

Declassified E.O. 12356 Section 3.3/NND No. 785016

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15 pp.

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29E - Wheat
Dec. 1943 - Feb. 1944

15 pp.

Declassified E.O. 12356 Section 3.3/NND No. 785016

X00/8/8
CIPHER MESSAGE IN

SIGS NO 5507
IMPORTANT
SECRET

*Rec'd
3 Apr*

TO FATIMA FOR LEGG RPTD DISTWO FOR ACC FOR REGION 2 RPTD FLAMBO
MOVEIT

FROM FREEDOM SGD C IN C CITE FHMGS

F26442

02 *Apr*

SECRET. CONFIRM SUFFICIENT SACKS AVAILABLE EARL TO BAG THE BULK
WHEAT IN WALKER? TAYLOR. MOVEMENTS ESTIMATE 9000 PER DAY NEEDED
TOGETHER WITH 2 DAYS RESERVE. AFHQ SIGNAL 22845 OF THR 25TH MAR
AND MGS LETTER C/7 OF THE 27TH MAR PARA 5 REFERS

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29E
SMC DISTRIBUTION

ACTION
INFM

ACC LO
ST
G4

WJD
SMCTOR022350

HEADQUARTERS PENINSULAR BASE SECTION

5 FEBRUARY 1944

RESTRICTED

RESTRICTED

ROUTINE

TO (ACTION) : HQ AMG REGION 4 AGRICULTURE, FLAMBO FOR MERRALL
(INFORMATION) : NONE
FROM : HQ AMG FOGGIA PROVINCE
DATE TIME SIGNED : 031800A
DATE TIME REC'D : 050856A
REF NR : 4003
CITE : NONE

IN ORDER FOGGIA PROVINCE EXPORT 155 TONS SEED WHEAT FOR VEN-
AFRO. NECESSARY HAVE RELEASE BY OFFICE I/C FOOD SUB COMMISSION.
ALL EXPORTATIONS FROZEN PER MERRALL FLASH.

ACTION - AMG 4

INFO. - MGS ADV. ✓
C.G.
SECY.

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RESTRICTED

HEADQUARTERS PENINSULAR BASE SECTION

5 FEBRUARY 1944

RESTRICTED

RESTRICTED

ROUTINE

TO (ACTION) : CO PBS FOR HQ AMG MAIN REG 4 AGRICULTURE, FLAMBO FOR
MERRAL

(INFORMATION) : NONE

FROM : HQ AMG FOGGIA PROVINCE

DATE TIME SIGNED : 04NFT

DATE TIME REC'D : 050002A

REF. NR. : L/003 3--

CITE : NONE

IN ORDER FOGGIA PROVINCE EXPORT 155 TONS SEED WHEAT FOR VENAFRO NECESS-
ARY HAVE RELEASE BY OFFICER IN CHARGE FOOD SUBCOMMISSION ALL EXPORTATIONS FROZEN
PER MERRALFLASH 1176.

INFO : AMG HQ
: MGS ADV
: CIVIL SUPPLY
: C.G.
: SECY.

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RESTRICTED

HEADQUARTERS PENINSULAR BASE SECTION

1 FEBRUARY 1944

SECRET

SECRET

ROUTINE

TO (ACTION) : FARGO FOR HARTMAN
(INFORMATION) : NONE
FROM : SIGNED GINC
DATE TIME SIGNED : 311750A
DATE TIME REC'D : 010705A
REF NR : 45643
CITE : FMSUP AND PHOS

ALL WHEAT ON UGC-29, 30 AND 31 IS OF CANADIAN ORIGIN,
HARD SPRING WHEAT NUMBER 2 OR BETTER. ALL WHEAT SUITABLE FOR SPRING
SOWING.

INFO : AMB HQ
MGS ADV
TRANS
G-4
C.G.
SECY

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SECRET

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CONFIDENTIAL

HEADQUARTERS PENINSULAR BASE SECTION

28 JANUARY 1944

CONFIDENTIAL
ROUTINE

TO (ACTION) : CG PBS FOR FARGO RPTD FILFOT FOR AMG RPTD IBS FOR SEARS FOR ROGERS

(INFORMATION) : NONE

FROM : SIGNED CINC

DATE TIME SIGNED : 271422 A

DATE TIME REC'D : 271736 A

REF NR : 4362

CITE : FHMS

BELIEVE A REPORT HAS BEEN PREPARED ON FLOUR MILLS AT NAPLES, SALERNO, RUTIGLIANA, PESCARA, SYRACUSE AND PALERMO, SUCH A REPORT INDICATING MILLING MACHINERY RESOURCES, CAPACITY, REPAIR REQUIREMENTS. IF PREPARED FORWARD AND IF NOT ADVISE HOW SOON CAN BE MADE AVAILABLE. NEEDED URGENTLY.

