

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

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50.2- Minutes of Meetings
Dec. 1943 - Jan. 1944

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ALLIED FORCE
CENTRAL ECONOMIC COMMITTEE
APO 400

16 January 1944

Minutes of Second Meeting of the Committee Held at 1000 hours on 12 January 1944, Conference Room, AFHQ Advanced Administrative Echelon.

Members in Attendance:

1. Brigadier General A. L. Hamblen, D/DCAG (in the chair).
2. The Honorable Henry Grady, AG/ACC.
3. Brigadier M. S. Lush, AG 15th Army Group.
4. Col. S. A. Fitch, Chairman of the Internal Transportation Sub-Commission.
5. Lt. Col. Alexander I. Henderson, Chief Executive.
6. Lt. Col. C. R. Merrill, Assistant Executive.

The following were also present:

Lord Stansgate, AG/ACC.
Lt. Col. W. J. Legg, CEC Staff

1. Minutes of the previous meeting held 27 December 1944 were approved.
2. Unfinished Business.

a. The Chairman stated that instructions regarding procedure for the committee had been issued by G. branch. He added that it had been agreed that the committee would be kept small, that no experts would attend meetings except on request of the entire committee, and that members could bring alternates to meetings in order to keep them informed as to the proceedings.

3. Report of the Chief Executive.

a. The Chief Executive reported that at the Algiers price meeting it had been recommended under the heading of Import Price Policy that all goods imported for civilian or Italian government use should be charged to the Italian Government at a price considered to be equivalent to landed cost. In general, they should be sold on not less than a landed cost basis, but may be sold at a loss if a price based on landed cost is so high as materially to disturb the general price structure. The subsidy on such latter commodities will be for the account of the Italian Gov-

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SECRET
- 1 -

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c. The Chairman pointed out that ACC alone deals with the Italian Government and that action by CEC would be transmitted to the Italian Government by ACC.

d. The Chief Executive stated that he had been informed in Algiers of a proposal to provide up to 1,200 trucks (half American and half British) to be operated by Italian personnel for internal distribution of civilian goods. It was agreed that allocation of such trucks should be handled by CEC.

e. The Chief Executive stated that three directives have been issued by the CEC:

- (1) Directing that all proposals designed to establish uniform or standard prices for essential commodities or services be referred to the Committee for approval prior to their issuance.
- (2) Directing that orders designed to establish uniform or standard wage scales be referred to the Committee for approval before issuance.
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f. Brigadier Lush proposed that CEC allocate supplies between AMG/ACC and AMG 15th Army Group with these two agencies making sub-allocations to regions. It was agreed that this does not relieve CEC of responsibility for determining to which ports ships should be sent.

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a. A report was presented on the food situation indicating that Region II has 22 days supply of wheat or flour; Region III, 32 days; and Apulia, 16 days.

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5. Consideration of Action Taken by the Italian Government in Fixing Oil Prices. **5033**

a. The Chairman reviewed the correspondence with ACC on action by the Italian Government in raising olive oil prices a maximum of 2500 Lire per quintal. There was a discussion of the inflationary effects inherent in this price increase and of the political effect of directing the Italian Government to make either a flat reduction or to adopt some compromise measure. The Chairman pointed out that ACC has been asked to inform the Italian Government not to change prices without

SECRET
- 2 -

SECRET

- 3 -

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b. It was agreed:

1. The maximum price for olive oil shall be 2200 lire per quintal throughout the mainland. The Italian Government is to be directed to reduce its maximum prices from 2500 to 2200 Lire per quintal for the 1st category (cedidity up to 0.8 per quintal) and other prices are to be reduced proportionately.
2. Maximum prices for the various categories in use in Apulia are appended in Appendix 4. Maximum prices for the various categories in use in Regions II, III, and IV are appended in Appendix B.

6. Consideration of the Proposal to Establish a Central Medical Supply Depot in Naples Under the Direction of the Central Economic Committee.

a. Communications on this subject from Brigadier Lush and Brigadier Parkinson were discussed.

b. It was agreed.

1. A Central Medical Supply Depot will be established. Operation of the depot will be under the Public Health Sub-Commission while control of the depot and allocation of medical supplies will be under the Central Economic Committee.

7. Consideration of a General Report on the Hemp Situation Including Seed and Fertilizer Requirements.

a. There was a general discussion of the report. The Chief Executive stated that it was necessary for the DCMO to direct the services not to contract for manufacture of rope except at agreed prices. He added that he had conferred with Lt. Comdr. Schlee, Lt. Col. Hermann, and Mr. Backhouse, Ministry of Supply representative, attached to the CEC staff, regarding a list of prices which were jointly presented. These prices were about 65% above those now in effect. The Chief Executive also conferred with these gentlemen on amassing of the balance of 1942 and 1943 crops and allocation by CEC of hemp to manufacturers.

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b. It was agreed:

1. Instructions shall be issued by the proper authorities to purchasing agents that they will comply with prices set by CEC in buying rope.
2. Amasso prices for balance of the 1942 and 1943 hemp crops are established at the prices shown on the list submitted to the meeting and included in Appendix C.
3. Region III in conjunction with Mr. Backhouse of the CEC staff will handle problems relating to seed, fertilizer, amassing, and manufacturing.

5032

8. Consideration of a Retroactive Price Increase for the 1943 Wheat Crop.

a. There was a general discussion of the undertaking in Regions III and IV to pay farmers more retroactively than the official price of 300 Lire per quintal for 1943 crop wheat purchased in recent months.

b. It was agreed:

1. the basic price in Regions II, III, and IV for the 1943 crop is

SECRET

- 3 -

SECRET

- 4 -

- 300 Lire per quintal.
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 450 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.
4. Deliveries completed from 11 January 1944 through 20 January 1944 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.

9. Consideration of the Proposed Increase in Petroleum Prices.

- a. There was a general discussion of the report on the consideration of petroleum prices at the Algiers meeting and of studies made of the situation by ACC and the Petroleum Section.
- b. It was agreed that the retail prices on petroleum products on the mainland be established as follows:

1. Gasoline (petrol)-----	16 Lire per litre.
2. Kerosene-----	14 Lire per litre.
3. Gasoil-----	14 Lire per litre.
4. Automotive lubricant oil-----	50 Lire per litre.
5. The usual differentials for agricultural and fishing purposes due to lower taxes and imposts will prevail.	

10. Consideration of Coal Prices.

- a. The Chairman stated that the proposal is to charge the Italian Government landed cost of around 2500 to 3000 Lire per metric ton for coal imported from the United States or the British Empire with the Italian Government reselling such coal to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports. As for Sardinian coal, the proposal was to establish a base price of 550 Lire per metric ton CIF Italian ports with usual differentials for various grades. The Chief Executive stated that a resale price of 1,200 Lire CIF Italian ports was re-

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b. It was agreed:

1. Imported coal not including Sardinian coal shall be charged to the Italian Government at landed cost.
2. Such coal shall be sold to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports.
3. Newly imported Sardinian coal shall be sold to essential civilian users at a base price of 550 Lire per metric ton CIF Italian ports.

c. There was a general discussion of prices to be charged for German and Sardinian coal in privately owned stockpiles in the Naples area. The Chairman pointed out that there is a relatively small amount of coal in these stockpiles and that much has been stolen. It was also brought out that records are lacking in most cases as to prices paid by the owners for such coal, the time that it has

S E C R E T

SECRET
- 5 -

been held, storage charges, handling costs, quality etc. It was agreed that it would be a very difficult if not impossible administrative task to develop detailed data for each stockpile on these points. Much of this coal will be requisitioned directly for military uses.

d. It was agreed:

1. German coal in private stockpiles be allocated for sale at a price of 1200 Lire per metric ton at stockpile.
2. Sardinian coal in private stockpiles be allocated for sale at a base price of 550 Lire at stockpile.

11. Consideration of the Proposed 100% Increase in Passenger Tariffs on the Italian State Railways.

a. The Chief Executive stated that no further evidence supporting the Italian Government's request for the increase had been received.

b. The Honorable Grady stated that he would like to have the matter investigated further and asked that no action be taken at this meeting. This was agreed.

