

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

785017

ACC

10000/109/963

UNEMPLOYMENT
JAN. - JUNE 194

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

785017

10000/109/963

UNEMPLOYMENT PROBLEM, NORTHERN ITALY
JAN. - JUNE 1945

36

CSD Executive Commission

Ref 31 pl see folios 32-34 & 6A on
file 5219.

as to 33, this was discussed at EC staff
meeting on 15/6/45 when instructions were
given that discussions would take place
between Labour & other Sps. No results
yet known. Have asked for report on
progress by 23/6.

21/6/45

Sh. 21/6
Sh. 21/6

MS/ntk

2887

785017

23.

14 June 1945

TO: EXECUTIVE COMMISSIONER

1. In compliance with Minute ^{16.} the following information is submitted:

a. Telegram 2542 ¹⁵ of June 11 was amended by telegram 2599 of June 12, see folio ~~17~~.

b. The directive dated June 8 published by Labor S/C was amended by letter June 13 Labor S/C, see folio ~~18~~.

c. A request was made to Legal S/C that a decree be issued on this subject by AMG, see folio ~~22~~.

2. It was assumed that full coordination had been achieved on action taken inasmuch as an agenda was prepared by the Executive Commissioner with this subject to be discussed and a conference was held in the office of the Executive Commissioner with the following personnel present: Brigadier Lush, Brigadier Upjohn, Brigadier General McKinley, and Mr. Braine.

E. B. McKinley
E. B. MCKINLEY
Brigadier General, USA
Acting Vice President

Σ 18/6.
no action.

25.

~~25~~

*Minute attached
to file 5215/2C
& further ACTION
taken thereon*

May Hudson.

*No action in 81 but will be
in. Arnold's absence comes up
82 pt. Σ 18/6.*

2386

CSO ^{12.}
Please see folio ¹¹ para 2 & 3. for info
CABO 9/4/45

16.

A/Vice President,
Economic Section.

1. The Chief Commissioner's notice has been drawn to Page ~~11~~ 12.
and to telegram 9542 of 11 June issued by PRO on the request of the
Labour Sub-Com. 15.

2. The directive embraces a matter of policy and (a) before
issue should have been cleared with Chief Legal Adviser who would
have prevented the inclusion of the last sentence of para 1 which is
fundamentally wrong; (b) should have been issued by yourself.

3. Will you please arrange for an immediate amendment to the
second paragraph and the equivalent sentence in the telegram in con-
junction with Chief Legal Adviser and submit draft for approval by
Chief Commissioner.

12. June. 45.

M. S. L.
Brigadier,
Executive Commissioner.

2885

785017

C.S.O~~#~~ 9D

Believe for the - memo of Lombard's Regional
Labor Office - would interest Econ. Sect - later 4/5. It
might be well to have their views in this matter.

ask
29/5/45

~~#~~ 9E

Capt Braddy.

Econ Sect should 9C come
see ~~4~~ ^{9E} - in fact should have
he had it in the first place.

Please send them a copy
to Lombard's and let him
know their latest reaction 2884
in this.

H 30/5. See 9.F.

785017

3. CSO: folios 1-2 are very interesting readings. The point brought out in para. 9 on cooperation (all-around) is well put. North-West Planning personnel should see. JPS 7/2

4.

Key Points

Pl. set an extr. copy of 2 from Finance & give it to the Major Fletcher Secretary of the N.W. Reg. Planning Committee. Major Tooley of Elm St. who is in the Committee should also get a copy. 4 8/2

5

8 Feb

LT. Col. Morley - Fletcher (1) ✓ L.T.
Major Tooley (2)
Office of COS (3)
Attached are two copies of our minutes on unemployment. I suggest that LT. Col. Morley - Fletcher advise me if any further distribution is needed.

RLH
Major

Forwarded S/C

6.

FINANCE S/C.

2 copies to each

785017

City Ranch

Pl. get an extra copy of 2 from
Finance & give it to the
Moley Fletcher Secretary of
the N.W. Reg. Planning
Committee. Major Tooby of
Econ Sect who is on the
Committee should also get a note

Coppr.

4/8/2

5

8 Feb

Lt. Col. Moley - Fletcher (1) ✓ L.F.
Major Tooby (2)
Office of COS (3)

Attached are two copies of our
minutes on unemployment. I suggest
that Lt. Col. Moley - Fletcher advise COS if
any further distribution is needed.

RLH:monro
major

Forwarded S/C

FINANCE: S/C.

Thank you. Recommend one copy of unemployment memo to each
N.W. & N.E. 17A/2 Regional Committee chair. Duly. 17A/2

Finance S/C. Noted - Hand you.

Good, 9.1.15

COS: See minutes 5-7. Have discussed with Econ Sect & Finance S/C. Distribution made. JCB 9/2

5204 A 38
HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13261/F

19 June 1945

SUBJECT: Financing of Cassa Integrazione.

JUN 21 1945

TO : Regional Commissioners, (For RCOs)

Liguria Region
Piemonte Region
Lombardia Region
Venetia Region
Emilia Region

Senior Civil Affairs Officers (For SPOs for Info)
AF 5th & 8th Armies
IV Corps

1. Reference is made to ISC 415 of 3 June and to General Order No. 48 relating to special benefits for meeting the employment crisis in Northern Italy.

2. By a collective agreement of 13 June 1941 there was established a system of payments to workers employed less than 48 hours weekly, called *integrazioni salariali*, to bring their earnings to something approaching a normal level. This was achieved by paying the worker 75% of his minimum hourly base pay for the hours not worked up to 48 hours, this number of hours including time worked.

3. Payment of the *integrazione salariale*, although made in the first instance by the employer, is normally reimbursable from Istituto Nazionale della Previdenza Sociale whenever the total monthly outlay exceeds 5% of the payroll. If the total monthly outlay is less than 5% of the payroll, the employer owes the difference to Previdenza.

4. The fund for handling these balances owing to or owed by Previdenza is a separate gestione supervised by Previdenza and called *Cassa Integrazione*.

5. It will be seen that the payments charged to Cassa Integrazione L. G.O. 48 will change completely in the territory affected, the financial basis on which it operates. Instead of operating on an assumed equivalence between favourable and unfavourable employer balances, payments by the Cassa will now be altogether out-of-pocket, the volume depending on the extent to which workers will be employed short-time. The critical shortages of materials and fuel in the North suggest that the volume of payments will be very substantial.

6. It is certain that the strain of handling large-scale unemployment far exceeds the capacity of a fund based on what has hitherto amounted to a 5% payroll tax. For this reason it has been decided after consultation with the Italian Government to subsidize the Cassa Integrazione so far as will be necessary until 31 July.

7. A complicating factor is the extreme financial stringency in which many large Northern concerns are currently found largely because they have sought out of their own resources to carry as many as possible of their workers. It will accordingly be difficult for many of them to advance the *integrazione salariale* and await reimbursement.

TO : Regional Commissioners, (For RFOs)

Liguria Region
Piemonte Region
Lombardia Region
Venetia Region
Emilia Region

Senior Civil Affairs Officers (For SFCs For Info)
AT 5th & 8th Armies

IV Corps

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

785017

1. Reference is made to LSC 415 of 8 June and to General Order No. 43 relating to special benefits for meeting the employment crisis in Northern Italy.