ACTION : AMG HQ
INFO : MGS ADV
: SECT'Y GEN. STAFF
: COMMANDING GENERAL

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IMPORTANT MESSAGE IN

SIGS NO 3220

TO AIRPOT FOR ANG INFO FLAMBO FOR MERRALL GEC RPTD FOGGIA
MILITARY FOR ANG FOGGIA PROVINCE
FROM ANG HQ 8 ARMY R/228 21 *LDN*

WARN ANG REGION 3 NAPPEN TO EXPECT APPROX 170 TONS GRAIN
EX SAN SEVERO. PARA FOUR 8 ARMY SD4944 TO FLAMBO REFERS
ALSO SEE THIS HQ SIGNAL R/190 DTD 14 JAN 44 ADDRESSED
MERRALL

SNC DISTRIBUTION - ACTION GEC / SNC/TOH/211315A/GRS
I M P O R T A N T

*Referred
to
Merrall
Legg
121*

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Declassified E.O. 12356 Section 3.3/NND No. 785016

210905

2119

LRHY V LRAR NR 3497 IMPORTANT (PREV DUPLN)
QQY

FROM AMG HQ EIGHTH ARMY MAIN 1935A
TO FLAMBO FOR MGS ADV CIVIL SUPPLY
QR 43 BT

R/50 20/43

FOR MERRALL . GRATEFUL EARLIEST INDICATION WHEAT PRICE
SITUATION . DIFFICULTIES ARISING IN AMASSING CAMPOBASSO
PROVINCE . AM TAKING SPECIAL STEPS THIS MATTER BUT
IMPLEMENTATION OUR AGREED POLICY RAISE WHEAT PRICE WOULD
BE HELPFUL . PRESUME INCREASE WILL APPLY OTHER CEREALS ALSO
1935A

RPTN 3497 P 1935 43 150 20/43 MERRALL
CEREALS ALSO RPT CEREALS ALSO 1935A

RJW VA+++

OT

ACT

Action MGS (Adv.)

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JOR obits
H. H. H.

Copy to CSE
H

HEADQUARTERS PENINSULAR BASE SECTION

14 JANUARY 1944

RESTRICTED

OPERATIONAL PRIORITY

TO (ACTION) : FLAMBO FOR CEC FOR MERRALL
(INFORMATION) : CG PBS FOR AMG FOR EVANS, AMG FOGGIA FOR BAILEY
//FROM : AMG REGION 2
DATE TIME SIGNED : 141900
DATE TIME REC'D : 142026A
REF. NR. : RT/92
CITE : NONE

REFERENCE OUR RT/75 OF 5 JAN. AND REFERENCE BAILEY F P 3 OF 10 JAN.
NECESSARY TO HAVE TOTAL 3500 TONS FROM FOGGIA AS REQUESTED. SECOND AMBASCO
POTENZA AND MATERA PROCEEDING VERY POORLY. POTENZA WILL NEED 900 TONS GRAIN
MONTHLY BY 1 FEB. INTEND TO USE ADDITIONAL TONNAGE REQUESTED TO COVER
POTENZA UNTIL THEIR MARCH REQUISITION ARRIVES. PLEASE FORWARD AUTHORITY
AS SOON AS POSSIBLE.

ACTION - AMG CIVIL SUPPLY
INFO - MGS ADVANCE
TRANS O
G-4
SECY
CG

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ALLIED FORCE
CENTRAL ECONOMIC COMMITTEE
APO 400

14 January 1944

SUBJECT: Establishment of Wheat Prices.

TO : Deputy President, AEC
DCCAG, AMG
DCCAG, AMG 15th Army Group.

1. Minute # 6 of the minutes of the Central Economic Committee meeting held 12 January 1944, reads in part as follows:

"b. It was agreed:

2. Deliveries made on or before 31 December 1943 are entitled to a bonus of 150 lire per quintal in Regions III and IV, making an aggregate price of 150 Lire.
3. Deliveries completed from 1 January 1944 through 10 January 1944 in Regions II, III and IV are entitled to a bonus of 115 Lire per quintal making an aggregate price of 415 Lire. 3033
4. Deliveries completed from 11 January 1944 through 20 January in Regions II, III and IV are entitled to a bonus of 100 Lire per quintal making an aggregate price of 400 Lire.
5. Deliveries completed from 21 January 1944 through 31 January 1944 in Regions II, III, and IV are entitled to a bonus of 75 Lire per quintal making an aggregate price of 375 Lire.
6. Ordinance # 16 issued by the Italian Government on 28 December 1944 is approved. Changes in bread prices are not authorized."