12. Status of Plans for Distribution of Imported Food Items.

a. There was a general discussion of the above subject including transfer of bulk wheat unloading facilities from Naples to Bari; the study of internal motor truck transportation facilities by two officers from the Internal Transportation Sub-commission; the AFHQ proposal to provide 1,200 military trucks for distribution of civilian goods; the agreed schedule of trains; and the proposal for a "food fleet" to transship food from Sicilian and Sardinian ports.

b. The Chairman stated that instructions had been issued by NATOUSA to speed up action on movement of food supplies and that he would put all the time he could on the matter, particularly with regard to getting aid from the military side.

13. Other Matters.

a. The next meeting of the Committee is to be held at 1000 hours on Thursday, 20 January 1944.

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No. 8--AMG/ACC Internal Transportation Sub-Com.

Attn: Col. S. A. Fitch,

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No. 10--Assistant Executive, CEC.

No. 11--ACMG (1)

No. 12-14--DCCAO, AMG

No. 15-17--MGS, AFHQ

No. 18-20--AFLRB (Italian)

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LEIGH S. PLUMMER

Capt., A.U.S.,

Secretary,

Central Economic Committee

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- 5 -

APPENDIX A

(Minute 5. b. 2.)

Prices for olive oil to the producer at the Ammassi in Apulia are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.3 per quintal	L. 2200
" " 2nd " " 1.5 " "	L. 2155
" " 3rd " " 2.5 " "	L. 2110
" " 4th " " 3.5 " "	L. 2075
" " 5th " " 5. " "	L. 2040
" " clear oil with acidity base 5 degrees	L. 1865
Washed oil, heated and inferior in grade, with 5 degrees of acidity, water tolerance and impurities 0.50%, net FOB railroad loading point	L. 1830
Sulphurous oil, acidity base 20 degrees (maximum 30 degrees), water tolerance and impurities 3%, net FOB railroad loading point	L. 1465
Sulphurous oil, high acidity, water and impurities tolerance 3%, FOB railroad loading point, net	L. 1230
Paste for rectification and claims of clear oil and sulphur for 100 Kilos of contents of greasy matter, FOB railroad point	L. 1230
Virgin olive pulp industrial delivery based on 7 Kilos of oil per 100 Kilos pulp 20 degrees acidity, FOB extraction plant	L. 75

APPENDIX B

(Minute 5. b. 2.)

Prices for olive oil to the producer at the Ammassi in Regions II, III and IV are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.8 degrees per quintal	L. 2200
" " 2nd " " 1.5 " "	L. 2155
" " 3rd " " 2.5 " "	L. 2110
" " 4th " " 3.50 " "	L. 2075
" " 5th " " 5. " "	L. 2040
" " 6th " " 7. " "	L. 1990
"Olio Lampante" with an acidity basis of 5	L. 1865
"Olio Lavato" with an acidity basis of 5	L. 1830
"Olio al sulfuro" (extracted from huaks through agency of sulphuric acid, and with an acidity basis of 20)	L. 1465

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Prices for Olive oil to the producer at the Arnessi in Regions II, III and IV are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.8 degrees per quintal	L. 2200
" " 2nd " " 1.5 " " "	L. 2155
" " 3rd " " 2.5 " " "	L. 2110
" " 4th " " 3.50 " " "	L. 2075
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"Olio Lampante" with an acidity basis of 5	L. 1865
"Olio Lavato" with an acidity basis of 5	L. 1730
"Olio el sulfuro" (extracted from husks through agency of sulphuric acid, and with an acidity basis of 20)	L. 1465

APPENDIX C

(Minute 7. b. 2.)

Prices for hemp to the producer at the harvest for the balance of 1942 and 1943 hemp crops are established effective 14 January 1944 as follows:

Prezzi lordi da corrispondersi

Spago Superiore Paesano	3340
" Chiaro Paesano	3275
Extrissimo "	3150
Extra "	2905
Spago mezzo col. paesano	3110
Extrissimo "	2885
Extra "	2655
Spago scolorato	2655
Extrissimo scol. paesano	2515
Extra "	2365
Spago chiaro forestiero	3195
Extrissimo "	3010
Extra "	2765
Spago mezzo col. forestiero	2930
Extrissimo "	2765
Extra "	2530
Spago scolorato forestiero	2575
Extrissimo "	2455
Extra "	2285
Scarti Chieri	2080
" scolorati	1695
Canapone 1	2245
" 2	2120
" 3	1910
Scarti canapone	1690
Cinaglie canapa	1690
" canapone	1360

Exstrissimo "	"	2910
Exstra "	"	2765
Spago mezzo col. forestiero		2930
Exstrissimo "	"	2765
Exstrn "	"	2530
Spago scolorato forestiero		2575
Exstrissimo "	"	2435
Exstra "	"	2285
Scarti Chiari		2080
" scolorati		1895
Canapone 1		2245
" 2		2120
" 3		1940
Scarti canapone		1690
Cinaglie canape		1690
" canapone		1360
Stoppa 1 chiara		1165
" scolorata		1030
" 2 chiara		1055
" scolorata		950
" 3 chiara		1000
" scolorata		875
Feina Chiara		735
" scolorata		695

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38

SECRET

ALLIED FORCE
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APO 400

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SECRET
71-

SECRET
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1. A Central Medical Supply Depot will be established. Operation of the depot will be under the Public Health Sub-Commission while control of the depot and allocation of medical supplies will be under the Central Economic Committee.

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a. There was a general discussion of the report. The Chief Executive stated that it was necessary for the D.C.C. to direct the services not to contract for manufacture of rope except at agreed prices. He added that he had conferred with Lt. Comdr. Schlee, Lt. Col. Hornum, and Mr. Beckhouse, Ministry of Supply representative, attached to the CEC staff, regarding a list of prices which were jointly presented. These prices were about 65% above those now in effect. The Chief Executive also conferred with these gentlemen on amassing of the balance of 1942 and 1943 crops and allocation by CEC of hemp to manufacturers.

b. It was agreed:

1. Instructions shall be issued by the proper authorities to

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b. It was agreed:

1. Instructions shall be issued by the proper authorities to purchasing agents that they will comply with prices set by CEC in buying rope.
2. Amasso prices for balance of the 1942 and 1943 hemp crops are established at the prices shown on the list submitted to the meeting and included in Appendix C.
3. Region III in conjunction with Mr. Backhouse of the CEC staff will handle problems relating to seed, fertilizer, amassing, and manufacturing.

8. Consideration of a Retroactive Price Increase for the 1943 Wheat Crop. 3025

a. There was a general discussion of the undertaking in Regions III and IV to pay farmers more retroactively than the official price of 300 Lire per quintal for 1943 crop wheat purchased in recent months.

b. It was agreed:

1. The basic price in Regions II, III, and IV for the 1943 crop is

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300 Lire per quintal.

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 450 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.
4. Deliveries completed from 11 January 1944 through 20 January 1944 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.

9. Consideration of the Proposed Increase in Petroleum Prices.

- a. There was a general discussion of the report on the consideration of petroleum prices at the Algiers meeting and of studies made of the situation by ACC and the Petroleum Section.
- b. It was agreed that the retail prices on petroleum products on the mainland be established as follows:

- | | |
|---|--------------------|
| 1. Gasoline (petrol)----- | 16 Lire per litre. |
| 2. Kerosene----- | 14 Lire per litre. |
| 3. Gasoil----- | 14 Lire per litre. |
| 4. Automotive lubricant oil----- | 50 Lire per litre. |
| 5. The usual differentials for agricultural and fishing purposes due to lower taxes and imposts will prevail. | |

10. Consideration of Coal Prices.

- a. The Chairman stated that the proposal is to charge the Italian Government landed cost of around 2500 to 3000 Lire per metric ton for coal imported from the United States or the British Empire with the Italian Government reselling such coal to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports. As for Sardinian coal, the proposal was to establish a base price of 550 Lire

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to lower taxes and imposts will prevail. | |

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the United States or the British Empire with the Italian Government reselling such
coal to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian
ports. As for Sardinian coal, the proposal was to establish a base price of 550 Lire
per metric ton CIF Italian ports with usual differentials for various grades. The
Chief Executive stated that a resale price of 1,200 Lire CIF Italian ports was re-
commended by ACC. Brigadier Norman Smith (AHQ) is to supply a schedule of differ-
entials based on various grades of Sardinian coal.

b. It was agreed:

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1. Imported coal not including Sardinian coal shall be charged to the
Italian Government at landed cost.
2. Such coal shall be sold to essential civilian users at a price of
1,200 Lire per metric ton CIF Italian ports.
3. Newly imported Sardinian coal shall be sold to essential civilian
users at a base price of 550 Lire per metric ton CIF Italian ports.

c. There was a general discussion of prices to be charged for German and
Sardinian coal in privately owned stockpiles in the Naples area. The Chairman
pointed out that there is a relatively small amount of coal in these stockpiles
and that much has been stolen. It was also brought out that records are lacking
in most cases as to prices paid by the owners for such coal, the time that it has

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been held, storage charges, handling costs, quality etc. It was agreed that it would be a very difficult if not impossible administrative task to develop detailed data for each stockpile on these points. Much of this coal will be requisitioned directly for military uses.

d. It was agreed:

1. German coal in private stockpiles be allocated for sale at a price of 1200 Lire per metric ton at stockpile.
2. Sardinian coal in private stockpiles be allocated for sale at a base price of 550 Lire at stockpile.