2. By a collective agreement of 13 June 1941 there was established a system of payments to workers employed less than 43 hours weekly, called *integrazione salariale*, to bring their earnings to something approaching a normal level. This was achieved by paying the worker 75% of his minimum hourly base pay for the hours not worked up to 43 hours, this number of hours including time worked.

3. Payment of the *integrazione salariale*, although made in the first instance by the employer, is normally reimbursable from Istituto Nazionale della Previdenza Sociale whenever the total monthly outlay exceeds 5% of the payroll. If the total monthly outlay is less than 5% of the payroll, the employer owes the difference to Previdenza.

4. The fund for handling these balances owing to or owed by Previdenza is a separate *gestione* supervised by Previdenza and called *Cassa Integrazione*.

5. It will be seen that the payments charged to *Cassa Integrazione* L.C.O. 48 will change completely in the territory affected, the financial basis on which it operates. Instead of operating on an assumed equivalence between favourable and unfavourable employer balances, payments by the *Cassa* will now be altogether out-of-pocket, the volume depending on the extent to which workers will be employed short-time. The critical shortages of materials and fuel in the North suggest that the volume of payments will be very substantial.

6. It is certain that the strain of handling large-scale ^{under 2300000000}ment far exceeds the capacity of a fund based on what has hitherto amounted to a 5% payroll tax. For this reason it has been decided after consultation with the Italian Government to subsidize the *Cassa Integrazione* so far as will be necessary until 31 July.

7. A complicating factor is the extreme financial stringency in which many large Northern concerns are currently found largely because they have sought out of their own resources to carry as many as possible of their workers. It will accordingly be difficult for many of them to advance the *integrazione salariale* and await reimbursement.

8. You will accordingly instruct the provincial offices of Previdenza, upon receipt of application therefor, to advance funds to meet the expected outpayments for *integrazione salariale* and subsequently to check such advances against records of actual outpayments.

PA 22/6

PA 22/6

(1 copy to be kept)

(1 copy to be kept)

9. It is clear that this will necessitate greater financial support of the provincial offices for so much as concerns operations on account of Cassa Integrazione. You will therefore arrange for the submission of corrected estimates of financial needs on this account and for appropriate credits through the mechanism of the Tesoreria.

10. It is evident that similar financial strains may be experienced in connection with special payments of unemployment benefits and family allowances described in the aforementioned instruction and General Order. If this is the case, support similar to that already set forth should be supplied to Previdenza on account of its unemployment and family allowance funds. Where necessary, standard SB forms will be used in effecting the advances referred to in this and the preceding paragraph.

11. Provincial offices of Previdenza will be duly notified that they are responsible for ensuring that funds advanced to employers on applications of the nature referred to above are used in payment of the liabilities concerned; viz., advances of integrazioni salariali and assegni familiari.

12. The problem of the unemployed in the North is grave and urgent. The manner in which and the promptness with which it is met is a real test of the effectiveness of Allied Military Government. All Finance Officers are urged to cooperate to the full in the program for mitigating the effects of widespread unemployment and under-employment.

By command of Rear Admiral STONE:

AD Grapton
Joint Director,
Finance Sub-Commission.

DISTRIBUTION:

Executive Commissioner (2)
D.C.C.A.O., G-5 Section, 15th Army Group
V.P. Civil Affairs Section (2)
V.P. Economic Section (2)
V.P. Establishment Section (2)
S.C.A.O., ID, A.T. 5th Army (2)
S.C.A.O., ID, A.T. 8th Army (2)
S.C.A.O., HQ, A.T. IV Corps (2)
Regional Commissioner, Emilia (20)
" " , Liguria (20)
" " , Piemonte (30)
" " , Lombardia (40)
" " , Venezia (40)
" " , Toscana (10)
Finance Sub-Commission (10)
Labour Sub-Commission (10)

5215
ALLIED [REDACTED] COMMISSION
INTER-OFFICE MEMORANDUM

SUBJECT: Memorandum from Lombardia Regional
Labor Officer

FILE No. 1.44/ES X-14.04

TO : EXECUTIVE COMMISSIONER

19 June 1945

13A JUN 20 1945

36
Reference your memoranda of 31 May and 9 June, File 5215/EC,
inclosed is a copy of Labor Sub-Commission's letter LSC/415 of 18 June
in reply to the questions raised by the Labor Officer of Lombardia
Region.

For the Acting Vice President:

Cecil B. Highland, Jr.
CECIL B. HIGHLAND, Jr.
Captain, Infantry
Staff Officer

Incl - m/a

2881

HEADQUARTERS ALLIED COMMISSION
APO 394
LABOR SUB-COMMISSION

ES/vas

36

TEL : Ext. 416

13 June 1945

REF : LSC/415/805

SUBJECT: Labor Wages -- Payment to Workers Surplus to Requirements.

TO : Major Thomas R. Fisher
Regional Labor Officer
Lombardia Region

1. The general question of payment of wages to workers who are surplus to the requirements of firms in Northern Italy, as raised in your letter of 24 May, was dealt with by the issue of Labor Sub-Commission memorandum LSC/415 of 8 June, 1945. This explanation of policy is being further amplified by a General Order now in course of preparation, which it is hoped will be issued within the next day or two.

2. The claims to reinstatement made by workers returning from Germany raise issues which have not yet been determined. The matter is, however, being actively pursued and guidance will be afforded as soon as possible.

DAVID C. SACHS
Deputy Director
Labor Sub-Commission

2880

5219 & 5204
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34.

INTER OFFICE MEMORANDUM

HQ AC ECONOMIC SECTION

CBH/es

16 June 1945.

JUN 20 1945

1.44/ES

SUBJECT: Labour Policy in North.

TO : Executive Commissioner.

1. Reference is made to your memorandum Ref. 3201/365/EC of 14 June.

5219 { 2. With reference to para. 2 and the first sentence of para. 3 of your letter, please be advised that the policy as stated is now established. It was agreed upon at a meeting held in the office and under the chairmanship of the Executive Commissioner. It has been published in a memorandum of Labour Sub-Commission, Ref. ISC/414 of 9 June which has been distributed to all Regional Commissioners and to your office.

3. With reference to the second sentence of para 3 of your letter the problem of demobilization of heavy industries is now being considered. The policy insofar as it is at present formulated has been transmitted to all Regional Commissioners by Labour Sub-Commission's memorandum ISC/415 of 8 June, copy to you. In addition a copy of Labour Sub-Commissions letter ISC/415 of 14 June addressed to this office is forwarded herewith as an indication of the current status of the solution of the problem.

33.

E.B. MCKINLEY
Brigadier General, USA
Acting Vice President.

Incl. per para 3 above.

Copy to file 5204/EC "Unemployment Problem Northern Italy"

PA 22/6

2879

HEADQUARTERS ALLIED COMMISSION

APD 394

LABOUR SUB COMMISSION

Tel.: Ext 204

REF : LSC/415

14 June 1945

JUN 20 1945

SUBJECT : Adjustment of Labor Forces in Northern Italy.

TO : Acting Vice President
Economic Section.

1. It has been agreed by the Allied Commission and the Italian Government that it is undesirable to create sudden mass unemployment by large scale discharges of labor from industrial establishments, and purely temporary measures have been taken to avoid such a state of affairs. It is recognised, however, that industry in the North is overburdened with surplus labor which should be drawn off at the earliest possible moment.