2. Deliveries above referred to embrace only those made to the command.

3. DCCAG, AMG as to Region II only and DCCAG, AMG 15th Army Group as to Regions III and IV are requested to issue the necessary orders implementing the above prices effective 14 January 1944.

4. It is requested that a copy of these orders be supplied to the Committee for its information.

For the Committee:

C.F.W.

A. I. HENDERSON,
Lt. Col., A.U.S.,
Chief Executive,
Central Economic Committee.

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MESSAGE IN

S IGS NO 4507

TO: AMG FOGGIA FOR BAILEY RPTD FLAMBO FOR CEC FOR MERRAL FOR INFO
FROM: AMG REGION 2 RT/98 13 Jan

WHOLE BALANCE OF ORIGINAL 2500 TONS OF GRAIN TO BE SHIPPED DIRECT
FROM FOGGIA TO COSENZA. ADDITIONAL 1000 TONS TO BE SHIPPED TO
POTENZA

SMC DISTRIBUTION ACTION

CEC

SMC/TOR/152200/WJD

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16

Item
III
~~Classified~~
with

HEADQUARTERS PENINSULAR BASE SECTION

here is that price of 8⁰⁰
bread should not exceed
3.60 per kilo. which is
standard price in all
regions.

9 JANUARY 1944

SECRET

..SECRET

..OPERATIONAL PRIORITY

TO (ACTION) : CG PBS, TORRANCE FOR ACC/AMG FOR GRADY

(INFORMATION) : NONE

FROM : FATIMA SIGNED JOYCE

DATE TIME SIGNED : 081725A

DATE TIME REC'D : 090450A

REF. NR. : 1887

CITE : NONE

APPRECIATE YOUR VIEWS OF FOLLOWING PROBLEM: ON 29 DECEMBER PRICE OF WHEAT IN 4 PROVINCES WAS INCREASED BY AN AVERAGE OF 1 LIRE PER KILO. TRADITIONALLY BREAD PRICE HAS BEEN INCREASED BY 85% OF AMOUNT BY WHICH WHEAT PRICE WAS INCREASED. THEREFORE BADOGLIO GOVERNMENT ISSUED ORDERS THAT BREAD PRICE SHOULD BE INCREASED FROM THE PRESENT 2.80 LIRE PER KILO TO 3.65 LIRE PER KILO EFFECTIVE 10 JANUARY. JUNG AND MINISTER OF FOOD NOW REQUEST THAT THEY BE ALLOWED TO ORDER A FURTHER INCREASE OF 35 CENTESIMI TO COVER CERTAIN INCREASED BAKING COSTS--CHIEFLY WAGES AND FUEL--BRINGING TOTAL COST OF BREAD TO 4 LIRE PER KILO. JUNG ASSERTS THAT THE PRICE OF 3.65 LIRE PER KILO WAS NOT ANNOUNCED TO THE PUBLIC. PLEASE DISCUSS MATTER WITH CENTRAL ECONOMIC COMMITTEE IF YOU THINK ADVISABLE AND ADVISE ACTION AS SOON AS POSSIBLE.

ACTION: AMG HQS

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INFO. : AMG CIVIL SUPPLY
MGS ADV
G-4
QM
SECY
O.G.

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SECRET

Sup 6/9

HEADQUARTERS PENINSULAR BASE SECTION

29 DECEMBER 1943

CONFIDENTIAL

CONFIDENTIAL

ROUTINE

TO (ACTION) : CG PBS FOR AMG CIVIL SUPPLY COMMITTEE (FOR MERRAL)
(INFORMATION) : FILPOT FOR AMG
FROM : AMG EIGHT ARMY MAIN (FROM SPENCER)
DATE TIME SIGNED : 28 NPT
DATE TIME REC'D : 282359A
REF. NR. : R91
CITE : NONE

YOUR SIGNAL OF 27 DEC. WISH EMPHASIZE DECISION RAISE WHEAT PRICES RETROSPECTIVELY HAS 2 OBJECTIVES FIRSTLY TO ENSURE MAXIMUM WHEAT COLLECTIONS BEFORE HOARDED GRAIN DISAPPEARED INTO BLACKMARKET SECONDLY TO AVOID INJUSTICE FARMER WHO DELIVER WHEAT BEFORE PRICE INCREASE ANNOUNCED. ONE INVALUABLE MONTH LOST ON FIRST OBJECTIVE. EVERY DAYS DELAY MEANS LEAKAGE OF GRAIN AND ISOLATION OF FARMS BY SNOW. FACT THAT NEW PRICE WILL BE RETROACTIVE WHEN EVENTUALLY PROMULGATED IS NO CONSOLATION IF DECISION ANNOUNCED TOO LATE TO INFLUENCE COLLECTION, MIGHT IN FACT AMOUNT TO GRATUITOUS INFLATIONARY BONUS FOR GRAIN WHICH WE HAVE COLLECTED ANYWAY. MAY EVEN BE TOO LATE NOW BUT AM DOING MY BEST.