11. Consideration of the Proposed 100% Increase in Passenger Tariffs on the Italian State Railways.

e. The Chief Executive stated that no further evidence supporting the Italian Government's request for the increase had been received.

b. The Honorable Grady stated that he would like to have the matter investigated further and asked that no action be taken at this meeting. This was agreed.

12. Status of Plans for Distribution of Imported Food Items.

a. There was a general discussion of the above subject including transfer of bulk wheat unloading facilities from Naples to Bari; the study of internal motor truck transportation facilities by two officers from the Internal Transportation Sub-committee; the JHQ proposal to provide 1,200 military trucks for distribution of civilian goods; the agreed schedule of trains; and the proposal for a "food fleet" to transport food from Sicilian and Sardinian ports.

b. The Chairman stated that instructions had been issued by NATOUSA to speed up action on movement of food supplies and that he would put all the time he could on the matter, particularly with regard to getting aid from the military side.

13. Other Matters.

a. The next meeting of the Committee is to be held at 1000 hours on Thursday, 20 January 1944.

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Grady, AMG/ACC

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No. 8--AMG/ACC Internal Transportation Sub-Com.

Attn: Col. S. A. Fitch.

No. 9--Chief Executive, CEC.

No. 10--Assistant Executive, CEC.

No. 11--ACMG (1)

No. 12-14--DCCAC, AMG

No. 15-17--MGS, AFHQ

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No. 22--Coal Sec.

No. 23--File

No. 24-30--Spares

LEIGH S. PLUMMER

Capt., A.U.S.,

Secretary,

Central Economic Committee

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- 5 -

APPENDIX A

(Minute 5. b. 2.)

Prices for olive oil to the producer at the Ammassi in Apulia are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.8 per quintal	L. 2200
" " 2nd " " " 1.5 " "	L. 2155
" " 3rd " " " 2.5 " "	L. 2110
" " 4th " " " 3.5 " "	L. 2075
" " 5th " " " 5. " "	L. 2040
" " clear oil with acidity base 5 degrees	L. 1865

Washed oil, heated and inferior in grade, with 5 degrees of acidity, water tolerance and impurities 0.50%, net FOB railroad loading point L. 1830

Sulphurous oil, acidity base 20 degrees (maximum 30 degrees), water tolerance and impurities 3%, net FOB railroad loading point L. 1465

Sulphurous oil, high acidity, water and impurities tolerance 3%, FOB railroad loading point, net L. 1230

Paste for rectification and oleins of clear oil and sulphur for 100 Kilos of contents of greasy matter, FOB railroad point L. 1230

Virgin olive pulp industrial delivery based on 7 Kilos of oil per 100 Kilos pulp 20 degrees acidity, FOB extraction plant L. 75

APPENDIX B

(Minute 5. b. 2.)

Prices for Olive oil to the producer at the Ammassi in Regions II, III and IV are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.8 degrees per quintal	L. 2200
" " 2nd " " " 1.5 " "	L. 2155
" " 3rd " " " 2.5 " "	L. 2110
" " 4th " " " 3.50 " "	L. 2075
" " 5th " " " 5. " "	L. 2040
" " 6th " " " 7. " "	L. 1990
Olio Lampante with an acidity basis of 5	L. 1865

Olio Lavato with an acidity basis of 5 L. 1090

Olio el sulfuro (extracted from husks through agency of sulphuric acid, and with an acidity basis of 20) L. 1465

Virgin olive pulp industrial delivery based on 7 Kilos of oil per
100 Kilos pulp 20 degrees acidity, FOB extraction plant

L. 75

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" " 3rd " " 2.5 " " "	L. 2110
" " 4th " " 3.50 " " "	L. 2075
" " 5th " " 5. " " "	L. 2040
" " 6th " " 7. " " "	L. 1990
"olio Lampante" with an acidity basis of 5	L. 1865

"Olio Lavato" with an acidity basis of 5 L. 1830

"Olio al sulfuro" (extracted from husks through agency of sulphuric
acid, and with an acidity basis of 20) L. 1465

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APPENDIX C

(Minute 7, b. 2.)

Prices for hemp to the producer at the Annuzzi for the balance of 1942 and 1943 hemp crops are established effective 14 January 1944 as follows:

Prezzi lordi da corrispondersi

Spago Superiore Paesano	3340
" Chiro Paesano	3275
Extrissimo "	3150
Extra "	2905
Spago mezzo col. paesano	3110
Extrissimo "	2855
Extra "	2655
Spago scolorato	2655
Extrissimo scol. paesano	2515
Extra "	2365
Spago chiaro forestiero	3195
Extrissimo "	3010
Extra "	2765
Spago mezzo col. forestiero	2990
Extrissimo "	2765
Extra "	2530
Spago scolorato forestiero	2575
Extrissimo "	2135
Extra "	2285
Scarti Chieri	2080
" scolorati	1895
Canapone 1	2215
" 2	2120
" 3	1940
Scarti canapone	1690
di-eglie canapone	1690

Spago chiaro forestiero	3195
Exstrissimo "	3010
Exstra "	2765
Spago mezzo col. forestiero	2930
Exstrissimo "	2765
Exstra "	2530
Spago scolorato forestiero	2575
Exstrissimo "	2435
Exstra "	2285
Scarti Chieri	2090
" scolorati	1895
Canapone 1	2215
" 2	2120
" 3	1940
Scarti canapone	1690
Cinaglie canape	1690
" canapone	1960
Stoppa 1 chiara	1165
" " scolorata	1030
" 2 chiara	1055
" " scolorata	930
" 3 chiara	1000
" " scolorata	875
Feina Chiera	785
" scolorata	685

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
APO 512

WDW/AMG/mrd
4 January 1944

SUBJECT: Minutes - Central Economic Committee

TO : Chief Executive Officer - C.E.C.

1. Receipt of copy No. 3 of minutes of meeting held on 27 Dec. is acknowledged.
2. It would be appreciated if two further copies of these minutes could be furnished to this office.
3. It is considered that the Vice President of the Economic Section of this Headquarters should have a copy for his file. Could we therefore be provided with three copies of minutes of future meetings.

for Dr. Paula White
Major G.H.
for CHARLES M. SPOFFORD
Colonel, G.S.C.
D.C.C.A.O., AMG, HQ.

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U R G E N T.

CSC/

AMG/15 ARMY GROUP (ECONOMICS & SUPPLY Div.)
N A P L E S.

To:

Captain PLUMER,
Secretary
Central Economic Committee,
c/o. M.G.S.-Adv.,
F L A M B O.

29th December, 1943.

MEETING TO DISCUSS FORMATION OF CENTRAL ECONOMIC COMMITTEE,
Monday 27th December, 1943.

Enclosed please find, in rough form, the Minutes
taken by the undersigned at the meeting described at the
head of this note.

C. R. Merrill
C.R. MERRALL/Lt. Col.
AMG/15 Army Group.

Enclos.

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A.F.H.Q. ADV. ADM. ECHOLON

- 1) A preliminary meeting was held in the Conference Room, AFHQ Adv. Adm. Echelon at 1100 hrs. on Monday 27th December 1943 to discuss the formation and functions of the Central Economic Committee.

Present: D/C.A.O. in the chair
DD/C.A.O.