2. It is necessary:

- (a) To estimate the amount of labor which is permanently surplus (i.e., for which no employment at any future date is foreseen by a present employer);
- (b) To estimate the amount of labor which is temporarily surplus owing to present conditions, but for which re-employment can be foreseen in the near future;
- (c) To consider alternative forms of employment available, and the estimate of such employment;
- (d) To consider measures to be applied to workers with no prospect of employment;

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(e) To consider how to identify and to deal with workers falling into the various categories.

3. The normal State provisions for assistance to workers who are permanently unemployed were small in pre-war days, because the Fascists did not admit unemployment; and are entirely inadequate in present circumstances with the present purchasing power of the currency. In view of the probability of considerable unemployment, it is necessary that the Italian Government immediately endeavor to make more adequate provisions for workers who are wholly unemployed.

4. The measure of the employment possibilities in industry appears to be a matter for Industry Sub-Commission in conjunction with the Italian authorities. That Sub-Commission might also be prepared to advise as to the types and categories of workers to be retained, suspended or discharged.

5. On the reabsorption of surplus workers from industry into other types of work, Agriculture and Commerce Sub-Commissions may have views as to the demand for labor; and Public Works and Utilities Sub-Commission may be able to estimate the extent to which repair, reconstruction and relief schemes can be set in hand to absorb surplus labor.

6. In addition to relief through social insurance or through employment on relief schemes, an important factor is the availability of cheap meals. Food Sub-Commission would be in a position to report as to the possibility of maintaining and extending the provision of cheap meals in public restaurants in the North. The question of the continued provision of food to factory canteens is also for Food Sub-Commission to consider.

7. It is recommended that the opinions of the interested Sub-Commissions be coordinated in Economic Section so that plans for immediate action can be formulated.

W. H. BRAINE
Director
Labour Sub-Commission

cc: Brig. General D.L. ANDERSON
Deputy Vice President

HEADQUARTERS ALLIED COMMISSION
APO 394
Office of the Executive Commissioner

14 June 1945,

Ref/3201/365/EC.

MEMORANDUM :

TO : Economic Section.

1. In SITREP No. 11 dated 7 June 45 from Hq 1V Corps, G.A. Section, the following appears under Lombardia Region; "This Headquarters is still being asked by industrialists and employers as to what the policy is regarding payment of the Premio di Liberazione, and how long they are expected to pay those who are not working. This problem has been put up to HQ AC for an establishment of policy. Another problem which concerns not only Lombardia Region, but Northwestern Italy as a whole, is the arrangements for the demobilization of heavy industries to peace time production. The lack of a concrete plan in this regard has meant that we are unable to answer concrete scores of daily inquiries. This problem has also been referred to HQ AC."

2. In cable 9542 of 11 June, sent out by the Public Relations Br, regarding publication of two communiques from Labour Subcommittee, paras 9 and 10 refer to Premio di Liberazione in North Italy and it is stated "Allied Military Government has consulted the Italian Government regarding the payment of Premio di Liberazione in Piemonte, Lombardia, Liguria, Emilia and Venezia and has been advised that the Italian Government is of the opinion that a payment of the bonus cannot be refused since it derives from a promise made to workers during the period of clandestine fighting to encourage them to defend industrial plants."

3. It will be appreciated if you would advise this Office if this is now established policy. Also, please advise whether the problem of demobilization of heavy industries is now being considered and when an answer will be forthcoming so that Regions can be advised.

A.B. ARNOLDY

Chief Staff Officer.
To Executive Commissioner

Copies to files 151/EC.
5204/EC.

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~~4025~~ 5219
x
HEADQUARTERS ALLIED COMMISSION
APO 394
ECONOMIC SECTION

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11.08/ES

14 June 1945

SUBJECT: Labor Policy.

JUN 20 1945

TO : Regional Commissioner, Piemonte Region. 26

1. Reference is made to your signal F 70 of 12 June to HQ AC for the Executive Commissioner. 29

2. Inclosed is a copy of a letter from Labor Sub-Commission, Reference LSC/414 (LSC/415) dated 14 June. This letter is considered to answer the questions raised in your cable.

3. If delivery of any of the communications mentioned in the letter from Labor Sub-Commission appears to have been unduly delayed request notification be made to this office.

By Command of Rear Admiral Stone:

E. B. McKINLEY
Brigadier General, USA
Acting Vice President
Economic Section

1 Incl - per para 2.

cc: Executive Commissioner w/1 ✓

Copy filed on 5219/EC Liberation Program.

PA
(Mrs. Anderson)

2875

HEADQUARTERS ALLIED COMMISSION
APO 334
LABOR SUB-COMMISSION

VHB/rmw

29

TEL : Ext. 204

14 June 1945

REF : LSC/414 (LSC/415)

SUBJECT: Labor - Employment Policy
Payment of Liberation Bonus

TO : Economic Section

1. Message B 4838 of 12 June from Headquarters, Piemonte Region refers to announcements released to the press regarding ban on discharge of industrial workers and payment of liberation bonus and asserts:

- (a) That no previous information had been issued to Piemonte Region Headquarters --

The fact is that message 3431, dated 9 June was issued to all Regional Commissioners, 5th Army, 3th Army, 15th Army Group and 4th Corps, containing text of proposed press announcement on liberation bonus with supplementary notes for information of Regional Commissioners. This was followed up by a stenciled memorandum, LSC/414 of 9 June, confirming message 3431 and was addressed to Regional Commissioners and Regional Labor Officers by name to insure that copies reached them personally.

With regard to ban of discharge of industrial workers, a stenciled memorandum, LSC/415, was issued on 9 June giving the text of the proposed press announcement and detailed information on policy and proposed subsidy of the Integrazione fund. Special care was taken to insure that the stenciled memoranda were dispatched by air letter service, and they should have reached the addressees before the issue of the press announcement based on Public Relations' message 3542 of 11 June.

Message 9054 of 8 June also refers.

- (b) That no instructions were received through 5th Army or 4th Corps --

*Extracted & placed
on file 5219/EC
Liberation Premium*

6A file 5219

15.

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- 2 -

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The position regarding contacts through 5th Army or 4th Corps with Regional Commissioners has been raised several times at staff conferences, and it was particularly raised with regard to labor questions. The ruling given by the then Acting Vice President was that it was proper to issue instructions direct from the Sub-Commission to the Regional Commissioners and the Regional Labor Officers. Nevertheless, care has been taken to repeat all messages to 5th Army, 8th Army, 15th Army Group and 4th Corps. Copies have been sent to G-5, AFHQ, and to other Sub-Commissions concerned at Allied Commission.

- (c) That the announcements are ambiguous in expression --

If ambiguity exists, owing to faulty drafting, it can only be regretted. The terms were agreed with Italian Government representatives and with other Sub-Commissions concerned.

- (d) That the announcements conflict with Ordinances issued by direction of Headquarters 5th Army and over the instructions of Regional Commissioner, Piemonte --

A copy of an Ordinance issued by Regional Commissioner, Piemonte, was received in Labor Sub-Commission sometime after publication. It represents a praiseworthy effort to meet the situation, but it is to be regretted that there was not prior consultation with Allied Commission Headquarters, or even notification that the Ordinance was about to be issued by the Regional Commissioner for the following reasons:

- (1) It is inadvisable to treat such a subject of general interest by a local order applicable in one Region only;
- (11) Orders disposing of moneys from general funds should not be made for a particular Region;
- (111) Although it may have appeared that Headquarters, A.C., was inactive, the fact is that discussions were

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- 3 -

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proceeding with the Italian Government, which resulted in the provisions mentioned in the press announcements for general application throughout Northern Italy, based upon a proper guarantee of availability of funds from the Italian Treasury.

