reconstruction of Italy.

We believe, however, that any such Committee which is composed entirely of Ministers may for that reason lack the continuity which is needed in the task of reconstruction. We therefore would like to suggest, based on successful experience with similar public authorities in the United Kingdom and the United States, that there be included in your Committee for Reconstruction a limited number of representatives of industry, labor, and agriculture. In this way the total strength and the total competence of the Italian people will be mobilized in the essentially non-partisan job of beginning the reconstruction of the Italian economy.

Eventually, we would hope that such an enlarged Committee for Reconstruction, or other similar group, could assume the task now performed in most instances by this Commission or the Allied Armed Forces, of allocating to various users coal, electric power, transportation facilities, and other supplies which are scarce in the Italian economy.

Yours very truly,

12/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief CommissionerHis Excellency
The President of the Council of Ministers
Italian Government
Rome

Distributions:

Chief Commissioner's files
Econ Sec Files
Cod. Jenny (PW & U S/O)

1506

12/23/44

TOP SECRET.

5

Ref: 5009/5/COS

31 October, 1944.

My dear General Wilson:

I enclose an I.S.L.D. report on the latest air raid on Milan.

I hesitate to intrude into any matter which is operational, but in view of the very serious problems that we shall have to face in the immediate rehabilitation of Northern Italy in order to avoid unemployment and disorder, I venture to submit that the destruction of industrial plants in Northern Italy be reduced to a minimum insofar as is compatible with military operations. This leads me to renew my previous request that the destruction of hydro-electrical plants and appliances and permanent destruction of important lines of communication should be avoided whenever possible.

(Sd) ELLERY W. STONE.

ELLERY W. STONE
Commodore, USNR
Acting Chief Commissioner

General Sir Henry Maitland Wilson, CBE, KCB, DSO, AEC,
Supreme Allied Commander,
Mediterranean Theatre,
ALLIED FORCE HEADQUARTERS.

1505

PIA.
H.H.

5009/103

A/CC 753
OCT 28 1944

4

Acting Chief Commissioner

Attached is submitted for your information/signature/approval.
on lines of Mr Caccia's suggestion. I am in
two minds as to wisdom of sending it.

1504

MR 127/K

*Chief of Staff
Del J. S.
To see Stone*

TOP SECRET

To: Commodore Stone,
Deputy Commissioner,
Allied Control Commission.

No. 0496

From: I.S.L.D. (Major Page),
c/o R.A.A.C.

October 26th, 1944.

The enclosed report is brought to your personal notice as it is possible that the Italians may make some approach to you on the matter.

The sources are well-tried and may be regarded as reliable, although SAND's casualty figures of 1,000 dead (para A.5.) appear exaggerated.

[Signature]
Major, R.M.

CSO

Inform Col Hancock.

DR/26/12

1503

*Can we not also refer to Gen Wilson - or
Mr Macmillan & Mr Kirk - to ask whether this is
really unavoidable. We have a legitimate interest.*

HAC 26/12.

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TOPSECRETOX REPORT

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M.A.T.A.F.
15th Air Force
"I" Section, M.A.A.F.
I.S.L.D., A.F.H.Q.
London.

From: I.S.L.D. (Major Page)

Date: October 26th, 1944.

Report No.: B.R. 9524.

A. Source: SAND
Message Received: October 25th.

1. In the air raid on MILAN on October 20th two separate buildings of the BREDIA works at BICOCCA (K.260698) were slightly damaged. PIRELLI at BICOCCA was severely damaged, the section producing synthetic rubber being completely destroyed.
2. Considerable damage was also caused to the ALFA ROMEO works and to the ISOTTA Fraschini motor factory, where large numbers of finished and half-finished engines were destroyed.
3. The SAIMOIRAGHI precision instrument factory suffered heavy damage.
4. Large numbers of civilian houses were destroyed or damaged in the districts of GORLA (K.272682) and PREOTTO (K.277691), at some distance from the targets mentioned above. The only military objective in these areas is the MILAN-MONZA railway. A total of 30 buildings were, in fact, destroyed, including a school where 300 children were either killed or injured.
5. Fascist and Nazi propaganda has taken full advantage of these casualty figures (reported to total 1,000 killed and 1,000 injured) and the population of MILAN, shocked by the numbers, is more receptive to it than usual. The Russian bombing technique, which allegedly spares the civilian population, is being contrasted with the Allied.
6. As there are no A.A. defences in MILAN the population is unable to understand why bombing should be carried out from such a high altitude.
7. The funeral of the air raid's victims has been arranged for October 24th and Fascist propaganda demonstrations are foreseen.
8. Workers urge that industrial targets should be bombed on holidays.

B. Source: OAT
Message Received: October 25th.

1. One third of the ALFA ROMEO works was destroyed in the air raid on MILAN on October 20th, including the aircraft engine section and the naval engines workshop.
2. The ISOTTA FRASCHINI works and SAIMOIRAGHI precision instrument

Sec 5

- 2 -

factory were both damaged.

3. The central building of the synthetic rubber section of the PIRELLI works was destroyed.

4. Heavy damage was caused to the electric locomotives section of the BREDA works.

5. Delay in giving the alarm and inaccurate bombing on the part of two aircraft caused heavy civilian casualties. These amounted to 615 dead and 1,000 injured.

Note. SAND and OAT are independent sources and have no contact with each other.

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