Col. Spofford, HQ. AMG.
Lt. Col. A.I. Henderson, M.G.S.,
Lt. Col. C.R. Merrall, AMG/15 Army Group
Lt. Col. Logan G.4. (?) AFHQ Adv. Adm. Ech.
Lt. Col. Bernstein A.C.C.
Major Todd, M.G.S.

- 2) The Chairman, opening the meeting, said that A.F.H.Q. Memorandum No. 92 setting up the Central Economic Committee, may require to be altered at several points before being issued in final form. He will be going shortly to Algiers and will take that opportunity to present any changes recommended by the meeting. The first duty of those present was to agree on the composition of the Committee. Memorandum No. 92 sets up a Chairman, a Deputy Chairman, one senior representative of AMG/15 Army Group, one representative appointed jointly by AEG/AMG to serve as Vice Chairman. There is also a Food Controller, who is an additional Vice Chairman.

The meeting agreed that there should be a Chairman, Major General Robertson and a Deputy Chairman, Brigadier General Hamblen. The Committee's Chief Executive Officer will be Lt. Col. Henderson, Food Controller. The C/Executive Officer will have a permanent staff under him, who devote their full time to the business of the Committee. It was proposed that, at the start, the Committee should be composed of the following Sections:

- 1) Supply and Distribution;
- 2) Transportation (including Shipping) and Warehousing;
- 3) Industry;
- 4) Financial Section to deal with prices, wages and black market problems;
- 5) Statistics.

Dealing with the question of representatives, the Chairman said he proposed replying to a letter he had received from Brigadier Lush on this subject, suggesting that the Representative from AMG/15 Army Group be Lt. Col. Gerry. Col. Spofford, speaking for AEG, said that

to serve as Vice Chairman. There is also a Food Controller, who is an additional Vice Chairman.

The meeting agreed that there should be a Chairman, Major General Robertson and a Deputy Chairman, Brigadier General Hamben. The Committee's Chief Executive Officer will be Lt. Col. Henderson, Food Controller. The C/Executive Officer will have a permanent staff under him, who devote their full time to the business of the Committee. It was proposed that, at the start, the Committee should be composed of the following Sections:

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- 4) Financial Section to deal with prices, wages and black market problems;
- 5) Statistics.

Dealing with the question of representatives, the Chairman said he proposed replying to a letter he had received from Brigadier Lush on this subject, suggesting that the Representative from AMG/15 Army Group be Lt. Col. Gerry. Col. Spofford, speaking for ACC, said that until ACC appoint a permanent Representative, he will serve in a temporary capacity. It was further agreed that Lt. Col. Merrill should be a member of the Committee, also Brigadier Fellowes, having Colonel Fitch as his alternate.

3) On the subject of providing permanent personnel and equipment for the Committee, the Chairman said that an instruction would go out from his Headquarters stating the functions and method of procedure of the Body.

4) It was agreed that the directives of the Committee may properly be signed by the Chief Executive on behalf of the Committee. It was further agreed that it is unnecessary to elencate the matters which the Chief Executive Officer may bring before the Committee.

5) It was decided that the permanent members of the Committee should operate between meetings. The Committee reserved the right to intervene in these operations should they consider it necessary to do so.

6) On the subject of correspondence and contacts with individual Headquarters, the ~~Committee~~ meeting agreed that it is undesirable that the Committee communicate direct with Regions ./.

and areas on matters of policy, while they will do so on matters of detail or when requesting information, if time does not permit them to work through the normal channels. In all its dealings direct with Regions, etc., the permanent staff will keep the higher formation informed as to what it is doing. The Chairman directed that mention of this be made in the Instructions.

7) It was pointed out that the Committee will be required to form its Secretariat, the Secretary being on the permanent staff of the C.E.O. Lt. Colonel Henderson said that the appointment will be made.

8) The Committee should meet fortnightly; the first meeting being scheduled for ten days from the date of the present conference.

9) The Chairman pointed out that liaison between the Central Economic Committee and the Allied Forces Local Resources (Italian) Board is assured by the fact that, while the activities and purpose of the two bodies are distinct, they both have the same Chairman and Deputy Chairman, and the C.E.O. also attends the meetings of the L.R.B. in his quality as M.G.S. Representative.

10) Reverting to the question of personnel and equipment for the Central Economic Committee, the Chairman directed that a paragraph be inserted in the Administrative Instruction referred to under 3) making clear that requirements of vehicles and personnel be met by the three Organizations - AMG/15 Army Group, A.C.C. and AMG. Rear. Supplies and rations, office furniture and equipment will be drawn for the Committee as M.G.S. from the Camp Commandant, AFHQ Adv. Adm. Echelon. Office space also will be a matter for the Camp Commandant. The Chairman at this point remarked that the Committee should, if possible, be given its own Table of Organization. It was agreed that M.G.S. should draw up a firm demand on the Camp Commandant for their requirements as above.

11) Petroleum Prices. The Petroleum Section of AFHQ had stated that the sale to the public of Pol at present prices, which are based on pre-Occupation rates, is not economic and does not enable CIP, the civil distribution organization, to pay its way. A telegram from AFHQ was read out. The message stated that present prices are too low.

At this point in the meeting, the Chairman was forced to leave.

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At this point in the meeting, the Chairman was forced to leave, and the Deputy Chairman conducted the meeting until its close.

It was recommended that, pending the determination of a basic policy as to an eventual increase of price, prices will remain 50% those given in a Flambo message telegraphed on 20th December 1943 to ACC-Adulie, AMG/15 Army Group, AMG-Rear and repeated to AFHQ and Pet Sec-Flambo, namely: Petrol - 11 Lire per litre; Kerosene 10 Lire per litre; Gasoil - 9.25 Lire per litre, effective first January.

12) Italian State Railways Wages & Passenger Tariff. The Deputy Chairman referred to correspondence received from the Italian Under-Secretary of State for Railways and Highways recommending increase in wages for Italian railway workers and also an increase of 100 per cent in the passenger tariff. Wage increases had not yet been granted in Reggio.

It was considered necessary that railway workers have the same rate of increase in all areas provided the indemnities relating to bombing and the war situation may be eliminated - or not included - in certain areas as conditions warrant. The Chief Executive will prepare the necessary papers to implement this policy.

3.

consideration of the proposed increase of passenger tariffs was postponed until the next meeting of the Committee, when a decision will be made. This decision could not be taken on the present occasion due to inadequacy of the information produced in support of the proposal.

13) A report was presented by M.G.S. Representative giving the general supply position as at 27th December 1943. It was decided that a similar survey should be presented at each meeting of the Central Economic Committee.

14) The Deputy Chairman referred to a case where a Representative of Region III had made a request to PBS for flour for issue on the civilian ration. It was considered that a request of this kind properly would be ~~transmitted~~ transmitted through the Committee. It was decided that, in future, emergency requests on military stocks will be submitted to the Committee.

15) The meeting rose at 14,00 hrs.

Naples. 28th December, 1943.

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

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Qm
Naples. 28th December, 1943.

COPY NO. 22

CENTRAL ECONOMIC COMMITTEE

minutes of First Meeting Held at 1100 Hours on 27 December 1943
Conference Room, AFHQ Advanced Administrative Echelon

Agenda

1. Organization and composition of the Committee.
2. Consideration of procedure and staff.
3. Relations with Allied Force Local Resources (Italian) Board
4. Consideration of prices of imported petroleum products.
5. Consideration of rate and tariff matters of the Italian State Railways.
6. Report on the general supply situation.
7. Other matters.

Officers In Attendance

1. Major General Sir Brian H. Robertson, DCAO
2. Brig. General A. L. Hamblen, D/DCAG
3. Col. C. M. Spofford, Headquarters AMG.
4. Lt. Col. A. I. Henderson, Food Controller.
5. Lt. Col. J. R. Merrill, AMG 15th Army Group.
6. Lt. Col. D. Logan-Gray, AFHQ Adv Admin Echelon
7. Lt. Col. Bernard Bernstein, ACC/AMG Finance Sub-Commission.
8. Major J. A. Todd, MGS Advance.