If, therefore, the press announcement is in conflict with Regional Commissioner's Ordinance, it may be that the blame does not rest with Headquarters, Allied Commission.

2. Although Regional Commissioner, Piemonte, appears to be disturbed by the action of Headquarters, A.C., his comments are not resented and the action taken by him and his Regional Labor Officer shows a commendable effort to tackle an immediate problem. It is hoped that they will continue to evince considerable interest in labor matters, but that they will maintain closer collaboration with Headquarters, A.C. The Director of Labor Sub-Commission proposes to meet all Regional Labor Officers in North Italy at the earliest possible moment -- in the meantime they are being supplied with memoranda and information on policy questions as they develop. The forthcoming Regional Commissioners' conference in Rome will give an opportunity for further discussion. Extra copies of this memorandum are attached. The Acting Vice President may care to send a copy direct to Colonel Marshall so that he may appreciate our point of view.

W. H. Braine
W. H. BRAINE
Director
Labor Sub-Commission



2872

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

P 70
JUNE 12/1700B

RECEIVED
13 JUN 1945
A.C.

2/4838
JUNE 13/1950B
PRIORITY
JUN 14 1945

From: HQ DISSENT REGION
To: HQ ALCOM FOR EXECUTIVE COMMISSIONER

UNCLASSIFIED.

1. Local press this morning 12 June carry what purports to be official announcements of Labour sub commission in respect to (1) ban on discharges of industrial workers and (2) so called liberation zones.
2. No information as to contemplated action has previously been received by this HQ although apparently it is expected that effective area is to include this region. Also no instructions received through 5 ARMY or 4 CORPS.
3. Request that this HQ be advised well in advance and through channels when necessary of any policies and directive that are to be made effective in this region. Otherwise conflicts and lack of coordination cannot be avoided. Present announcement is ambiguous in expression and in conflict with ordinance issued by direction HQ 5 ARMY copy of which sent to ALCOM Labour sub commission 5 June

DIST

ACTION : ECON SEC (2)
INFO : CHIEF COMMISSIONER
EX COMMISSIONER
LABOUR SC
FILE(2)
FLOAT

Copy filed on 5219/EC Liberation Premium.

see 27-30

2871

(C. H. ARNOLD)

Amo

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QUARTERS ALLIED COMMISSION
APO 394
LABOUR SUB COMMISSION

COPY 22

REF. : LSC/415

12 June 1945

SUBJECT : Prohibition of discharge of
workers in Industrial Undertakings
in Northern Italy.

15 JUN 1945

TO : Legal Sub-Commission.

(11)

1. The terms of the press announcement in paras. 2 and 3 of LSC/415 Memo. of 8 June were agreed with the Italian Government and others but Chief Commissioner objects to the implied recognition of CISAFL Ordinance No. 3.

2. Accordingly the last sentence of para. 2 of the Memo. will be amended in its issue to the Northern Italian Press to read as follows:-

"A Decree on the subject will immediately be issued by AMG."

3. It is therefore requested that consideration be given to the immediate issue of an AMG Order on the lines of the attached draft.

(21)

W. B. BRAINE
Director
Labour Sub-Commission

Copy to Brig. Gen. McKinley for information only.

Rec'd 23 6 25

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DRAFT A.M.C. ORDER PROHIBITING DISCHARGE FROM EMPLOYMENT
OF WORKERS IN INDUSTRIAL ESTABLISHMENTS IN LIGURIA,
LOMBARDIA, PIEMONTE, EMILIA, VENEZIA.

INTRODUCTION.

Whereas various industrial undertakings in Liguria, Lombardia, Piemonte, Emilia, Venezia have in their employment workers who in present circumstances are surplus to immediate requirements

And whereas it is the opinion of Allied Military Government in full accord with the Italian Government that large scale discharges of redundant workers should be avoided in the general interests of the community

And whereas separate provision is made regarding the payment of supplementary allowances to workers who are not fully employed

It is hereby ordered as follows

ARTICLE I

Until further notice it is forbidden to discharge on the grounds of redundancy workers who were at the date of this Order employed on a non-casual basis, except as hereinafter stated

ARTICLE II

Workers taken into employment in industrial establishments after the date of this Order whether for casual or non-casual purposes are not covered by the terms of this Order

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ARTICLE III

Workers engaged whether before or after the date of this Order for casual purposes only may be discharged on completion of the work for which they were engaged

ARTICLE IV

Workers whose dismissal would normally arise for reasons other than redundancy continue to be subject to the normal procedure for discharge

ARTICLE V

Workers normally employed in agricultural service may be discharged from employment in industrial undertakings notwithstanding anything contained in this Order.

ARTICLE VI.

Where opportunities of employment in other undertakings or in other forms of employment including public works and relief schemes are offered and refused without just cause by workers in industrial undertakings, the provisions of Article I of this Order shall no longer apply as from date of refusal. Questions of dispute arising in connection with the application of this **Article** shall be discussed in the first instance with the Internal Commission where such exists in the industrial undertaking where the worker is normally employed, and if agreement cannot be reached such questions shall be referred to the nearest Ufficio del Lavoro for determination. Instead of giving a determination the Ufficio del Lavoro may refer special cases to the Provincial Ufficio del Lavoro, which in turn may also refer to the Regional Ufficio del Lavoro for decision. The decisions given by the Ufficio del Lavoro, Provincial del Lavoro, the Regional Ufficio del

/ Lavoro

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

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Ufficio del Lavoro shall be final and conclusive.

ARTICLE VII.

Contravention of this Order shall be subject to prosecution
in Allied Military Government Courts.

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5204
HEADQUARTERS ALLIED COMMISSION
APO 304
LABOUR SUB-COMMISSION

RP/fg

REF : LSC/415

13 June 1945

SUBJECT: Northern Italy - Surplus Workers
Payment of Wages and/or Insurance

15 JUN 1945

TO : See Distribution List

1. With reference to LSC minute of 8th June 1945, regarding the press announcement relating to the regulation of labour in Northern Italy.

2. The press announcement will be issued with the following amendment, Delete: The final sentence of para 2 of that minute which reads "Ordinance No. 3 of the CLNAI, which refers to this issue, is accordingly to be regarded as continuing in force until a later Decree on the subject is issued," and Substitute "A decree on the subject will immediately be issued by AMG".

3. Legal Sub-Commission has now under active consideration the preparation of an order which will:

- see 21.
- (a) Forbid discharge on grounds of redundancy of workers at present employed in industrial establishments on a non-casual basis.
 - (b) Will exclude the retention of workers subsequently engaged. (i.e. engaged after the date of the order).
 - (c) Permit the discharge of casual workers and others liable for dismissal for reasons other than redundancy.
 - (d) Permit the discharge of agricultural workers employed in industrial establishments.
 - (e) Where workers refuse, without just cause, opportunities of employment in other undertakings or forms of employment, the order prohibiting discharge shall be inoperative as from the date of such refusal.

4. An AMG order is also being prepared to authorize the continued functioning of the Cassa Integrations.

286

W. H. Haines
W. H. HAINES
Director
Labour Sub-Commission

Italy - Surplus Workers
Payment of Wages and/or Insurance

TO : See Distribution List

1. With reference to ISC minute of 8th June 1945, regarding the press announcement relating to the regulation of labour in Northern Italy.

