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ECONOMIC SECTION
APR. 1944

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ECONOMIC SECTION, CONSOLIDATED MONTHLY REPORT
APR. 1944

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HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION
APO 394

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Economic Section - April Report

During the month there have been many conferences on subjects concerning two or more of the Sub-commissions of the Section. Consideration has been given to such questions as the 1944 Wheat Price, supplementary rations for heavy workers, and the observations of the U.S.-U.K. Supply Group sent to Italy by the Combined Chiefs of Staff.

Agriculture

The main achievement of the month was the agreement reached with the new Italian Government for a co-ordinated control of agriculture from the Comune to the Province to the Department to the Minister. Details of the new organization together with the 1944 amassing decree for Wheat and Barley have been published. Permitted seed retentions are reduced and 'Cleaners' retentions are eliminated so that the amount to be delivered to ammassi may be increased.

So as to encourage the amassing of grain and focus attention on the Italian efforts required to satisfy Italian needs for food, "Il Granai del Popolo" will replace 'Ammassi' in all harvest publicity measures.

As a result of earlier efforts to secure fishing materials and raise restrictions on fishing, fish production continues to increase. In an attempt to secure the maximum use of fishing gear, Neapolitan fishermen who were debarred from night fishing agreed to their transfer to the Calabrian coast where night fishing is permitted.

The Forestry Division has given considerable help to the Army. Over 500 tons of fuel wood were made available for the Fifth Army during April and the carrying out of the AOC proposals obviated the previous long haul of 70 miles. The old bidding system for standing timber has been eliminated and allocation is now made on the basis of accessibility, shortest haul, and size of mill, so as to maximise production and obviate unnecessary costs.

Food

Substantial food imports were received during the month and the scale of distribution of bread and miscellaneous foodstuffs was maintained.

Shipments of grain are being handled in increasing quantities including 25,000 tons at Castellammare during April.

Improved distribution from Naples warehouses has lessened the pressure upon limited warehouse space.

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Food

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Shipments of grain are being handled in increasing quantities including 23,000 tons at Castellammare during April.

Improved distribution from Naples warehouses has lessened the pressure upon limited warehouse space.

Arrangements made for the release of caustic soda for refining olive oil of high acidity should enable the present ration to be maintained for many months.

A new supplementary ration scale for heavy workers is now ready to be put into operation on receipt of final approval by the Allied Forces.

The vigorous drive against abuses of the ration card system in the Naples area has been maintained. Many offenders have been imprisoned. Similar action is being taken by other Regions in order to ensure proper distribution of available food supplies.

The food processing programme is being co-ordinated with the demands of the Allied Forces for fresh fruit and vegetables.

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Food (Cont'd)

During April the Director visited Sicily and Calabria and settled many outstanding problems.

Finance

Since July 1943 the Italian Government and its agencies have disbursed about 28 billion lire of which only 4 billion was offset by gross revenues. In March the excess of Government expenditures over revenue was approximately 3 billion lire.

The draft of a war profits tax decree to include farming profits and a memorandum detailing the long-term changes required in the Italian tax system have been prepared.

It is still almost impossible to obtain any Budget estimates even on a monthly basis from the Italian Government which prepared expenditure estimates only when it felt the need for additional supplies of currency. Such estimates are not expenditure estimates but solely estimates of cash disbursements.

The failure of the former Minister of Finance to initiate the preparation of a Budget for the remainder of the current year means that Regions I, II, VI, and VII are now operating without any form of budgetary control.

A proposed procedure for exercising control over Government expenditures, submitted to the Italian Government during the month, is now being considered. The formation of the new Government resulted in a strong upward movement in Government bond prices on the unofficial market.

During April the separate pools of currency reserves held at the various branches of the Banca d'Italia were brought under central control. The currency needs of deficit regions are now met not by APA but by transferring currency from regions with surplus currency.

The inadequate supply accounting personnel in the Regions is being augmented by the work of a limited number of special representatives from the Chief Accountant's offices who also see that proper accounting procedure is being implemented in the handling of supplies in the provinces. There has been a great increase in the volume of supply transactions during the last two months.

Though there has been an increase in the black market prices of bread, potatoes and meat during the month, the black market price of fish fell from 250 to 125 lire per kilo as a result of the AOC development of fish supplies and the establishment of a fish marketing programme. Olive oil also declined in price due to rations issued at the end of the month of March and April. Supplies of spring vegetables also helped to reduce the cost of living in Naples at the end of the month to a figure lower than at any time since February.