1. Organization and Composition of the Committee.

The following organization of the Committee was agreed upon:

- a. Chairman: Major General Sir Brian H. Robertson, DCAO
- b. Deputy Chairman: Brigadier General A. L. Hamblen, D/DCAG
- c. Chief Executive: Lt Col. A. I. Henderson, Food Controller.
- d. Col. C. M. Spofford stated that he would serve temporarily as the AMG/ACC representative pending appointment of a permanent representative.
- e. With reference to a representative of AMG 15th Army Group, the Chairman stated that he proposed replying to a letter he had received from Brigadier Lush on this subject, suggesting that the representative from AMG 15th Army Group be Lt. Col. Gerry.
- f. It was decided that it would be desirable to have a transportation representative on the Committee. Brigadier R. W. L. Fellowes, Chairman of Flambo Transportation Committee, was designated, with Col. S. A. Fitch, Chairman of the Internal Transportation Sub Commission as alternate.
- g. Lt. Col. C. R. Merrill: Chief, Economics and Supply Division, AMG 15th Army Group.
- h. Col. Spofford suggested that a representative of the Finance Sub-Commission be on the Committee, but it was decided that any technical financial advice should be obtained on specific proposals before being considered by the Committee.

1. The Chairman stated that he proposed to take up the revision of Administrative Memorandum No. 92 to accomplish necessary changes to effectuate these decisions and that he believed they would be acceptable.

2. Consideration of procedures and Staff.

The Committee will initially be composed of the following sections:

- a. Supply;
- b. Distribution;
- c. Transportation (including shipping) and warehousing;
- d. Industry;
- e. Financial Section, to deal with prices, wages and black market rebates;
- f. Statistics.

The following points regarding procedure were agreed upon:

- a. The Chairman stated that an instruction would go out from his headquarters stating the functions and methods of procedure of the Committee.
- b. Directives of the Committee may properly be signed by the Chief Executive on behalf of the Committee.
- c. It was noted that the Committee is authorized to communicate directly with all regions and commands. It was decided that such direct communication would be used only in those cases where communication through channels was not considered satisfactory. In all cases of direct communication, all intermediate headquarters will be kept fully informed.
- d. The Committee will meet fortnightly. The second meeting will be held at approximately ten days on a date to be fixed by the Chairman.
- e. The Chairman directed that a paragraph be inserted in the administrative instructions stating that requirements for vehicles, office equipment and personnel be met by the 15th Army Group, AFHQ headquarters and ACC. Expendable office supplies, furniture and accommodations will be provided for the Committee by the Army Commandant, AFHQ, Adv. Adm. Ech. AGS (Adv) will requisition on the Army Commandant for the above.
- f. The Chairman stated that the Committee should, if possible, be given its own Table of Organization.

3. Relations with Allied Force Local Resources (Italian) Board.

The Chairman stated that liaison between the Central Economic Committee and the Allied Force Local Resources (Italian) Board is assured by the fact that, while the activities and purpose of the two bodies are distinct, they both have the same Chairman and Deputy Chairman and the Chief Executive also attends the meetings of the Board in his capacity as representative of AGS (Adv).

4. Consideration of Prices of Imported Petroleum Products.

It was decided that, pending determination of a basic price policy, prices would remain those given in a Flambo message to-

graphed on 20 December 1943 to ACC-Apulia, AMG 15th Army Group, AMG-Rear and repeated to AFHQ and Pet Sec-Flambo. Those prices are: Petrol- -11 Lire per litre; Kerosene, 10 Lire per litre; Gasoil - -9.25 Lire per litre, effective 1 January 1944.

5. Consideration of wage and tariff matters of the Italian State Railways.

The Deputy Chairman referred to correspondence received from the Italian Secretary of State for Railways and Highways recommending an increase in wages of Italian railway workers and also an increase of 100% in passenger tariffs. It was determined that wage rates for railway workers should be made uniform throughout various portions of the Italian mainland. It was further determined that inequalities relating to bombing and the war situation should be eliminated in those areas where conditions no longer warrant their payment, and that this policy should be considered in establishing uniform wage rates. The Chief Executive was directed to make the necessary investigations and prepare the directives required to implement this policy.

Consideration of the proposed increase of passenger tariffs was postponed until the next Committee Meeting because of inadequacy of information produced in support of the proposal.

6. Report on the General Supply Situation.

The EBS (Acr) representative presented a report on the general supply situation as of 27 December 1943. No action was found necessary. A similar report is to be presented at each Meeting of the Committee.

7. Other Matters.

The Deputy Chairman cited a request made by a representative of Region LI to PBS for flour for issue on the Campania coast and expressed the opinion that requests of this kind should be transmitted through the Committee. It was decided that in the future all emergency requests for military stocks should be submitted to the Committee.

8. The meeting adjourned at 1400 hours.

Naples. 30 December 1943.

L. S. Fuller
L. S. FULLER
Captain, A. U. S.
Secretary,
Central Economic Committee

5016

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CENTRAL ECONOMIC COMMITTEE
APO 400

Minutes of Second Meeting of the Committee Held at 1000 hours on 12 January 1944, Conference Room, AFHQ Advanced Administrative Echelon.

Officer in Attendance:

1. Brigadier General A. I. Hamblen, D/DCAS (in the chair).
2. Mr. Henry Grady, AMG/ACC.
3. Lord Stansgate, AMG/ACC.
4. Brigadier M. S. Lush, AMG 15th Army Group.
5. Col. S. A. Fitch, Chairman of the Internal Transportation Sub-Commission.
6. Lt. Col. Alexander I. Henderson, Chief Executive.
7. Lt. Col. G. R. Merrill, Assistant Executive.
8. Lt. Col. W. J. Legg, CRC staff.

-
1. Minutes of the previous meeting held 27 December 1944 were approved.

2. Unfinished business.

a. The Chairman stated that instructions regarding procedure for the committee had been issued by Q branch. He added that it had been agreed that the committee would be kept small, that no experts would attend meetings except on request of the entire committee, and that members could bring alternates to meetings in order to keep them informed as to the proceedings.

3. Report of the Chief Executive.

a. The Chief Executive reported that at the Algiers price meeting it had been recommended under the heading of Import Price Policy that all goods imported for civilian or Italian government use should be charged to the Italian Government at a price considered to be equivalent to landed cost. In general, they should be sold on not less than a landed cost basis, but may be sold at a loss if a price based on landed cost is so high as materially to disturb the general price structure. The subsidy on such latter commodities will be for the account of the Italian Government. Even though legal retail prices are not fixed Allied authorities will watch and if necessary control the retail price of imported goods consulting with Italian authorities where appropriate.

b. The Chief Executive also reported that the Algiers meeting had recommended under the heading of Domestic Price Control that price increases in Italy are in general to be resisted in view of the inflationary trend which has already shown itself, and that to this end prices of certain important commodities should for the time being be held at low subsidized levels. Control and the fixing of controlled prices

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must of necessity be made in the field, each case being dealt with on its merits within the framework of the general policy. The Chief Executive made the point that field proposals designed to establish uniform or standard prices for essential commodities or services must be referred to the Central Economic Committee for approval prior to their issuance.

c. The Chairman pointed out that ACC alone deals with the Italian Government and that action by CEC would be transmitted to the Italian Government by ACC.

d. The Chief Executive stated that he had been informed in Algiers of a proposal to provide up to 1,200 trucks (half American and half British) to be operated by Italian personnel for internal distribution of civilian goods. It was agreed that allocation of such trucks should be handled by CEC.

e. The Chief Executive stated that three directives have been issued by the CEC:

(1) Directing that all proposals designed to establish uniform or standard prices for essential commodities or services be referred to the Committee for approval prior to their issuance.

(2) Directing that orders designed to establish uniform or standard wage scales be referred to the Committee for approval before issuance.

(3) Directing that all requisitions for civilian supplies for areas on the mainland be forwarded through the Committee.

f. Brigadier Lush proposed that CEC allocate supplies between AMG/ACC and AMG 15th Army Group with those two agencies making sub-allocations to regions. It was agreed that this does not relieve CEC of responsibility for determining to which ports ships should be sent.

g. There was some discussion of the position of Lt. Col. Merrill. It was agreed that Lt. Col. Merrill could not operate on the CEC staff as a representative of AMG 15th Army Group but that he could be Brigadier Lush's channel for doing business with CEC. This is to be tried and if it does not work out in practice adjustments will be made.

4. Report on the general food supply situation.

a. A report was presented on the food situation indicating that Region II has 22 days supply of wheat or flour; Region III, 32 days; and Apulia, 16 days.