2. The press announcement will be issued with the following amendment.
Delete: The final sentence of para 2 of that minute which reads "Ordinance No. 3 of the CLNAI, which refers to this issue, is accordingly to be regarded as continuing in force until a later Decree on the subject is issued," and Substitute "A decree on the subject will immediately be issued by AMG".

3. Legal Sub-Commission has now under active consideration the preparation of an order which will:

- see 21.*
- (a) Forbid discharge on grounds of redundancy of workers at present employed in industrial establishments on a non-casual basis.
 - (b) Will exclude the retention of workers subsequently engaged. (i.e. engaged after the date of the order).
 - (c) Permit the discharge of casual workers and others liable for dismissal for reasons other than redundancy.
 - (d) Permit the discharge of agricultural workers employed in industrial establishments.
 - (e) Where workers refuse, without just cause, opportunities of employment in other undertakings or forms of employment, the order prohibiting discharge shall be inoperative as from the date of such refusal.

4. An AMG order is also being prepared to authorise the continued functioning of the Cassa Integrations.

W. H. PRAINS

W. H. PRAINS
Director
Labour Sub-Commission

785017

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 Venezia Reg. Labor Officer

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

785017

5204

COPIES

17

FIVE ARMY AND ONE FIVE ARMY GROUP TWO ONE IV CORPS ONE HQ OF VENEZIA ONE
LOMBARDIA ONE PIEMONTE ONE LIGURIA AND EMILIA REGIONS

3529

12 June 1945

URGENT

13 JUN 1945

RESTRICTED PD

15

PARA ONE PD REFERENCE NUMBER NINE FIVE FOUR TWO DATED ONE ONE JUNE ONE NINE
FOUR FIVE ONE OF LABOR PRESS COMMUNIQUE PD

TAKEN FIVE ARMY AND ONE FIVE ARMY GROUP TWO ONE IV CORPS ONE HQ OF VENEZIA
ONE LOMBARDIA ONE PIEMONTE ONE LIGURIA AND EMILIA REGIONS FROM HQ ALCOH PAPER

PARA TWO PD DELETE PARA SIX OF TELEGRAM REFERRED TO PD ✓

PARA THREE PD SUBSTITUTE PARA AS FOLLOWS COLON A DECREE ON THE SUBJECT WILL
IMMEDIATELY BE ISSUED BY AMX

Amended
see 15
JP

PUBLIC RELATIONS BRANCH

470719

NICHOLAS FIGUEROA
CNC A.U.S.
ASS'T ADJUTANT

1923
2805

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9258, 5204, 3201

15.

TO: 5 ARMY AMG, 15 ARMY GROUP PWB, IV CORPS, RC OF VENEZIA, LOMBARDIA,
PIEMONTE, LIGURIA, and EMILIA REGIONS

9542

11 June 45

PRIORITY

12 JUN 1945

~~RESTRICTED PD~~

1. URGENTLY REQUEST IMMEDIATE SIMULTANEOUS PUBLICATION OF TWO FOLLOWING PRESS COMMUNIQUE FROM LABOR SUB DASH COMMISSION ALCOM.
2. VITAL THAT RELEASE BE MADE ONLY REPEAT ONLY IN NORTHERN ITALY.
3. TEXTS AS FOLLOWS: EMPLOYMENT OF MANPOWER IN NORTH ITALY.
4. ALLIED MILITARY GOVERNMENT HAS CONSULTED THE ITALIAN GOVERNMENT WITH REGARD TO THE REGULATION OF EMPLOYMENT OF LABOUR IN NORTHERN ITALY IN INDUSTRIAL ESTABLISHMENTS WHERE THERE IS AT THE MOMENT A SURPLUS OF WORKERS.
5. THE ITALIAN GOVERNMENT IS OF THE OPINION, WHICH ALLIED MILITARY GOVERNMENT SUPPORTS, THAT IT IS DESIRABLE TO AVOID LARGE SCALE DISMISSALS OF LABOUR FOR WHICH AT THE MOMENT THERE IS NOT FULL EMPLOYMENT: AND THAT UNTIL FURTHER NOTIFICATION IT IS NECESSARY TO ADVISE EMPLOYERS IN NORTH ITALY TO REFRAIN FROM LARGE SCALE AND UNREGULATED DISCHARGES.
6. A DECREE ON THE SUBJECT WILL IMMEDIATELY BE ISSUED BY AMG.
7. IT IS THE DESIRE OF THE ITALIAN GOVERNMENT, IN CONJUNCTION WITH ALLIED MILITARY GOVERNMENT, TO ARRANGE FOR SURPLUS MANPOWER TO BE TRANSFERRED FROM INDUSTRIAL ESTABLISHMENTS TO OTHER EMPLOYMENT IN AGRICULTURE, PUBLIC WORKS, ETC., AND ACTION TO THIS END WILL BE COMMENCED AS SOON AS POSSIBLE WITH THE COLLABORATION OF ALL INTERESTED PARTIES.
8. In the MEANTIME THE ITALIAN GOVERNMENT IS WILLING TO FINANCE, UP TO JULY 31, THE CASSA INTEGRAZIONE SALARI TO ENABLE IT TO CONTINUE FUNCTIONING IN NORTH ITALY SO AS TO ASSIST EMPLOYERS IN MAKING PAYMENTS TO SURPLUS WORKERS IN ACCORDANCE WITH ARRANGEMENTS WHICH HAVE BEEN MADE OR WHICH MAY BE MADE IN THE NEAR FUTURE.

9.

Premio/.....

-2-

CONTINUED

9. PREMIO DI LIBERAZIONE IN NORTH ITALY.
10. ALLIED MILITARY GOVERNMENT HAS CONSULTED THE ITALIAN GOVERNMENT REGARDING THE PAYMENT OF PREMIO DI LIBERAZIONE IN PIEMONTE, LOMBARDIA, LIGURIA, EMILIA AND VENETIA, AND HAS BEEN ADVISED THAT THE ITALIAN GOVERNMENT IS OF THE OPINION THAT THE PAYMENT OF THE BONUS CANNOT BE REFUSED, SINCE IT DERIVES FROM A PROMISE MADE TO WORKERS DURING THE PERIOD OF CLandestine FIGHTING TO ENCOURAGE THEM TO DEFEND INDUSTRIAL PLANTS.
11. ALLIED MILITARY GOVERNMENT THEREFORE MAKES THE FOLLOWING ANNOUNCEMENT ON THE SUBJECT, WITH WHICH THE ITALIAN GOVERNMENT IS IN FULL AGREEMENT:
- (i) THERE IS NO LAW OR DECREE WHICH COMPELS THE PAYMENT OF A LIBERATION BONUS.
 - (ii) NEITHER ARE NOR THE ITALIAN GOVERNMENT WOULD, HOWEVER, OPPOSE THE OPERATION OF ANY AGREEMENT REGARDING THE PAYMENT OF SUCH A BONUS, IF SUCH AN AGREEMENT IS FREELY MADE BETWEEN EMPLOYERS AND WORKERS.
 - (iii) TO PREVENT HARMFUL REPERCUSSIONS ON THE FINANCIAL POSITION IT IS DESIRABLE THAT AGREEMENTS SHOULD PROVIDE FOR PAYMENT TO BE MADE BY INSTALLMENTS SPREAD OVER THREE OR FOUR MONTHS, AND ARE GIVEN PROMINENCE TO THE DESIRE OF THE ITALIAN GOVERNMENT THAT, ESPECIALLY IN THE INDUSTRIAL SECTORS, PAYMENT SHOULD BE SPREAD OUT IN SUCH A MANNER.
 - (iv) THE GENERAL UNDERSTANDING REGARDING THE PAYMENT OF PREMIO DI LIBERAZIONE RELATES TO INDUSTRY. THE QUESTION WHETHER EMPLOYERS OF OTHER CONCERNS SHOULD RECEIVE SIMILAR BONUSES IS ONE FOR FREE NEGOTIATION BETWEEN EMPLOYERS AND WORKERS.