Industry and Commerce

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Industry and Commerce

The repair of salvage shoes is now in operation. Output is at present limited to a maximum of 500 pairs a day but this can be increased to 1000 pairs when the necessary grindery leather and footwear is available. An initial contract has been placed for dyeing 10,000 repaired uniforms, using Brown dyes, as a temporary measure until the arrival of imported dyes.

Mining Division: Shipments of Sardinian coal during April were:

To Southern Italy	10,170 metric tons
To Sicily	14,500 "

The request by the Ministry of Supply, England, for 10,000 tons of sulphur for immediate export to the United Kingdom has now been filled.

Hemp: The first shipment to U.K. was loaded by 1st May, a total of 404 tons of hemp fibre, and 9½ tons of rope.

Industry and Commerce (Cont'd)

Quantities of hemp rope and canvas were supplied to the services during the month. It is expected that several new small factories will come into production during the month of May. Their production, about 80,000 to 100,000 metres monthly of hemp cloth, should help towards the present heavy demands for canvas.

Labour

Work has continued on decrees for Manpower Mobilization, and increased Pensions. A draft decree for the establishment of Trade Unions and Labour Offices and governing Labour Relations has been submitted. The early issue of a charter for free labour is regarded as imperative.

The labour situation was especially tense in Public Utilities. Many disputes proved to be due to complaints about food rather than wages.

The Italian Government has agreed to extend social insurance to the direct employees of the Armed Forces and the proposal will be considered by AAI during May.

Wage studies have been instituted in Public Utilities, Public Administrative Services, printing trades, sulphur mines, and leather goods trade.

Public Works and Utilities

Conferences were held with the new Minister of Public Works, Sig. Tarchiani, and there is hope that he will instil into his Department a greater degree of drive and energy.

Highways and Bridges. In South Italy about 350 miles of military priority highways are being resurfaced, or completely reconstructed. Numerous bridges are being rebuilt, generally involving wholly new designs. The armies are providing 200 trucks, on loan, till the 4000 tons of transport and other heavy engineering equipment arrives from U.S.A. Stone-quarries and crushing-plants are being increasingly operated.

Electrical Division. The Italian Government Decree rationing electricity came into force on 5 April. Public Works officers are enforcing observance in conjunction with various electricity supply companies. This rationing is of vital importance to conserve energy for Rome, and north thereof. Arrangements were completed during April for reconstruction of a transmission line from north of Carigliano River to Rome, involving probable employment of 300 to 400 civilian workmen. A very large hydro-electric turbine plant was planned for removal from Sicily to South Italy where it is urgently required; actual transfer, in May. *and later phase*

Public Works Very good progress has been made in clearing Messina and Cagliari. Arrangements have been made with Malarial Control Branch for execution of necessary engineering projects e.g. pumping operations, etc. The eruption of Vesuvius necessitated remedial measures, including retaining walls on mountain, which are expected to cost 370 million lire.

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Shipping

A scheme for the closer control of all Italian schooners has been submitted to MAREO with the request that this be issued as a AFHQ directive. Another 225 Italian Schooners have been registered making a total of 375 vessels, with a deadweight tonnage of 30,000 tons, the employment of which is directed by MAREO.

Schooners are not now allowed to sail between Sardinia and the Italian Mainland and Sicily.

Transportation

No major difficulties were experienced in the first full month's operation of the Sicilian railways under AOC supervision. Some war-damaged

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Transportation (Cont'd)

lines have been re-opened, train services have been increased, some damaged locomotives are being repaired, and plans are in preparation for sending scrap to U.S.

Approximately 70,000 tons of civilian freight were carried on the Mainland railways. 45% of this total was arranged through AOC officers in the field and the rest was accepted through the "bidding" system.

Though the basic schedule of civilian freight trains has been reduced at military request, AOC are notified daily of available space for civilian freight on military trains. Movement has improved as a result.

512 military trucks with civilian drivers and 120 Italian army trucks are now being used for the transport of civilian supplies. (An additional 104 military trucks will be in operation during May.)

Lt.Col. L. E. Vining succeeded Colonel S. A. Pitch as Director of the Transportation Sub-commission.

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