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b. Brigadier Lush stated that Region III is short on food with the bread ration in Naples city being only 125 grams a day for normal consumers, whereas it should be raised to 150 grams of bread and 70 grams of pasta. Distribution now amounts to 21 1/2 tons a day but it should be 71 1/2 tons including extra rations for expectant mothers, light workers and heavy workers. There was some discussion of the circumstances surrounding the diversion of two ships carrying food which were diverted away from Naples. It was agreed that a combination of factors were responsible including port congestion, lack of personnel, and lack of warehouse space. The Chairman stated that he was prepared to deal with these factors if more detailed and definite information were provided. Brigadier Lush agreed to present a paper on the ration situation in Region III at the next committee meeting.

5. Consideration of action taken by the Italian Government in fixing olive oil prices.

a. The Chairman reviewed the correspondence with ACC on action by the Italian government in raising olive oil prices a maximum of 2500 lire per quintal. There was a discussion of the inflationary effects inherent in this price increase and of the political effect of directing the Italian Government to make either a flat reduction or to adopt some compromise measure. The Chairman pointed out that ACC had been asked to inform the Italian Government not to change prices without obtaining prior approval of CEC.

b. It was agreed:

1. The maximum price for olive oil shall be 2200 lire per quintal throughout the mainland. The Italian government is to be directed to reduce its maximum prices from 2500 to 2200 lire per quintal for the 1st category (acidity up to 0.8 per quintal) and other prices are to be reduced proportionately.

6. Consideration of the proposal to establish a central medical supply depot in Naples under the direction of the Central Economic Committee.

a. Communications on this subject from Brigadier Lush and Brigadier Parkinson were discussed.

b. It was agreed:

1. A Central Medical Supply Depot is to be established in Naples. Operation of the depot will be under the Public Health Sub-Commission while control of the depot and allocation of medical supplies will be under the Central Economic Committee.

7. Consideration of a general report on the hemp situation including seed and fertilizer requirements.

a. There was a general discussion of the report. The Chief Executive stated that it was necessary for the DCAO to direct the services not to contract for manufacture of rope except at agreed prices. He added that he had conferred with Lt. Com. Schlee, Lt. Col. Harrmann, and Mr. Backhouse.

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Ministry of Supply representative, attached to the CEC staff, regarding a list of prices which were jointly presented. These prices were about 65% above those now in effect. The Chief Executive also conferred with these gentleman on amassing of the balance of 1942 and 1943 crops and allocation by CEC of hemp to manufacturers.

b. It was agreed:

1. Instructions shall be issued by the proper authorities to purchasing agents that they will comply with prices set by CEC in buying rope.
2. Amasso prices for balance of the 1942 and 1943 hemp crops are established at the prices shown on the list submitted to the meeting and included in Appendix ~~XXXXXX~~ C.
3. Region III in conjunction with Mr. Backhouse of the CEC staff will handle problems relating to seed, fertilizer, amassing, and manufacturing.

8. Consideration of a retroactive price increase for the 1943 wheat crop.

a. There was a general discussion of the undertaking in Regions III and IV to pay farmers more retroactively than the official price of 300 Lire per quintal for 1943 crop wheat purchased in recent months.

b. It was agreed:

1. The basic price in Regions II, III, and IV for the 1943 crop is 300 Lire per quintal.
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 in those regions of 450 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.
4. Deliveries completed from 11 January 1944 through 20 January 1944 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. The proposed increase in bread prices is not approved.

9. Consideration of the proposed increase in petroleum prices.

a. There was a general discussion of the report on the consideration of petroleum prices at the Algiers meeting and of studies made of the situation by ACC and the Petroleum Section.

b. It was agreed that the retail prices on petroleum products on the mainland be established as follows:

1. Gasoline (petrol)-----16 Lire per litre.
2. Kerosene-----14 Lire per litre.
3. Gasoil-----14 Lire per litre.
4. Automotive Lubricant oil-----50 Lire per litre.
5. The usual differentials for agricultural and fishing purposes due to lower taxes and imposts will prevail.

SECRET

- 5 -

10. Consideration of coal prices.

a. The Chairman stated that the proposal is to charge the Italian Government landed cost of around 2500 to 3000 Lire per metric ton for coal imported from the United States or Great Britain with the Italian Government reselling such coal to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports. As for Sardinian coal, the proposal was to establish a base price of 550 Lire per metric ton CIF Italian ports with usual differentials for various grades. The Chief Executive stated that a resale price of 1,200 Lire was CIF Italian ports recommended by ACC. Brigadier Norman Smith (AFHQ) is to supply a schedule of differentials based on various grades of Sardinian coal.

b. It was agreed:

1. Imported coal not including Sardinian coal shall be charged to the Italian government at landed cost.

2. Such coal shall be sold to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports.

3. Newly imported Sardinian coal shall be sold to essential civilian users at a base price of 550 Lire per metric ton CIF Italian Ports.

c. There was a general discussion of prices to be charged for German and Sardinian coal in privately owned stockpiles in the Naples area. The Chairman pointed out that there is a relatively small amount of coal in these stockpiles and that much has been stolen. It was also brought out that records are lacking in most cases as to prices paid by the owners for such coal, the time that it has been held, storage charges, handling costs, quality etc. It was agreed that it would be a very difficult if not impossible administrative task to develop detailed data for each stockpile on these points. Much of this coal will be requisitioned directly for military uses.

d. It was agreed:

1. German coal in private stockpiles be purchased and allocated for sale at a price of 1200 Lire per metric ton at stockpile.

2. Sardinian coal in private stockpiles be purchased and allocated for sale at a base price of 550 Lire at stockpile.

11. Consideration of the proposed 100% increase in messenger tariffs on the Italian State Railways.

a. The Chief Executive stated that no further evidence supporting the Italian Government's request for the increase had been received.

b. Mr. Grady stated that he would like to have the matter investigated further and asked that no action be taken at this meeting. This was agreed.

12. Status of plans for distribution of imported food items.

a. There was a general discussion of the above subject including transfer of bulk wheat unloading facilities from Naples to Bari; the study of internal motor truck transportation facilities by two officers from the Internal Transportation sub-commission; the AFHQ proposal to provide

SECRET
- 5 -

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- 6 -

1,200 military trucks for distribution of civilian goods; the agreed schedule of trains; and the proposal for a "food fleet" to tranship food from Sicilian and Sardinian ports.

b. The Chairman stated that instructions had been issued by NATOUSA to speed up action on movement of food supplies and that he would put all the time he could on the matter, particularly with regard to getting aid from the military side.

13. Other matters.

a. The next meeting of the committee is to be held at 1000 hours on Thursday, 20 January 1944.

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CENTRAL ECONOMIC COMMITTEE
APO 400

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members
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5. Col. S. A. Fitch, Chairman of the Internal Transportation Sub-Commission.
6. Lt. Col. Alexander I. Henderson, Chief Executive.
7. Lt. Col. C. R. Merrill, Assistant Executive.
8. Lt. Col. W. J. Legg, SEC staff.

The following were also present:

- Stansgate AMG/ACC*
Brig. S. Legg: SEC staff
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a. The Chairman stated that instructions regarding procedure for the committee had been issued by Q branch. He added that it had been agreed that the committee would be kept small, that no experts would attend meetings except on request of the entire committee, and that members could bring alternates to meetings in order to keep them informed as to the proceedings.

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Insert 2. *from Ps Letter*

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- 6 -

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13. Other matters.

a. The next meeting of the committee is to be held at 1000 hours on Thursday, 20 January 1944.