13

-3-

CONTINUED.

- (v) THE QUESTION OF PAYMENT OF LIBERATION BONUS TO STATE EMPLOYEES AND PARASTATAL AND COMMUNAL EMPLOYEES IS TO BE CONSIDERED BY THE ITALIAN GOVERNMENT AFTER REPURATION REGULATIONS HAVE BEEN FIXED.

PUBLIC RELATIONS BRANCH

478719

*Copy to files 9258/EC - Press Release AC
3201/EC - Patriot Policy*

NICHOLAS PIOMBINO
CWO USA
ASST ADJUTANT

2862

ALLIED [REDACTED] COMMISSION

INTER-OFFICE MEMORANDUM
Office of the Executive Commissioner

ABA/can

SUBJECT: Memoranda from Lombardia Region -
Regional Labor Officer

FILE No. 5215/72/10

9 June 1945

TO : Economic Section
attn: Labor Sub-Commissioner

1. Reference is made to our 5215/10 of 30 May in which we enclosed a copy of a letter received from Mr. AG Lombardia Region and enclosing a copy of a memorandum from the Regional Labor Officer of Lombardia Region.

2. It would be appreciated if you would convey to this office any comments which you may have regarding this memorandum.

A. B. ARNOLDY.

Chief Staff Officer
To Executive Commissioner

861

See 37

520H
HEADQUARTERS ALLIED COMMISSION
JFO 394
LABOR SUB-COMMISSION

HFB/rmf

8 June 1945

TEL : Ext. 204

REF : LSC/415

SUBJECT: Northern Italy - Surplus Workers.
Payment of Wages and/or Insurance.

TO : See Distribution List :

JUN 9 1945

1. Press announcement on the basis of paragraphs 2 and 3 below is being arranged through A.C. Headquarters.

2. Allied Military Government has consulted the Italian Government with regard to the regulation of employment of labor in Northern Italy in industrial establishments where there is at the moment a surplus of workers. The Italian Government is of the opinion, which Allied Military Government supports, that it is desirable to avoid large scale dismissals of labor for which at the moment there is not full employment; and that until further notification it is necessary to advise employers in North Italy to refrain from large scale and unregulated discharges. Ordinance No. 3 of the C.M.G.I., which refers to this issue, is accordingly to be regarded as continuing in force until a later Decree on the subject is issued.

see 18. A decree on the subject will shortly be issued by AMG.

3. It is the desire of the Italian Government, in conjunction with Allied Military Government, to arrange for surplus manpower to be transferred from industrial establishments to other employment in agriculture, public works, etc., and action to this end will be commenced as soon as possible with the collaboration of all interested parties. In the meantime the Italian Government is willing to finance, up to July 31, the Cassa Integrativa Salari to enable it to continue functioning in North Italy so as to assist employers in making payments to surplus workers in accordance with arrangements which have been made or which may be made in the near future.

4. It will be seen that unregulated discharges of workers are discouraged; and that the Italian Government is prepared to subsidize Cassa Integrazioni to enable employers to retain surplus labor. The date, 31 July, is shown as the period up to which the Italian Government will grant subsidies. Consideration will be given at a later date to the extension of subsidies, if necessary.

5. In the meantime, all possible steps will be taken to reduce surplus staffs, especially those who are engaged and retained for political reasons rather than for productive purposes. The employers' association and the Camera del Lavoro of Milan have already come to an agreement providing for the formation of a "waiting list" or "messa in aspettativa" of workers selected in agreement with the Internal Commission who would be relieved from the obligation to attend at their normal place of work, and whose pay would be reduced to 10 lire per day, plus family allowances, plus 16 lire per day unemployment pay for adult male workers and correspondingly lower benefits for other

2860

SUBJECT: Northern Italy - Surplus Workers.
Payment of wages and/or insurance.

TO : See Distribution List

JUN 9 1945

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

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280

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see M12916
M1236516

workers. This is cited as an example of arrangements which might be extended to other areas.

Arrangements will be developed for the transfer of worker to agriculture, reconstruction and other activities.

6. When arrangements for the regulation of the discharge of workers and the payment of unemployment benefits are complete, further instructions will be issued and a Decree prepared to take the place of CEN I Ordinance No. 3. In the meantime the policy to be followed is to discourage large scale discharges of surplus workers.

W. H. Braine
W. H. BRAINE
Director
Labor Sub-Commission

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2859

W. H. Braine
 W. H. BRAINE
 Director
 Labor Sub-Commission

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2859

74

Headquarters IV Corps
Civil Affairs Section APO 394

7 June 45

EXTRACT FROM SITREP NO 11 (Folio 428 file 121/20)

LOMBARDIA REGION

file 121/20
This Headquarters is still being asked by industrialists and employers as to what the policy is regarding payment of the Premio di Liberazione, and how long they are expected to pay those who are not working. This problem has been put up to Hq AC for an establishment of Policy.

Another problem which concerns not only Lombardia Region, but Northwestern Italy as a whole, is the arrangements for the demobilization of heavy industries to peace time production. The lack of a concrete plan in this regard has meant that we are unable to answer concrete scores of daily inquiries. This problem has also been referred to Hq AC.

*Copy to file 5204/EC
5219/EC*

ALLIED ~~CONTROL~~ COMMISSION
INTER-OFFICE MEMORANDUM

Officer of the Executive Commissioner

SUBJECT: Memo from Lombardia Region -
Regional Labor Officer
TO : Economic Section
for Labor Sub-Commission

FILE No. 5215/EC

31 May 1945 194

1. Enclosed is a copy of a letter received by the Executive Commissioner from HQ AMG Lombardia Region enclosing a copy of a memorandum from the Regional Labor Officer of Lombardia Region.

2. It would be appreciated if you would let the Executive Commissioner's Office have your comments and reactions to this memorandum.

Encl: Letter dtd 25 May 45
with enclosure

Chief Staff Officer
to Executive Commissioner

2857

5215 Ex Com 14 (9E)
HEADQUARTERS
ALLIED MILITARY GOVERNMENT
LOMBARDIA REGION
APO 394

R/0068

25 May 1945

MAY 28 1945

MEMORANDUM:

TO : Executive Commissioner
Headquarters, Allied Commission

ab

I am transmitting to you a copy of a memorandum which I received
from the Regional Labor Officer.

HEADQUARTERS
28 MAY 1945
A Co

Charles Poletti

CHARLES POLETTI
Colonel
Regional Commissioner

see M.9D & 9E
Y 9F

2856

(Capt Arnold)

A TRUE COPY

21 May 1945

(98)

REF: Mi./1/1 ha

SUBJECT: Labour Wages

TO : Regional Commissioner

1. Continued representations are being made to me by the manufacturers who have factories in our Region, as to their position financially and economically.