ACTION : AMG HQ (CIVIL SUPPLY)
INFO : MGS ADVANCE
: C.G.
: SECY.

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Noted over

CONFIDENTIAL

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Indicate by number opposite name, officers
to see attached in order required.

: 1 :	General Holmes	:	:	Major Barratt
:	:	:	:	:
:	2 :	Colonel Maxwell	:	Major Rowell
:	:	:	:	:
:	:	Colonel Butterworth	:	Major Walker
:	:	:	:	:
:	:	Lt. Col. Dalrymple	:	Major Jackman
:	:	:	:	:
:	:	Lt. Col. Fairman	:	Capt. Richardson
:	:	:	:	:
:	:	Lt. Col. Jackling	:	Capt. de Knoop
:	:	:	:	:
:	:	Lt. Col. Parkman	:	Capt. Segat
:	:	:	:	:
:	:	Lt. Col. Smith	:	Lieut. Riggio
:	:	:	:	:
:	:	Major Arenson	:	_____

ACTION
INFORMATION

Attached is self explanatory. I think Lord Rennell has offered an objective viewpoint on the wheat-flour-bread problem which must be taken into account in our policy-making during the next 60 days.

Southard

Copy has been handed to Col. Butterworth.

ALLIED FORCE HEADQUARTERS

FAS/rns

Military Government Section

CONFIDENTIAL

16 December 1943

Memorandum to the Files

Subject: Lord Rennell's ideas on the price of wheat and on wheat hoarding in Italy.

1. On this date Lt. Commander Southard called on Lord Rennell on instructions from General Holmes. Lord Rennell wished to discuss several financial matters and also wished to outline his ideas on the important problem of how to induce dehoarding of wheat. Lt. Commander Southard told Lord Rennell he would circulate a summary of the discussion in this Section in order that Lord Rennell's ideas might be added to other viewpoints currently available to the Section.

2. Lord Rennell has come to the conclusion that the price of wheat is too low for administrative reasons if for no others. By this he means that the local enforcement agencies recognize that a price of 360 or even 500 lire per quintal for wheat is so far below the general level of prices as to make it quite understandable that producers will not sell. Consequently they do not seriously endeavor to compel dehoarding. How much more wheat could be got out at 1,000 lire per quintal than at 360 he is not at all sure; but he feels that certainly a far more determined enforcement effort would be made.

3. It was explained to Lord Rennell that in contrast with the opinion in July and August that wheat hoarding was explainable in terms of price speculation, the prevailing opinion in this Section is that price speculation is a minor element and lack of consumers goods and distrust of currency are the major explanations of hoarding. He replied that he agreed that price speculation is a minor element, but he feels consumers goods are more plentiful ^{than} supposed and he does not think distrust of the currency is of major importance. His opinion is that "famine fear" is the principal factor in wheat hoarding now. That is, wheat holders fear that there is a real scarcity of famine proportions, and they are consequently extremely reluctant to sell. This reluctance is intensified by the low official price. The result is that the current black market price is up to 3000 lire per quintal, compared with a "normal" or "fair" black market price of 1,200 to 1600.

4. Lord Rennell proposes the following: Do nothing at the moment, so far as price is concerned. When the supply of imported grain or flour is large enough to justify confidence that we can provide the minimum ration, sell it at landed cost -- which is apparently about 1100 lire per quintal. If people perceive that the minimum ration is freely obtainable, "famine fear" will disappear. At that time remove

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the controls on wheat, flour, and bread prices, and bank on a market price of about 1200 lire per quintal. (It was not clear whether these were grain or flour prices).

5. Lord Rennell explained that the Officers in AMG and ACC principally concerned with price policy do not agree with him on the above, their disagreement varying from Colonel Grafftey-Smith's, who admits that the present price policy has failed, to Colonel Bernstein's, who argues that Lord Rennell's program is inflationary. To this criticism Lord Rennell replies that in fact his program is not inflationary. That is, at present people are endeavoring at least to double their actual ration of bread, by supplementing the legal ration in the black market. Hence it is a question of whether the whole effective ration will be bought at a grain price of 1200 lire per quintal, or whether half of it will be bought at a grain price of 360 lire and the other half or even more at a grain price of 3000 lire. In any case, he accuses his opponents of offering no effective inflation control program either on the supply or on the finance side, and suggests that in fact the effective price level already reflects considerable inflation. In this connection, he remarked that the dollar is being traded in southern Italy at 150 lire.

Frank A. Southard, Jr.

FRANK A. SOUTHARD, JR.,
Lt. Commander, U.S.N.R.,
M.G.S. (Finance), A.F.H.Q.

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