LEIGH S. FLUMMER
~~Secretary~~
Captain, A.U.S.,
Secretary,
Central Economic Committee

5002

S E C R E T
- 6 -

APPENDIX A

Prices for olive oil to the producer at the Annessi in Apulia are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.8 per quintal	L. 2200
" " 2nd " " " 1.5 " "	L. 2135
" " 3rd " " " 2.5 " "	L. 2110
" " 4th " " " 3.5 " "	L. 2075
" " 5th " " " 5. " "	L. 2040
" " clear oil with acidity base 5 degrees	L. 1865
Washed oil, heated and inferior in grade, with 5 degrees of acidity, water tolerance and impurities 0.5%, net FOB railroad loading point	L. 1830
Sulphurous oil, acidity base 20 degrees (maximum 30 degrees), water tolerance and impurities 3%, net FOB railroad loading point	L. 1465
Sulphurous oil, high acidity, water and impurities tolerance 3%, FOB railroad loading point, net	L. 1830
Paste for rectification and oleine of clear oil and sulphur for 100 kilos of contents of greasy matter, FOB railroad point	L. 1830
Virgin olive pulp industrial delivery based on 7 kilos of oil per 100 kilos pulp 20 degrees acidity, FOB extraction plant	L. 75

APPENDIX B

Prices for Olive oil to the producer at the Annessi in Regions II, III, and IV are established effective 14 January 1944 as follows:

Olive oil 1st category acidity up to 0.8 degrees per quintal	L. 2200
" " 2nd " " " 1.5 " "	L. 2135
" " 3rd " " " 2.5 " "	L. 2110
" " 4th " " " 3.50 " "	L. 2075
" " 5th " " " 5. " "	L. 2040
" " 6th " " " 7. " "	L. 1990
"Olio Lampante" with an acidity basis of 5	L. 1865
"Olio lavato" with an acidity basis of 5	L. 1830
"Olio al zolfo" (extracted from husks through agency of sulphuric acid, and with an acidity basis of 20)	L. 1465

ALLIED FORCE
CENTRAL ECONOMIC COMMITTEE
APO 400

Appendix C - Minutes
" - Hemp Ltr.

AMMASSO PROVINCIALE CANAPA

N A P O L I

Prezzi lordi da corrispondersi

Spago Superiore Paesano	3340
" Chiare Paesano	3275
Exstrissimo " "	3150
Extra " "	2905
Spago mezzo col. paesano	3110
Exstrissimo " " "	2885
Extra " " "	2655
Spago scolorato	2655
Exstrissimo scol. paesano	2515
Extra " " "	2365
Spago chiaro forestiero	3195
Exstrissimo " "	3010
Extra " " "	2765
Spago mezzo col. forestiero	2930
Exstrissimo " " "	2765
Extra " " "	2530
Spago scolorato forestiero	2575
Exstrissimo " " "	2435
Extra " " "	2205
Scarti Chiari	2080
" scolorati	1895
Canapone 1	2245
" 2	2120
" 3	1940
Scarti canapone	1690
Cinaglie canapa	1690
" Canapone	1360
Stoppa 1 chiara	1165
" " scolorata	1030
" 2 chiara	1055
" " scolorata	950
" 3 chiara	1000
" " scolorata	875
Feina Chiara	785
" scolorata	685

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Col Henderson Please see my notes and
queries.

Page 1

Page 4. I don't remember that price of
bread was ever mentioned.

Page 5. Coal will shortly start coming
from So Africa.

[Signature]

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CENTRAL ECONOMIC COMMITTEE
APO 400

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 2. Mr. Henry Grady, AMG/ACC.
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 4. Brigadier M. S. Lush, AMG 15th Army Group.
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d. The Chief Executive stated that he had been informed in Algiers of a proposal to provide up to 1,200 trucks (half American and half British) to be operated by Italian personnel for internal distribution of civilian goods. It was agreed that allocation of such trucks should be handled by CEC.

e. The Chief Executive stated that three directives have been issued by the CEC:

(1) Directing that all proposals designed to establish uniform or standard prices for essential commodities or services be referred to the Committee for approval prior to their issuance.

(2) Directing that orders designed to establish uniform or standard wage scales be referred to the Committee for approval before issuance.

(3) Directing that all requisitions for civilian supplies for areas on the mainland be forwarded through the Committee.

f. Brigadier Lush proposed that CEC allocate supplies between AMG/ACC and AMG 15th Army Group with those two agencies making sub-allocations to regions. It was agreed that this does not relieve CEC of responsibility for determining to which ports ships should be sent.

g. There was some discussion of the position of Lt. Col. Merrill. It was agreed that Lt. Col. Merrill could not operate on the CEC staff as a representative of AMG 15th Army Group but that he could be Brigadier Lush's channel for doing business with CEC. This is to be tried and if it does not work out in practice adjustments will be made.

4. Report on the general food supply situation.

a. A report was presented on the food situation indicating that Region II has 22 days supply of wheat or flour; Region III, 32 days; and Apulia, 16 days.

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- b. Brigadier Lush stated that Region III is short on food with the bread ration in Naples city being only 125 grams a day for normal consumers, whereas it should be raised to 150 grams of bread and 70 grams of pasta. Distribution now amounts to 214 tons a day but it should be 719 tons including extra rations for expectant mothers, light workers and heavy workers. There was some discussion of the circumstances surrounding the diversion of two ships carrying food which were diverted away from Naples. It was agreed that a combination of factors were responsible including port congestion, lack of personnel, and lack of warehouse space. The Chairman stated that he was prepared to deal with these factors if more detailed and definite information were provided. Brigadier Lush agreed to present a paper on the ration situation in Region III at the next committee meeting.
5. Consideration of action taken by the Italian Government in fixing olive oil prices.
- a. The Chairman reviewed the correspondence with ACC on action by the Italian government in raising olive oil prices a maximum of 2500 lire per quintal. There was a discussion of the inflationary effects inherent in this price increase and of the political effect of directing the Italian Government to make either a flat reduction or to adopt some compromise measure. The Chairman pointed out that ACC had been asked to inform the Italian Government not to change prices without obtaining
- b. It was agreed: prior approval of CEC.
1. The maximum price for olive oil shall be 2200 lire per quintal throughout the mainland. The Italian government is to be directed to reduce its maximum prices from 2500 to 2200 lire per quintal for the 1st category (acidity up to 0.8 per quintal) and other prices are to be reduced proportionately.
6. Consideration of the proposal to establish a central medical supply depot in Naples under the direction of the Central Economic Committee.
- a. Communications on this subject from Brigadier Lush and Brigadier Parkinson were discussed.
- b. It was agreed:
1. A Central Medical Supply Depot is to be established in Naples. Operation of the depot will be under the Public Health Sub-Commission while control of the depot and allocation of medical supplies will be under the Central Economic Committee.
7. Consideration of a general report on the hemp situation including seed and fertilizer requirements.
- a. There was a general discussion of the report. The Chief Executive stated that it was necessary for the DCAO to direct the services not to contract for manufacture of rope except at agreed prices. He added that he had conferred with Lt. Com. Schlee, Lt. Col. Herrmann, and Mr. Backhouse,

SECRET

Ministry of Supply representative, attached to the CEC staff, regarding a list of prices which were jointly presented. These prices were about 65% above those now in effect. The Chief Executive also conferred with these gentleman on amassing of the balance of 1942 and 1943 crops and allocation by CEC of hemp to manufacturers.

b. It was agreed:

1. Instructions shall be issued by the proper authorities to purchasing agents that they will comply with prices set by CEC in buying rope.
2. Ammasso prices for balance of the 1942 and 1943 hemp crops are established at the prices shown on the list submitted to the meeting and included in Appendix ~~Exhibit~~ C.
3. Region III in conjunction with Mr. Backhouse of the CEC staff will handle problems relating to seed, fertilizer, ammassing, and manufacturing.

8. Consideration of a retroactive price increase for the 1943 wheat crop.

a. There was a general discussion of the undertaking in Regions III and IV to pay farmers more retroactively than the official price of 300 Lire per quintal for 1943 crop wheat purchased in recent months.

b. It was agreed:

1. The basic price in Regions II, III, and IV for the 1943 crop is 300 Lire per quintal.
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 in those regions of 450 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.
4. Deliveries completed from 11 January 1944 through 20 January 1944 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. The proposed increase in bread prices is not approved.

9. Consideration of the proposed increase in petroleum prices.

a. There was a general discussion of the report on the consideration of petroleum prices at the Algiers meeting and of studies made of the situation by ACC and the Petroleum Section.

b. It was agreed that the retail prices on petroleum products on the mainland be established as follows:

1. Gasoline (petrol)-----16 Lire per litre.
2. Kerosene-----14 Lire per litre.
3. Gasoil-----14 Lire per litre.
4. Automotive Lubricant oil-----50 Lire per litre.
5. The usual differentials for agricultural and fishing purposes due to lower taxes and imports will prevail.