2. In the Lombardia Region there are probably 300,000 workers involved and the following example of the conditions that exist is submitted as typical.

3.a. Company A employed 10,000 persons before the close of the war, now not more than 500 is needed. They still must pay the 10,000 for a 48-hour week.

b. Payment of bonus at 5,000 lire per head for the so-called services during the patriot revolution.

c. Acceptance of workers returning from Germany who appear at the factory armed with a chit from the C.L.N.A.I. stating that they are to be re-instated. In some cases these workers ask for and get the 5,000 lire bonus.

d. With reference to para. 3(a) I am informed that there is in existence an Italian order called "Ordinanza Salariale", dated 1 Sept. 1943 which decrees that workers shall receive a minimum of 48 hours pay per week, and that no person may be discharged because the firm lacks work or raw material, etc.

5. There is a continuous flow of workers coming from Germany, who claim a right to be re-instated in their job. It has been suggested that economies be made by introducing a 3 or 4 day week and employing 50% workers at a time, but both the owners and the workers say that they cannot do this under the terms of the "ordinanza salariale".

6. I discussed these problems with Minister Gronchi for some two hours: He admits that they are "grave", and that the Italian Government is studying them. But we need a policy within a matter of days. It is asked therefore, that a policy be given for all of northern Italy. Uniformity is absolutely necessary.

/s/ Thomas R. Fisher
THOMAS R. FISHER
MAJOR
REGIONAL LABOUR OFFICER

41 + 42 + 45
2855

ITALY.Labour and Employment.

1. The extent to which industrial establishments, electrical power stations, railway services, etc., have been preserved intact in Northern Italy is liable to create false optimism as to the ability of the North of Italy to operate on a normal peace-time basis. The impression of normality is heightened by the low level of prices and wages as compared with Central and Southern Italy and the availability of goods and food stuffs. But in fact the present position cannot continue much longer and instead of returning to a full pre-war basis there is every likelihood of a collapse in a very short time which will lead to widespread unemployment and distress.

At the same time it is evident that ^{the} Northern Italian is more capable and efficient than ^{the} Central or Southern Italian and that a great deal of the machinery of Government remains operative and need not be improvised or regulated by Allied authorities.

2. Questions requiring immediate attention are the appointment of Commissioners to assume direction of industrial establishments, the establishment of Works Management Councils (Consiglio di Gestione Aziendale) in industrial undertakings, and the payment of a liberation bonus averaging 3,500 lire per worker in industry and commerce.

3. During the Republican Fascist Regime workers and management conspired to produce as little as possible for the Germans and to keep as many workers as possible on the pay roll to avoid deportation to Germany. At the same time there were decrees forbidding the dismissal of any worker without Government authority. To encourage reduction of output workers who would have earned output bonus on piece-work basis received normal wage plus a bonus calculated on the amount they might have earned for production. Workers who were kept on the pay roll but who could not be employed received 75 per cent. of normal earnings. At the time of liberation the C.N.L.A.I. issued an ordinance forbidding the dismissal of workers without permission of the C.L.N. ^{for} committees but employers are now saying that they cannot continue in present

785017

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4. Workers are saving their way home from Germany and Austria and others who had taken to the hills to avoid deportation are also returning home. There is, therefore, the immediate situation that there are two classes of unemployed

800.255.1500 /

workers, the more fortunate being those who happen to be on the pay rolls of industrial establishments and thus receiving 75 per cent. of normal wage, the other less fortunate receiving only the unemployment pay of 16 or 20 lire per day. This different treatment is itself likely to lead to unrest.

5. On all sides a plan is advanced for the immediate supply of coal, above all, and of raw materials. Finished products are not required so much as raw materials. It is understood that Italian industry requires 1,000,000 tons of coal per month, while Allied circles give two estimates of the possibility of coal supply, viz., 30,000 tons of coal per month for June and July, rising to 600,000 per month by September, or alternatively, 300,000 tons of coal per month in the earlier months, rising to 300,000 tons by December.

Whichever estimate is correct it is evident that large scale unemployment affecting 4,000,000 or 5,000,000 workers is imminent.

6. The following steps are immediately necessary:-

- (a) The false optimism prevalent in Italian circles and some Allied circles should be dispelled.
- (b) A large scale programme of public works and allocation to agriculture to occupy as many unemployed as possible.
- (c) The development of relief in cash and in kind on a scale exceeding present payment of 20 lire per day.
- (d) The maintenance and development of popular restaurants, the guaranteed supply of food to such restaurants, and the development of a system for feeding people without resources. At the same time care should be taken to avoid attracting unemployed into larger cities where such resources would be developed.
- (e) Legislation to regulate employment of labour in the places of Fascist and C.I.N. Decrees, to prevent indiscriminate large scale dismissals of workers, etc.

(f) Pronouncements, as general and public as possible, in the joint names

of Allied Authority, Italian Government and C.I.N., suspending

the assumption by workers of management of industrial establishments

and the payment of a minimum wage

materials. It is understood that Italian industry requires 1,000,000 tons of coal per month, while Allied circles give two estimates of the possibility of coal supply, viz., 50,000 tons of coal per month for June and July, rising to 600,000 per month by September, or alternatively, 200,000 tons of coal per month in the earlier months, rising to 500,000 tons by December.

Whichever estimate is correct it is evident that large scale unemployment affecting 4,000,000 or 6,000,000 workers is imminent.

6. The following steps are immediately necessary:-

- (a) The false optimism prevalent in Italian circles and some Allied circles should be dispelled.
- (b) A large scale programme of public works and allocation to agriculture to occupy as many unemployed as possible.
- (c) The development of relief in cash and in kind on a scale exceeding present payment of 20 lire per day.
- (d) The maintenance and development of popular restaurants, the guaranteed supply of food to such restaurants, and the development of a system for feeding people without resources. At the same time care should be taken to avoid attracting unemployed into larger cities where such resources would be developed.
- (e) Legislation to regulate employment of labour in the place of Fascist and C.I.L.N. Decrees, to prevent indiscriminate large scale dismissals of workers, etc.
- (f) ²⁸⁵³ Proclamations, as general and public as possible, in the joint names of Allied Authority, Italian Government and C.E.L.A.S., suspending the assumption by workers of management of industrial establishments and the payment of a liberation bonus.

7. The situation in the North differs radically from that found in the South and Centre of Italy, where the machinery of Government administration broke down; and where the Allied assumption of authority covered areas small in

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relation to the five Northern Regions. It is considered that the Italian machinery of Government in the North is capable of administering schemes of the above nature, if such schemes are devised by the Italian Government with the advice and guidance of Allied authorities. To this extent, therefore, it is recommended that the Italian Government be invited immediately to assume control of the necessary administrative machinery and to develop it for the purposes indicated. It is indeed doubtful whether Allied Comandision, with its present staff, is capable of assuming responsibility for the operation of the proposed policy in territory of the extent indicated.

8. The employment of Italian civilians by the Allied authorities was an important factor in the Centre and South of Italy. It makes little or no contribution to the problems of the North. In Genoa, for example, there are only 2,365 Italian civilians employed by the Naval, Military and Air Services of the Allies. The Allied Labour Officers can meet the labour requirements of the Allied Forces, which is their primary function; but the operation of large scale social service schemes is outside their scope and present capacity.