SECRET

- 5 -

10. Consideration of coal prices.

a. The Chairman stated that the proposal is to charge the Italian Government landed cost of around 2500 to 3000 Lire per metric ton for coal imported from the United States or Great Britain with the Italian Government reselling such coal to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports. As for Sardinian coal, the proposal was to establish a base price of 550 Lire per metric ton CIF Italian ports with usual differentials for various grades. The Chief Executive stated that a resale price of 1,200 Lire was CIF Italian ports recommended by ACC. Brigadier Norman Smith (AFHQ) is to supply a schedule of differentials based on various grades of Sardinian coal.

b. It was agreed:

1. Imported coal not including Sardinian coal shall be charged to the Italian government at landed cost.

2. Such coal shall be sold to essential civilian users at a price of 1,200 Lire per metric ton CIF Italian ports.

3. Newly imported Sardinian coal shall be sold to essential civilian users at a base price of 550 Lire per metric ton CIF Italian Ports.

c. There was a general discussion of prices to be charged for German and Sardinian coal in privately owned stockpiles in the Naples area.

The Chairman pointed out that there is a relatively small amount of coal in these stockpiles and that much has been stolen. It was also brought out that records are lacking in most cases as to prices paid by the owners for such coal, the time that it has been held, storage charges, handling costs, quality etc. It was agreed that it would be a very difficult if not impossible administrative task to develop detailed data for each stockpile on these points. Much of this coal will be requisitioned directly for military uses.

d. It was agreed:

1. German coal in private stockpiles be purchased and allocated for sale at a price of 1200 Lire per metric ton at stockpile.

2. Sardinian coal in private stockpiles be purchased and allocated for sale at a base price of 550 Lire at stockpile.

11. Consideration of the proposed 100% increase in passenger tariffs on the Italian State Railways.

a. The Chief Executive stated that no further evidence supporting the Italian Government's request for the increase had been received.

b. Mr. Grady stated that he would like to have the matter investigated further and asked that no action be taken at this meeting. This was agreed.

12. Status of plans for distribution of imported food items.

a. There was a general discussion of the above subject including transfer of bulk wheat unloading facilities from Naples to Bari; the study of internal motor truck transportation facilities by two officers from the Internal Transportation sub-commission; the AFHQ proposal to provide

SECRET

- 5 -

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- 6 -

1,200 military trucks for distribution of civilian goods; the agreed schedule of trains; and the proposal for a "food fleet" to tranship food from Sicilian and Sardinian ports.

b. The Chairman stated that instructions had been issued by NATOUSA to speed up action on movement of food supplies and that he would put all the time he could on the matter, particularly with regard to getting aid from the military side.

13. Other matters.

a. The next meeting of the committee is to be held at 1000 hours on Thursday, 20 January 1944.

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CENTRAL ECONOMIC COMMITTEE

Minutes of First Meeting Held at 1100 Hours on 27 December 1943
Conference Room, AFHQ Advanced Administrative Echelon

Agenda

1. Organization and composition of the Committee.
2. Consideration of procedure and staff.
3. Relations with Allied Force Local Resources (Italian) Board
4. Consideration of prices of imported petroleum products.
5. Consideration of wage and tariff matters of the Italian State Railways.
6. Report on the general supply situation.
7. Other matters.

Officers In Attendance

1. Major General Sir Brian H. Robertson, DCAO
2. Brig. General A. L. Hamblen, D/DCAO
3. Col. C. H. Spofford, Headquarters AMG.
4. Lt. Col. A. I. Henderson, Food Controller.
5. Lt. Col. C. R. Merrill, AMG 15th Army Group.
6. Lt. Col. D. Owen-Gray, AFHQ Adv Admin Echelon
7. Lt. Col. Bernard Bernstein, ACC/AMG Finance Sub-Commission.
8. Major J. A. Todd, IIS Advance.

1. Organization and Composition of the Committee.

The following organization of the Committee was agreed upon:

- a. Chairman: Major General Sir Brian H. Robertson, DCAO
- b. Deputy Chairman: Brigadier General A. L. Hamblen, D/DCAO
- c. Chief Executive: Lt. Col. A. I. Henderson, Food Controller.
- d. Col. C. H. Spofford stated that he would serve temporarily as the AMG/ACC representative pending appointment of a permanent representative.

e. With reference to a representative of AMG 15th Army Group, the Chairman stated that he proposed replying to a letter he had received from Brigadier Lush on this subject, suggesting that the representative from AMG 15th Army Group be Lt. Col. Gerry.

f. It was decided that it would be desirable to have a transportation representative on the Committee and Brigadier R. W. L. Follies, Chairman of Florida Transportation Committee, was designated, with Col. S. A. Finch, Chairman of the Internal Transportation Sub Commission as alternate.

g. Lt. Col. C. R. Merrill, Chief, Economics and Supply Division, AMG 15th Army Group.

h. Col. Spofford suggested that a representative of the Finance Sub-Commission be on the Committee, but it was decided that any technical financial advice should be obtained on specific proposals before being considered by the Committee.

1. The Chairman stated that the purpose of this up the revision of Administrative Order No. 92 is, according necessary changes to effectuate these decisions and that he believed they would be acceptable.

2. Consideration of procedures and staff

The Committee will initially be composed of the following sections:

- a. Supply;
- b. Distribution;
- c. Transportation (including shipping) and warehousing;
- d. Industry;
- e. Financial section, to deal with prices, wages and black market problems;
- f. Statistics.

The following points regarding procedure were agreed upon:

- a. The Chairman stated that an instruction would go out from his headquarters stating the functions and methods of procedure of the Committee.
- b. Directives of the Committee are properly to be signed by the Chief Executive on behalf of the Committee.
- c. It was noted that the Committee was authorized to communicate directly with all regions and areas, but it was decided that such direct communication could be used only in those cases where communication through channels was not considered satisfactory. In all cases of direct communication, all intermediate headquarters will be kept fully informed.
- d. The Committee will meet fortnightly. The second meeting will be held in approximately ten days on a date to be fixed by the Chairman.
- e. The Chairman directed that a paragraph be inserted in the Administrative Instructions stating that requirements for vehicles, office equipment and personnel are to be met by the regional headquarters and Co. Headquarters office supplies, furniture, and accommodations will be provided for the Committee by the appropriate Command, etc., by the Command (iv) will requisition on the time Command for the above.
- f. The Chairman stated that the Committee should, if possible, be given its own table of organization.

3. Relations with Allied Force Local resources (Italian) Board.

The Chairman stated that liaison between the Central Economic Committee and the Allied Force Local resources (Italian) Board is assured by the fact that, while the activities and areas of the two bodies are distinct, they both have the same Chairman and Deputy Chairman and the Chief Executive also attends the meetings of the Board in his capacity as representative of HQS (Law).

4. Consideration of prices of imported petroleum products.

It was decided that, pending determination of a basic price policy, prices will remain as were given in a cable message tele-

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Report on 20 December 1943 to the 15th Army Group, which was repeated to the 1st and 2nd Armies. These prices are: petrol - 11 lire per litre; kerosene, 10 lire per litre; diesel - 9.25 lire per litre, effective 1 January 1944.

5. Consideration of wage and tariff matters of the Italian State Railways.

The Deputy Chairman referred to correspondence received from the Italian Under-Secretary of State for Railways and Airways recommending an increase in wages of Italian railway workers and also an increase of 100% in passenger tariffs. It was determined that wage rates for railway workers should be made uniform throughout occupied portions of the Italian mainland. It was further determined that in conditions relating to bombing and the war situation should be eliminated in those areas where conditions no longer warranted their payment, and that this policy should be considered in establishing uniform wage rates. The Chief Executive was directed to make the necessary investigations and prepare the directives required to implement this policy.

Consideration of the proposed increase of passenger tariffs was postponed until the next Committee meeting because of inadequacy of information produced in support of the proposal.

6. Report on the General Supply Situation.

The US (15v) representative presented a report on the general supply situation as of 27 December 1943. No action was found necessary. A similar report is to be presented at each meeting of the Committee.

7. Other Matters.

The Deputy Chairman cited a request made by a representative of Section III to the 1st Army Group for issue of the civilian ration, and expressed the opinion that requests of this kind should be transmitted through the Committee. It was decided that in the future all emergency requests for military stocks should be submitted to the Committee.

8. The meeting adjourned at 1400 hours.

Rome, 30 December 1943.

E. S. Penner

L. S. 1000
Captain, A.F.C.
Secretary,
Central Economic Committee.

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1471