9. This Memorandum is based upon impressions gained during a rapid tour of the North of Italy, comprising visits to Bologna, Padova, Venezia, Milano, Torino and Genova, during the period 7th to 18th May, 1945.

W.H. Haines

W.H. HAINES.

Rome,

20th May, 1945.

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HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

CONFIDENTIAL

13227/F

23 January 1945

JAN 26 1945

Unemployment Problem in Northern Italy
Report of Meeting on 16 January, 1945

Sub-Commission

Present:	Col. A.P. Graffley-Smith, Chairman	Finance
	Col. J.R. Smith	Labour
	Lt-Col. F.H. Fletcher	Finance (Piemonte)
	Lt-Col. A.G. Tubb	Finance (Lombardia)
	Mr. D.C. Sachs	Labour
	Major E.R. Green	Economic Section
	Major A.H. Reede	Finance
	Major Joel Rosenbaum	Industry
	Major B.B.L. Timmons	Finance
	Capt. T.G. Elliott	Industry
	Capt. L.R.L. MacDonald	Industry

1. The meeting convened at 1500 hours in the office of the Joint Director of Finance Sub-Commission to permit an interchange of views on unemployment problems to be encountered when provinces in northern Italy are occupied.

2. It was agreed that existing information regarding migration to Germany, hiding to resist compulsory migration and adaptations of manpower to German war production is extremely inadequate. The only safe conclusion is that, in view of the high proportion of the country's industrial workers found in the northern provinces (over 60%) and their superiority to other Italian workers in industry and technical proficiency, the Germans have drawn heavily on this area both to run their own war plants and to expand war production in northern Italy. Further information should certainly be sought from PWB, OSS and CIC, but it is likely that we shall learn more in the first days of occupation that we can possibly learn in the meantime. Planning should accordingly be flexible so as to meet a situation in which more and better information can be expected to be constantly appearing.

3. We may expect the problems in this area to differ from those found thus far. Hitherto, great industrial centers have quite generally been ports, the use of which for important military purposes has provided a reserve of employment opportunities generally adequate to offset the effects of industrial disorganization and displacement. Mighty manufacturing centers will now be found, the state of whose plant and equipment is difficult to foresee, as well as the need for harnessing them for Allied war production. It is always possible that occupation of this area may occur after the German collapse.

4. Information is also inadequate as regards the present state of plant and equipment. The equipment is such that with relatively little modification it could be used for producing German types of war material, but little is known of the nature and extent of such transformations. Pictures of our bombings have been examined in Industry Sub-Commission, but they do not permit an accurate appraisal of the damage at the moment let alone of the possibility of or time required for repair or replacement. Acts of sabotage have undoubtedly been committed by patriots, but they have been urged to restrain themselves as regards

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Sub-Commission

Present: Col. A.P. Graftley-Smith, Chairman Col. J.R. Smith Lt-Col. F.H. Fletcher Lt-Col. A.C. Tubb Mr. D.C. Sachs Major E.R. Green Major A.H. Reede Major Joel Rosenbaum Major B.E.L. Timmons Capt. T.C. Elliott Capt. J.R.L. MacDonald	Finance Labour Finance (Piemonte) Finance (Lombardia) Labour Economic Section Finance Industry Finance Industry Industry
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see Minutes 3-8
W/10/2

5. The existing facilities for caring for unemployed workers were outlined and criticized. The communal relief arrangements vary both as to type (cash or kind) and amount from commune to commune. Insurance benefits vary from Lit. 2.5 to Lit. 12.0 daily plus an allowance per child of from Lit. 0.6 to Lit. 1.2; and the average for a family head is only about Lit. 10.0 daily. Increases to offset higher living costs are currently receiving consideration. The religious charitable groups have been active and helpful in the liberated area and have offered their machinery for further distribution of necessities in the North when liberated. Public employment offices are being established or revitalized as we move forward, and have cooperated effectively thus far with hiring agencies of Allied Forces. Because of the nature of the territory under consideration they may need to stress to a greater degree civilian as opposed to Allied Force employment.

6. Whatever measures may be taken to prevent or offset interruption of income, the fundamental problem will be to supply the necessities of life, and especially food. The possibility of gearing relief and benefit scales to a specially constructed cost-of-living index, was for this reason considered relatively of much less importance. The supply situation will clearly depend on three factors: available stocks, transportation facilities, and amounts of goods that can be brought in by Allied organizations. It was pointed out that the Director of Food Sub-Commission considers he can, on the basis of present stocks and expected shipments, assure a flow sufficient to maintain subsistence.

7. Further measures that should be taken were emphasized. Prompt registration of the unemployed at the employment offices, tabulation of information regarding these workers and discussion of apportionment of this labour reserve with employing units, especially those of Allied Forces, are cardinal objectives. Treatment of plant and equipment, it was emphasized, has been a weak point in our efforts to cope with these problems hitherto. There has always been a conflict between the military authorities and AC on industrial policy, and especially on the most desirable use to which industrial property should be put. In general, technicians acting for Army commanders have seized such property with an eye to the most immediate objectives only, and have retained it long after such objectives were largely or completely satisfied, and have refused to take account of longer-range objectives, even those with military significance. The task of dealing with these questions has been confided to an Industrial Coordination Committee, and a sub-committee has been set up and its terms of reference are currently awaiting approval. The two organizations can channel questions involving conflict of policy as to use of available industrial property, and may do an efficient job if technical experts of AC can be in the forward areas to represent the larger interests before a fait accompli by Army Commanders is established. This program is all the more important because, in the visible future, imports of machines and materials and even of accessories are likely to be at an extremely low level.

8. The possibility of unemployment so wide-spread that existing machinery for helping unemployed persons would be unable to cope with the total volume was discussed. It was suggested that persons with a payroll attachment might be kept on the payroll, and that the employer's organization might be used to distribute relief, whether in cash or in kind. The idea was considered favorably, although the dangers of such a procedure (uneconomical use of labour and generally bad effect of continuing full payments where work is not done) were pointed out. The employment offices might even be directed to use establishments following this policy as a reservoir of available workers for Allied Force projects. Needless to say, employers would need reimbursement for payroll outlays beyond those for services rendered, and the State would form the logical source for this.

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9. It was agreed that many groups would interest themselves in the situation of unemployed workers in the industrial North following its liberation. Several divisions of AO, other units of Allied Forces and the Italian Government will certainly do so. It is important that these efforts, however separately sustained, should be undertaken in such an atmosphere of cooperation and free interchange of ideas, as will reduce to a minimum waste motion and conflict of method and purpose. Cooperation of AO with other Allied Force units is necessary to assure a broad and far-sighted appraisal of military needs. Cooperation of AO with the Italian Government is necessary also - more so than ever before - (1) because if a German withdrawal or collapse should take place early, the occupation may be much shorter than elsewhere; (2) because maximum civilian production consistent with military needs should minimize our civilian requirements problem throughout the country and (3) because the chances of stable political institutions in the country may depend to a considerable extent on such cooperation.

10. All parties represented agreed that they should keep each other informed regarding future actions taken in this matter. Economic Section accepted the responsibility for distributing information of this kind made available to it.

DISTRIBUTION:

Economic Section
Finance Sub-Commission
Food Sub-Commission
Industry Sub-Commission
Labour Sub-Commission
Public Health Sub-Commission
Representatives present.

AD Grapenbury
Col.

Joint Director,
Finance Sub-Commission.

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